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Postsecondary funding eyed by budget committee

by Rebecca Hanchett
LRC Public Information

FRANKFORT—A performance-based higher education funding model passed into law two years ago is working for Kentucky's two research universities, the Interim Joint Committee on Appropriations and Revenue was told at its June 4 meeting.

University of Kentucky President Eli Capilouto and University of Louisville President Neeli Bendapudi told the committee that they favor the formula, which allocates a portion of state funding based on a university's performance on 11 key metrics. UK recently outperformed the average in 10 of those metrics while U of L outperformed the average in four of the metrics, according to the universities' leaders.

The performance-based funding model was created in 2017 with the passage of Senate Bill 153, sponsored by Senate President Pro Tempore David P. Givens, R-Greensburg. It is gradually replacing what Givens called the "shares allocation" model that based funding on each postsecondary institution's share of the state's postsecondary budget.

The model is being phased in at the state's universities and community colleges over a three-year period beginning with fiscal year 2018-2019, according to the Kentucky Council on Postsecondary Education (CPE).

Givens, who serves on the Interim Joint



Rep. Jason Nemes, R-Louisville, questions U of L President Neeli Bendapudi on Kentucky's postsecondary education goals at the June 4 meeting of the Interim Joint Committee on Appropriations and Revenue.

Committee on Appropriations and Revenue, thanked Capilouto, Bendapudi and his fellow lawmakers for their support of the performance formula, now in its second year. The goal, ultimately, is to push the state's postsecondary institutions closer to the national average in degree attainment, he said.

"If we can get to that place – almost at the national average for postsecondary degree attainment – we can change the economy in

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Property tax calendar a challenge, panel told

by Rebecca Hanchett
LRC Public Information

FRANKFORT—State law sets an end-of-year deadline for Kentucky property owners to pay their tax bills without penalty. But local governments say they must meet several deadlines before the first tax bill is ever mailed.

Changes to any of those deadlines, found on what is called the Kentucky "property tax calendar," can disrupt the tax assessment and collection process, officials told the Interim Joint Committee on Local Government on June 6. One of those officials was Kentucky Association of Counties (KACo) President and Caldwell County Magistrate Elbert Bennett, who told lawmakers that many local government duties related to property taxation overlap to meet the calendar's statutory deadlines.

"Any single change in the property tax calendar has a ripple effect," he said.

Agreeing with that assessment was Mack Bushart, a former Marshall County property valuation administrator (PVA) and current executive director of the Kentucky PVA Association. PVAs are responsible for assessing real estate and personal property in the county

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State child support guidelines under Judiciary panel's review

by Rebecca Hanchett
LRC Public Information

FRANKFORT—Judges have to suspend “disbelief” when awarding child support based on the 32-year-old income data behind Kentucky’s child support guidelines, a family court judge told state lawmakers on June 7.

The 1987 data – provided by the United States Department of Agriculture to help Kentucky and other states enact federally-required child support guidelines—gauged what it took to raise children at different income levels over three decades ago in an “intact” family, or a nuclear family in which both parents live in the home, Fayette County Family Court Judge Lucinda Masterton told the Interim Joint Committee on Judiciary. Many families today are single-parent families.

“Of course, (a nuclear family) is not what we’re dealing with anyway, so there’s a certain suspension of disbelief that you have to have with the guidelines to begin with,” she said.

There have been numerous attempts to adjust the child support guidelines amounts and update other provisions over the past several years, with federal funding on the line under the 1988 Family Support Act, a 31-year old federal law that Masterton said requires states to pass guidelines that are presumed to award “correct” child support amounts. States that failed to follow the law, she said, could potentially lose money.

“For 2017, if we had been called to task on this, we would have had a minimum of \$9 million at stake,” she said. “If they really didn’t like what we were doing, \$180 million we could lose -- a big number.”

Lawmakers most recently attempted to pass revised guidelines in 2018 and 2019. Certain changes were became law, but proposed adjustments to the child support guideline amounts in the 2019 legislation were removed because of legislative concerns that Masterton said she understood.

She did urge lawmakers to act soon to adjust the guidelines so that judges are acting consistently and not deviating from the guidelines that are in place.

Interim Joint Committee on Judiciary Co-Chair Rep. Jason Petrie, R-Elkton, said the urgency to pass new guidelines has been building. He said he wants the child support calculation



Sen. Robin Webb, D-Grayson, speaks on issues affecting child support and guardians ad litem in Kentucky before the Interim Joint Committee on Judiciary on June 7.

**New draft guidelines
to consider should be available
as early as this fall,
according to Department for
Income Support Commissioner
W. Bryan Hubbard.**

method and other issues affecting the guidelines addressed as soon as the 2020 regular legislative session.

“It’s got to be corrected, so I will echo, it must be dealt with,” said Petrie. “I want this dealt with.”

New draft guidelines to consider should be available as early as this fall, according to Kentucky Cabinet for Health and Family Services Department for Income Support Commissioner W. Bryan Hubbard, who told the committee that his department is working with the Center for

Policy Research to update the guidelines.

Among other requirements, Hubbard said the Center will present up to three onsite presentations on guideline recommendations and supportive data. “This includes availability to answer technical and substantive questions for legislative hearings,” he said.

The recommended guidelines should be ready by this Sept., said Hubbard, with a final report from the Child Support Guidelines Commission ready by the end of October.

Sen. Robin Webb, D-Grayson, asked that the committee hold more discussion on the issue.

“There are a lot of moving parts in child support, there is a lot going on,” she said. “There are contracts being consolidated, budgets being cut. And I want to know more about those.”

Petrie said more meetings are to come, both on child support and the issue of guardians ad litem which was discussed earlier in the meeting.

“These two topics are things that need to be moved along,” he said, adding he’d like for other members of the committee to help “take the lead” in fostering additional discussion. “If you’d make the contact that’d be great.”

Property tax, from page 1

and preparing the property tax rolls, with an annual assessment date of Jan. 1. The current tax calendar, he said, can make that work more challenging.

It has “more moving pieces than a Swiss watch. And if they don’t really gee and haw just right, again, it’s got real consequences at the end of the year,” Bushart added.

PVA assessments are ultimately open to an appeals process and ultimately sent to the state, which calculates and certifies the property tax rates by June 30. Once the numbers are certified, the calendar gives most counties 45 days to set the property tax rates that will be on tax bills delivered to sheriffs by each Sept. 15 for mailing.

Forty five days may seem like enough time for a fiscal court to set the tax rate, LaRue County Judge/Executive Tommy Turner told the committee, but “sometimes it’s pushing it,” he said. Something as simple as a short delay in getting property tax rates advertised in the local newspaper can cause problems, said Turner. If a county wants more property tax revenue than it received in the previous year up to a certain amount, the proposal must be advertised in the paper or by mail.

Further complications can arise if a county wants to raise revenues more than four percent over revenues from the previous year, said Turner, because that higher rate is—by law—subject to a possible recall election.

“That’s when it becomes really, really cumbersome and can cause issues,” Turner said, telling lawmakers the appeals period for a recall

election could add another 45 or so days to the schedule. Some argue that’s good reason for counties to not raise revenue above four percent, Turner said. He challenged that thinking.

“You could have people say, ‘Well, you’re going to have to live within your means. You can’t consider something higher than a four percent.’ Well, that’s fine as long as I can send Anthem Blue Cross and Blue Shield a letter and say ‘look, you can’t raise your rates more than this amount,’” because the county’s bills still have to be paid, Turner said.

Legislation that affects the calendar for a few local government and quasi-government entities was passed last session under House Bill 49, sponsored by Rep. Stan Lee, R-Lexington. Signed into law earlier this year, HB 49 extends the deadline to petition for a recall election on property taxes levied in Lexington and Louisville to 50 days after a levy is passed.

The deadline to petition for a recall under the new law will remain 45 days in other Kentucky cities, counties and local taxing districts.

Department of Revenue Division of Local Support Assistant Director Melissa Klink, who also appeared before the panel, was asked by Interim Joint Committee on Local Government Co-Chair Rep. Michael Meredith, R-Oakland, if her Department could expedite state certification of county data without changing the actual calendar.

Klink said that would be “very difficult.”

“The Jan. 1 (assessment) date is by statute, so to change that would require obviously a legislation change,” she said.

Also affected by the property tax issue are Kentucky’s public school districts which rely on property tax as a primary source of state funding under the SEEK (Support Education Excellence in Kentucky) formula. Kentucky School



Interim Joint Committee on Local Government Co-Chair Rep. Michael Meredith, R-Oakland, asks local officials about challenges presented by Kentucky’s property tax calendar at the committee’s June 6 meeting.

Boards Association Director of Governmental Relations Eric Kennedy said full assessed value across the state is needed “for the overall funding to be fair.”

Property tax, Kennedy added, is the only tax required under Kentucky’s constitution.

Meredith told all local government officials and their representatives in attendance that he encourages them to come together on the issue and find a solution that lawmakers could entertain in legislative session.

“I think the problem has been well presented,” he said. “I think the details of how that all works together have been well presented and I appreciate that,” said Meredith. “But I would encourage and empower you all to try to help us come up with a solution that we can bring forward to address the issue in the coming year.”

Postsecondary, from page 1

Kentucky in great, vast ways, so thank you,” Givens told his colleagues.

Rep. James Tipton, R-Taylorsville, questioned Capilouto on whether he thinks UK and U of L as the state’s research universities should be categorized differently under the new funding model.

Some argue they should, Tipton said.

“Some people seem to think it would be better if our research universities were in a separate category from our regional universities in how performance-based (funding) works. I’d like to hear your comments on that,” he said.

Capilouto said his support for the model is based on the “commonality” of undergraduate

education.

“There is a commonality in this performance-funding approach, and it is the one thing that every university does,” said Capilouto. “I think it is an advantageous approach.”

Bendapudi agreed with Capilouto. Additionally, she asked lawmakers to consider increasing funding under the formula in the 2020 state budget session.

“I do request more allocation, if possible,” she told the committee. “Incentive funding works well when it’s new dollars. Otherwise, if it’s moving dollars, then obviously we get into you’re growing at the expense of something else.”

Testimony on research at the two universities was also shared with the committee. Research funding increased 26 percent in fiscal year 2019 alone at UK, one of four universities nationally to receive an \$87 million grant to help reduce opioid deaths.

Dr. Sharon Walsh, the head of the UK grant project called the HEALing Communities Study, said the project goal is to reduce opioid deaths in 16 Kentucky counties by 40 percent in three years, with the project beginning this fall.

U of L is also making strides in its research, said Bendapudi. Research expenditures at that institution totaled over \$176 million in 2018, she told lawmakers.

2019

Senate



General Assembly

Julie Raque Adams (36)

213 S Lyndon Lane
Louisville, KY 40222
(LRC) 502-564-8100

Ralph Alvarado (28)

3250 McClure Road
Winchester, KY 40391
(LRC) 502-564-8100

Tom Buford (22)

409 W Maple St
Nicholasville, KY 40356
(LRC) 502-564-8100
(LRC FAX) 502-564-2466
(Home) 859-885-0606
(Home FAX) 859-885-0606

Jared Carpenter (34)

PO Box 100
Berea, KY 40403
(LRC) 502-564-8100

Danny Carroll (2)

220 Cimarron Way
Paducah, KY 42001
(LRC) 502-564-8100
(Home) 270-703-8025

Julian M. Carroll (7)

702 Capital Ave
Annex Room 255
Frankfort, KY 40601
(LRC) 502-564-8100

Matt Castlen (8)

702 Capital Ave
Annex Room 255
Frankfort, KY 40601
(LRC) 502-564-8100

Perry B. Clark (37)

5716 New Cut Rd
Louisville, KY 40214
(LRC) 502-564-8100

C.B. Embry Jr. (6)

PO Box 1215
Morgantown, KY 42261
(LRC) 502-564-8100
(Home) 270-526-6237

Rick Girdler (15)

702 Capital Ave
Annex Room 209
Frankfort, KY 40601
(LRC) 502-564-8100

David P. Givens (9)

PO Box 12
Greensburg, KY 42743
(LRC) 502-564-8100

Denise Harper Angel (35)

2521 Ransdell Ave
Louisville, KY 40204
(LRC) 502-564-8100
(Home) 502-452-9130

Ernie Harris (26)

PO Box 1073
Crestwood, KY 40014
(LRC) 502-564-8100
(Home) 502-241-8307

Jimmy Higdon (14)

344 N Spalding
Lebanon, KY 40033
(LRC) 502-564-8100
(Home) 270-692-6945

Paul Hornback (20)

6102 Cropper Rd
Shelbyville, KY 40065
(LRC) 502-564-8100

Stan Humphries (1)

763 Sinking Fork Rd
Cadiz, KY 42211
(LRC) 502-564-8100
(Home) 270-522-0195

Alice Forgy Kerr (12)

3274 Gondola Dr
Lexington, KY 40513
(LRC) 502-564-8100
(Home) 859-223-3274

Christian McDaniel (23)

PO Box 15231
Latonia, KY 41015
(LRC) 502-564-8100

Morgan McGarvey (19)

2250 Winston Ave
Louisville, KY 40205
(LRC) 502-564-8100
(Home) 502-589-2780

Stephen Meredith (5)

1424 Byrtle Grove Rd
Leitchfield, KY 42754
(LRC) 502-564-8100

Robby Mills (4)

702 Capital Avenue
Annex Room 255
Frankfort, KY 40601
(LRC/Home) 502-564-8100

Gerald A. Neal (33)

462 S 4th St
Meidinger Twr, Ste. 1250
Louisville, KY 40202
(LRC) 502-564-8100
(Home) 502-776-1222
(Work) 502-584-8500
(Work FAX) 502-584-1119

Dennis Parrett (10)

731 Thomas Rd
Elizabethtown, KY 42701
(LRC) 502-564-8100
(Home) 270-765-4565

Albert Robinson (21)

1249 S Main St
London, KY 40741
(LRC) 502-564-8100

John Schickel (11)

PO Box 991
Union, KY 41091
(LRC) 502-564-8100

Wil Schroder (24)

702 Capital Ave
Annex Room 209
Frankfort, KY 40601
(LRC) 502-564-8100

Dan "Malano" Seum (38)

1107 Holly Ave
Fairdale, KY 40118
(LRC) 502-564-8100
(Home) 502-749-2859

Brandon Smith (30)

124 Craig Street
Hazard, KY 41702
(LRC) 502-564-8100
(Home) 606-436-4526
(Home FAX) 606-436-4526

Robert Stivers II (25)

207 Main St
Manchester, KY 40962
(LRC) 502-564-8100
(Home) 606-598-8575
(Work) 606-598-2322
(Work FAX) 606-598-2357

Damon Thayer (17)

702 Capital Ave.
Annex Room 242
Frankfort, KY 40601
(LRC) 502-564-8100

Reginald Thomas (13)

702 Capital Ave.
Annex Room 255
Frankfort, KY 40601
(LRC) 502-564-8100
(LRC FAX) 502-564-0777

Johnny Ray Turner (29)

849 Crestwood Dr
Prestonsburg, KY 41653
(LRC) 502-564-8100
(Home) 606-889-6568

Robin L. Webb (18)

102 S Hord St
Grayson, KY 41143
(LRC) 502-564-8100
(Home) 606-474-5380

Stephen West (27)

202 Vimont Ln
Paris, KY 40361
(LRC) 502-564-8100

Whitney Westerfield (3)

700 South Main Street
PO Box 1107
Hopkinsville, KY 42241
(LRC) 502-564-8100
(Work) 270-885-7671

Phillip Wheeler (31)

702 Capital Ave.
Annex Room 255
Frankfort, KY 40601
(LRC) 502-564-8100

Mike Wilson (32)

702 Capital Ave.
Annex Room 242
Frankfort, KY 40601
(LRC) 502-564-8100

Max Wise (16)

702 Capital Ave.
Annex Room 229
Frankfort, KY 40601
(LRC) 502-564-8100

* Members of the Kentucky General Assembly may also be contacted by calling 502-564-8100.

2019 Kentucky General Assembly

House

Rocky Adkins (99)	PO Box 688 Sandy Hook, KY 41171 (LRC) 502-564-8100 (Home) 606-738-4242 (Work) 606-928-0407 (Work FAX) 606-929-5913	Tom Burch (30)	4012 Lambert Ave Louisville, KY 40218 (LRC) 502-564-8100 (Home) 502-454-4002	Al Gentry (46)	8406 Cloverport Dr Louisville, KY 40228 (LRC) 502-564-8100
Lynn Bechler (4)	2359 Brown Mines Rd Marion, KY 42064 (LRC) 502-564-8100 (Home) 270-988-4171	McKenzie Cantrell (38)	702 Capital Avenue Annex Room 424A Frankfort, KY 40601 (LRC) 502-564-8100	Jim Glenn (13)	702 Capital Ave. Annex Room 462A Frankfort, KY 40601 (LRC) 502-564-8100 (Home) 270-686-8760
Danny Bentley (98)	702 Capital Avenue Annex Room 367C Frankfort KY 40601 (LRC) 502-564-8100	John Bam Carney (51)	PO Box 4064 Campbellsville, KY 42719 (LRC) 502-564-8100 (Home) 270-403-7980	Robert Goforth (89)	2163 E Highway 30 East Bernstadt, KY 40729 (LRC) 502-564-8100 (LRC FAX) 502-564-5640 (Home) 606-305-1321
John Blanton (92)	702 Capital Avenue Annex Room 329H Frankfort, KY 40601 (LRC) 502-564-8100	Jeffery Donohue (37)	PO Box 509 Fairdale, KY 40118 (LRC) 502-564-8100 (Work) 502-439-6175	Jim Gooch Jr. (12)	714 N Broadway B2 Providence, KY 42450 (LRC) 502-564-8100 (Home) 270-667-7327 (Work FAX) 270-667-5111
Tina Bojanowski (32)	702 Capital Ave. Annex Room 451E Frankfort, KY 40601 (LRC) 502-564-8100	Myron Dossett (9)	491 E Nashville St Pembroke, KY 42266 (LRC) 502-564-8100 (Home) 270-475-9503	Derrick Graham (57)	157 Bellemeade Dr Frankfort, KY 40601 (LRC) 502-564-8100 (Home) 502-223-1769
Charles Booker (43)	702 Capital Ave. Annex Room 424C Frankfort, KY 40601 (LRC) 502-564-8100	Jim DuPlessis (25)	702 Capital Ave Annex Room 376 Frankfort, KY 40601 (LRC) 502-564-8100	Joe Graviss (56)	702 Capital Ave. Annex Room 429J Frankfort, KY 40601 (LRC) 502-564-8100 (Work) 859-433-4392
Adam Bowling (87)	PO Box 2928 Middlesboro, KY 40965 (LRC) 502-564-8100	Larry Elkins (5)	702 Capital Ave. Annex Room 405D Frankfort, KY 40601 (LRC) 502-564-8100	David Hale (74)	11 Hales Ln Wellington, KY 40387 (LRC) 502-564-8100 (Home) 606-768-3474
Terri Branham Clark (100)	702 Capital Ave. Annex Room 429B Frankfort, KY 40601 (LRC) 502-564-8100 (Home) 606-232-0357	Daniel Elliott (54)	PO Box 2082 Danville, KY 40423 (LRC) 502-564-8100 (Home) 859-332-4204	Chris Harris (93)	719 Forest Hills Rd Forest Hills, KY 41527 (LRC) 502-564-8100 (Home) 606-237-0055
Kevin D. Bratcher (29)	10215 Landwood Dr Louisville, KY 40291 (LRC) 502-564-8100 (Home) 502-231-3311	Joseph M. Fischer (68)	126 Dixie Place Ft Thomas, KY 41075 (LRC) 502-564-8100 (Home) 859-781-6965 (Work) 513-794-6442	Mark Hart (78)	202 W 4th St Falmouth, KY 41040 (LRC) 502-564-8100 (Home) 859-654-4278
R. Travis Brenda (71)	702 Capital Ave. Annex Room 316E Frankfort, KY 40601 (LRC) 502-564-8100	Kelly Flood (75)	121 Arcadia Park Lexington, KY 40503 (LRC) 502-564-8100 (Home) 859-221-3107	Angie Hatton (94)	20 Ohio St Whitesburg, KY 41858 (LRC) 502-564-8100
Randy Bridges (3)	375 Stonegate Drive Paducah, KY 42003 (LRC) 502-564-8100 (Home) 270-331-0648 (Home FAX) 270-443-4526	Deanna Frazier (81)	702 Capital Ave. Annex Room 405C Frankfort, KY 40601 (LRC) 502-564-8100	Richard Heath (2)	438 Millers Chapel Rd Mayfield, KY 42066 (LRC) 502-564-8100 (Home) 270-705-7539 (Work) 270-247-2210 (Work FAX) 270-247-2304
George Brown Jr. (77)	424 E Fourth Street Lexington, KY 40508 (LRC) 502-564-8100 (Home) 859-312-7513	Chris Freeland (6)	702 Capital Ave. Annex Room 413E Frankfort, KY 40601 (LRC) 502-564-8100	Kathy Hinkle (96)	702 Capital Ave. Annex Room 424B Frankfort, KY 40601 (LRC) 502-564-8100
		Chris Fugate (84)	277 Right Branch Spencer Chavies, KY 41727 (LRC) 502-564-8100 (Home) 606-233-5660	Jeff Hoover (83)	PO Box 985 Jamestown, KY 42629 (LRC) 502-564-8100 (Home) 270-343-2264 (Work) 270-343-5588

2019 Kentucky General Assembly

Cluster Howard (91) 476 Kings Ridge Jackson, KY 41339 (LRC) 502-564-8100 (Home) 606-568-7660	C. Ed Massey (66) 702 Capital Ave. Annex Room 352B Frankfort, KY 40601 (LRC) 502-564-8100	Ruth Ann Palumbo (76) 10 Deepwood Dr Lexington, KY 40505 (LRC) 502-564-8100 (Home) 859-299-2597
Regina Huff (82) 179 Mountain St Williamsburg, KY 40769- (LRC) 502-564-8100 (Home) 606-549-3439	Bobby McCool (97) 702 Capital Ave. Annex Room 413C Frankfort, KY 40601 (LRC) 502-564-8100	Jason Petrie (16) PO Box 397 Elkton, KY 42220 (LRC) 502-564-8100 (Home) 270-265-3163 (Home FAX) 270-265-3164
Thomas Huff (49) PO Box 1331 Shepherdsville, KY 41065 (LRC) 502-564-8100	Chad McCoy (50) 702 Capital Avenue Annex Room 370 Frankfort, KY 40601 (LRC) 502-564-8100	Phillip Pratt (62) 702 Capital Ave Annex Room 351 Frankfort, KY 40601 (LRC) 502-564-8100
Joni L. Jenkins (44) 2010 O'Brien Ct Shively, KY 40216 (LRC) 502-564-8100 (Home) 502-447-4324	David Meade (80) PO Box 121 Stanford, KY 40484 (LRC) 502-564-8100	Melinda Gibbons Prunty (15) PO Box 411 Greenville, KY 42345 (LRC) 502-564-8100
Dennis Keene (67) 1040 Johns Hill Rd Wilder, KY 41076 (LRC) 502-564-8100 (Home) 859-441-5894	Reginald Meeks (42) PO Box 757 Louisville, KY 40201 (LRC) 502-564-8100 (Work) 502-741-7464	Rick Rand (47) PO Box 273 Bedford, KY 40006 (LRC) 502-564-8100 (Home) 502-255-3392 (Work) 502-255-3286 (Work FAX) 502-255-9911
Kim King (55) 250 Bright Leaf Dr Harrodsburg, KY 40330 (LRC) 502-564-8100 (Home) 859-734-2173	Michael Meredith (19) PO Box 292 Brownsville, KY 42210 (LRC) 502-564-8100 (Work) 270-597-6049	Josie Raymond (31) 702 Capital Ave. Annex Room 451B Frankfort, KY 40601 (LRC) 502-564-8100
Matthew Koch (72) 702 Capital Ave. Annex Room 329E Frankfort, KY 40601 (LRC) 502-564-8100	Russ A. Meyer (39) 106 Lone Oak Drive Nicholasville, KY 40356 (LRC) 502-564-8100	Brandon Reed (24) 113 N Walters Ave P.O. Box 8 Hodgenville, KY 42748 (LRC) 502-564-8100 (Work) 270-358-0868
Adam Koenig (69) 170 Herrington Ct #12 Erlanger, KY 41018 (LRC) 502-564-8100 (Home) 859-653-5312	Charles Miller (28) 3608 Gateview Cir Louisville, KY 40272 (LRC) 502-564-8100 (Home) 502-937-7788	Steve Riley (23) 189 Blue Sky Dr Glasgow, KY 42141 (LRC) 502-564-8100 (Home) 270-646-6821
Nima Kulkarni (40) 702 Capital Ave. Annex Room 429E Frankfort, KY 40601 (LRC) 502-564-8100	Jerry T. Miller (36) PO Box 36 Eastwood, KY 40018 (LRC) 502-564-8100	Rob Rothenburger (58) 811 Stapleton Rd Shelbyville, KY 40065 (LRC) 502-564-8100 (Home) 502-633-5832
Stan Lee (45) PO Box 2090 Lexington, KY 40588 (LRC) 502-564-8100 (Home) 859-252-2202 (Home FAX) 859-259-2927	Patti Minter (20) 702 Capital Ave. Annex Room 429A Frankfort, KY 40601 (LRC) 502-564-8100	Bart Rowland (21) PO Box 336 Tompkinsville, KY 42167 (LRC) 502-564-8100
Derek Lewis (90) 702 Capital Ave. Annex Room 413D Frankfort, KY 40601 (LRC) 502-564-8100 (Home) 606-594-0061 (Home FAX) 606-672-5526	Tim Moore (18) 417 Bates Rd Elizabethtown, KY 42701 (LRC) 502-564-8100 (Home) 270-769-5878	Steven Rudy (1) 350 Peppers Mill Drive Paducah, KY 42001 (LRC) 502-564-8100 (Work) 270-462-3156
Scott Lewis (14) PO Box 454 Hartford, KY 42347 (LRC) 502-564-8100	Kimberly Poore Moser (64) PO Box 143 Independence, KY 41051 (LRC) 502-564-8100	Sal Santoro (60) 12094 Jockey Club Dr Union, KY 41091 (LRC) 502-564-8100 (Home) 859-371-8840 (Home FAX) 859-371-4060
Savannah Maddox (61) 702 Capital Ave. Annex Room 413G Frankfort, KY 40601 (LRC) 502-564-8100	Jason Nemes (33) 702 Capital Avenue Annex Room 416C Frankfort, KY 40601 (LRC) 502-564-8100	Dean Schamore (10) 120 Ball Park Rd Hardinsburg, KY 40143 (LRC) 502-564-8100
Mary Lou Marzian (34) 2007 Tyler Ln Louisville, KY 40205 (LRC) 502-564-8100 (Home) 502-451-5032	David Osborne (59) PO Box 8 Prospect, KY 40059 (LRC) 502-564-8100 (Work) 502-645-2186	Attica Scott (41) 702 Capital Ave Annex Room 432C Frankfort, KY 40601 (LRC) 502-564-8100

2019 Kentucky General Assembly

Steve Sheldon (17)

702 Capital Ave
Annex Room 351B
Frankfort, KY 40601
(LRC) 502-564-8100

John Sims Jr (70)

3177 Maysville Rd
Flemingsburg, KY 41041
(LRC) 502-564-8100
(Home) 606-748-1839

Maria Sorolis (48)

702 Capital Ave
Annex Room 432A
Frankfort, KY 40601
(LRC) 502-564-8100

Diane St. Onge (63)

523 Kluemper Court
Fort Wright KY 41011
(LRC) 502-564-8100
(Home) 859-341-1231

Cherlynn Stevenson (88)

702 Capital Ave
Annex Room 424G
Frankfort, KY 40601
(LRC) 502-564-8100

Jim Stewart III (86)

545 KY 223
Flat Lick, KY 40935
(LRC) 502-564-8100
(Home) 606-542-5210

Wilson Stone (22)

1481 Jefferson School Road
Scottsville, KY 42164
(LRC) 502-564-8100
(Home) 270-622-5054

Ashley Tackett Laferty (95)

702 Capital Ave
Annex Room 432F
Frankfort, KY 40601
(LRC) 502-564-8100

Nancy Tate (27)

702 Capital Ave
Annex Room 351D
Frankfort, KY 40601
(LRC) 502-564-8100

Walker Thomas (8)

2620 Cox Mill Road
Hopkinsville, KY 42240
(LRC) 502-564-8100
(Home) 270-889-8091
(Home FAX) 270-885-5335

James Tipton (53)

8151 Little Mount Rd
Taylorsville, KY 40071
(LRC) 502-564-8100

Tommy Turner (85)

175 Clifty Grove Church
Somerset, KY 42501
(LRC) 502-564-8100
(Home) 606-274-5175

Ken Upchurch (52)

PO Box 969
Monticello, KY 42633
(LRC) 502-564-8100
(Home) 606-340-8490

Russell Webber (26)

PO Box 6605
Shepherdsville, KY 40165
(LRC) 502-564-8100
(Home) 502-543-8209

Susan Westrom (79)

PO Box 22778
Lexington, KY 40522
(LRC) 502-564-8100
(Work) 859-266-7581

Buddy Wheatley (65)

702 Capital Avenue
Annex Room 462A
Frankfort, KY 40601
(LRC) 502-564-8100

Rob Wiederstein (11)

702 Capital Avenue
Annex Room 451A
Frankfort, KY 40601
(LRC) 502-564-8100
(Work) 270-831-1087

Lisa Willner (35)

702 Capital Avenue
Annex Room 424D
Frankfort, KY 40601
(LRC) 502-564-8100
(Home) 502-599-7289

Les Yates (73)

702 Capital Avenue
Annex Room 351C
Frankfort, KY 40601
(LRC) 502-564-8100

*** Members of the Kentucky General Assembly may also be
contacted by calling 502-564-8100.**

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INTERIM JOINT COMMITTEE ON HEALTH, WELFARE, AND FAMILY SERVICES

Minutes of the First Meeting of the 2019 Session Break

January 23, 2019

Call to Order and Roll Call

The first meeting of the Interim Joint Committee on Health and Welfare and Family Services during the Session Break was held on Wednesday, January 23, 2019, at 10:00 a.m., in Room 129 of the Capitol Annex. Senator Ralph Alvarado, Co-Chair, called the meeting to order at 10:05 a.m., and the secretary called the roll.

Present were:

Members: Senator Ralph Alvarado, Co-Chair; Representative Kimberly Poore Moser, Co-Chair; Senators Julie Raque Adams, Tom Buford, Danny Carroll, Julian M. Carroll, David P. Givens, Morgan McGarvey, Stephen Meredith, and Max Wise; Representatives Danny Bentley, Tina Bojanowski, Adam Bowling, George Brown Jr, Tom Burch, Daniel Elliott, Deanna Frazier, Robert Goforth, Mary Lou Marzian, Melinda Gibbons Prunty, Steve Sheldon, Nancy Tate, and Russell Webber.

Guest Legislators: Senator Jimmy Higdon; and Representatives Jim Gooch and Joni Jenkins.

Guests: Lawrence Ford, Chairman, and Stephanie Stumbo, Acting Executive Director, Kentucky Association of Health Plans; Jonathan Copley, Chief Executive Officer, Vaughn Payne, MD, MBA, CPE, FACC, FAHA, Chief Medical Officer, Russell Harper, Senior Director, State Government Affairs, and Paige Mankovich, Director, Strategic Planning, Aetna; Leon Lamoreaux, Kentucky Medicaid President, Kentucky, Tennessee, and West Virginia Market President, and Victoria Meska, MSN, RN-BC, CCM, Director, Health Care Management Services/Case Management, Anthem Blue Cross Blue Shield Medicaid; Jeb Duke, Executive Director Humana CareSource, Lisa Galloway, MD, MRO, FACOEM, Kentucky Medical Director Humana CareSource, and Travis H. Garrison, Regional Field Director, Public Affairs, Humana; Ben Orris, Chief Operating Officer, Tim Houchin, MD, MHCDS, Behavioral Health Medical Director, and Michael Ridenour, Vice President of Government Affairs, WellCare; Mark Carter, Chief Executive Officer, and Carl Felix, Vice President and Chief Operations Officer, Passport; David Trimble, General

Counsel, Department of Professional Licensing, Public Protection Cabinet; Phill Gunning, NAMI Lexington; Chris Heldman and Jeff Nowlin, Molina Healthcare; Troy Walker and Joe Prewitt, Kentucky Ambulance Providers Association; Mike Poynter and Phil Dietz, Kentucky Board of Emergency Services; and Jeremy Koonce, Louisville Metro Emergency Medical Services/Kentucky Ambulance Providers Association.

LRC Staff: DeeAnn Wenk, Ben Payne, Chris Joffrion, Dana Simmons, and Gina Rigsby.

Consideration of Referred Administrative Regulations

The following referred administrative regulations were placed on the agenda for consideration: [201 KAR 021:015](#) – establishes the minimum standards of professional and ethical conduct and practice that a licensee shall maintain; [201 KAR 021:045](#) – implements KRS 312.021 (specialties of chiropractic for which certification may be granted); [201 KAR 026:130](#) – established to protect and safeguard the health and safety of the citizens of Kentucky and to provide procedures for filing, evaluating, and disposing of administrative complaints asserted against credential holders or applicants to licenses (Board of Examiners of Psychology); [201 KAR 026:140](#) – establishes procedures which supplement the provisions of KRS Chapter 13B (Kentucky Board of Examiners of Psychology procedures for disciplinary hearings); [201 KAR 026:171](#) – establishes the requirements for supervision of a certified psychologist, licensed psychological associate, candidate for licensure, or a credential holder sanctioned by the board; [201 KAR 026:175](#) – establishes the continuing education requirements for renewal of a license (Kentucky Board of Examiners of Psychology); [201 KAR 026:200](#) – establishes education requirements for licensure by the board (Kentucky Board of Examiners of Psychology); [201 KAR 026:211](#) – repeals 201 KAR 26:210 which establishes educational requirements for licensure as a psychological associate because these provisions have been consolidated into 20 KAR 26:200; [201 KAR 026:280](#) – establishes the requirements for applicants for licensure and the conditions for a temporary license as a psychological associate; [902 KAR 008:165](#) – establishes minimum accounting and auditing requirements for Kentucky's local public health departments; [902 KAR 008:170](#) – establishes minimum fiscal and financial management

requirements for Kentucky's county and district local health departments and for all other classes of local health departments, except if a specific Kentucky revised statute requires a more stringent minimum requirements; [922 KAR 001:060](#) – establishes guidelines for the implementation of the federal Title IV-E adoption assistance program for children who may otherwise grow up in foster care; and [922 KAR 001:360 & E](#) – establishes: (a) five (5) levels of care based upon the needs of a child for whom the cabinet has legal responsibility; (b) a payment rate for each level of child-caring facilities and child-placing agencies; (c) gatekeeper responsibilities; (d) provider requirements; (e) procedures for classification at the appropriate level of care; and (f) procedures for determination of components of the model program cost. David Trimble, General Counsel, Kentucky Department of Professional Licensing, Public Protection Cabinet, was present to answer questions on 201 KAR Chapter 26 administrative regulations. A motion to accept the referred administrative regulations was made by Representative Webber, seconded by Senator Meredith, and approved by voice vote.

Medicaid Managed Care Organizations

A. The Kentucky Association of Health Plans

Lawrence Ford, Chairman, and Stephanie Stumbo, Acting Executive Director, stated that the goal of the MCOs is to assure Kentucky's most vulnerable citizens are provided access to the healthcare that they need in the right setting at the right time. The MCOs are charged with being good stewards of Medicaid dollars, improving access to care for the most vulnerable citizens, and providing quality medical coverage to beneficiaries within the rates set by the Commonwealth. Managed care is a health organization system organized to manage cost and utilization while attempting to improve quality of care for its beneficiaries. Currently, there are 40 states that contract with Medicaid Managed Care Organizations (MCOs) or Prepaid Inpatient Health Plans (PIHPs). MCOs play a key role in the reduction of Medicaid program costs, better utilization of health services, yield improvement in health plan performances, healthcare quality, and coordination and integration of care through initiatives that focus on the overall health of the patients.

One component of the 2010 Affordable Care Act that began in 2011 was that health plans were held accountable to an 80 percent medical loss ratio (MLR) in the commercial insurance market for both the individual and small group markets. In the large group market, private health plans were held to an 85 percent standard. In 2016, the Centers for Medicare and Medicaid Services (CMS) issued a final regulation that

addressed and significantly strengthened the rules and regulations around Medicaid managed care. The final federal rule published in April 2016 established a minimum MLR requirement within Medicaid of 85 percent for MCOs. In Kentucky, the rate year is the state fiscal year. There is no requirement in the final rule that the MCOs who fail to reach the required MLR return any of the money, but states have the discretion make this a requirement. In Kentucky, the MLR is 90 percent medical claims and quality improvement activities, 9 percent non-medical expenses, and 1 percent profit margin as defined in the rate setting process. On November 27, 2018, the Department for Medicaid Services (DMS) reported to the Medicaid Oversight and Advisory Committee that the SFY 2017 medical loss ratio (MLR) was 92.7 percent for Aetna Better Health of Kentucky, 92.7 percent for Anthem, 95.7 percent for Humana/Humana CareSource, 95.1 percent for Passport, and 91.9 percent for WellCare. A requirement of the contract between DMS and the MCOs is MCOs have to return 75 percent of any margin or profit earned below 90 percent down to 86 percent and 100 percent of any margin earned beneath 86 percent.

Aetna

Jonathan Copley, Chief Executive Officer, Vaughn Payne, MD, MBA, CPE, FACC, FAHA, Chief Medical Officer, and Paige Mankovich, Director, Strategic Planning, stated that Aetna administers Medicaid programs in 16 states for 2.2 million members with 236,993 of this total being served in Kentucky. Aetna is committed to building a healthier Kentucky one person, one community at a time. In 2018, the National Committee for Quality Assurance (NCQA) rated Aetna Better Health of Kentucky with a commendable accreditation, one of the highest ratings among MCOs that excelled in consumer satisfaction. From 2017 to 2019, the Kentucky Hospital Association activity log showed that Aetna decreased member reported issues by 90 percent. Beginning January 1, 2019, Aetna Better Health of Kentucky, the Kentucky Pharmacy Care Network, and the Community Pharmacy Enhanced Services Network (CPESN) began a 12-month pilot program. CPESN will have care plans to assess and identify social determinants of health for members, allowing Aetna's care managers to assist with transportation, food, and safety concerns. Aetna Better Health of Kentucky participates in workgroups of the Barren River Initiative to Get health Together (B.R.I.G.H.T.) Coalition to deal with substance abuse issues in the district and are assisting in completing the 2019-2021 Community Health Improvement Plan (CHIP). In partnership with the Health Access Nurturing Development Services (HANDS) Program, Aetna offered

member appreciation baby showers during open enrollment in Montgomery, Jefferson, Barren, Pulaski, Russell, Franklin, Woodford, Fayette, McCreary, and Mercer counties. Aetna is working with the Kentucky Hospital Association to complete a delegated credentialing agreement in conjunction with 2018 House Bill 69 relating to service delivery improvements in managed care networks.

Aetna Better Health of Kentucky partnered with ten University of Kentucky Medicaid Assisted Therapy prescribers that have been deemed preferred providers. As a preferred provider, Aetna does not require prior authorization for Buprenorphine (suboxone) prescriptions giving discharged patients immediate access to their prescription. Aetna is partner with KentuckyOne to pilot Care Unify software that targets care gap analysis. Aetna is in the process of developing a collaborative agreement with the Children's Alliance to provide a value based savings arrangement children and adolescents with behavioral health needs. Aetna Better Health of Kentucky is teaming up with community partners to enhance case management support for its members. It is also working with Pursuant Health to add kiosks in retail locations in all regions where members can perform Healthcare Effectiveness Data and Information Set (HEDIS) incentives tasks, participate in interactive materials such as surveys, and receive literature.

Aetna worked with the Kentucky County Detention Center for members to start a 90-day Jail Substance Abuse Program. After completion of the program, members receive treatment, housing, and job training for an additional six months. Aetna Better Health of Kentucky is the largest provider of managed care coverage for foster children in the state serving 50 percent of eligible children. In addition to primary care and specialty medical providers, Aetna's program integrates the Department of Juvenile Justice (DJJ), the Commission for Children, the Department for Community Based Services (DCBS), and other key agencies into the individualized care plans for each of the children. Aetna is involved in the Kentucky Quit Incentives for Program Smokers (QuIPS) pilot incentive-based cessation initiative for Kentucky's Medicaid members. Aetna provides first responders in Northern Kentucky and Appalachia regions with 720 doses of Narcan. Aetna renovated space in the Jefferson County Courthouse for an Exploited Children's Help Organization (ECHO) and Aetna Better Health of Kentucky Safe Zone where children can read and play in a safe environment while their parents are in Family Court. Aetna case managers complete face to face visits by meeting homeless members in their own environment. Case managers have visited over 45 agencies in Elizabethtown, Hazard,

Lexington, Louisville, Owensboro, Pikeville, and Richmond. Community development offers ongoing evidence-based and internally developed education courses throughout the community which improves the quality and promotes healthy living for all members. Russell Harper, Senior Director, State Government Affairs, was available to answer questions from members.

Anthem Blue Cross Blue Shield Medicaid

Leon Lamoreaux, Kentucky Medicaid President, Kentucky, Tennessee, and West Virginia Market President, and Victoria Meska, MSN, RN-BC, CCM, Director, Health Care Management Services/Case Management, stated that in January 2014, Anthem began serving individuals in 105 counties that offered Medicaid expansion services, and in July 2014, Temporary Assistance for Needy Families (TANF) recipients were added. Anthem currently serves 130,000 Medicaid recipients throughout all 120 counties. In 2017, Anthem received NCQA accreditation, and in 2019, implemented member co-payments. Approximately 52 percent of Anthem's Medicaid recipients are part of the Medicaid expansion population. Anthem's philosophy is one of collaboration serving everyone with a focus on individuals with the greatest need coordinating health for the whole person including not only care coordination but also food security, transportation, stable housing, education, and gainful employment. Needed services are facilitated through evidence-based review process and sophisticated predictive modeling to eliminate unnecessary services, to improve quality, enhance the member experience, and reduce costs. Anthem is committed to the Commonwealth and its most vulnerable citizens.

Humana/Humana CareSource

Jeb Duke, Executive Director Humana CareSource, and Lisa Galloway, MD, MRO, FACOEM, Kentucky Medical Director Humana CareSource, stated that as of September 2018, Humana serves 918,100 plan members throughout all of its insurance plans. Members have access to many providers including specialists without the requirement of referral. Humana's Bold Goal is a business and health strategy to help improve the health of the communities it serves by 20 percent by 2020 by making it easier for people to achieve their best health. Progress is tracked using the CDC tool, Healthy Days, which measures self-reported mental and physical unhealthy days of an individual over a 30-day period. The Louisville Health Advisory Board's mission is to improve the physical, mental, and social well-being of Louisville and the surrounding neighborhoods, with the goal of increasing the number of Healthy Days. The focus is on behavioral health, communications, community care coordination,

cultural and social impact, diabetes, and respiratory health.

In 2017, Humana launched a claims adjudication process to further enhance capabilities and promote real-time adjudication. In 2017, Humana Program maintained a 98.9 percent first pass for clean claims, and a 4 percent pending rate for manual intervention. In 2018, Medicaid claims had an automatically adjudicated rate of 75 percent, and over 99 percent of clean claims were paid within 20 days. Case management and care coordination consist of multidisciplinary teams that are located throughout Kentucky that include registered nurse care managers, social worker care coordinators, and community health workers with support and collaboration from medical directors and a pharmacy director. Humana CareSource has a mission-driven approach to improve the health and well-being of its members. All children in foster care engage in care coordination and case management. Regular reviews of all foster care cases are conducted to identify upcoming and outstanding care gaps, such as preventive services and immunization. Humana CareSource actively works with DCBS to eliminate barriers around foster parent communication to support member placement needs and clinical services. Provider engagement representatives deliver individual or group reports to the provider during an onsite visit to aid in identifying and improving clinical outcomes. Quality Specialists are assigned to provider engagement regions to assist with any clinical questions or concerns. A Proactive Full-Service Model is offered to providers. Provider engagement representatives are assigned to a provider who visit provide face to face visits annually based upon the number of members assigned to a provider. Travis H. Garrison, Regional Field Director, Public Affairs, Humana, was present to answer questions from members.

WellCare

Ben Orris, Chief Operating Officer, Tim Houchin, MD, MHCDS, Behavioral Health Medical Director, and forensic psychologist, and Michael Ridenour, Vice President of Government Affairs, stated that WellCare started in Kentucky in 2011 and has six offices statewide, and has 484,000 members and 34,000 providers. Humana received an overall NCQA score of 3.5 out of 5, the highest score achieved in the state in 2018, and earned more 4 ratings and above than any other Kentucky plan for consumer satisfaction, prevention, and treatment measures. Based upon an external provider satisfaction survey, WellCare had the highest provider satisfaction in the state and was named to the Top 10 best places to work in Kentucky. WellCare connects its members with resources that assist them with housing, transportation, and child care, paving a path toward better health and independence.

Additionally, WellCare forms partnerships designed to strengthen the network of resources. Approximately 9,958 community members in Kentucky received 54,892 referrals to social resources such as transportation, food utility assistance, and homeless services. Removing social barriers led to an aggregated saving in inpatient spending, emergency room use, and emergency department spending. The healthcare savings from removing social barriers is reinvested back into the community through over 800 investments designed to increase data sharing capabilities or sustain critical social services.

In 2018, WellCare invested in 91 community health initiatives in Kentucky with particular focus on healthy food access, access to healthcare, and healthcare for the homeless. These initiatives provided more than 240,216 social services to community members. Behaviors and environment determine 70 percent of health outcomes and 30 percent is due to genetics and medical care. Delivering medical, behavioral, and social supports help member live better, healthier lives. WellCare's vision is to be the child welfare managed care leader in collaboration with its members, providers, and state partners. It has a team of 8 specialized clinicians and staff that serve 7,810 foster and adopted members. Specialized programs are acute behavioral health case management, autism program, and JOOL health coach phone application for transition-age youth that can help achieve lasting, positive change. WellCare Works is a program connecting Medicaid members to tools and services for work and education success that include online job-seeking resources, community connections help line, and educational services.

Passport

Mark Carter, Chief Executive Officer, and Carl Felix, Vice President and Chief Operations Officer, stated that Passport began in 1990 as an 1115 waiver as a partnership between DMS, the provider community, and Passport. Passport is provider-sponsored, non-profit, tax-exempt, and mission-driven organization organized under the IRS provisions as a public charity entity. Passport uses a medical spending ratio model not a medical loss ratio model like the other five MCOs. Passport serves individuals in Region 3 which has the highest Medicaid MCO population of 65 percent market share compared to other regions that have 14 percent or less market share. Passport's statewide membership is 25 percent. Managed care has been a tremendous value for Kentucky, significantly driving down the cost of Medicaid compared to the old fee-for-service model. Passport has been at the forefront of these cost-savings for more than 20 years. Passport includes the University of Louisville Physicians, Louisville/Jefferson County Primary Care

Association, Norton Healthcare, Inc., Jewish Heritage Fund for Excellence, and University Medical Center, Inc. Passport currently has over 144 clinicians, PCPs, specialists, pharmacists, representatives from hospitals, and advocates serving on its committees.

Passport spends 90 cents for medical care, 9.5 cents on administrative costs, and .5 cents profit margin for the past 20 years. The five for-profit MCOs spend 86 cents for medical care and 14 cents for administrative costs and profit. In 2017, for-profit MCOs paid nearly \$1 billion to shareholders. Passport started an Intensive Care Management Foster Care Pilot Program focused on a team decision making structure that promote youth and family choice. The program included 60 high risk children between 4 and 17.5 years of age. Participants increased their placement with natural or adoptive families compared to pre-intervention placements and decreased institutional settings for services. Total managed care costs for the youth in the nine months post-intervention were greatly reduced compared to pre-intervention. Passport provided a \$25,000 grant to the Kentucky State Police (KSP) Foundation to purchase fentanyl response kits that will help KSP troopers avoid contact with dangerous drugs. Passport community engagement representatives spent 250 hours in a resource center hosted by the Department of Local Government in Estill, Owsley, Breathitt, and Lee Counties over an eight-day period. Passport has a value-based program with seven large provider groups that make up approximately 60 percent of primary care physicians in the network. The state was reorganized into two rating regions, Region A which includes Passport, and Region B that includes the rest of the state. Region A was the only region that received a decrease in rates while Region B received a 2.2 increase. Passport has a 65 percent market share, so the decrease in rates affects Passport disproportionately. If Passport's losses continue at the current level, the Department of Insurance (DOI) which is charged with the responsibility of making sure that insurance companies maintain an appropriate level of solvency could take action against Passport as early as March 2019. On January 9, 2019, Passport used the dispute resolution provisions in its contract and filed a formal appeal to the Secretary of the Cabinet for Health and Family Services that will also be reviewed by the Secretary of the Finance and Administration Cabinet. Passport has a mission to improve the health and quality of life of its members. Its values are integrity, collaboration, community, and stewardship.

In response to questions by Senator Meredith, Mr. Ford stated that the MCOs have to work within the rate approved by DMS and CMS.

If provider reimbursement is increased, the rate must also increase. Anthem's network consists of largest amount of hospitals and physicians.

In response to questions by Senator Danny Carroll, Mr. Ford stated that in 2018, Anthem paid 90.9 percent on a run rate basis was used for benefit expenses that pay claims from providers. Mr. Ford said that he would provide information on behalf of Anthem on the percent of benefit expenses that go towards care and not programs. No MCO has a systematic approach to delaying or denying claims on a regular basis to manage cash flow. Mr. Orris stated that there is no advantage to an MCO to exceed the statutorily required 30-day prompt payment of claims because interest would have to be paid on the overdue amount.

In response to questions by Senator Carroll, Mr. Felix stated that because of multiple complaints from multiple providers, Passport is actively working to remove the Multiple Procedure Payment Reduction (MPPR) for Selected Therapy Services for adolescent children by March 2019. Senator Carroll stated Early and Periodic Screening, Diagnostic and Treatment (EPSDT) is the child health component of Medicaid. Federal statutes and regulations state that children under age 21 who are enrolled in Medicaid are entitled to EPSDT benefits and that states must cover a broad array of preventive and treatment services.

In response to questions by Senator Wise, Mr. Ford stated that Anthem contracts with Express Scripts not CVS/CVS Caremark as its pharmacy benefit manager (PBM). Anthem plans to form its own PBM in the near future. Mr. Orris stated he was unaware of a 1.6 percent reimbursement reduction for pharmacies. If it did occur, an MCO would be required by 2016 Senate Bill 18 to send pharmacy providers a notice of the change to the contract in an orange envelope and sent by certified mail. Any provider communication has to go through WellCare's regulators for approval. Senator Wise stated that on January 15, 2019, CVS announced that Walmart pharmacies are leaving its network because of a dispute over pricing. He stated that DMS needs to be in charge of the reimbursement rates for pharmacy services.

Representative Burch stated that Kentucky needs to make sure the poor citizens in need to be able to access services.

In response to questions by Representative Goforth, Mr. Ford stated that the 90 percent medical claims and quality improvement activities include medical and pharmacy claim payments to providers. Profits are kept in check through targeted requirements. PBM profits are separate from MCO profits. The DOI regulates PBMs. The data received by the MCOs was not the data that was needed, and MCOs are currently in the process of providing more

detailed information. MCOs operate with a targeted margin of 1 percent to maintain the stability and financial viability of the company. In 2018, the General Assembly passed legislation that imposed a \$2 reimbursement increase for the dispensing fee of each script. DMS reviews a contract once an MCO subcontracts with a PBM of its choice.

In response to questions by Senator Buford, Mr. Felix stated that Passport received a PowerPoint presentation from the actuarial firm that showed the distribution of rate changes by Region. There was a .8 percent overall statewide average increase, but when the rates were examined closer, it was a 2.2 percent increase in Region B and a 4.1 decrease in Region A where Passport is located. There were no preliminary review of the rate changes by any of the MCOs prior to them being published. Once the rates are published, it gets difficult to get them changed. One explanation given by the cabinet was that it is an independent actuarial process that the cabinet has no control of the outcome. Passport's call center is located in Louisville and Prestonsburg.

In response to questions by Representative Marzian, Mr. Carter stated that Passport has lost \$60 million due to the 4.1 percent rate reimbursement change. Mr. Ford stated that he could not address if providers received a raise after the MCOs were given a 2.2 percent rate increase. Mr. Felix stated that Passport wants to have a meeting between its actuaries, the cabinet's actuaries and work to together to find a reasonable solution. There is a process followed when data is submitted by the MCOs. Rates should be shown to MCOs before the final decision is made in order to deal with issues that may arise from the changes. Mr. Ford stated that in 2018, Anthem's Medicaid run rate margin was \$15.5 million.

In response to a questions by Senator Alvarado, Mr. Copely stated that Aetna's call center is in Louisville. Aetna has national actuaries that work on rate setting processes in 16 states and watch rate settings in the other states. The process in Kentucky is not dissimilar or inconsistent with other states. Mr. Duke stated that Humana CareSource's experience in Kentucky is consistent with other states. The implication that a 1 percent profitability margin is guaranteed for every MCO in Kentucky is not true. MCOs go through the rate setting process and align critical programs and trend development in order to have a program that meets the state requirements. Mr. Lamoreaux stated that the vast majority of the process is very similar based on encountered data submission to the state in order to create a fair and equitable distribution based on risk score and risk score adjustments.

In response to questions by Senator McGarvey, Mr. Copely stated that Aetna has made allot of improvements since the MCO started serving Kentucky Medicaid recipients. Aetna has worked diligently to fix provider issues, and will work with legislators to help with issues raised by their constituents.

In response to questions by Senator McGarvey, Mr. Duke stated that sometimes claims are rejected, not necessarily denied, in order to fix a claim. Kentucky uses encounters to set rates, so MCOs need to ensure that every claim from providers is accepted. Sometimes there is a struggle of taking a claim, figuring out if all the information is needed to accept the claim to be able to pay the provider then to submit the encounter to the state. Providers need to be educated more on how to submit clean claims. Senator McGarvey asked the MCOs to provide the committee the percentage of claims that are initially rejected or denied but eventually paid.

In response to questions by Senator McGarvey, Mr. Carter stated that Passport has 200,000 Medicaid recipients plus hundreds of employees whose lives will be disrupted or effected if Passport is not able to remain solvent because of the reduction in rates. The Sexual Assault Nurse Examiner program at the University of Louisville is one of many programs at risk, because Passport is the only MCO that funds this program. The current Governor and his administration has been very supportive of the building being built in West Louisville where Passport will be one of its occupants. The primary tenant would be Evolent Health. Passport is using two new market tax credits and a Tax Increment Financing (TIF) established by Louisville Metro. If Passport does move to the new building, its occupancy costs would increase approximately \$2 million a year on a \$2 billion budget. Almost \$112 million a year of taxpayer money is spent in West Louisville zip codes associated with poor health in excess of what is spent on average in the rest of the state. The new building is completely independent of Medicaid, but it is an economic development opportunity that can transform the community and help reduce healthcare costs over time.

In response to questions by Representative Bentley, Mr. Carter from Passport, Mr. Duke from Humana CareSource, and Mr. Payne from Aetna stated that they were unaware of the 55 cents to 45 cents decrease in the dispensing fee. The price determined between a PBM and independent pharmacies is negotiated through a prescription services administrative organization (PSAO). Pharmacy is the same as other benefit expenses when determining the MLR. The data required by 2018 Senate Bill 5 has been supplied to DMS by the MCOs.

Senator Alvarado stated that he had meet

with cabinet representatives to discuss PBM data, and the cabinet needs more data from the MCOs before a report would be published. The preliminary data show that there needs to be some changes made in the contracts with the MCOs.

In response to questions by Representative Sheldon, Mr. Ford stated that Anthem has announced its intention to create its own PBM, and there is litigation pending with Express Scripts. Mr. Houchin from WellCare stated that he would need to get back with the committee on the specific RFP equation that goes into the selection of a PBM. It is a national process that is used for Medicaid and Medicare members. Mr. Vaughn from Aetna stated that they too have a national process that results in serving its commercial, Medicaid, and Medicare members. Mr. Duke from Humana CareSource stated that it looks for value and quality when choosing a PBM. CVS Caremark is not used for all products and does not mean the Humana will continue to use CVS Caremark indefinitely. Mr. Houchin from WellCare stated that WellCare's corporate finance team handles the RFP process to select a PBM. Mr. Payne stated that the RFP process is handled at the national level, but stated that he would get the information for the committee. Mr. Houchin stated that there is concern that CVS Caremark is owned by an insurance company.

In response to questions by Senator Higdon, Mr. Ford stated that MCOs went statewide in November 2011. Senator Higdon stated that another conversation that needs to take place concerning whether Kentucky's citizens are healthier since the implementation of the MCOs. He questioned whether pharmacy benefits should be carved out of the money given to the MCOs. Pharmacies need to be protected because they play a vital role in the healthcare delivery system in Kentucky.

Senator Danny Carroll requested that each MCO provide the committee information on how much of the medical expenses goes to providers and how much goes to programs.

In response to questions by Senator Meredith, Mr. Carter stated that Passport is not on the verge of bankruptcy, but if the run rate of losses continues, there is a possibly that Passport could be deemed insolvent by DOI by mid-2019. Passport and DMS need to work collaboratively to find a solution. Teaching hospitals have access to special payment provisions that are passed through from DMS through the MCOs. Passport's policies for provider payments are equitable across its system. All of Passport's providers do not feel like they are adequately paid. Passport is part of an integrated system of providers. Specific funding is provided to the University of Louisville for programs that help offset some the costs for education, but most

of the funding comes from hospitals providing academic support for the University's School of Medicine that supports the training program. The challenge is getting primary care physicians, allied health professionals, and others to locate in rural areas as opposed to urban areas of the state.

In response to questions by Representative Bowling, Mr. Carter stated that rates are set on a per member per month basis based upon the category of aid that an individual member would fit it. No average rate is used universally across the board. Representative Bowling asked that Passport provider the committee with information on specific rates and how the rates are set. Mr. Lamoreaux and Mr. Payne stated that they would provide the committee information on region-specific profitability or net losses. Mr. Duke stated that he did not have information by regions, but as a whole Humana CareSource is not operating in a profit. Mr. Lamoreaux stated that the vast majority of Anthem's administrative costs are spent in Kentucky and are not allocated back to the other 14 Medicaid plans in other states. Mr. Payne stated that Aetna's administrative dollars are earmarked for Kentucky. Mr. Duke stated that the vast majority of Humana's administrative dollars are spent for Kentucky Medicaid.

Representative Moser stated that there is not allot of predictability in contracts and transparency and barriers to prior authorization, durable medical equipment, and overutilization of emergency rooms. If providers have to be reimbursed adequately or there will be no one left to provide services to Kentucky's citizens.

Senator Alvarado stated that he will submit questions in writing to the MCOs and wants written responses to the questions. Oversight of the MCOs is the cabinet's responsibility.

Legislative Hearing on Executive Order 2019-028 Relating to Reorganization of the Kentucky Board of Emergency Medical Services

Due to concerns by the Kentucky Board of Emergency Medical Services, Executive Order 2019-028 was deferred to the next meeting.

Adjournment

There being no further business, the meeting was adjourned at 1:08 p.m.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Budget Review Subcommittee on Transportation

Minutes of the 1st Meeting of the 2019 Interim

June 4, 2019

Call to Order and Roll Call

The first meeting of the Budget Review

Subcommittee on Transportation of the Interim Joint Committee on Appropriations and Revenue was held on Tuesday, June 4, 2019, at 10:00 AM, in Room 131 of the Capitol Annex. Representative Sal Santoro, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Jimmy Higdon, Co-Chair; Representative Sal Santoro, Co-Chair; Senators Dennis Parrett and Robin L. Webb; Representatives Chris Fugate, Chris Harris, Thomas Huff, Phillip Pratt, Steven Rudy, John Sims Jr, and Ken Upchurch.

Guests: Paul Looney, Deputy Secretary, Transportation Cabinet; Andy Barber, State Highway Engineer, Transportation Cabinet; and, Royce Meredith, Bridging KY Project Manager, Transportation Cabinet.

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

Chair Santoro welcomed Representatives Huff, Sims, Pratt, and Rowland. Representative Rudy commented that this was the fiftieth birthday of Representative Upchurch and that all members wished him well.

Design/Build INFRA Projects

Deputy Secretary Looney provided an overview of ongoing design/build INFRA grant projects.

In response to a question from Senator Webb regarding the project in Greenup and Carter counties, Mr. Looney said two lanes would be added along with some interchange work.

Representative Harris commented that Pike County improvements are safety related due to multiple deaths occurring annually between US 119 and the Phelps community. He emphasized the importance of the improvements and expressed appreciation that this project is progressing.

In response to a question from Chair Santoro, Mr. Looney said the SHIFT scores should be available in July or early August.

Bridging Kentucky

Mr. Barber and Mr. Meredith provided an overview of the Bridging Kentucky program. 2019 has been the busiest year ever for bridge construction in Kentucky.

In response to questions from Representative Harris, Mr. Meredith said the One Hundred Bridge Project in eastern Kentucky would utilize one design/build team consisting of contractors and subcontractors, rather than only one single contractor. Both bridge rehab bridge replacements are needed in that area; however, for technical reasons, the design/build program will only be used for the replacement projects.

There being no further business, the meeting was adjourned at 10:37 AM.

INTERIM JOINT COMMITTEE ON HEALTH, WELFARE, AND FAMILY SERVICES

Minutes of the Second Meeting of the 2019 Interim

June 3, 2019

Call to Order and Roll Call

The second meeting of the Interim Joint Committee on Health, Welfare and Family Services was held on Monday, June 3, 2019, at 1:00 p.m., in Room 154 of the Capitol Annex. Representative Kimberly Poore Moser, Co-Chair, called the meeting to order at 1:00 p.m., and the secretary called the roll.

Present were:

Members: Representative Kimberly Poore Moser, Co-Chair; Senators Julie Raque Adams, Danny Carroll, Julian M. Carroll, Denise Harper Angel, Alice Forgry Kerr, Stephen Meredith, and Max Wise; Representatives Danny Bentley, Tina Bojanowski, Adam Bowling, George Brown Jr, Tom Burch, Daniel Elliott, Deanna Frazier, Robert Goforth, Mary Lou Marzian, Melinda Gibbons Prunty, Josie Raymond, Steve Riley, Steve Sheldon, Nancy Tate, and Russell Webber.

Guests: Kristi Putnam, Deputy Secretary, Cabinet for Health and Family Services; Polly Ruddick, Director, Office of Homelessness Prevention and Intervention; Adrienne Bush, Executive Director, Homelessness & Housing Coalition of Kentucky; Officer Alejandro Zaglul, Community Paramedicine Unit, Lexington Police Department; Lili Lutgens, LCSW, Therapeutic Intervention Services; Steve Shannon, Executive Director, Kentucky Association of Regional MH-MR Programs (KARP); Christina Weeter, M.S.W., M.Ed., Director, Division of Student Success, Office of Continuous Improvement and Support, Kentucky Department of Education; Karen Bush, YMHFA Training Coordinator, Division of Student Success, Office of Continuous Improvement and Support, Kentucky Department of Education; Wendy Morris, Commissioner, Department for Behavioral Health, Intellectual and Developmental Disabilities, Cabinet for Health and Family Services; Phill Gunning, NAMI Lexington; Vestena Robbins, PhD, Executive Policy Advisor, Department for Behavioral Health, Intellectual and Developmental Disabilities, Cabinet for Health and Family Services; Christy Shuffett, New Beginnings, Bluegrass; Marc Kelly, Pathways Inc.; Stephanie Bates, Department for Medicaid Services, Cabinet for Health and Family Services; and Caitlin Szabo and Holly Whitaker, Homelessness and Housing Coalition.

LRC Staff: DeeAnn Wenk, Ben Payne, Chris Joffrion, Becky Lancaster, Sean Meloney, Dana Simmons, and Gina Rigbsy.

Legislative Hearing on Executive Order 2019-286 - Reorganization of the Cabinet for

Health and Family Services

Kristi Putnam, Deputy Secretary, Cabinet for Health and Family Services, was available for questions. A motion to accept Executive Order 2019-286 was made by Representative Bowling, seconded by Senator Raque Adams, and accepted by voice vote.

Approval of the Minutes of the January 23, 2019 Meeting

A motion to approve the minutes of the January 23, 2019 meeting was made by Senator Wise, seconded by Senator Meredith, and approved by voice vote.

“Free Care” State Program Amendment to Medicaid

Kristi Putnam, Deputy Secretary, Cabinet for Health and Family Services, stated that for several decades, Medicaid has played a critical role in providing school-based health services for students with an Individualized Education Program (IED). Kentucky education leaders have recognized the importance of having health and behavioral health clinicians on school campuses, yet funding for school-based health providers has been a challenge. Providing health services in the school setting can help address immediate health care needs, connect students to behavioral health services, and keep students learning.

On April 28, 2019, the cabinet submitted an amendment to its Medicaid state plan to allow for the payment of qualifying physical and mental health services. The Centers for Medicare and Medicaid Services (CMS) has 90 days to review and approve the state plan amendment. If approved, school districts can begin billing for medically necessary Medicaid-eligible services provided to any Medicaid enrolled child when available to all children at no charge starting in August 2019.

Districts across the Commonwealth will be able to leverage federal Medicaid funding to increase access to school-based health services such as comprehensive health screenings, certain mental health services, and diabetes and asthma management. If a school district decides to participate, it will be able to decide the specific services provided based on needs. In order for services to be reimbursable, the services must be provided by an appropriately licensed Medicaid provider.

Mahak Kalra, Health Policy Director, Kentucky Youth Advocates, stated that schools are safest when children are most ready to learn and have access to quality, effective healthcare providers in school settings. There is so much that can be offered to students whether that is comprehensive health screening, therapeutic counseling, asthma prevention and treatment, school nurse services, as well as telehealth opportunities.

In response to questions by Senator Julian

Carroll, Deputy Secretary Putnam stated that a school district would have the option to choose suspected drug use by a student as one of the screening assessments. If a student shows the potential of doing harm to himself/herself and/or others through the behavioral assessments and screening for mental health, it would help the principal and/or the school superintendent respond quicker.

In response to questions by Senator Wise, Deputy Secretary Putnam stated that the Medicaid state plan amendment (SPA) to allow for the payment of qualifying physical and mental health services will be instrumental in allowing mental health professionals to become liaisons with staff in the school to deal with problems.

In response to questions by Representative Bojanowski, Deputy Secretary Putnam stated that the Medicaid state plan amendment funds for mental health services are the same as what is currently being offered in Jefferson County. Services can be provided to all students, but only services for Medicaid eligible students would be reimbursed by the federal government.

In response to questions by Representative Burch, Deputy Secretary Putnam stated that if a school district has a need for more mental health services as compared to physical health services, a school district could decide to focus more on mental and behavioral health services. School districts decide whether or not to participate in Medicaid services in schools and what services would best meet the needs of the students. If services are provided under an IEP, the school district currently has to provide those services under the Medicaid in schools program. The Medicaid SPA does not have to have an IEP as the medically necessary determination to receive services. Audits will be performed on what services are billed to and reimbursed by the Department for Medicaid Services (DMS).

In response to a question by Representative Bowling, Deputy Secretary Putnam stated that DMS will reimburse school districts for services, and then the school district will reimburse the provider whether they are hired by or contract with the school district.

In response to a question by Representative Moser, Deputy Secretary Putnam stated that nurses are a unique feature of Medicaid in schools. There needs to be a relationship between the school district and the local health department to provide a registered nurse (RN) in a school. Advanced registered nurse practitioners (APRNs) and physician assistants (PAs) can be reimbursed by DMS.

Representative Moser stated that having a school-based health center that is readily available to students is a cost-effective way to provide services.

Mental Health and Homelessness

Polly Ruddick, Director, Office of Homelessness Prevention and Intervention, stated that the community believes that a person should never have to change who they are to get what they need. In 2018, Fayette County's homeless system provided services to over 1,300 individuals self-reporting a mental illness, about 26 percent of the Fayette County population. The number has doubled since 2017 and is likely underreported. Fayette County has been successful in effectively ending veteran homelessness and reducing overall and chronic homelessness because of a systematic shift to the Housing First program with no preconditions. In the Housing First program, fewer expectations and responsibilities are placed on the consumer and more are placed on the providers. In this program, consumers show reductions in substance use, crisis homeless services, hospital stays, incarceration days, and police interaction and have an increase in engagement in mental health treatment and recovery. Without the Housing First program, if a consumer is experiencing homelessness and has a mental illness, the following are responsibilities placed on the consumer to end their homelessness and start mental health recovery: (1) show up for all appointments with several appointments need to even establish care; (2) complete the paperwork on time; (3) voluntarily ask for help and assistance; and (4) come to the coalition for help, and then do what is requested.

For every \$10 invested in Housing First, the community saves an average of \$21.72. The average cost of \$144,000 per year in crisis services for homeless individuals now costs \$18,500. In Lexington in 2017, 112 individuals cost the city an estimated \$16.4 million. Costs for the same individuals who received permanent housing dropped to \$2 million which included all services. Kentucky can start to redevelop a mental health system that will actually provide positive outcomes for consumers by reducing costs on hospitals and acute care and reducing and ending mental illness within homelessness. Kentucky needs to develop a mental health block grant to fund Housing First model programs serving all individuals with mental illness, not just serious mental illness. All funding should be competitive and based solely on outcomes not outputs. Without providing the basic need of housing, individuals will continue to cycle through the system costing taxpayers hundreds of thousands of dollars each year per client. Kentucky needs to provide the housing capacity necessary for all individuals suffering from mental illness and homelessness.

The mental health system uses housing as leverage. All requirements must be met while wondering where to sleep, where to get food, and whether someone will attack you or

steal your belongings all while fighting against yourself because you have no control over your malfunctioning brain. The current mental health system offers no solutions for permanent stabilization of basic needs prior to accessing treatment or recovery for those with a mental illness.

Adrienne Bush, Executive Director, Homelessness & Housing Coalition of Kentucky, stated that in Kentucky, the number of people homeless on the street or fleeing domestic violence decreased from 4,998 in 2014 to 3,688 in 2018. The number who self-report severe mental illness (SMI), has decreased from 1,075 in 2014 to 615 in 2018. People who have a mental illness represent 17 percent of the overall homeless population in Kentucky, down from 22 percent in 2014. However, the number of persons with SMI remains essentially unchanged from 2017 to 2018. The implementation of the Housing First model 15 years ago has helped homeless service providers to make inroads into the challenges associated with SMI and homelessness. Housing First does not mean housing only or housing without consequences, but instead it is a recognition that it is at best difficult and at worst impossible to really address issues with people until they are in a stable place to live. In 2005, legislation was enacted to establish a pilot program in Louisville and the Lake Cumberland region that allows housing stabilization for people exiting out of institutions and the correction system including youth aging out of foster care. Over the past 4 years, the pilot program has served 142 individuals. In 2017, 73 percent of individuals have exited to a positive housing destination. In 2016, the pilot program was enacted to make it permanent and allow for expansion into other communities should funding become available. In 2019, House Bill 378 was enacted to address the needs of youth experiencing homelessness, but the ability for unaccompanied youth 16 and over to consent for shelter, housing, and mental health services was deleted from the legislation. The coalition urges the General Assembly to pass legislation to create a state Affordable Housing Tax Credit that would help private development of more affordable homes. It is nearly impossible to address homelessness without creating a housing environment where individuals with a mental illness can be successful.

In response to a question by Representative Burch, Ms. Ruddick stated that currently a client can decide what type of housing is best for them. The provider is responsible to honor a client's choice. Ms. Bush stated that she would not want to tell other communities what types of housing is needed. This should be driven by local needs and conditions.

Representative Brown stated that he was

interested to know how to serve the mentally ill and homeless populations through the myriad of paperwork that has to be filled out.

In response to a question by Senator Danny Carroll, Wendy Morris, Commissioner, Department for Behavioral Health, Intellectual and Developmental Disabilities, Cabinet for Health and Family Services, stated that she would defer the discussion on reimbursement rates for personal care homes to the August 19th meeting.

In response to questions by Representative Moser, Ms. Ruddick stated that clients may disappear after discharge, and might not be found until they show up in jail or have another readmission into a facility. The Office of Homelessness Prevention and Intervention put out a request for proposal (RFP) to do a short, very transitional 90-day care program which would walk clients through every step of transition. The program was not funded because there is no housing available. The proposed mental health block grant would supply a place for someone to live and then allow the community to wrap around services in current programs.

In response to questions by Senator Raque Adams, Ms. Ruddick stated that her office works with private market landlords, developers, and the Affordable Housing Trust Fund in Lexington to help provide housing. The mental health block grant would be used to pay for private market housing.

Crisis Intervention Teams

Officer Alejandro Zaglul, Community Paramedicine Unit, Lexington Police Department, stated that every frontline police officer should be certified in crisis intervention teams (CIT) training to education responding officer on best practices for managing individuals in a crisis due to a mental illness or addiction. The benefits of the CIT training would be reduced use-of-force incident and more compassionate care for the consumer. The community paramedicine team include paramedics, police officers, and social workers who conduct follow-up intensive case management services to provide continuity of care and guidance navigating resources. Paramedicine teams help decrease dispatched calls by allowing police and EMS to address other emergency calls, help reduce emergency department admissions, reduce recidivism, and help individuals overcome barriers. A huge barrier for individuals is that Medicaid is not always reinstated when someone is released from a facility. Mobile crisis units are typically composed of police officers, paramedics, and qualified mental health professionals who conduct assessments on individuals in crisis and determine the most appropriate treatment action. Mobile crisis units can provide savings to a community by avoiding arrests and emergency department visits.

In response to questions by Representative Moser, Lieutenant Seth Lockard, Lexington Fire Department, stated that House Bill 106 from the 2019 Regular Session codified community paramedicine. Lexington's paramedicine team was funded through a 2-year federal Assistance to Fire Fighters grant.

Inadequate Treatment Options for Individuals with Intellectual Disabilities and Mental Health Disorders

Lili Lutgens, LCSW, Therapeutic Intervention Services, stated that the three types of residential facilities include family homes or residences under the Supports for Community Living (SCL) waiver program, psychiatric facilities (202A) for individuals with acute psychiatric problems necessitating a higher standard of care, and intermediate care facilities (ICF-ID) for people with intellectual disabilities (202B). The 202A psychiatric facilities and 202B ICF/ID facilities are not designed to be permanent residences, but instead are used when individuals need a higher level of care than the community can provide. Individuals with both intellectual disabilities and mental illness can present with unique challenges that make them unsafe to remain in the community whether living in residences with family or in SCL residential placements.

Kentucky Revised Statute 202B excludes individuals with mild intellectual disabilities to be placed in an ICF/ID. The ICF/IDs also will not take individuals presenting with significant psychiatric problems. Individuals with acute or chronic mental health issues such as suicidal or homicidal ideation are often turned away from psychiatric facilities that are not equipped to handle the ID population. The end result is that individuals at risk of harm to self and/or others remain in the community. The cost for their care is picked up by ambulance services, the police, or jails. This is an issue throughout the state and likely even worse in rural communities that lack resources.

KRS 202A does not expressly prevent the entry of individuals with intellectual disabilities into psychiatric facilities, but most the facilities are not geared to treat these individuals. Psychiatric staff determine the symptoms of mental illness are behavioral and, therefore, inappropriate for treatment in a psychiatric facility. Psychiatric facilities typically do not employ behavior analysts even though applied behavior analysis would be useful to the facility population as a whole.

The SCL program offers several residential options to participants including family home providers, staffed residences, and group homes. Placements typically have one staff person per every three participants. The SCL program does provide for exceptional supports, a higher rate of pay for residential services for participants

of higher acuity, but this is capped at twice the regulatory rate. Once an SCL residential agency accepts a participant, it must keep the participant until another SCL provider agrees to accept the participant resulting in a significant loss of money and dangerous individuals left in the facility for long periods of time.

Kentucky lacks adequate residential resources for individuals with intellectual disabilities and mental illness. Individuals remain in the community even when they present a risk of harm to self or others putting the individuals, personnel working with them, and the public at risk.

Leah Campbell, Executive Director, Pillar and Board Member, Kentucky Association of Private Providers (KAPP), stated that KAPP conducted a survey of 43 residential providers that reported 79 percent of these residential providers had called 911 in the last 12 months because of a resident who was at risk of harm to self or others. Residential providers cannot afford to accept individuals in any kind of significant crisis situation. The average unreimbursed cost that residential providers incur is over \$35,000 per week when a facility has an individuals in crisis. Referrals were turned down by 88 percent of the residential providers who participated in the survey due to the unreimbursed cost. Residential providers cannot discharge or terminate services to an individual with significant mental illness in a crisis situation.

In response to questions by Representative Goforth, Ms. Campbell stated that residential providers are reimbursed \$175 per day per client. Ms. Lutgens stated that the SCL program does provide for exceptional supports, a higher rate of pay for residential services for participants of higher acuity, if a residential provider can prove a resident is in crisis, but it is capped at twice the regulatory rate. Ms. Campbell stated that the extra reimbursement could pay for additional staff or extra behavioral providers to address a specific situation.

Representative Moser stated that the statutes need to be changed to allow individuals to be placed into a 202B facility for a short-term period of time when someone is in imminent risk to self or others.

Mental Health Waiver

Steve Shannon, Executive Director, Kentucky Association of Regional Mental Health-Mental Retardation Programs (KARP), stated that KARP is an association of 10 Community Mental Health Centers (CMHCs) which are the behavioral health public safety net. For the past 53 years, the CMHCs have helped Kentuckians in all 120 counties access needed mental health, substance use disorders, and intellectual and developmental services and supports. The CMHCs serve and support

approximately 180,000 individuals annually, employ over 8,000 individuals including direct support professionals, therapists, accountants, and physicians, and have more than 300 voluntary board members.

The Cabinet for Health and Family Services administers six home and community based services (HCBS) 1915 (c) waivers that serve individuals who are aging, have physical disabilities, have brain injuries, have intellectual and developmental disabilities, and are ventilator dependent. HCBS waivers help provide different services that allow those who need care to receive services in their homes or communities. Adults who are severely mentally ill (SMI), adults with substance use disorder (SUD), and children with a serious emotional disturbance (SED) are not included and have never been included in the HCB waivers. The Medicaid State Plan has a robust behavioral health benefit, but does not provide some vital services. Kentucky should consider a Medicaid waiver or state plan amendment (SPA) to provide needed services to adults with SMI such as supportive housing and supported employment and to take advantage of Kentucky's Federal Medical Assistance Percentage (FMAP) which has a 29/71 federal match.

Three waiver or state plan amendment alternatives to leverage the federal match are the 1115 waiver, 1915(c) waiver, and the 1915(i) state plan amendment which can work like a waiver. The 1115 waiver is the broadest type of waiver available to state Medicaid agencies. Under a waiver program, a state can waive certain Medicaid program requirements allowing the state to provide care for people who might not otherwise be eligible under Medicaid. Some waivers allow states to target services to people who need long-term services and supports. The SCL and Michele P. waivers could serve as a model for a 1915(c) waiver for adults with SMI. Existing state general fund dollars would need to be used to leverage federal dollars for these new waivers.

In FFY 2015, the cost of all 1915(c) waivers in all states and D.C. was approximately \$44.7 billion. Colorado, Connecticut, Massachusetts, and Montana spent almost \$53 million on 1915(c) waivers that targeted adults with SMI. The 1915(i) waiver allows a state to design service packages targeted to people with specific needs including special services for individuals with a mental illness or substance use disorder. The twelve states currently with a 1915(i) SPA are Wisconsin, Oregon, Nevada, Iowa, Louisiana, Florida, Indiana, Connecticut, Wyoming, Montana, Texas, and Maryland.

House Bill 447 was filed during the 2019 Regular Session that would direct the cabinet to submit waivers, waiver amendments, or state

plan amendments necessary to provide support employment and supportive housing services to adults who have a severe mental illness. Unfortunately, the bill failed to be enacted.

Social determinates of health are conditions in the environment that affect an individual's health. Two variables that negatively impact health are housing instability and lack of employment. The waivers discussed today can provide adults with SMI access to more stable housing and employment services thereby decreasing Medicaid spending on emergency rooms and unnecessary hospitalizations. If adults with SMI cannot access necessary services and supports, they will access more costly services such as emergency rooms, local jails, and homeless shelters. Kentucky must do better for the individuals who need services.

Grant Updates

A. Kentucky Advancing Wellness and Resilience Education (AWARE) Project

Christina Weeter, M.S.W., M.Ed., Director, and Karen Bush, YMHFA Training Coordinator Improvement and Support, Division of Student Success, Office of Continuous Improvement and Support, Kentucky Department of Education, stated that in 2014, the Kentucky Department of Education (KDE) received a Project Advancing Wellness and Resilience Education (AWARE) five-year grant from the Now is the Time initiative awarded by the Substance Abuse and Mental Health Services Administration (SAMHSA), U.S. Department of Health and Human Services. The KDE used the grant to train adults on responding to mental health issues when interacting with school-aged youth, connect children, youth, and families who may require support to appropriate mental health services, and implement Youth Mental Health First Aid (YMHFA) in state and local training programs. The School Climate Transformation Grants (SCT) and AWARE can support the goals of the School Safety and Resiliency Act (2019 Senate Bill 1). Recommendations are due June 2019 to the State Interagency Council (SIAC) Social Emotional Health Task Force. Over 4,400 First Aiders were certified through the YMHFA training that resulted in almost 15,000 mental health referrals by the First Aiders.

In the Fall of 2018, KDE was awarded the SCT grant, and in the Spring 2019, KDE was awarded a second Project AWARE grant that included three new pilot districts in Bullitt County, Henderson County, and Warren County. AWARE and SCT grants will support Trauma-informed Practices for Educators (TIPE) learning collaboratives, training to support the integration of mental health referral pathways and cultural competency into Positive Behavior Interventions and Supports (PBIS), Youth Mental Health First Aid (YMHFA), and a

single state management team to ensure ongoing alignment and coordination of both projects.

Some features of Project AWARE 2019 are state and local collaborative partnerships, comprehensive plan for school and community-based mental health services, and coordinated mental health referral, services, and follow-up for youth and their families. The five goals for Project AWARE 2019 are: (1) increase the mental health awareness and literacy of school staff, administrators, parents, agency partners and community members who interact with school-aged youth by training individuals to respond effectively to youth mental health needs; (2) increase statewide capacity and sustainability of the school and behavioral health treatment workforces to implement and integrate trauma-informed principles into practice; (3) increase access to evidence-based behavioral health services and supports in each partner school district; (4) enhance resiliency among school-age youth by integrating and implementing social-emotional learning skills into the general education curricula and increase family and student engagement; and (5) increase access and use of school-based mental health promotion, prevention, early intervention and treatment strategies by creating or enhancing a proactive multi-tiered system of support (MTSS) in schools, which integrates academic, positive behavior, and mental supports to meet the needs of students.

Project AWARE 2019 will serve 37,556 students through universal, targeted, and direct intervention. Through the provision of training and other supports, the project will impact 375 school administrators, 3,292 school staff, and over 1,000 parents and community members.

In response to a question by Representative Gibbons Prunty, Ms. Bush stated that Marshall County did implement the PBIS framework for several years and had positive results.

B. Youth with Severe Mental Illness, TAYLRD 2.0

Wendy Morris, Commissioner, Department for Behavioral Health, Intellectual and Developmental Disabilities, Cabinet for Health and Family Services, stated on March 31, 2019, Kentucky was awarded a \$1 million Transition Age Youth Launching Realized Dreams (TAYLRD) 2.0 grant from the Substance Abuse and Mental Health Services Administration (SAMHSA), U.S. Department of Health and Human Services. TAYLRD aims to positively impact the lives of Kentucky's 16 to 25 year olds who have, or are at risk of developing behavioral health challenges by improving access to high-quality, culturally and developmentally appropriate supports and services across the Commonwealth.

Studies show that 50 percent of individuals who will develop mental health disorders show

symptoms by age 14 and 75 percent of mental health conditions develop by age 24. This data underscores the importance of acting early. Unfortunately, too many of these cases go undetected and untreated and intervention only happens when a crisis occurs. The length of time between onset of symptoms and intervention has a dramatic impact on long-term outcomes. Longer times between symptoms and intervention result in unconscionable rates of suicide, school drop-out, homelessness, juvenile and criminal justice system involvement, and unemployment resulting in both great personal and social costs. Studies also show that we are able to prevent or at least mitigate the effects of mental illness and allow individuals to live fulfilling, productive lives in the community.

The Adverse Childhood Experiences (ACE) Study found that the risk for later chronic health conditions and risky health behaviors rises as the number of ACEs increase. According to America's Health Rankings, Kentucky is in the top 10 states for ACEs, with 27 percent of its children having experienced two or more stressful or traumatic events on a list of 10. With over a quarter of the state's children experiencing 2 or more events that have both short and long term impact, Kentucky must invest in prevention and early intervention. From the prenatal period into early adulthood, there are many opportunities to support the mental health of Kentucky's children, youth, and young adults. Promotion and prevention interventions operate to strengthen protective factors and to reduce exposure for risks. Risk factors can occur at multiple levels, including biological, psychological, family, community, and cultural levels.

Kentucky received two federal grants to support implementation of the TAYLRD initiative. The first grant cycle will end later in 2019, while TAYLRD 2.0 was funded in March 2019 and will run until March 2024. TAYLRD funded programs in the Pathways region (Boyd and surrounding counties) and Centerstone Region (Jefferson and surrounding counties). TAYLRD 2.0 will fund new programs in the Kentucky River region (Perry and surrounding counties) and the Communicare region (Hardin and surrounding counties). The program at Hardin County will focus on youth with military experience, and the program at Perry County will focus on homeless youth. The main features of the TAYLRD initiative are more public awareness of signs and symptoms for serious behavioral health challenges facing young people and the developmentally appropriate responses to those challenges; increased outreach and engagement to youth, young adults, and their families by service providing agencies; and improved access to services for young adults that meet cultural and linguistic needs.

In partnership with the CMHCs and other partner agencies, TAYLRD uses a drop-in center approach to behavioral health care to increase the possibility that young people will receive the right services at the right time. Kentucky has opened TAYLRD Drop-in Centers across the Commonwealth. The centers are youth friendly, safe, with appealing spaces, designed by youth and young adults that have computer labs, snacks, board games, video games, pool tables, washers and dryers and more where youth and young adult can hang out, work on personal goals, develop their assets, and gain access to resources like peer support, case management, therapy, medication if needed, education, employment, and housing supports. The TAYLRD Louisville Drop-in Center was featured as a best practice model for improving housing and reducing homelessness among youth and young adults in the April issue of Focal Point, a nationally-recognized publication of the Pathways Research and Training Center at Portland State University that conducted a national webinar on their model.

Vestena Robbins, PhD, Executive Policy Advisor, Department for Behavioral Health, Intellectual and Developmental Disabilities, Cabinet for Health and Family Services, was available for questions.

Adjournment

There being no further business, the meeting was adjourned at 3:19 p.m.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Budget Review Subcommittee on General Government, Finance, Personnel, and Public Retirement Minutes of the 1st Meeting of the 2019 Interim

June 4, 2019

Call to Order and Roll Call

The first meeting of the Budget Review Subcommittee on General Government, Finance, Personnel, and Public Retirement of the Interim Joint Committee on Appropriations and Revenue was held on Tuesday, June 4, 2019, at 8:00 AM, in Room 131 of the Capitol Annex. Senator Robby Mills, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Robby Mills, Co-Chair, and Representative Jim Stewart III, Co-Chair; Senators Dennis Parrett, Reginald Thomas, and Phillip Wheeler; Representatives Kevin D. Bratcher, Joe Graviss, Mark Hart, Adam Koenig, Michael Meredith, Suzanne Miles, Patti Minter, Phillip Pratt, Steven Rudy, Wilson Stone, and Nancy Tate.

Guests: Dr. Chuck Grindle, Chief

Information Officer, Commonwealth Office of Technology.

LRC Staff: Chuck Truesdell, Emma Mills, Liz Columbia, and Spring Emerson.

Commonwealth Office of Technology

Dr. Grindle provided an overview of the Commonwealth Office of Technology within the Finance and Administration Cabinet.

In response to a question from Chair Mills, Dr. Grindle said that updating about 85 percent of the infrastructure and bringing it into a 21st century environment has been a formidable task, but he is comfortable with what COT has accomplished.

In response to questions from Representative Bratcher, Dr. Grindle said COT has approximately 549 employees. The COT budget is \$120 million, of which 43 percent is for personnel costs. Other states spend between 15 and 31 percent of their technology budgets on security, with Kentucky at about nine percent. COT is audited annually by the Auditor of Public Accounts, and various other audits are also conducted regularly. COT provides infrastructure for single sign-on within the Business One-Stop environment, which validates and authenticates the identity of the individual user.

In response to a question from Senator Thomas regarding the KyWired Network, Dr. Grindle said COT has approximately 700 connection points that provide gig Ethernet for constrained bandwidth locations. Chair Mills asked if there are hidden costs to state agencies for this service, and Dr. Grindle stated he did not know.

In response to questions from Representative Graviss regarding precinct data, Dr. Grindle said COT is working with the Property Valuation Administrators and Secretary of State but does not have the precinct data for alcohol sales.

In response to a question from Representative Minter regarding long-term plans to switch from Windows to a Google desktop environment, Dr. Grindle said it is a two- to three-year challenge that would begin with email and desktop applications and then move to the storage drive. Seven other states have already transitioned.

Representative Koenig commented on the need for precinct boundaries.

In response to questions from Representative Stone regarding the agency budget request, Dr. Grindle said the chargeback model is not yet final; however, there is no plan to increase rates because of the savings COT has achieved.

In response to a question from Chair Mills regarding the cost of services to agencies, Dr. Grindle said costs are set by computable elements and depend on contracts already let by agencies.

In response to a question from Senator Wheeler regarding the new driver licenses, Dr. Grindle said the contract is being operated and

overseen by the Transportation Cabinet.

In response to a question from Representative Tate regarding the potential for compromised data, Dr. Grindle said COT does not review data for sharing purposes but assists with certain data elements and provides a common data sharing platform. COT has the ability to scrub temporary data but is required by statute to retain and maintain some data into perpetuity.

In response to a question from Representative Meredith regarding the agency budget, Dr. Grindle said COT does not receive a direct appropriation, rather the \$120 million received is paid by agencies as fees for services rendered.

In response to a question from Co-Chair Stewart regarding automated telephone systems in state agencies, Dr. Grindle said the voiceover IP telephone system is managed by the COT, and that people should contact COT if there are problems.

There being no further business, the meeting was adjourned at 9:30 AM.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Minutes of the 1st Meeting of the 2019 Interim

June 4, 2019

Call to Order and Roll Call

The 1st meeting of the Interim Joint Committee on Appropriations and Revenue was held on Tuesday, June 4, 2019, at 1:00 PM, in Room 160 of the Capitol Annex. Representative Steven Rudy, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Steven Rudy, Co-Chair; Senators Matt Castlen, David P. Givens, Alice Forgy Kerr, Stephen Meredith, Gerald A. Neal, Dennis Parrett, Dan “Malano” Seum, Robin L. Webb, and Phillip Wheeler; Representatives Lynn Bechler, Danny Bentley, Myron Dossett, Joseph M. Fischer, Jim Glenn, David Hale, Mark Hart, Angie Hatton, Dennis Keene, Russ A. Meyer, Jason Nemes, Ruth Ann Palumbo, Phillip Pratt, Melinda Gibbons Prunty, Brandon Reed, Sal Santoro, John Sims Jr, Wilson Stone, James Tipton, and Susan Westrom.

Guests: Dr. Eli Capilouto, President, University of Kentucky; Dr. Sharon Walsh, Professor and Director of the Center on Drug and Alcohol Research, University of Kentucky; Dr. Neeli Bendapudi, President, University of Louisville; Dr. Calvin Johnson, Dean, College of Veterinary Medicine, Auburn University; and Dr. Daniel Givens, Professor and Associate Dean for Academic Affairs, Auburn University.

LRC Staff: Jennifer Hays, Cynthia Brown,

Kevin Branscum, Morgan King, and Chase O'Dell.

Introduction of Member's Guests

Senator Parrett introduced his guest, Jeff Noel, Pastor at Grace Heartland Church in Elizabethtown.

Senator Givens introduced his brother, Dr. Dan Givens from Auburn University.

The University of Kentucky's Research Projects on Dementia and Opioids and Budgetary Requests for the 2020 Regular Session

Dr. Eli Capilouto, President, University of Kentucky; and Dr. Sharon Walsh, Professor and Director of the Center on Drug and Alcohol Research, University of Kentucky, discussed the university's research on dementia and opioids and budgetary requests for the 2020 regular session.

President Capilouto discussed the assumptions made in UK's five-year budget plan. There are expected to be fixed cost increases. Additionally, UK recognizes that there are a declining number of high school graduates across Kentucky. There are also disruptive innovations in how people teach and learn. UK is also experiencing growing health care and other benefit costs. Lastly, Mr. Capilouto stated that UK expects continued strained state financial support.

During phase one of UK's 'Path Forward', the university has grown first-time and first-year enrollment, improved first-to-second year student retention rates, developed 26 new online programs, expanded opportunities for summer coursework and certificate programs, recruited and enrolled near-degree students through 'Project Graduate', and partnered through an innovative carbon reduction program in the Robinson Forest.

President Capilouto stated that nearly \$400 million in awards to UK have led to nearly \$700 million of economic impact, over 4,000 jobs created, and intellectual property and discovery in the form of patents. The top three national institutes that fund the University of Kentucky through the National Institutes of Health (NIH) are the National Institute on Drug Abuse, National Institute on Aging, and the National Cancer Institute.

Since UK received its National Cancer Institute Center designation, nearly 60 percent of all new cancer diagnoses in Kentucky have come through the Markey Cancer Center and its affiliates. President Capilouto expressed that UK has the “trifecta” of NIH designation and support through its National Cancer Institute Designation, the Clinical Translational Sciences Award, and its Alzheimer's Disease Center.

In 1985, the Sanders-Brown Center on Aging was named one of the first ten centers in

the country designated as an Alzheimer's Disease Center. In the last five years, awards to the center have increased from \$8 million to \$20 million dollars. Last year, UK provided 22,000 specimens to specialists around the world studying aging diseases. In addition, last year, UK requested \$8 million for a new clinical research facility to serve more patients, conduct more trials, and garner more external support.

The University of Kentucky has identified the areas of substance abuse, neuroscience, cancer, diabetes, obesity, cardiovascular disease, and energy as areas of priority for research. These areas align with the challenges faced in Kentucky, the capabilities within the university, and the partnerships that have developed leverage.

President Capilouto testified that UK was recently awarded an \$87 million grant for the HEALing Communities Study. UK was one of four universities in the country that were granted the funds. Within three years, the university hopes to reduce opioid deaths by 40 percent for the counties within which the university intervenes within three years.

Dr. Walsh testified that there are three main aims of the HEALing Communities Project. The first goal is to improve the cascade of care for Opioid Use Disorder (OUD). The second main goal is to expand overdose prevention. The third main goal is to reduce opioid supply. Community interventions are expected to be launched on October 1st, 2019.

In response to a question from Representative Tipton, President Capilouto expressed his belief that the current performance-based funding model is an advantageous approach.

In response to another question from Representative Tipton, Dr. Walsh stated that many of the jails in Kentucky do not have substance abuse programs where treatment can be delivered. She continued to discuss the efficacy of different drugs used to treat substance abuse. Dr. Walsh also testified that partnerships with health care partners are needed so that jails can provide treatment and transition for people to go into care when they are going in-and-out of the jails.

In response to the second part of Representative Tipton's question, Dr. Walsh stated that there are many structural barriers to getting people into care that go beyond whether there are enough spaces in a treatment program.

Representative Palumbo stated that everyone should be proud of the University of Kentucky research program on Parkinson's.

Chairman Rudy applauded UK for its hard work and thanked Dr. Walsh and President Capilouto for the presentation.

Overview of the University of Louisville's General Research Initiatives and Budgetary Requests for the 2020 Regular Session

Dr. Neeli Bendapudi, President, University of Louisville, presented an overview of the University of Louisville's general research initiatives and budgetary requests for the 2020 Regular Session.

President Bendapudi testified that the University of Louisville (UofL) was given a charter to be a premier, nationally-recognized metropolitan research university. She stated that the metropolitan setting provides the university with certain opportunities and challenges.

President Bendapudi said that UofL's number one goal is to make the university a great place to learn for students through research and teaching. She continued to say that this would be achieved by the university being a great place for faculty and staff to work. President Bendapudi stated that, for the university to retain "incredible" people, it must be a great place to invest.

The University of Louisville is recognized as a Research 1 university. President Bendapudi testified that UofL and UK are two of only 69 universities nationwide that are classified as having both high research activity and high community engagement.

The university has significantly increased total research expenditures since 1997, and they will continue to increase in the coming year. UofL's Dental School is ranked 13th in the nation for medical research, which makes it the highest ranked in the state. President Bendapudi expressed her belief that there is an opportunity for the dental school to move into the top 10 for dental research. President Bendapudi also stated that the UofL medical school is ranked fairly high in NIH funding.

President Bendapudi testified that UofL has several NIH-designated research centers, such as the Kentucky Biomedical Research Informatics Network, Center for Excellence in Diabetes and Obesity Research, the Hepatobiology and Toxicology Center, the Alcohol Research Center, and others. The University of Louisville also has several National Science Foundation (NSF)-designated centers, focused on things ranging from manufacturing, to nano integration, to nanotechnology.

President Bendapudi testified that UofL is the only university in the country to receive five of the most prestigious innovation research grants. She continued to say that the grants are all about innovation and economic development. In 2015, UofL was ranked in the top 100 worldwide universities granted U.S. utility patents by the National Academy of Inventors.

President Bendapudi stated that UofL is working closely with the Cabinet for Economic Development, while also attempting to diversify the portfolio of support for its research by working closely with industry. UofL has a \$5 million per year partnership with IBM. IBM

will assist UofL in developing courses in eight areas that are considered to be crucial for the digital economy. The university is also partnered with Cardinal Health, Kindred Healthcare, and General Electric (GE).

President Bendapudi testified that UofL is requesting support to educate engineering students and increase the number of nurses. She also stated that UofL is requesting an increase in state performance funding, and she expressed her belief that Kentucky has a good performance funding model. UofL is also requesting a new round of Bucks for Brains funding. President Bendapudi stated that asset preservation is a big need for the university.

President Bendapudi testified that STEM and Health continue to be areas of strength and emphasis for UofL. The university is focusing on expanding the Speed School of Engineering and the School of Nursing. President Bendapudi continued to say that the university needs to establish a nationally-renowned robotics and advanced manufacturing space.

Senator Givens discussed the importance of changing the funding model from the old allocation shares model to the new performance funding model.

Representative Nemes thanked President Bendapudi for the work she has done since beginning her stint at UofL. In response to a question from Representative Nemes, President Bendapudi stated that all university presidents in the Commonwealth are focused on how to keep college affordable for low to middle income families. She continued to say that UofL is moving more of the scholarship dollars it awards towards need-based scholarships. President Bendapudi testified that the university is being very cautious on tuition increases and trying to keep them manageable. She also stated that limited state funding is a challenge. UofL is also hoping to launch retention grants to assist students who are in good academic standing, with paying for college.

"An Enduring Relationship between Kentucky and Auburn for Veterinary Medical Education"

Dr. Calvin Johnson, Dean, College of Veterinary Medicine, Auburn University; and Dr. Daniel Givens, Professor and Associate Dean for Academic Affairs, Auburn University, discussed the enduring relationship between Kentucky and Auburn for veterinary medical education.

Dr. Johnson testified that the relationship between Auburn University and the Commonwealth of Kentucky is a long-standing one, in-which Auburn trains veterinarians who serve animal health needs across Kentucky. Dr. Johnson stated that through the Southern Regional Education Board's (SREB) Regional Contract Program, Kentucky residents can

attend Auburn University's College of Veterinary Medicine and pay in-state tuition, with Kentucky making-up the difference between in-state and out-of-state tuition. The relationship between Auburn's veterinary program and Kentucky has existed since 1951. Since then, 1,800 residents of Kentucky have graduated from Auburn University's College of Veterinary Medicine as veterinarians. Dr. Johnson testified that many of those graduates have returned to Kentucky to serve critical roles in animal health. Auburn University's College of Veterinary Medicine had 117 applicants from Kentucky for the class of 2023, of which 38 were accepted.

In the 2019-2020 academic year, Kentucky will pay \$4,712,000 for Kentucky residents to attend Auburn University's College of Veterinary Medicine. That dollar amount will reserve 152 seats for the academic year, at a rate of \$31,000 per seat. Dr. Givens testified that the SREB says the rate to reserve a seat in a veterinary program should be \$33,500. Dr. Givens testified that every dollar that goes into the contract program goes to specifically reduce the cost of tuition for a Kentucky student.

Dr. Givens stated that there is tremendous demand for Auburn's veterinary program. Dr. Givens said that Kentucky students at Auburn are as good as any other students. He continued to say however, that the Kentucky dollars that reserve seats at Auburn get Kentucky students into Auburn who wouldn't otherwise get in.

Dr. Givens testified that in an annual two-semester situation, tuition and fees for a Kentucky resident at the College of Veterinary Medicine total \$20,366. For a non-resident student, the tuition and fees total \$47,626. He continued to say that Auburn University ranks fourth from the lowest in the United States as far as the cost of a veterinary medical education for in-state students; Kentucky residents are considered in-state students. Auburn ranks 18th lowest of approximately 30 schools in terms of out-of-state tuition. From 1999 to 2014, Auburn University's College of Veterinary Medicine had the fifth lowest rate of increase in tuition and fee costs in the United States.

Approximately 80 percent of Auburn University College of Veterinary Medicine students graduate with some degree of educational debt. Kentucky students graduating from the College of Veterinary Medicine in 2018 had an average indebtedness of \$172,000. Dr. Givens stated that without the contract spaces program, Kentucky students graduating in 2018 would have an average indebtedness of \$233,000.

Dr. Givens testified that a decreasing number of individuals are going into mixed-animal practice or large animal practice. He continued to say that Auburn recently garnished a USDA grant that helps get Kentucky students back into

Kentucky counties, serving food animal species in designated underserved areas. Dr. Givens testified that fewer students are going into rural areas to work on large animal medicine partially because of the starting salary.

Dr. Givens stated that Kentucky's investment in the Veterinary Contract Spaces Program keeps student debt lower, which gives the students more opportunity to go into rural areas and serve. Dr. Givens also testified that Kentucky students return to the Commonwealth at a higher rate than Alabama students stay in Alabama. Of the Kentucky residents in the Auburn College of Veterinary Medicine graduating class of 2010, 71.43 percent had become employed in the Commonwealth by July 2018.

Dr. Givens testified that going forward, \$32,000 will be the lowest Auburn University can market to Kentucky College of Veterinary Medicine seats.

In response to a question from Senator Seum, Dr. Givens agreed that it would be correct to say that Kentucky's veterinarian needs are currently underserved, and that student debt is correlated. Dr. Givens continued to say that students are still graduating with debt even though Kentucky contributes \$32,000 a year, for four years, per student.

Representative Stone stated that many people apply to veterinary school twice. He continued to say that when people get to that point, most of them only want professionally to be a veterinarian.

In response to a question from Senator Webb, Dr. Givens stated that there are programs at Auburn that specifically work to get students with large animal and bovine interests into rural areas to get experience, so that they are fully prepared and able to return to those areas. Senator Webb implored students not to rule out the possibility of large animal and bovine work. She closed by expressing her desire to continue the partnership between Kentucky and Auburn University. Dr. Johnson added that depending on the year, Auburn has the first or second largest caseload for food animals coming into the teaching hospital, which provides a good opportunity for students to be mentored in large animal medicine surgery.

Representative Pratt stated that Kentucky is struggling with a low number of large animal veterinarians returning to the state. He continued to recognize that student debt is leading to veterinarians going into the small animal field.

In response to a question from Senator Kerr, Dr. Givens stated that Kentucky students are getting into Auburn University who would not get in if the veterinary contract program did not exist and the students were applying as non-residents. He continued to say that the average Kentucky student does just as well as the average

non-resident student in organic chemistry, physics, and biochemistry. He explained, however, that the lower-end of non-resident students that get into the veterinarian program are performing better academically than the lower-end of Kentucky students.

Representative Rudy requested to see data on how many College of Veterinary Medicine students are coming from each post-secondary education institution in Kentucky. He also stated that Kentucky is getting a good deal in the partnership with Auburn University.

Correspondence Received

Representative Rudy reminded members of the correspondence received from Jenny Bannister, Deputy Director, Office of Budget Review (LRC)

List of Reports Received Since November, 2018

Representative Rudy also reminded members of the list of reports received by the committee since November 2018.

Adjournment

Representative Rudy closed the meeting by stating that the next meeting would be chaired by Senator McDaniel on July 9th.

With no further business before the committee, the meeting was adjourned at 2:44 p.m.

LEGISLATIVE RESEARCH COMMISSION

Subcommittee on 2020-2022 Budget Preparation and Submission Minutes of the 1st Meeting of the 2019 Interim

June 3, 2019

Call to Order and Roll Call

The first meeting of the Subcommittee on 2020-2022 Budget Preparation and Submission of the Legislative Research Commission was held on Monday, June 3, 2019, at 10:30 AM, in Room 131 of the Capitol Annex. Senator Christian McDaniel, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Christian McDaniel, Co-Chair; Representative Steven Rudy, Co-Chair; Senators Matt Castlen and Phillip Wheeler; Representatives Mark Hart, Ruth Ann Palumbo, and Phillip Pratt.

Guests: John Chilton, State Budget Director, Office of State Budget Director (OSBD); Janice Tomes, Deputy State Budget Director, OSBD; and, Kevin Cardwell, Deputy State Budget Director, OSBD.

LRC Staff: Jenny Bannister, Greg Troutman, and Spring Emerson.

Janice Tomes, Deputy State Budget Director, OSBD, provided an overview of the proposed changes to the budget instructions for fiscal

biennium 2020-2022.

In response to a question from Chair McDaniel regarding pension plan types being shown with funding sources, Mr. Cardwell said that information had been provided in exhibits 3A and 3B.

In response to questions from Chair McDaniel regarding personnel vacancy credits, Mr. Cardwell said they were included as part of the base budget for the last two or three fiscal biennia. This provides OSBD with the best starting point, as agencies intend to fill those vacant positions. The date of the snapshot is at the end of the fiscal year. Chair McDaniel commented that a more accurate picture is needed.

A motion was made by Co-Chair Rudy to direct the Co-Chairs to work with LRC staff to finalize the 2020-2022 Budget Instructions and formally present them to the LRC for adoption. The motion was seconded by Representative Palumbo and passed by roll call vote.

A motion was made by Co-Chair Rudy to direct staff to send out Defined Calculations letters to specific agencies before 2020-2022 Budget Instructions are finalized. The motion was seconded by Senator Castlen and passed by roll call vote.

There being no further business, the meeting was adjourned at 10:37 AM.

INTERIM JOINT COMMITTEE ON TRANSPORTATION

Minutes of the 6th Meeting of the 2018 Interim

November 19, 2018

Call to Order and Roll Call

The 6th meeting of the Interim Joint Committee on Transportation was held on Monday, November 19, 2018, at 10:00 AM, in Room 154 of the Capitol Annex. Representative Ken Upchurch, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Ken Upchurch, Co-Chair; C.B. Embry Jr., Paul Hornback, Albert Robinson, Brandon Smith, and Mike Wilson; Representatives Tim Couch, Chris Fugate, Al Gentry, Robert Goforth, David Hale, Dennis Horlander, Suzanne Miles, Robby Mills, Tim Moore, Rick Rand, Sal Santoro, John Sims Jr, and Jim Stewart III.,

Guests: Paul Looney, Deputy Secretary Kentucky Transportation Cabinet (KYTC), John Moore, Assistant State Highway Engineer for Project Development KYTC, Dean Loy, Director of Right of Way and Utilities, KYTC, and Megan McLain, Innovative Finance Manager, KYTC

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

Right of Way Process

Paul Looney, Deputy Secretary Kentucky Transportation Cabinet (KYTC) and John Moore, Assistant State Highway Engineer for Project Development KYTC, discussed the right of way process. Mr. Looney stated the most critical guide the KYTC utilizes to manage work at the Cabinet is the 6-Year Highway Plan. This plan, passed by the Legislature every 2 years, gives the direction and the funding needed for road projects across the Commonwealth. The process used by the KYTC for right of way acquisition was developed to fit within the Kentucky Constitution, Kentucky Statutes, and federal law. This allows KYTC to use a consistent process on all projects regardless of funding type. He stated the underlying promise and overwhelming objective is to protect property owners rights at all times throughout the process.

The first step is for KYTC to determine the type and size of the land needed. The owner(s) of the parcel must be determined. Finally, the value of the land and damages to the remaining land must be determined. Deputy Secretary Looney stated the steps to the overall right of way process includes determining the right of way needs for a project, issuing the official order and notice to proceed, a notice of acquisition letter is sent via certified mail, then a public meeting for effected property owners is held and initial contact with property owners to review existing conditions is made. An appraisal or minor acquisition review is prepared and then a just compensation offer is made in writing. The next step is to allow time for the property owner to consider, which typically is 45 days minimum. If the owner agrees, documents are then prepared for closing. If the owner rejects the offer, the process of condemnation (eminent domain) begins.

Deputy Secretary Looney described the appraisal process. The appraiser computes fair market value and the owner or representative can accompany the appraiser. All appraisals are reviewed and approved. Appraisal waivers are allowed if the value is less than \$10,000. Appraisals also follow industry standards. Deputy Secretary Looney stated appraisals are done with both in-house and outside staff. All external appraisers are certified appraisers by the Commonwealth.

Deputy Secretary Looney stated to show good faith and allow ample time for consideration, the Cabinet typically allows a minimum of 45 days for an owner to consider the initial offer. He added that the overwhelming majority of parcels for Cabinet projects are acquired by informal negotiation, and approximately 85 percent of all parcels are acquired by negotiations. He stated approximately 15 percent of parcels are condemned.

Eminent domain is used as a course of

last resort when there is disagreement in value or to clear title of property. Most eminent domain parcels are quick take achieving right of entry. The Cabinet can proceed with projects by posting the Commissioner's award value, then the case continues to trial. Eminent Domain is used when defendants cannot be located. For right of way clearance, all parcels are to be signed or right of way obtained as required by KRS 176.070.

Deputy Secretary Looney stated that right of way staff has been reduced by 30 percent in the last ten years. Concerning staff turnover, there have been 27 separations within the last four years and 15 separations since January 2017, of which most of those were supervisory. About 25 percent of management employees are retirement eligible, and 31 percent of overall staff can retire in the next five years.

Concerning outsourcing right of way activities, between 2015 and 2017, approximately 50 percent of parcel acquisitions were done by consultants. In 2018, 65 percent of the projects were delivered by KYTC staff. Deputy Secretary Looney added that the Cabinet has been managing staff statewide to more efficiently deliver projects in-house.

In response to a question asked by Senator Hornback concerning the appraisal adjustments when there is limited access or an elimination of an access point, Dean Loy, Director of Right of Way and Utilities, KYTC stated two appraisals are usually given, one as before value, and a second one as an after value and within that appraisal process, there is allowance for a damage.

In response to a question asked by Senator Wilson, Mr. Loy stated when establishing right-of-way, KYTC utilizes plans that are on file with the Cabinet. When no plans are found, KRS 178.025 is used which states in the absence of any record, the width of a public road right-of-way shall be presumed to extend to and include that area lying outside the shoulders and ditch lines and within any landmarks such as fences, fence posts, cornerstones, or other similar monuments indicating the boundary lines. In the absence of both record or landmark, the right-of-way of a public road shall be deemed to extend to and include the shoulders and ditch lines adjacent to said road and to the top of cuts or toe of fills where such exist.

In response to a question asked by Representative Mills concerning the process of hiring outside appraisers, Mr. Loy stated currently appraisals are set up through the Division of Professional Services which uses a rotation when there is a need for services.

Utility Relocations

John Moore, Assistant State Highway Engineer for Project Development KYTC, discussed the utility relocation process. The

law covers how compensation is given for the relocation of utilities. The Federal Highway Administration requires for agreements to be in place prior to advertising. KYTC fully reimburses the cost of relocating the utilities, except for private utilities that have been permitted on public land, and they relocate at their own expense.

Mr. Moore stated the general principles of the utility relocation process include identifying all utilities and the impacts and coordinating with the utility operators to avoid and minimize any impacts that are had. Then an agreement to relocate is reached and the relocation is monitored and reimbursements are given if appropriate.

Mr. Moore stated when KYTC is identifying utilities, project managers will utilize 811 or a before you dig service, as well as the utilities not participating in 811, they will touch base with each utility that they are aware of to determine who has facilities in the area of the improvement. During the identification process, service maps are utilized, as well as a possible use of subsurface utility exploration. Once utility locations are known, and conflicts are identified, the utility coordinator in the district will review those conflicts with the utility operator and will continue to do so until the relocation agreement is executed. Once the operator has an idea of where to go outside of the conflict area the operator will propose a relocation plan with a contract that will include timelines and compensation. In the situation where utility company relocates their own lines, KYTC will monitor that relocation to make sure there is no other conflicts and that the schedule is being adhered to. Invoices are then reviewed and repayments are initiated.

Mr. Moore stated there are several causes of delays such as trust issues as KYTC faces revolving priorities and short commitment horizons, resource limitations, seasonal limitations, regional emergencies, and unbudgeted relocations. The impacts of those delays include delayed construction and balancing the risk of construction inflation and contract delay claims.

Utility delay improvement efforts include having a balanced highway plan, early coordination between all parties, acquiring easements for utilities, utilizing a utility coordination system, having a quarterly utility council, and having statewide guidance on priority moves.

In response to a question asked by Chairman Upchurch, Mr. Moore stated the road fund is over programmed by 8 percent for the current biennium as opposed to the previous 300 percent in the previous biennium.

Representative Santoro suggested having a utility commissioner to aide in the

utility relocation process.

Tolling system for the Louisville Bridges

Megan McLain, Innovative Finance Manager, KYTC gave an update on the tolling system for the Louisville bridges. She stated to date there has been \$168 million collected in tolls, which greatly exceeds the margins expected. The amount of traffic crossing the bridges is also exceeding projections. It was expected there would be approximately 25 million annual trips across the bridges and there have been 33 million trips. Customer service has also improved. There are currently 85 people performing customer service functions. Call wait times are under one minute, response time to emails is approximately one day and response times to letters is approximately three days.

Ms. McLain stated beginning January 2018, registration holds were placed on vehicles for non-payment of tolls. Some new developments include a toll rate increase of 2 1/2 percent and website updates to allow for a more user-friendly interface.

In response to a question asked by Representative Santoro concerning complaints by the Kentucky Trucking Association, Ms. McLain stated any changes to the tolling system must come before and be approved by the tolling board.

In response to a second question asked by Representative Santoro, Ms. McLain stated there has been talk of a uniform transponder system across the United States. EZ Pass is a system that is widely used adding that \$52 million of tolling revenue collected has been because of the EZ Pass and Riverlink collaboration.

In response to an inquiry made by Representative Gentry concerning efficiencies in collecting tolls and ensuring maximum funds are collected, Ms. McLain stated adjustments have been made to camera lighting and positioning to ensure pictures of license plates are seen more clearly. Approximately 3 percent of images taken of license plates cannot be seen clearly. Periodic audits are performed to ensure that each vehicle that crosses is counted and tolls are assessed accordingly. The collection of tolls has a very good return rate.

In response to a question asked by Representative Mills, Ms. McLain stated she believed the lessons learned on the Louisville bridges and initiating that tolling system will be applied to the I- 69 bridge project.

Chairman Upchurch recognized members who would no longer be a part of the Transportation Committee and thanked them for their legislative service. With no further business, Chairman Upchurch adjourned the meeting at 11:00 A.M.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Budget Review Subcommittee on Justice and Judiciary

Minutes of the 1st Meeting of the 2019 Interim

June 4, 2019

Call to Order and Roll Call

The 1st meeting of the Budget Review Subcommittee on Justice and Judiciary of the Interim Joint Committee on Appropriations and Revenue was held on Tuesday, June 4, 2019, at 8:00 AM, in Room 129 of the Capitol Annex. Representative Jason Nemes, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Jason Nemes, Co-Chair; Senators John Schickel and Robin L. Webb; Representatives Angie Hatton, Nima Kulkarni, Jason Petrie and Brandon Reed.

Guests: John Tilley, Secretary, Justice and Public Safety Cabinet (JPSC); Stacy Woodrum, Budget Director, JPSC; Hilary Dailey, Deputy Commissioner of Support Services, Kentucky Department of Corrections (DOC); Cyndi Heddleston, Legislative Liaison, DOC; Kathleen Kenney, Interim Commissioner, DOC; Randy White, Deputy Commissioner of Adult Institutions, DOC; Leigh VanHoose, Chair, Kentucky Parole Board; and Tim Havrilek, Chair, State Corrections Commission.

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

Discussion on 2017RS SB 120 Implementation

Secretary Tilley spoke on the budget of the Department of Corrections (DOC), as well as the implementation of Senate Bill 120 that was passed in the 2017 Regular Session.

In response to a question from Senator Schickel, Secretary Tilley confirmed that Interim Commissioner Kinney retired from the Federal Bureau of Prisons and had been selected as the Commissioner of the DOC after a national search.

In response to a question from Representative Hatton, Secretary Tilley stated that raises for probation and parole officers had been worked out. Secretary Tilley noted that the former Commissioner of the DOC had announced the raises prematurely.

In response to questions from Senator Schickel, Secretary Tilley stated that lowering the age requirement for correctional officers from 21 to 18 might be helpful in staffing correctional institutions. Ms. Heddleston said that DOC is in the beginning stages of establishing an apprenticeship program for individuals under the age of 21. Deputy Commissioner White noted

that a post has already been identified where individuals could work in an apprenticeship situation with less face to face time with inmates. Secretary Tilley confirmed that DOC is likely trending toward lowering the age requirement for correctional officers.

In response to questions from Senator Webb, Secretary Tilley said that the cost of sending correctional officers from eastern Kentucky to understaffed facilities elsewhere in the state is about thirteen million dollars in transportation and overtime. Deputy Secretary White stated that DOC first requests volunteers to help staff other facilities. If there are not enough volunteers, then overtime duties are assigned by shift supervisors.

In response to questions from Chair Nemes, Secretary Tilley noted that DOC has had to reopen one private prison in order to safely house Kentucky's expanding prison population.

In response to a question from Senator Webb, Ms. Heddleston stated that roughly half of the judges across the state utilize discretionary detention. Ms. Heddleston stated that parole officers have the authority to utilize discretionary detention post-incarceration by statute.

In response to questions from Senator Webb, Secretary Tilley said the Justice and Public Safety Cabinet doesn't have the authority to tell constitutionally elected county jailers whether or not to allow work release for inmates.

In response to a question from Chair Nemes, Ms. VanHoose stated 95% of participants have completed the accelerated docket program and the parole board is working to expand the program.

In response to questions from Senator Webb, Ms. VanHoose stated that parole violators are served with a notice of hearing. Individuals then have the choice to either waive the hearing, come directly to the parole board, or have a hearing with an administrative law judge.

In response to a question from Senator Schickel, Mr. Havrilek confirmed that the Jail Standards Committee is still in existence.

There being no further business before the subcommittee, the meeting was adjourned at 10:01 AM.

INTERIM JOINT COMMITTEE ON TRANSPORTATION

Minutes of the 1st Meeting of the 2019 Interim

June 3, 2019

Call to Order and Roll Call

The 1st meeting of the Interim Joint Committee on Transportation was held on Monday, June 3, 2019, at 3:00 PM, in Room 149 of the Capitol Annex. Representative Ken Upchurch, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Ernie Harris, Co-Chair; Representative Ken Upchurch, Co-Chair; Senators C.B. Embry Jr., Jimmy Higdon, Stephen Meredith, Albert Robinson, Brandon Smith, and Mike Wilson; Representatives Terri Branham Clark, Al Gentry, Robert Goforth, David Hale, Chris Harris, Kathy Hinkle, Regina Huff, Thomas Huff, Derek Lewis, Savannah Maddox, Bobby McCool, Russ A. Meyer, Rick Rand, Sal Santoro, Maria Sorolis, Cherlynn Stevenson, Jim Stewart III, Ashley Tackett Laferty, Walker Thomas, and Tommy Turner.

Guests: Greg Thomas, Secretary, Kentucky Transportation Cabinet (KYTC) Matt Henderson, Commissioner, Department of Vehicle Regulation, KYTC, and Jason Siwula, Assistant State Highway Engineer, Department of Highways, KYTC.

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

Presentation regarding Design-Build projects

Greg Thomas, Secretary, KYTC, discussed I-Move Kentucky and the Design-Build Projects, which includes an expedited approach that provides cost savings while reducing impact for priority projects. The I-Move Kentucky project objectives are to improve safety and relieve congestion on busy freight corridors, provide lower-cost solutions to build priority projects, and lessen construction impacts for local and regional travelers. The I-Move Kentucky Design-Build Project is centered around the I-265 widening project that expands I-265 to six lanes, widens the bridges, and addresses the bridge and pavement needs at an estimated cost of \$93.2 million. In addition, this design-build mega project includes three other projects. The I-71/I-265 Interchange Project adds collector and distributor lanes for I-71 southbound, and improves safety and mobility at an estimated cost of \$5.4 million. The I-71 widening project includes expanding I-71 to six lanes from I-265 to KY 329, reconstructing five bridges, and significantly reducing congestion, at an estimated cost of \$61 million. The I-64/I-265 interchange project includes reconstruction of the major interchange to improve safety and reduce congestion at an estimated cost of \$28 million.

Secretary Thomas stated the design-build approach, which utilizes increased authorization levels established by the General Assembly in 2018 (HB 35) improves coordination during construction, accelerates projects to lower actual costs, encourages innovation and creativity from teams, and avoids bridge and pavement maintenance items. Two charts were also provided to show the six year plan's construction funds schedule and the compressed project schedule under the design-build approach for

the I-71 / I-265 interchange, the I-71 widening, the I-64 / I -265 interchange, and the I-265 widening.

Senator Jimmy Higdon reiterated the need for the I-265 widening project, as well as the I-64 / I -265 interchange project. Secretary Thomas also added in response to a question asked by Senator Higdon that there are other projects in the pipeline that will utilize the design-build process.

In response to a question asked by Representative Al Gentry concerning planning to expand widening I-265 over to I-65, Secretary Thomas stated he is unsure of any immediate plans to expand the widening, however, there is a \$2 million study underway studying from I -65 over to US 31 E, to relieve the traffic from Mt. Washington. He added this problem will possibly be addressed in the next biennium.

Co-Chair Ernie Harris stated the design-build project successes are indicative of the success of the SHIFT Program. In response to a question asked by Co-Chair Harris, Secretary Thomas stated there will possibly be communication between contractors and KYTC to see what could be done in the areas which they are working in, in terms of other improvements.

Representative Maria Sorolis voiced her concerns for additional congestion traffic at I-264 and I-71 once the widening of I-71 begins.

Implementation of Selected Transportation Legislation from the 2019 Regular Session

Matt Henderson, Commissioner, Department of Vehicle Regulation, KYTC, and Jason Siwula, Assistant State Highway Engineer, Department of Highways, KYTC, updated the Committee on implementation of transportation legislation from the 2019 Regular Session. Commissioner Henderson stated House Bill 258 was passed that relates to low-speed scooters. This was a high-level bill that basically identified these vehicles and put them in a category to observe them, understand the characteristics of that mode of transportation and regulate them as well. Commissioner Henderson stated KYTC is in the observation portion relating to these vehicles.

Commissioner Henderson stated House Bill 341 passed and relates to special license plates. A moratorium was invoked on developing new specialized license plates because of a significant cost occurrence on the front end and on the back end, very few people were purchasing and registering these license plates. Therefore, the statute was changed to state any organization that wanted a specialized license plate would pay for the upfront cost for design and implementation, and then there is a threshold number of plates that would ideally be on the road for that special plate to be maintained.

Commissioner Henderson stated Senate Bill 85 passed and relates to ignition interlock devices and the Cabinet is in the beginning stages of implementing the more robust system needed to implement the bill.

House Bill 352 relates to motor carriers and the hauling of petroleum. Even though this bill will not come into effect for another two years, the Division of Motor Carriers is beginning the process of reviewing the possible routes that these hauls will be undertaking and preparing to permit those routes.

Mr. Siwula stated House Bill 244 was passed relating to speed limits in work zones, in an effort to reduce crashes in work zones to increase safety for workers as well as the traveling public. The bill added a more robust definition of work zones, including maintenance, bridge inspection, and electrical work. Mr. Siwula stated KYTC has worked internally with stakeholders in looking into updating the existing regulation to ensure it was consistent with the new language that was passed in House Bill 244. In addition to that, KYTC is looking into options for shorter-term work zones. One of the things that has been discussed was how to notify the traveling public so they would understand there are workers present. Temporary signs may be put into place for the notification.

House Bill 266 which is related to the possibility of increasing speed limits on I -165 and the Mountain Parkway was also passed. Mr. Siwula stated as those projects come to completion, evaluations will be made to see if a speed increase is appropriate.

Chairman Ken Upchurch reminded members of the upcoming July 19, 2019 meeting in Northern Kentucky at the CVG Centre. With no other business to come before the Committee, Chairman Upchurch adjourned the meeting at 3:33 P.M.

INTERIM JOINT COMMITTEE ON NATURAL RESOURCES AND ENERGY

Minutes of the 1st Meeting of the 2019 Interim

June 4, 2019

Call to Order and Roll Call

The 1st meeting of the Interim Joint Committee on Natural Resources and Energy was held on Tuesday, June 4, 2019, at 3:00 PM, in Room 154 of the Capitol Annex. Representative Jim Gooch Jr., Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Brandon Smith, Co-Chair; Representative Jim Gooch Jr., Co-Chair; Senators Matt Castlen, C.B. Embry Jr., Robby Mills, Reginald Thomas, Robin L. Webb, and Phillip Wheeler; Representatives John Blanton,

Adam Bowling, Jim DuPlessis, Daniel Elliott, Chris Fugate, Angie Hatton, Cluster Howard, Derek Lewis, Suzanne Miles, Melinda Gibbons Prunty, Josie Raymond, Cherlynn Stevenson, and Rob Wiederstein.

Guests: Tyler White, President, Kentucky Coal Association, and Charles Snavelly, Secretary, Energy and Environment Cabinet.

LRC Staff: Janine Coy-Geeslin, Silas Montgomery, and Rachel Hartley.

Kentucky Coal – Productivity, Policy, and the Future of Coal

Tyler White stated that Kentucky is the fifth largest coal producer in the country. About 20 percent of all operating U.S. coal mines are located in Kentucky, more than any state except for Pennsylvania. In 2018, about 75 percent of Kentucky's electricity generation was coal-fired. Coal remains an important part of Kentucky's energy portfolio, despite the decrease in coal production within the Commonwealth.

The majority of coal burned in Kentucky is imported from other states. The Public Service Commission (PSC) proposed an amendment to 807 KAR 5:056 (Fuel Adjustment Clause) in response to HR 144 passed during the 2019 Regular Session. The amended regulation would require the PSC, when evaluating reasonableness of a utility's fuel costs, to deduct from the fuel costs the amount of coal severance tax assessed on the coal. The amended regulation would assist in creating competition between Kentucky and other coal producing states since the states that compete with Kentucky have lower or no coal severance taxes.

The Kentucky Coal Association (KCA) used coal education funds, which are allotted from part of the revenue from the unmined minerals tax, to partner with the Junior Achievement Biztown located in Lexington. Biztown is an interactive mock city designed to teach fifth-grade students about financial literacy and expose the students to different career fields. KCA provided an interactive model for students to learn how electricity is produced from coal to power their houses.

The KCA proposed reestablishing a behavior-based mine safety program in response to the mine safety and modernization changes accomplished by 2017 HB 384.

Kentucky's Coal Outlook

Secretary Charles Snavelly stated that the injury rate in Kentucky for surface mining is slightly higher than the national rate, and the injury rate for underground mining is the same as the national rate. The Energy and Environment Cabinet (the cabinet) and the coal industry have jointly proposed new regulations to require more reflective material on surface and underground coal miners and require flashing beacons for coal

miners on foot underground.

The Kentucky Reclamation Guaranty Fund (KRGF) provides assistance to the cabinet in the event the reclamation bond is insufficient to complete reclamation on a mine site. In 2015, KRGF had a balance of \$35 million with \$80 million in liabilities. In 2019, KRGF has a balance of \$49 million with \$31 million in liabilities.

Kentucky is on a downward trajectory for energy intensity, which measures energy consumption per real dollar of gross domestic product (GDP). The Energy Information Administration estimates that the energy intensity in the United States will continue to decrease. Kentucky is ranked seventh nationally for lowest cost of electricity.

Kentucky will have achieved the reductions in carbon dioxide proposed in the Clean Power Plan under the Obama Administration before the effective date of the plan. The reductions are a result of closures of coal-fired power plants due to age.

In response to a question from Senator Wheeler, Secretary Snavelly stated that new coal-fired power plants cannot be built without carbon capture and storage technology as a result of section 111(b) of the Clean Air Act and the endangerment finding of carbon dioxide as a pollutant by the United States Environmental Protection Agency.

In response to a question from Representative Miles, Mr. White stated Junior Achievement Biztown targets fourth and fifth grade students. The KCA is pursuing a grant to expand the program in Louisville to focus on careers for ninth and tenth grade students.

In response to a question from Senator Webb, Secretary Snavelly stated he is unable to comment on the recent mining fatality in Harlan County since it is an active investigation.

In response to a question from Representative Gibbons Prunty, Mr. White stated there has been a positive impact on the industry due to HB 384 passed in the 2017 Regular Session. The behavior-based program is a way to aggregate and share the data throughout the industry.

In response to a question from Representative Howard, Secretary Snavelly stated several housing developments are being built on old surface mine sites.

In response to a question from Representative Gooch, Secretary Snavelly stated incident rates in Kentucky are higher than the national average, because the mountainous terrain in eastern Kentucky is more difficult than other states, and other states have larger coal companies with more resources for mine safety.

In response to a question from Representative DuPlessis, Secretary Snavelly stated tax incentives to burn Kentucky coal or

a reduction in the severance tax would create more competitive pricing with other states.

In response to a question from Senator Smith, Secretary Snavelly stated the regulatory constraints from the Army Corps of Engineers do increase costs for the coal industry in Kentucky.

In response to a question from Senator Mills, Secretary Snavelly stated the United States Department of Energy created the Coal First Initiative to develop a clean coal-fired power plant.

In response to a question from Senator Thomas, Mr. White stated the coal industry utilizes automation that reduces labor costs and risks for miners.

There being no further business, the meeting was adjourned.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Budget Review Subcommittee on Economic Development, Tourism, and Environmental Protection Minutes of the 1st Meeting of the 2019 Interim

June 4, 2019

Call to Order and Roll Call

The first meeting of the Budget Review Subcommittee on Economic Development, Tourism, and Environmental Protection of the Interim Joint Committee on Appropriations and Revenue was held on Tuesday, June 4, 2019, at 8:00 AM, in Room 154 of the Capitol Annex. Representative Lynn Bechler, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Lynn Bechler, Co-Chair; Representatives Terri Branham Clark, Savannah Maddox, Dean Schamore, and Les Yates.

Guests: Don Parkinson, Secretary, Tourism, Arts, and Heritage Cabinet (TAHC); Regina Stivers, Deputy Secretary, TAHC; Chris Reece, Executive Director, Office of Finance, TAHC; John Cox, Communications Director, TAHC; Donnie Holland, Commissioner, Department of Parks, TAHC; Laura Prewitt, Executive Director, Kentucky Horse Park, TAHC; David Beck, President and CEO, Kentucky Venues, TAHC; Gail Russell, Secretary, Public Protection Cabinet (PPC); Matthew Thacker, Fiscal Division Director, Office of Administrative Services, PPC; and, Carol Beth Martin, Commissioner, Department of Alcoholic Beverage Control (ABC), PPC.

LRC Staff: Sara Rome, Nick Peak, and Amie Elam.

Tourism, Arts, and Heritage Cabinet

Secretary Parkinson and staff provided

an overview of the TAHC and their budgetary issues.

In response to a question from Chair Bechler regarding timing of the submittal of their budget request, Mr. Reece said it would be submitted to the Governor's office in the fall.

In response to questions from Chair Bechler regarding revenue producing events at the Horse Park, Ms. Prewitt said it is full eighty percent of the year, and eighty-five to ninety percent of weekends are full as well. There are over 250 events scheduled that generate revenue, with about 100 to 120 of those being equine related. Events for draft horses include a trolley for visitors, and the process has been started to bring in an exhibition of the Anheuser-Busch Clydesdales in the near future. There are not many draft horse competitions in the Lexington area, but they are open to including them in the future. Chair Bechler commented that the Clydesdale exhibition would help to attract more draft horse events to the Horse Park.

In response to a question from Chair Bechler regarding revenue producing events at the Kentucky Venues facilities, Mr. Beck said there are less than 30 days at the Exposition Center that are not utilized for events. Some of those days are spent on the logistics of moving events in and out of the venue. The Convention Center has many more vacant days, but there is a sales team working to grow the business, which was shut down for years due to comprehensive facility renovations. There is a partnership with Louisville Tourism that helps book many long-term dates and works with Kentucky Venues to help fill the short-term dates in between. There are many opportunities to recruit business to the Convention Center.

In response to a question from Chair Bechler regarding expanding to other areas of the state besides the urban areas, Secretary Parkinson said the Department of Fish and Wildlife does a lot around the state, with one of the most significant projects being fighting Asian carp in western Kentucky and turning it into a revenue producing venture. He said the Louisville Orchestra is building another urban/rural relationship by touring eight communities in the state. Ms. Stivers said the Tourism Department has the Office of Adventure Tourism which works on opening and improving existing trails for horseback riding, hiking, overlooks, motorcycle trails, and the culinary trail.

In response to a question from Chair Bechler regarding past controversy in the Department of Fish and Wildlife, Secretary Parkinson said they are working on increasing transparency and effectiveness. Mr. Storm said they have communicated with and engaged the public in town hall meetings. Communication also includes a television show called *Kentucky Afield*

on KET with approximately 250,000 people watching each episode, as well as a YouTube channel and other social media accounts that engage over a million people. Hunting and fishing licenses are a source of revenue. There were approximately 22,000 in-state and about 17,000 out-of-state applications for hunting elk in Kentucky, with about ninety percent of the tickets drawn being for hunters within the state.

Representative Schamore commended Secretary Parkinson, Commissioner Holland, and David Beck for their good work.

Public Protection Cabinet

Secretary Russell and staff provided an overview of the PPC and their budgetary issues.

In response to a question from Chair Bechler regarding licensing and occupations, Secretary Russell said Kentucky is participating in a national consortium, along with seventeen other states, studying the necessity and viability of licensing for certain occupations. Some of the occupations do not have enough members to warrant the cost of the license and support the Board. Secretary Russell mentioned registries as a possible alternate to licensing boards. Chair Bechler requested that a list of those occupations be provided to the subcommittee.

In response to a question from Chair Bechler, Secretary Russell said the wrestling mentioned here is the professional type, such as the WWE. Also included is Mixed Martial Arts, which is both professional and amateur.

In response to a question from Chair Bechler regarding the Alcoholic Beverage Control board, Ms. Martin said the gross income fee varies. Some cities change the percentage of the regulatory license fee each year; however, there is a now five percent cap. The law requires an annual audit but does not specify how the funds must be used.

In response to a question from Chair Bechler, Ms. Martin said when a city or county votes to go wet, a business could open as early as ninety days following the certification of the vote. After the first sixty days following certification of the vote, thirty more days allow for a protest period before a business could operate.

In response to a question from Chair Bechler regarding an invited guest to a private party held in a dry place who brings alcohol, Ms. Martin said it is important to distinguish between private versus public places.

In response to a question from Chair Bechler regarding Sunday alcohol sales, Ms. Martin explained that state law says there are to be no alcohol sales on Sunday unless the local community passes an ordinance allowing it. Once the ordinance is passed, there is a special Sunday sales license available from the state which allows distilled spirits and wine to be served on Sunday, but the sale of beer on Sunday does not require that license.

In response to a question from Chair Bechler regarding the statute requiring a three-year waiting period, Ms. Martin said when a community has voted yes on alcohol sales, they do not have to wait the required three years to change back to dry. Since there are differences between cities, counties, and precincts, Ms. Martin will provide more information at a later date.

Chair Bechler announced the next meeting will take place on July 9, 2019. There being no further business before the subcommittee, the meeting was adjourned at 9:55 AM.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Budget Review Subcommittee on Human Resources

Minutes of the 1st Meeting of the 2019 Interim

June 4, 2019

Call to Order and Roll Call

The 1st meeting of the Budget Review Subcommittee on Human Resources of the Interim Joint Committee on Appropriations and Revenue was held on Tuesday, June 4, 2019, at 10:00 AM, in Room 129 of the Capitol Annex. Representative Danny Bentley, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Matt Castlen, Co-Chair; Representative Danny Bentley, Co-Chair; Senator Stephen Meredith; Representatives Adam Bowling, Kimberly Poore Moser, Melinda Gibbons Prunty, Russell Webber, and Susan Westrom.

Guests: Eric Clark, Commissioner, Department for Community Based Services (DCBS), Cabinet for Health and Family Services (CHFS); Elizabeth Caywood, Deputy Commissioner, DCBS, CHFS; Misty Sammons, Director, Division of Administration and Financial Management, DCBS, CHFS; Melissa Goins, Director, Family Resource and Youth Service Centers (FRYSC), CHFS; and MaryAnn Jennings, Assistant Director, FRYSC, CHFS.

LRC Staff: Miriam Fordham, Kevin Newton, and Benjamin Thompson.

Overview of Funding for Child Welfare Services

Commissioner Clark, Deputy Commissioner Caywood, and Ms. Sammons provided an update on the budget for the Department for Community Based Services (DCBS).

In response to a question from Senator Castlen, Commissioner Clark stated that seventy percent of children in foster care are there due either directly or indirectly to substance use disorder. Commissioner Clark said that

Kentucky has the highest rates of child abuse in the nation.

In response to questions from Senator Meredith, Commissioner Clark noted that none of the DCBS' budget increase for fiscal year 2019 is carryover from fiscal year 2018. Commissioner Clark noted that DCBS does not have hard data around social worker turnover, but that preliminary data indicates more social workers are leaving DCBS than are being hired. Deputy Commissioner Caywood noted that a decrease of children in foster care is likely attributed to the expansion of the Family Preservation Program, which puts services in homes to prevent the removal of children. Deputy Commissioner Caywood stated that it will take great effort and a tremendous amount of time to implement a cultural change among social workers.

In response to questions from Representative Moser, Commissioner Clark stated that there are fewer foster children placed out of state than in the past, but that DCBS is paying more for those children's care. Commissioner Clark noted that there are five Sobriety Treatment and Recovery Team (START) sites across the commonwealth.

In response to questions from Representative Prunty, Deputy Commissioner Caywood stated that kinship care givers have to have gone through the same processes as traditional foster families in order to qualify for financial assistance from the state. Deputy Commissioner Caywood confirmed that kinship care givers can opt out of state assistance.

In response to a question from Representative Westrom, Commissioner Clark noted that there are roughly 1,800 social workers employed by DCBS.

Overview of Family Resource and Youth Service Centers Funding

Ms. Goins and Ms. Jennings provided an update on the budget for the Family Resource and Youth Service Centers (FRYSC).

In response to a question from Senator Meredith, Ms. Goins said that she did not have return on investment and outcome data with her but that she would get it to the members of the subcommittee.

In response to questions from Representative Prunty, Ms. Goins noted that FRYSC has worked with the Governor's Office of Early Childhood to implement Born Learning Academies across the state to help parents prepare their children for kindergarten. Ms. Goins noted that FRYSC works to balance meeting the needs of children with equipping parents and families to move themselves above their living situation.

In response to questions from Representative Moser, Ms. Goins stated that if at least twenty percent of the students in a school are eligible for free lunch, then that school qualifies to apply for FRYSC. Ms. Goins confirmed that FRYSC

resources are available to any student, not just those who qualify for free or reduced lunch.

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

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

Minutes of the 1st Meeting of the 2019 Interim

June 6, 2019

Call to Order and Roll Call

The 1st meeting of the Interim Joint Committee on Tourism, Small Business, and Information Technology was held on Thursday, June 6, 2019, at 3:00 PM, in Room 154 of the Capitol Annex. Senator Danny Carroll, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Danny Carroll, Co-Chair; Representative Tommy Turner, Co-Chair; Senators Denise Harper Angel, Ernie Harris, Alice Forgy Kerr, Wil Schroder, Reginald Thomas, and Max Wise; Representatives Lynn Bechler, Terri Branham Clark, George Brown Jr, Jeffery Donohue, Deanna Frazier, Chris Freeland, Chris Fugate, Jim Glenn, Robert Goforth, Jim Gooch Jr., David Hale, Kim King, Bobby McCool, Michael Meredith, Ruth Ann Palumbo, Brandon Reed, Steve Sheldon, Maria Sorolis, Cherlynn Stevenson, Ashley Tackett Lafferty, Nancy Tate, Rob Wiederstein, and Les Yates.

Guests: Don Parkinson, Secretary, Tourism, Arts, and Heritage Cabinet; Regina Stivers, Deputy Secretary, Tourism, Arts, and Heritage Cabinet; Donnie Holland, Commissioner, Department of Parks; John Cox, Director of Communications, Tourism, Arts, and Heritage Cabinet; Dr. Chuck Grindle, Chief Information Officer, Commonwealth Office of Technology.

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

Kentucky State Parks Update

Secretary Parkinson stated that the cabinet has asked for \$150 million to fix the problems within the parks. The first \$80 million will just be for infrastructure improvements. The next \$70 million would help with increased sales.

Deputy Secretary Stivers said the cabinet completed 133 projects with the funding that had already been allotted. This \$18 million had been spent on new roofs and exterior repairs, and electrical and safety repairs. It upgraded swimming pools, campgrounds, and hospitality. Customer feedback scores have improved significantly since the implementation of these

upgrades.

Commissioner Holland said during the 2018-2019 fiscal year the department received \$20 million, which is divided in half for each year of the biennium, for safety and aesthetics upgrades. Of that amount, \$7.3 million will be used for new roofs and exterior repairs, \$5.2 million will be allocated to a maintenance pool, \$3.8 million will be for infrastructure and utility upgrades, \$2.4 will be for campground updating, and \$1.3 million will be used for hospitality upgrading. Sixty-five percent of the funded projects are underway.

The department has planned for many more projects to restore and renovate the Commonwealth's state parks which has been broken up into two phases. During the 2019 regular session, the department received \$50 million for phase one as part of a bond pool from the General Assembly. Of that amount, \$20.1 million will be used for wastewater treatment facilities, \$11.6 million will be used to replace roofs at all 17 state resort parks, \$7.4 million will fund various infrastructure needs, \$4.1 million will be utilized for life safety systems and ensuring ADA compliance, \$3.4 million will update guest lodging at all resort parks, and \$3.4 million will be used to update outdated communications systems. Phase two requires \$100 million, which will be requested from the General Assembly in the 2020 regular session. These extensive repairs will include \$25 million for campground upgrades, \$11.2 million for new cottages and accommodations, \$10 million for a deferred maintenance pool, \$6.6 million for outdated communications systems, \$4.9 million for golf courses, \$4.6 for various infrastructure needs, \$3.8 for new roofs, \$2.2 for life safety systems and ADA compliance updating, and \$2.1 million for wastewater treatment facilities.

In response to Co-Chair Carroll, Secretary Parkinson said that Kentucky Dam Village State Resort Park has seen an increase in business and guests due to its recent renovations but other state parks have seen a decline, some as much as 14 percent, due to the Asian carp issue among other reasons. Answering a follow up question, he stated that improving and expanding campgrounds is a top priority to capitalize on because of the large number of campers that are currently being manufactured and sold.

Addressing Representative Lynn Bechler, Commissioner Holland explained that after flooding in recent months, several parks have had extensive damage. Kentucky Dam Village State Resort Park had the worst damage and 70 percent of its campgrounds are still unusable. Nolan Lake and Green River State Resort Parks also had damage that has since been fixed. Replying to a follow up question, he said the occupancy rate of state lodges is 38

percent, taking into account the winter months, which is comparable to other states. During the summer months most lodges are almost at capacity. Representative Bechler inquired about improving and installing broadband at state parks as mentioned in the presentation, and Secretary Parkinson said that Kentucky Wired will be used to complete this project. Seven of the parks are projected to be completed by the end of 2019.

Replying to Representative Robert Goforth, the secretary said that the two phases of the restoration are needed for the best possible return on investment.

Responding to Representative Deanna Frazier, Deputy Secretary Stivers stated that the cabinet is working with various partners including the Department of Local Government to increase the recreational trails funding for trails in mostly the eastern part of the state.

Answering a question from Senator Wil Schroder, Secretary Parkinson explained that the cabinet's files on the projections for the room occupancy needed to get the best return on investment are complex, but if the projects can be completed by 2022, then a foundation can be set to get more revenue, particularly in the area of camping.

Senator Reginald Thomas commented on the Kentucky Wired program and pointed out that Dr. Chuck Grindle, Chief Information Officer for the Commonwealth Office of Technology, would be a great resource to consult.

Addressing Representative Steve Sheldon, Secretary Parkinson said that there was more revenue generated from lodging than from cottage rentals. Answering a follow up question, Secretary Parkinson said that he would share with the Representative and members of the committee the cabinet's revenue projections.

Responding to Senator Max Wise, the secretary indicated that the cabinet has recently shutdown two golf courses and turned ownership over to the county of several others. Deputy Secretary Stivers added that with any transfer of ownership to the county of the golf course, a preservation easement is done so that if it ceases to be a public park, the ownership transfers back to the state. Mr. Cox pointed out that there is a portion of requested funding dedicated to improving golf courses.

Replying to Co-Chair Carroll, Secretary Parkinson confirmed that there is a public private partnership project in the works, but current litigation is creating a delay. There need to be amendments to public private partnership legislation. Answering a follow up question, the secretary explained that decisions regarding special events held at state parks are made by each state park's management but permits do have to be obtained through the department. Mr.

Cox added that there has recently been a push for a partnership with the Department of Tourism to hold the Kentucky State Parks Culinary Trail.

Commonwealth Office of Technology Update

Dr. Grindle explained that the Commonwealth Office of Technology (COT) operates on a charge back model. Every dollar spent has to go back to an agency. He described the enacted budget, actual spend, and outstanding CHASE balance. The CHASE balance is down to \$2.8 million. COT works under four lines of effort: security, enterprise services, contract administration, and training/education. Each line of effort has a desired condition that COT wants to meet.

Dr. Grindle explained in depth the recent improvements that COT has made. COT has made multiple staffing changes. COT hired a Contracting Officer, Chief Compliance Officer, Enterprise Project Management Office, Chief Data Officer, Digital Transformation Office, and Kentucky Business One Stop. COT made changes to its infrastructure in the following areas: VBlock, Dynatrace, KIH3 Contract, Datacom, upgraded the central network, Bluejeans and Skype, OnBase, upgraded the Geographic Information System (GIS), implemented the Citrix, eliminated underused consulting agreements, and moved the mainframe to the Cloud.

COT has improved its security by implementing Multi-Factor Authentication, Incident Response Evaluation, adoption of advanced threat protection, upgraded enterprise firewalls, filled vacant security positions, enhanced security programming controls, and implemented Exabeam and endgame. COT improved its applications as well.

Dr. Grindle stated that COT has provided direct support to SB 77 (2019 session), HB 74, and HB 400 (2018 session). It have also been collaborating with other KY entities. KY is one of the first states that has a management control agreement (MCA) with the Kentucky State Police. COT has been able to get five cabinets to sign a data sharing agreement.

The budget has changed since Dr. Grindle has taken over. Nine percent of COT's budget is specifically for security. COT has centralized Amazon purchasing, reduced the price of Enterprise Contracts and Debt Service, and focused more on GIS. COT has had to contract people for Windows 10 upgrades and networking resulting in short term investments. In long term investments, COT has made data center improvements, is moving to a different building, and is working hard on all of the applications mentioned above.

In the next 12 months, COT would like to upgrade to Windows 10, move to a new

LinuxOne processor, integrate the Enterprise services desk, work on digital transformation initiatives, decide on whether COT is going with Microsoft or Google, and figure out what to do with SAP.

Replying to Co-Chair Carroll, Dr. Grindle stated that from a Medicaid perspective, there is a specific contract that is completely separate from what he does. What COT has been finding is that there could be two individuals using the same email address with different businesses and COT has to respond to each individual to determine a solution. Responding to another question from Co-Chair Carroll, Dr. Grindle said he likes for his staff to walk him through where they have been. He referred to a floor of the data center as the used car lot because there were multiple contractors and different issues and one cannot exactly map out where one is. He stated that now 85 percent of the service infrastructure has been revamped. COT has replaced 60 percent of its desktops and by the end of the year will replace the remainder.

Responding to Representative Goforth, Dr. Grindle said the KY Wired Project is a tremendous opportunity. Replying to a follow-up question, Dr. Grindle stated the cost is already taken care of by what was agreed to previously. The bandwidth will be coming to our infrastructure and we have already paid for the internet. Dr. Grindle does not have the total cost.

Answering a question from Representative Sorolis, Dr. Grindle explained that the positions he talked about were vacant in the organization and based on HB 244 were restructured. COT moved these individuals from other positions into this office.

Co-Chair Carroll announced that the next meeting will be on July 11 at 3 p.m., and there will be a sub-committee meeting at the CVG Airport on July 19 at 1 p.m. With there being no further business, the meeting was adjourned at 4:48 p.m.

INTERIM JOINT COMMITTEE ON ECONOMIC DEVELOPMENT AND WORKFORCE INVESTMENT

Minutes of the 1st Meeting of the 2019 Interim

June 6, 2019

Call to Order and Roll Call

The 1st meeting of the Interim Joint Committee on Economic Development and Workforce Investment was held on Thursday, June 6, 2019, at 1:00 PM, in Room 154 of the Capitol Annex. Senator Danny Carroll, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Danny Carroll, Co-

Chair; Representative Russell Webber, Co-Chair; Senators Denise Harper Angel, Ernie Harris, Alice Forgy Kerr, Wil Schroder, Reginald Thomas, Mike Wilson, and Max Wise; Representatives Lynn Bechler, John Blanton, Charles Booker, Adam Bowling, McKenzie Cantrell, Daniel Elliott, Chris Freeland, Al Gentry, Kathy Hinkle, Thomas Huff, Nima Kulkarni, Savannah Maddox, Jason Petrie, Ashley Tackett Laferty, and Buddy Wheatley.

Guests: Kristi Lowry, Occupational Safety and Health Standards Specialist, Labor Cabinet; Brian Black, Occupational Safety and Health Standards Specialist, Labor Cabinet; Vivek Sarin, Interim Secretary, Cabinet for Economic Development; Erran Persley, Commissioner, Department for Business Development, Cabinet for Economic Development; Brian Mefford, Executive Director, KY Innovation Office, Cabinet for Economic Development; Dr. Jay Box, President, Kentucky Community and Technical College System; and Brian Perry, Governmental Affairs Liaison, Kentucky Community and Technical College System.

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

Consideration of Referred Administrative Regulation

803 KAR 002:180 – Recordkeeping, reporting, and statistics. A motion to accept the referred administrative regulation was made by Senator Ernie Harris and seconded by Senator Max Wise. Kristi Lowry and Brian Black from the Labor Cabinet were present to explain the regulation and answer questions.

In response to Representative McKenzie Cantrell, Ms. Lowry said the regulation eliminates the requirement for an employer with 250 or more employees.

Replying to a question from Representative Buddy Wheatley, Ms. Lowry said the federal regulation went into effect February 25, 2019.

Cabinet for Economic Development Legislative Update

Secretary Sarin gave an overview of the economic successes of the cabinet and the state. Over the last three years, more than 52,000 new jobs have been created in the Commonwealth through more than 1,100 projects that have been announced with planned investments nearing \$20 billion. The cabinet assists in creating and cultivating these economic achievements. The cabinet six different areas which include Business Development, Business Services, KY Innovation, Legal, Financial Services, and Marketing and Public Relations. The Business Development Department has a new commissioner and staff and has recently been focusing on a product development initiative, which is a community

marketing partnership with the Kentucky Association for Economic Development. With 40 percent of the growth in new business, coming from foreign direct investment, the department has also been concentrating on international affairs. The Business Services Department also has a new team within the cabinet and focuses on a full portfolio of comprehensive services for existing businesses including workforce needs, permitting needs, and access to new and existing suppliers and customers. The KY Innovation Office has a revamped strategy to assist businesses through the creation of RISE Offices (Regional Innovation for Startups and Entrepreneurs), created a Commonwealth Commercialization Center (C3) to commercialize intellectual property and technology coming from universities, and offered incentives to high-tech startup to locate in Kentucky. The cabinet's Legal Department has worked with members of the General Assembly on numbers pieces of legislation and has notably established the Opportunity Zone initiative. Secretary Sarin said that the Financial Services area has exemplary audit results and has assisted numerous companies with incentives while also cutting red tape. Marketing and Public Relations has promoted Kentucky globally with various forms of media.

Secretary Sarin explained that he and his cabinet team gathered information about each district that each committee member represents, and of those counties there has been 39,437 new jobs announced, \$13 billion of new investments announced, and 767 new or expanded projects announced. Companies that drove these results included the Jif Plant in Fayette County, Tyson-Hillshire Brands in Campbell County, Phoenix Paper Wickliffe in Ballard County, Diageo Americas Supply Inc. in Marion County, and GE Appliance Park in Jefferson County. The secretary closed by describing some of the cabinet's future plans which included working with bordering states to create regional collaboration opportunities and expanding on public private partnerships.

Answering a question from Co-Chair Carroll, Secretary Sarin stated that other states' commerce cabinets are fundamentally different from Kentucky's and are often privately funded or do not have to get incentives and other programs approved by their legislatures from year to year. Potential clients often question the Commonwealth's financial stability, pension issues, and community readiness.

Senator Mike Wilson commended the cabinet for its work throughout the state, and said the growth in his district of Bowling Green is extraordinary. He said that the Business Services area of the cabinet is impressive because the relationships with existing companies in the

state are very important.

Replying to Senator Reginald Thomas, the secretary said that companies within Kentucky that have been impacted by ongoing tariff conflicts have reached out to the cabinet for guidance, but the cabinet's main action has been to use existing relationships with Governor Bevin and the White House to maximize every opportunity to be heard in Washington D.C.. This has caused some companies to delay investment decisions. To ease tensions, the cabinet arranged for a governors summit between the U.S. and China to be hosted in Kentucky with several firms deciding to investment in projects in the Commonwealth.

Responding to a question from Representative Buddy Wheatley, Secretary Sarin said there has been turnover in the cabinet due to talent being lost to the private sector and some past employees using their positions as stepping stones.

Senator Max Wise thanked Secretary Sarin and the cabinet for the quick response to a situation in his district.

Replying to inquiries from Representative Al Gentry, the secretary clarified that the number of jobs that have been created that was listed in his presentation are the number of anticipated jobs. The Kentucky Economic Development Finance Authority (KEDFA) reports the projected number of jobs and actual jobs created for those companies that are awarded financial incentives by the cabinet which is available online, and each company is surveyed to insure there is statutory compliance. Each incentive program and each individual program participant is tracked and monitored by the cabinet.

Addressing concerns expressed by Representative Nima Kulkarni, Commissioner Persley said that immigration restrictions is not something that has been specifically focused on and the cabinet does not have an active immigration strategy but have assisted companies with immigration issues on a case by case basis. Answering a follow up question, Executive Director Mefford stated that the cabinet works closely with the Kentucky Small Business Development Center to aid in matching the needs of employers with the skill sets they require for their employees. Secretary Sarin added that the cabinet recently hosted an event for about 180 Chinese college students to show support of their culture and encourage them to remain in the state after they finish college.

Work Ready Scholarships

Dr. Box stated that the Work Ready Kentucky Scholarship (WRKS) helps individuals in the Commonwealth have not attained an associate's degree afford an industry recognized certification or diploma which must be within

a high demand workforce sector. Funding was appropriated for the scholarship in the 2016 HB 303 and Governor Bevin signed an executive order in 2017 to establish the framework. Stakeholders, including KCTCS, the Kentucky Higher Education Assistance Authority (KHEAA), the Kentucky Department of Education, and the Education and Workforce Development Cabinet, came together in fall of 2018 to determine what was else was needed to enhance the WRKS. 2019 SB 98 passed, expanding the scholarship to include awards for the summer term, extending eligibility from secondary to postsecondary to ensure access for up to 60 credit hours of WRKS access if the student used the WRKS for dual credit classes, and removing the requirement for the Dual Credit Scholarship to be used first. The programs of study that have been approved for the program and identified by the Kentucky Workforce Innovation Board and the Education and Workforce Development Cabinet are advanced manufacturing, healthcare, transportation and logistics, business services and information technology, and construction.

For a high school student to be eligible for the WRKS, the individual must be a resident of Kentucky, be enrolled in a Kentucky high school, be enrolled or accepted in an approved dual credit course at an eligible institution, and complete and submit a WRKS dual credit application to the KHEAA. The high school student is limited to two approved dual credit courses per academic year. There are more eligibility guidelines for adults who are participating in the program but Dr. Box stated that one of the more important stipulations is for applicants to complete the Free Application for Federal Student Aid for the academic year in which the scholarship is awarded. The WRKS is intended to be a last dollar scholarship and “the scholarship amount awarded to an eligible workforce student for an academic term shall be the amount remaining after subtracting the student’s federal and state grants and scholarship from the maximum scholarship amount.” Adult eligibility expires when one of the following is met: recipient receives scholarship for four academic terms, recipient reaches 60 credit hours of enrollment, or the recipient obtains an associate’s degree.

For the 2017-2018 academic year there were about 1,350 recipients of the scholarship which totaled about \$2.3 million in funds. For the 2018-2019 academic year there were almost 3,000 recipients which totaled \$4.5 million in awarded funds. Dr. Box said that this program has attracted the male students back into the community college system. According to the spring 2019 demographics, 60.7 percent of the participants are males with the average

scholarship award being \$1,570. Dr. Box displayed a map of the state that showed the WRKS recipients by industry sector and was categorized by the 16 colleges within KCTCS. The Jefferson Community and Technical College and the Big Sandy Technical and Community College were the only two that saw growth evenly over the five approved sectors of study, although healthcare was the top sector in the state as a whole. Dr. Box told the stories of two WRKS recipients and how it changed their lives.

Responding to Co-Chair Carroll, Dr. Box explained that it would be possible to have regional sectors included in the program but it would have to be a collaboration with the Cabinet for Economic Development as well as the Education and Workforce Cabinet and would require a statutory change.

Senator Denise Harper Angel expressed how proud she was to vote for SB 98 and requested for more information to distribute to her constituents.

Representative Adam Bowling commended the program and said he had seen its success first hand in his district. He mentioned the creation of the GED Plus program.

Co-Chair Carroll announced that the next meeting will be July 11, 2019 in the Capitol Annex.

There being no further business, the meeting was adjourned at 2:42 p.m.

MEDICAID OVERSIGHT AND ADVISORY COMMITTEE

Minutes

June 3, 2019

Call to Order and Roll Call

The Medicaid Oversight and Advisory Committee meeting was held on Monday, June 3, 2019, at 12:30 PM, in Room 171 of the Capitol Annex. DeeAnn Wenk, CSA, called the meeting to order at 12:35 PM, and the secretary called the roll.

Present were:

Members: Senators Danny Carroll, Jimmy Higdon, and Stephen Meredith; Representatives Daniel Elliott, Melinda Gibbons Prunty, and Steve Sheldon.

LRC Staff: DeeAnn Wenk, CSA, Dana Simmons, and Becky Lancaster.

Election of Senate and House Co-Chairs

A motion to nominate Senator Stephen Meredith for the position of Senate co-chair of the Medicaid Oversight and Advisory Committee was made by Senator Higdon and seconded by Senator Danny Carroll. A motion to cease nominations and that Senator Meredith be elected by acclamation was made by Senator Higdon and seconded by Senator Danny Carroll. Senator Meredith was elected without objection as the Senate co-chair of the Medicaid Oversight

and Advisory Committee.

A motion to nominate Representative Daniel Elliott for the position of House co-chair of the Medicaid Oversight and Advisory Committee was made by Representative Sheldon and seconded by Representative Gibbons Prunty. A motion to cease nominations and that Representative Elliott be elected by acclamation was made by Representative Sheldon and seconded by Representative Gibbons Prunty. Representative Elliott was elected without objection as the House co-chair of the Medicaid Oversight and Advisory Committee.

Adjournment

There being no further business, the meeting was adjourned at 12:41 PM.

CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes

May 14, 2019

Call to Order and Roll Call

The Capital Projects and Bond Oversight Committee meeting was held on Tuesday, May 14, 2019, at 1:00 PM, in Room 169 of the Capitol Annex. Senator Rick Girdler, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Rick Girdler, Co-Chair; Representative Walker Thomas, Co-Chair; Senators Christian McDaniel and Robby Mills; Representatives Steven Rudy and Maria Sorolis.

Guests: Elizabeth Baker, Planning Director, University Budget Office, University of Kentucky; Bart Hardin, Director of Government Relations, University of Kentucky; Katherine Stevenson, Director, Technical Architecture and Computing, University of Louisville; Chris Brumett, Director of Asset Management, Kentucky Community and Technical College System; Janice Tomes, Deputy State Budget Director, Office of State Budget Director; Donna McNeil, Executive Director, Kentucky Infrastructure Authority; and Ryan Barrow, Executive Director, Office of Financial Management.

LRC Staff: Katherine Halloran, Committee Staff Administrator; Julia Wang, Legislative Analyst; and Jenny Wells Lathrem, Committee Assistant.

Election of Co-Chairs

Pursuant to KRS 45.790(1), committee members elected Senate and House committee co-chairs.

Senator McDaniel nominated Senator Girdler for the position of Senate co-chair. Senator Mills seconded the nomination. Senator McDaniel moved that nominations cease and that Senator Girdler be elected Senate co-chair by acclamation. Senator Mills seconded the motion and Senate committee members elected

Senator Girdler by acclamation.

Representative Sorolis nominated Representative Thomas for the position of House co-chair. Representative Rudy seconded the nomination. Representative Sorolis moved that nominations cease and that Representative Thomas be elected House co-chair by acclamation. Representative Rudy seconded the motion and House committee members elected Representative Thomas by acclamation.

Approval of Minutes (April 16, 2019)

Representative Rudy moved to approve the minutes of the November 20, 2018 meeting. Senator Mills seconded the motion and the committee approved the minutes by voice vote.

Correspondence and Information Items

Ms. Halloran referenced two information items. Pursuant to KRS 45.812(1), the Ballard County, Bracken County, Gallatin County, and Owensboro Independent (Davies County) School Districts reported bond issues with locally-funded debt service to finance new projects. Pursuant to KRS 56.823(11)(a), the Division of Real Properties submitted its Quarterly Square Footage Lease Modifications report.

Reports from Postsecondary Institutions University of Kentucky

Ms. Baker submitted a new lease for the University of Kentucky (UK) Markey Cancer Center at Lexington Clinic, 1221 South Broadway, for 10,433 square feet, and an annual cost of \$321,011. Collaboration between UK and Lexington Clinic will expand comprehensive cancer care and provide more convenient treatment locations with parking.

A motion was made by Representative Rudy to approve the new lease, seconded by Senator Mills, and approved by unanimous roll call vote.

Mr. Hardin submitted UK's Public-Private Partnership (P3), Improve Campus Parking and Transportation System (Parking Structure #5/ Winslow Street Site Redevelopment) project. Mr. Hardin stated that campus parking is one of UK's major challenges, with primarily perimeter parking and limited core campus parking. The project, connecting to Parking Structure #5 and increasing parking by 918 spaces, is located on the same site as the demolished old Kennedy bookstore and Fazoli's restaurant. The structure's first floor will have about 22,000 square feet of mixed-use space; 10,000 square feet of retail space, to be occupied by Kentucky-based companies, and 12,000 square feet of innovation space. The trustee will issue certificates of participation to finance the project, paid from the university's enterprise revenues.

In response to a query from Senator McDaniel, Mr. Hardin said that the streets surrounding the project are controlled by Lexington-Fayette Urban County Government

(LFUCG) and that UK is working with LFUCG to develop a traffic impact study. While UK anticipates that the area will receive more campus traffic, due to the 40 percent increase in parking spaces (from around 1,900 to around 2,800) associated with this project and the construction of the nearby Core Spaces off-campus housing complex with a small-format Target, campus traffic is typically staggered.

Senator McDaniel referenced Moody's January 2019 Credit Opinion, noting that one of UK's credit strengths was no direct exposure to defined benefit pension plans and that one of its credit challenges was the potential impact to its budgetary allocations from the state due to the state's large unfunded pension obligations. Senator McDaniel further commented that the unfunded pension liabilities is the largest issue that the commonwealth confronts as nearly every policy of the commonwealth is impacted by finance and that all state agency ratings reports have mentioned the unfunded pension obligations.

A motion was made by Representative Rudy to approve the project's Development Agreement which included the Facilities Lease, seconded by Representative Thomas, and approved by unanimous roll call vote.

University of Louisville

Ms. Stevenson submitted an appropriation increase, due to a small increase in scope, for the Purchase Computer Processing System and Storage project, which will replace approximately 80 percent of the University of Louisville's (UofL) core technology infrastructure. UofL purchased the current equipment; which runs a variety of critical business systems including payroll, student records, and university financials, between 2012 and 2014 and planned for the equipment to last about five years. Over the past eight months the university identified replacement hardware and received proposals from Dell EMC and Cisco Systems. The UofL plans to select Cisco Systems due to technological compatibility with existing infrastructure and best cost value. The proposed price is \$2,149,689, 7.5 percent over the \$2 million authorized in the 2018-2020 biennial budget. Combining the backup system, projected to run out of capacity later this year, and the new infrastructure will allow UofL to cancel a \$100,000 software contract.

A motion was made by Representative Rudy to approve the appropriation increase, seconded by Representative Thomas, and approved by unanimous roll call vote.

Kentucky Community and Technical College System

Mr. Brumett submitted a new lease for Maysville Community and Technical College (MCTC). The annual rental cost is \$420,000

for 35,600 square feet at \$11.80 per square foot. MCTC will relocate its programs from a leased facility to the MMRC industrial park, near the MCTC Rowan campus building constructed in 2017.

In response to a question from Senator McDaniel, Mr. Brumett affirmed that KCTCS reviews all leasing agreements on behalf of KCTCS colleges.

A motion was made by Representative Thomas to approve the new lease, seconded by Representative Rudy, and approved by unanimous roll call vote.

Project Report from the Finance and Administration Cabinet

Ms. Tomes reported two projects under HB 200 (2018-2020 biennial budget bill), Part II, subsection 4. The first was the \$1,181,500 Department of Military Affairs, London Readiness Center Renovation project, funded with 50 percent federal and 50 percent bond funds from the 2018-2020 Armory Modernization Pool. This project was an interior and exterior modification; including HVAC and lighting upgrades, direct digital control upgrades, latrine modifications, and ceiling replacement.

The second project was the \$1.1 million Department for Facilities and Support Services, Cold Harbor Floor Repairs, funded from its 2018-2020 Maintenance Pool.

Report from the Office of Financial Management

Kentucky Infrastructure Authority

A motion was made by Representative Rudy to roll the Clean Water State Revolving Fund (Fund A) loan assumption, Infrastructure Revolving Loan Program (Fund B) loan, and Drinking Water State Revolving Fund (Fund F) loans into one roll call vote, seconded by Representative Thomas, and approved by voice vote.

Ms. McNeil submitted a loan assumption and three new loans. The Louisville Metropolitan Sewer District (MSD), Jefferson County, requested to assume the City of Crestwood's, Oldham County, \$1,103,340 Fund A loan balance due to MSD's acquisition of Crestwood's wastewater collection system which MSD operated and maintained since September 3, 1996 through an interlocal agreement. Crestwood monthly's sewer rate, effective since August 1, 2018, for 4,000 gallons is \$57.96, including the debt service surcharge of \$12.14. MSD's monthly sewer rate, effective since August 1, 2018, for 4,000 gallons is \$45.82. Once the transfer of assets is complete, Crestwood customers will transition to the MSD rate structure through the elimination of the debt service surcharge. Two and a half years remain on the term of the loan at a 3.8 percent interest rate.

The City of Richmond, Madison County,

requested a \$10.142 million Fund A loan which includes \$660,000 in principal forgiveness. The Silver Creek Outfall Sewer Phase 1 project is divided into four components [Divisions A – D] designed to eliminate sanitary sewer overflows and provide additional capacity in the collection system primarily on the south side of Richmond. Division A involves converting the Silver Creek Wastewater Treatment Plant (WWTP) to an wet weather flow equalization basin as well as construction of a new 1,500 gallon per minute pump station at the WWTP site along with 14,500 linear feet of 16-inch force main to divert all flows into existing 14-inch force main discharged at the Pavilion pump station. The Pavilion pump station will be decommissioned and all flows will be diverted to new Taylor Fork gravity sewer, Division B, and end up at the Otter Creek WWTP. Division B, the construction of 15,000 linear feet of 30-inch and 24-inch gravity sewer along with about 49 additional manholes along Taylor Fork, will allow Division A flows to discharge into the Wilgreen pump station on the west side of I-75. Division C, the replacement of approximately 4,050 linear feet of 15-inch and 12-inch gravity sewer along with 25 manholes, will address wet weather overflow issues in three primary locations. Division D, the extension of 4,900 linear feet of 12-inch force main from the Wilgreen pump station to parallel the existing force main, will result in additional capacity. Effective since July 1, 2018, for 4,000 gallons, the monthly water rates are \$18.89 inside the city and \$23.88 outside the city. Effective the same date, for 4,000 gallons, the monthly sewer rates are \$45.24 inside the city \$90.49 outside the city. The term is 20 years at a .50 percent interest rate.

The City of Hickman, Fulton County, requested a \$397,000 Fund B loan for the Hickman Water Treatment Plant Modification project, the plant's modification and upgrade for iron and manganese removal to comply with a Kentucky Division of Water agreed order. Effective July 1, 2019, for 4,000 gallons, the monthly water rates will be \$24.74 inside the city and \$36.51 outside the city. Effective since July 1, 2017, for 4,000 gallons, the monthly sewer rate is \$23.90. The term is 20 years at a .50 percent interest rate.

The City of Danville, Boyle County, requested a \$4,918,257 Fund F loan for the Danville – Perryville Standpipe Replacement and Water Main project, the replacement of an existing 10,000 gallon storage tank with a 750,000 gallon elevated tank. The project also includes 17,500 linear feet of 12-inch line on the east side of Perryville along Perryville Road. Effective since July 28, 2018, for 4,000 gallons, the monthly water rates are \$19.84 for Danville and \$32.31 for Junction City and Perryville. Effective the same date, for 4,000 gallons, the monthly sewer rates

are \$28.90 for Danville, \$55.56 for Junction City, and \$73.54 for Perryville. The term is 20 years at a two percent interest rate.

In response to Senator McDaniel's queries, Ms. McNeil said that KIA finances broadband loans, mainly for last-mile, from its Fund B program and that the last broadband financing was in the prior year. KIA has about \$1.4 billion in assets, about one percent of which is in broadband. Only one piece is middle-mile and there were no KIA financings for KentuckyWired.

A motion was made by Senator McDaniel to approve the KIA loans, seconded by Senator Mills, and approved by unanimous roll call vote.

Previously Approved Debt Issues

Mr. Barrow reported three previously approved debt issues. The first was the Kentucky Housing Corporation (KHC) Tax-Exempt Conduit Multifamily Housing Revenue Bonds (Westminster Village), Series 2019. Mr. Barrow verified that the transaction did not extend the balance sheet of the commonwealth. The project is located on Versailles Road in Lexington. The \$8.5 million issue priced on March 19.

The second item is the Kentucky Higher Education Student Loan Corporation (KHESLC) Student Loan Revenue Bonds, Series 2019. The approximately \$95 million issue for the Advantage Loan programs priced April 4.

The last transaction is the State Properties and Buildings Commission (SPBC) Revenue Refunding Bonds, Project No. 121. SPBC is the commonwealth's flagship issuer. The approximately \$13.2 million bond issue current refunded the outstanding SPBC Project No. 93 debt; producing savings of approximately 14 percent, just over \$2 million. Proceeds provided refunding and retiring outstanding SPBC, Project No. 93. The issue was priced about a month ago with a true interest cost of 2.636 percent.

In response to a query from Senator McDaniel, Mr. Barrow stated that if interest rates increase, then the differential in borrowing costs will increase between states with higher credit ratings and states with relatively lower credit ratings.

Senator McDaniel referenced Moody's April 2019 Credit Opinion, noting that one of the commonwealth's credit strengths was the demonstrated willingness to cut expenditures to balance the budget and that one of the commonwealth's credit challenges was the high adjusted net pension liabilities with ongoing challenges to implementing meaningful pension reform. Senator McDaniel commented that the rating agencies' assessment of pension funding will impact the commonwealth's financing costs.

School District Bond Issues with School Facilities Construction Commission (SFCC) Debt Service Participation

A motion was made by Senator McDaniel

to roll the school district bond issues into one roll call vote, seconded by Senator Mills, and approved by voice vote.

Mr. Barrow submitted six school district bond issues with School Facilities Construction Commission (SFCC) debt service participation for new projects [Bracken County, Harlan County, Leslie County, Metcalfe County, Owensboro Independent (Davies County), and Rowan County school districts]. The total estimated borrowed amount is \$26.8 million, with under 25 percent SFCC participation. No tax increases were necessary to finance the projects.

A motion was made by Senator McDaniel to approve the school district bond issues, seconded by Senator Mills, and approved by unanimous roll call vote.

Senator Girdler announced meeting dates as follows: June 18, July 23, August 27, September 17, October 15, and November 14. All meetings will be at 1:00 p.m. in Annex Committee Room 169.

With there being no further discussion the meeting adjourned at 1:42 p.m.

CAPITAL PLANNING ADVISORY BOARD

Minutes of the 1st Meeting of the 2019 Calendar

June 3, 2019

Call to Order and Roll Call

The 1st meeting of the Capital Planning Advisory Board was held on Monday, June 3, 2019, at 1:00 PM, in Room 169 of the Capitol Annex. Representative John Blanton, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative John Blanton, Co-Chair; Representative Derek Lewis; Scott Brinkman, Charles Byers, John Chilton, Carole Henderson, John Hodgson, and Katie Shepherd. Senator Stan Humphries joined the meeting via teleconference.

Guests: Charles Grindle, Ph.D., Chief Information Officer, Commonwealth Office of Technology; Phil Richardson, Director, Cabinet for Health and Family Services; Jennifer Linton, Executive Director, Office of Facility Development and Efficiency, and Troy Robinson, Executive Director, Office of Administrative Services, Finance and Administration Cabinet; Josh Benton and Mike Nemes, Deputy Cabinet Secretaries, Education and Workforce Development Cabinet; Jessica Castenir, Deputy Executive Director, Office of Budget and Fiscal Management, Transportation Cabinet; Charles Snively, Secretary, Bruce Scott, Deputy Secretary, and Cori Troutman, Director of Financial Management, Energy

and Environment Cabinet; Brigadier General Scott A. Campbell, Deputy Adjutant General, Department of Military Affairs; Mark Bowman, Executive Director, Office of Kentucky Veterans Centers, and Alvin Duncan, Cemeteries Branch Manager, Department of Veterans Affairs; Stacy Woodrum, Budget Director, Randy White, Deputy Commissioner of Adult Institutions, Department of Corrections, Derek Nesselrode, Chief Engineer, and Jamie Hellard, Major, Kentucky State Police, Justice and Public Safety Cabinet.

LRC Staff: Robert Jenkins, Julia Wang, and Jennifer Luttrell.

Approval of Minutes (September 18, 2018)

Due to the absence of a quorum, this item was tabled until the July meeting.

Welcome New Members

In January 2019, the Speaker of the House appointed two new members to the board: Representative John Blanton replaced Representative Daniel Elliott as the new co-chair, and Representative Derek Lewis was appointed to replace Representative DJ Johnson. The new members were appointed to four-year terms.

Informational Items

Mr. Jenkins discussed two informational items: a document outlining the board's tentative meeting schedule and a list of state agencies not scheduled to testify during board meetings this year. Most of the agencies not scheduled to testify are boards and commissions that do not have capital projects in its agency plans or do not utilize state funding sources.

Presentation – Commonwealth Office of Technology (COT)

As part of the capital planning process, COT is responsible for the review and evaluation of information technology (IT) projects submitted in the agency capital plans. Dr. Charles Grindle, Chief Information Officer, COT, discussed the results of the review and presented the IT project recommendations.

The review process for IT capital projects began with an assessment of criteria from previous biennia. An eight member scoring committee team was formed consisting of representatives from the Finance and Administration Cabinet, Cabinet for Health and Family Services, Justice and Public Safety Cabinet, Education and Workforce Development Cabinet, Personnel Cabinet, and the Office of State Budget Director. The scoring committee team established a pairwise ranking system to determine each criterion's weighted importance. The results of that weighting exercise identified "Improved Quality of Life for Citizens" as the highest weighted of the "Business Value" criteria. Of the risk factor criteria, the committee chose to place emphasis on the "Sensitivity of Data." The evaluations were conducted using a software

tool known as Decision Lens.

For the 2020-22 biennium, COT reviewed 22 IT projects. Three reports were generated based on the projects reviewed: All Funds Capital Information Technology Projects (22 projects valued at \$189 million), General Fund High-Value Information Technology Projects (eight projects valued at \$127 million), and the CIO's Additional Priority Projects (seven projects valued at \$35 million). The additional priority projects fell short mathematically of receiving a high-value designation, but are important and would enable the commonwealth to achieve its strategic IT goals. There were no questions from board members.

Consideration of Agency Plans

The Capital Planning Advisory Board received testimony regarding seven state agency capital plans: Cabinet for Health and Family Services, Finance and Administration Cabinet, Education and Workforce Development Cabinet, Transportation Cabinet, Energy and Environment Cabinet, Department of Military Affairs, Department of Veterans Affairs, and the Justice and Public Safety Cabinet. The testimony included discussion of capital construction, information technology, and equipment needs for the period 2020-2026.

Cabinet for Health and Family Services

Phil Richardson, Director, Cabinet for Health and Family Services, presented the cabinet's 2020-26 capital plan and discussed the cabinet's top ten priorities. The following agencies within the cabinet submitted capital plans: the Department for Behavioral Health, Developmental, and Intellectual Disabilities; Department for Public Health; Department for Community Based Services; and General Administration and Program Support/Office of the Secretary.

In response to a question from Mr. Chilton, Mr. Richardson responded that the ten priorities discussed were in rank order.

In response to a question from Ms. Shepherd, Mr. Richardson said implementation of The Workers Information System (TWIST) Modernization project will depend upon the receipt of federal funds. The \$19 million project scope is comprised of \$9.5 million general funds and \$9.5 million federal funds. TWIST is used in the operation of the agency's adoption and foster care programs. The project will allow for upgrades to the system to comply with recently passed federal legislation.

Finance and Administration Cabinet

Jennifer Linton, Executive Director, Office of Facility Development and Efficiency, Finance and Administration Cabinet, discussed the cabinet's top five capital needs. Agencies within the cabinet submitting capital plans included the Commonwealth Office of Technology and the

Department for Facilities and Support Services.

Representative Blanton noted that the cabinet's capital plan included several infrastructure projects for the Capitol Building and the Capitol Annex. He asked if any of the projects will interfere with the daily operation of the buildings. Ms. Linton stated that the inconvenience would be more for the staff instead of visitors because staff may have to be relocated while renovations are underway. No renovations to the buildings would be completed while the General Assembly is in session.

Education and Workforce Development Cabinet

Josh Benton and Mike Nemes, Deputy Cabinet Secretaries of the Education and Workforce Development Cabinet, presented the cabinet's capital needs. In addition to the Office of the Secretary, one agency of the cabinet, the Kentucky Authority for Educational Television (KET), reported proposed projects for the 2020-26 capital planning period.

Since the submission of the last agency capital plan, cabinet leadership proceeded to surplus and sell six cabinet-owned properties. In response to a question from Representative Blanton regarding the sale of these properties, Mr. Benton said the proceeds will be used to help pay down the debt associated with a \$4 million loan from the Office of State Budget Director to the Department of Workforce Investment. Other cabinet-owned surplus properties will be sold as well to help reduce debt associated with the loan.

Transportation Cabinet

Jessica Castenir, Deputy Executive Director, Office of Budget and Fiscal Management, Transportation Cabinet, discussed the cabinet's capital needs. In addition to the Secretary's Office, the Department of Aviation and the Department of Highways reported proposed capital projects. There were no questions from board members.

Energy and Environment Cabinet

Charles Snively, Secretary, Bruce Scott, Deputy Secretary, and Cori Troutman, Director of Financial Management, Energy and Environment Cabinet, discussed the cabinet's needs. In addition to the Office of the Secretary, the Department for Environmental Protection and the Department for Natural Resources reported proposed capital projects for the six-year period.

In response to a question from Representative Blanton, Mr. Scott said the cabinet recoups the cost of remediating Super Fund sites from the companies responsible for causing the toxic spill. He added that most of the occurrences were over 50 years ago, and some of the companies are no longer in existence.

Department of Military Affairs

Brigadier General Scott A. Campbell, Deputy Adjutant General, Department of Military

Affairs (DMA), discussed the department's capital needs. This plan addresses all known and anticipated needs of the Kentucky National Guard and the quasi-commercial facilities operated by DMA for the next three biennia. There were no questions from board members.

Department of Veterans Affairs

Mark Bowman, Executive Director, Office of Kentucky Veterans Centers, and Alvin Duncan, Cemeteries Branch Manager, Department of Veterans Affairs, discussed the department's capital needs, which focuses on the aging veterans centers and cemeteries.

In response to a question from Representative Blanton, Mr. Bowman replied that the veterans centers not being considered for conversion to the community living concept include the Eastern Kentucky Veterans Center and the Radcliff Veterans Center.

Justice and Public Safety Cabinet

Stacy Woodrum, Budget Director, Randy White, Deputy Commissioner of Adult Institutions, Department of Corrections, Derek Nesselrode, Chief Engineer, and Jamie Hellard, Major, Operational Support Team, Kentucky State Police, Justice and Public Safety Cabinet, presented the cabinet's top 10 capital needs, which focused on the aging correctional facilities and police posts.

In response to a question from Mr. Chilton, Mr. White replied that the cabinet uses inmate labor for its projects in accordance with OSHA standards.

In response to a question from Representative Blanton, Mr. Hellard said most Kentucky State Police posts, including the one in Harlan, are at least 50 years old.

In response to a question from Mr. Chilton, Mr. Nesselrode responded that the Kentucky State Police Upgrade Emergency Radio System project should be completed on schedule. Phase one of the project was authorized in the 2018-20 Executive Budget (\$35 million bond funds) and is currently in the planning phase. Phase one work will provide core components to deploy the network and will include end-user radios for troopers, dispatch consoles for Kentucky State Police posts, radio system infrastructure equipment, and system control hardware and software.

In response to a question from Mr. Brinkman, Ms. Woodrum replied that the Justice Cabinet plans to purchase two new helicopters for the Kentucky State Police at a cost of \$8 million (agency priority #9).

Other Business

Representative Blanton said the board will convene its next meeting on July 8, 2019, in Room 169 Capitol Annex at 2:00 p.m.

Adjournment

There being no further business, the meeting

was adjourned at 2:21 p.m.

PUBLIC PENSION OVERSIGHT BOARD

Minutes of the 4th Meeting of the 2019 Interim

May 20, 2019

Call to Order and Roll Call

The 4th meeting of the Public Pension Oversight Board was held on Monday, May 20, 2019, at 1:00 PM, in Room 154 of the Capitol Annex. Senator Jimmy Higdon, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Jimmy Higdon, Co-Chair; Representative Jim DuPlessis, Co-Chair; Senators Gerald A. Neal, Dennis Parrett, and Mike Wilson; Representatives Joe Graviss, Jerry T. Miller, Phillip Pratt, and Buddy Wheatley; J. Michael Brown, John Chilton, Mike Harmon, James M. "Mac" Jefferson, and Sharon Mattingly.

Other Legislators Attending: Representative Derrick Graham.

Guests: David Eager, Executive Director, Kentucky Retirement Systems.

LRC Staff: Brad Gross, Jennifer Black Hans, Bo Cracraft, and Angela Rhodes.

Approval of Minutes

Representative DuPlessis moved that the minutes of the April 22, 2019 meeting be approved. Representative Miller seconded the motion, and the minutes were approved without objection.

Alternative Methods for Prorating Employer Liabilities and Contributions

David Eager, Kentucky Retirement Systems (KRS), started his presentation by discussing the components of the pension contribution. He stated that normal cost is simply the cost to run a system annually if there were no unfunded liabilities, while the unfunded liability cost is the yearly cost to pay down any existing unfunded liabilities. Mr. Eager discussed three ways to calculate a normal cost, including traditional unit credit, projected unit credit, and entry age normal cost. He noted that KRS utilizes the entry age normal cost method, which is the most popular method and used by about 75 percent of public funds. Mr. Eager showed a chart of the three normal cost methods as a percent of annual pay, noting that entry age normal cost method was the most conservative and required more dollars earlier than the other two methods.

Mr. Eager reviewed current contribution rates from the June 30, 2018 valuation for the Kentucky Employees Retirement System (KERS) nonhazardous plan. The blended normal cost of all benefit tiers for both pension and insurance is 10.46 percent, while the total unfunded liability cost for pension and insurance is 74.73 percent.

Next, Mr. Eager provided the normal cost for each benefit tier, pointing out that costs had dropped with each benefit reform. He detailed the combined normal cost by tier as follows: Tier 1 (before 07/03) is 13.54 percent; Tier 1 (after 07/03) is 11.57 percent; Tier 2 is 6.75 percent; and Tier 3 is 3.05 percent.

Next, Mr. Eager addressed the two methods of allocating the unfunded liability and the pros and cons of each method. The primary method, which KRS currently utilizes, is to determine each employer's share of the plan's total payroll and allocate the liability accordingly as a percent of payroll. He noted that this method is simple, every employer pays the same rate, and it is the current method, so no change is required. As for drawbacks, Mr. Eager stated this method does not reflect each employer's real liability, will inherently favor employers who have reduced the payroll or have more retirees, and penalizes faster growing employers who do not have a lot of retirees. With regards to KERS specifically, Mr. Eager stated that the quasi-governmental employers represented about 25 percent of the total payroll, but only 20 percent of the total liability, so utilizing the payroll method did result in those employers paying slightly more under this approach.

In response to a question from Representative DuPlessis, Mr. Eager confirmed that when looking at an employer's percentage of payroll, it is based on aggregate dollars relative to the plan's total payroll.

In response to a question from Representative Graviss, Mr. Eager stated that since quasi-governmental employers represent 25 percent of the total payroll, they are paying 25 percent of the unfunded liability costs; however, they only represent 20 percent of the actual liability.

Senator Higdon pointed out that the method of determining contribution rates are currently outlined by statute and the same for all employers participating in KERS.

Mr. Eager continued the discussion and introduced an alternative method for allocating the unfunded liability. The alternative method would determine an employer's share of the plan's total liability and allocate the liability accordingly. Mr. Eager noted this method is more equitable overall, it does not reward employers who reduce payroll, and it does not change long-term costs, except through future experience. The cons to this method are that there will be definite winners and losers compared to the current approach, and the method of calculating an employer's portion of the total liability is less transparent than calculating their share of total payroll.

In response to a question from Representative Miller, Mr. Eager stated that there are one or two

universities that are substantially overpaying and most are overpaying to some degree.

In response to a question from Senator Neal, Mr. Eager stated that using the portion of the liability method, the employer's percentage of the total liability remains the same. As the total liability declines, the employer continues to pay the same percentage but the calculated amount will reduce accordingly.

In response to a question from Mr. Harmon regarding quasi-governmental employers paying a reduced rate in comparison to other governmental agencies, Mr. Eager discussed how quasi-governmental employers may be overpaying relative to their actual liabilities but that the reduced rate they are currently paying is significantly lower than what other KERS employers are paying.

Next, Mr. Eager began to discuss how plans amortize the unfunded liability and what considerations have to be made. First, he started with the decision to have an open or closed amortization period. An open period is always the same amortization and is reset to the same period with each valuation similar to a perpetual mortgage. A closed period operates like a traditional mortgage, with the period reducing year by year until the liability is paid off. Next, Mr. Eager pointed out that some plans will use different amortization methods for different components of contributors to the liability. For instance, a new cost of living adjustment might be amortized over a shorter period than a legacy liability. Lastly, plans can utilize a level dollar or level percent of pay funding calculation to determine the amortization payment for the unfunded liability, which is then added to normal cost.

Senator Higdon commented that in the past, the amortization period had been open or reset quite often, which was a contributor to the growth in unfunded liability. Mr. Eager agreed. Senator Higdon added that using the percentage of payroll method, which was built on a 4 percent payroll growth assumption, also led to contributions over the years that were artificially low. Mr. Eager agreed and stated that the change from level percent of payroll to level dollar was by far the largest factor in the increased contribution rates.

Mr. Eager continued the discussion on the current practice of allocating cost on a percent of payroll method and provided an example of why it was not as effective for KERS. He stated the method works well for plans that have a growing workforce, payroll, and modest unfunded liability. However, it does not work as well when payroll is declining, the work force is being reduced, and a plan has a significant unfunded liability such as the KERS nonhazardous plan. As experienced in the KERS fund, these declines have resulted

in higher contribution requirements, and those higher contributions have led employers to seek a variety of methods to avoid paying their annual cost, such as, outsourcing, not replacing departing workers, and not reporting workers to KERS. Mr. Eager described this process as a death spiral, where employers cut workforce as the contribution rates continue to climb, yet the unfunded liability amount remains about the same. Mr. Eager referenced the declining membership in KERS, where over the last 10 years membership had declined by about 10,700 members.

Mr. Eager then reviewed several fixed dollar examples and scenarios that demonstrated a payroll based contribution versus a fixed allocation based contribution, including for universities and other quasi-governmental employers. For each scenario, Mr. Eager noted that under the fixed allocation method, based on the employer's actual liability, the portion or percent of the share of the unfunded liability did not change regardless of payroll growth or actuarial losses.

In response to a question from Representative DuPlessis regarding employers being bought out or filing bankruptcy, such as Seven Counties/Centerstone, Mr. Eager stated, if employers merge or are bought out, he would expect the liability would go with the purchase. However, in the case of Seven Counties, where the employer filed bankruptcy, KERS is still waiting on the courts to determine what happens with that unfunded liability. In any case, under a shared employer plan, Mr. Eager stated that any unfunded liability left by an employer leaving the plan or walking away would be absorbed by the remaining unfunded liability to be paid by the other participating employers.

In response to a question from Representative Wheatley, Mr. Eager stated that the recommendations being made are for all KRS plans, including the County Employees Retirement System (CERS) plans. He could not speak specifically to how underlying employer groups would be impacted in those plans, but stated that the same inequities shown in the KERS plan likely exist.

Mr. Eager concluded his presentation with a review of dedicated funding practices that had been introduced across other states. He noted that staff had been asked for a position on several measures, such as casino taxes, in the past. While KERS does not take a position on any single measure, they would be in favor of any measure that creates dedicated or additional sources of funding. He pointed out some examples, including Arizona - tax on fire insurance policies funds firefighters pension fund; Jacksonville, Florida - 5 percent sales tax for pension fund; Hawaii - constitutional amendment committing

state surplus to the pensions; and Kansas - gaming revenues and 80 percent of proceeds from sale of state surplus real estate directed to KPERS until 80 percent funded.

Senator Higdon commented that he believes Kentucky's surplus property should be considered as a revenue source and possibly have legislation passed to transfer it to the pension fund.

In response to a question from Representative DuPlessis, Mr. Eager confirmed that, in aggregate, using the fixed allocation method would result in approximately 48 million less for the group of quasi-governmental employers. However, he stated that there could still be some winners and losers within the group of quasies, and much of those results would depend on the demographics of their employees and how long they had been in the system. Mr. Eager indicated that KRS staff could provide additional detail on the individual employer impacts.

In response to a question from Representative Graviss with regards to the impact of a fixed dollar allocation on health departments, Mr. Eager stated there was little difference in cost when you consider the group of health departments.

Senator Higdon referenced some information in the members' folders regarding fees for actuarial analyses from GRS Consulting (GRS). Mr. Eager explained that a question had been asked in a previous meeting regarding how much the actuarial analyses cost and how many are conducted. He stated that in February and March 2019, the cost for preparing seven actuarial analyses was approximately \$130,000. He explained the process by which requests are reviewed by KRS staff and forwarded to the actuary, and also noted that all fees are paid by KRS as an administrative expense. Mr. Eager mentioned a couple of recommendations from GRS, such as creating controls within LRC to limit the number of analyses requested and/or creating a process under which KRS' actuary could perform a less comprehensive analysis before LRC requests a formal analysis for a bill that has been introduced.

In response to a question from Representative Graviss, Mr. Eager stated that staff are trying to incorporate some internal modeling and base analyses that would save KRS money, if it were able to conduct their own analysis with GRS having a final review.

In response to a follow up question from Representative Graviss with regards to the impact of quasi-governmental employers exiting the system, Mr. Eager stated that under a provision similar to HB 358 or the Governor's proposal, the state's portion would improve slightly given the employers exiting the plan would be paying

to exit at a discount rate below the assumed 5.25 percent.

Representative DuPlessis referenced the Governor's proposal and stated that he believed universities wanted the Governor's plan to pass so they could pay to exit. He noted that an infusion of cash from the universities would pay for the total liability of both active and retired members in the system. Mr. Eager agreed with the statement.

In response to a follow up question from Senator Higdon with regards to the proposed legislation allowing universities to exit, Mr. Eager stated the primary driver of any change in unfunded liability from the proposal was the result of a change in the discount rate from current statute. Current law requires the use of a 3 percent discount rate, while the proposed legislation utilizes a 4.5 percent rate.

Mr. Chilton commented on the presentation and pointed out that Mr. Eager had correctly illustrated how the various quasi-governmental employer groups in aggregate were subsidizing some of the state's unfunded liability. However, he noted that within each group, individual employers are also likely subsidizing other employers and referenced the Governor's plan as an option that provides a path and does not require an employer to do anything. Organizations can choose where they would want to go in the future.

Representative Graviss introduced an alternative funding policy and provided members with projections that had been provided on the plan by GRS. Under this proposal, employer contributions would be frozen for both quasi and non-quasi employers at the current 49 and 83 percent rates, while the investment return and payroll growth assumptions would be slightly increased to 6.00 percent and 1.0 percent, respectively. Representative Graviss pointed out that under this scenario, the KERS plan would continue to have cash flow, allow universities to remain in the plan, and protect the inviolable contract. He referenced the projections provided by GRS, which indicated the plan would reach full funding one year later than the current plan.

In response, Mr. Eager stated that changing assumptions would not change what is ultimately required to be paid. He also reminded members that the current statute provides that assumptions are set by the KRS Board. He stated the KRS board had met in March to review a five-year experience study conducted by GRS. As a result of the study, GRS had recommended increasing life expectancy tables, reducing member turnover, and keeping current return and payroll growth assumptions. Mr. Eager stated the board had adopted all recommendations from the study, and he did not believe the board would want to change the assumptions.

Representative Miller commented that CERS was approximately 55 percent funded, compared to 13 percent for KERS nonhazardous, which is why the board approved the higher 6.25 percent return assumption.

In response to a question from Representative Wheatley, Representative Graviss confirmed that under his alternative plan the quasi-governmental employer rate would remain frozen at 49 percent through the 24-year period.

In response to a question from Representative Wheatley, Mr. Eager confirmed that the KRS Board reduced the investment assumption from 6.75 percent to 5.25 percent and the recent recommendation was to stay at the 5.25 percent for the KERS nonhazardous pension fund. Mr. Eager agreed that plans should make smaller incremental changes to assumptions, but in the case of KERS, the plan waited too long. Senator Higdon commented that the proof that the board was correct in changing the assumption is the resulting positive cash flow that is occurring for the first time in years.

In response to a question from Representative Wheatley with regards to the average return assumption across the industry, Mr. Eager stated that the average system is 72 percent funded, while KERS is only 12.9 percent funded, so the plan just cannot invest in some of the less liquid investments like other systems.

Representative Graviss commented that the assumption changes made were extreme in his opinion and that there are quasi-governmental employers who have said they will not be able to survive if a significant increase in the contribution is required. He expressed a need to keep quasi-entities at 49 percent and stated it was a more effective solution that having the state absorb the entire cost of providing those services.

Senator Neal expressed a belief that the alternative plan Representative Graviss introduced should be reviewed further by the Public Pension Oversight Board as a possible alternative option.

Senator Higdon responded that he, as the chair, had allowed Representative Graviss to introduce his proposal.

Representative Graviss commented that the analysis he presented was from GRS, and he stated he is willing to speak with the Co-Chairs regarding the matter. Senator Higdon stated that he had received Representative Graviss' request after the Agenda was set, but still allowed him to present to the committee.

Representative DuPlessis commented that even though the Agenda was set, the Co-Chairs still allowed Representative Graviss to present to the committee. He also commented to Senator Neal that the discussion today was merely an introduction for an alternative plan and that future consideration of all options will be had.

Mr. Eager commented that his topic regarding fixed allocation funding is not affected by any adoption of an alternative plan.

Mr. Chilton stated that he would like to meet with Representative Graviss regarding his proposed plan. Also, the Governor's proposed bill request does not require anyone to do anything. It lays out a path and is based on a principle that employers should pay for their employees' retirement.

With no further business, the meeting was adjourned.

ADMINISTRATIVE REGULATION REVIEW SUBCOMMITTEE

Minutes of the May Meeting

May 14, 2019

Call to Order and Roll Call

The May meeting of the Administrative Regulation Review Subcommittee was held on Tuesday, May 14, 2019, at 1:00 PM, in Room 149 of the Capitol Annex. Representative David Hale, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stephen West, Co-Chair; Representative David Hale, Co-Chair; Senators Julie Raque Adams, and Alice Forgy Kerr; Representatives Deanna Frazier, Mary Lou Marzian, and Tommy Turner.

Guests: Wayne Lewis, Cassie Trueblood, Education Professional Standards Board; Rosemary Holbrook, Personnel Cabinet; Beau Barnes, Teachers' Retirement Systems; Joe Donahue, State Board of Accountancy; Elizabeth Morgan, Board of Medical Imaging and Radiation Therapy; Philip Dietz, Ashley Powell, John Wood, Board of Emergency Medical Services; Steven Fields, Daniel Schulman, Karen Waldrop, Department of Fish and Wildlife Services; Jennifer Fraker, Lauren Gallicchio, Jennifer Stafford, Department of Education; Brian Black, Kristi Lowry, Labor Cabinet; Michael Swansburg, Robert Swisher, Department of Workers' Claims; Michael Mullins, Jim Vicini, Department of Natural Resources, Patrick O'Connor, Department of Insurance; Jonathan Scott, Department of Medicaid Services; Laura Begin, Kara Daniel, Todd Trapp, Department for Community Based Services; Rebecca Ingram, Richard Innes, Anne-Tyler Morgan, Carly Muettert, Peter Naake, Seth Rosenhagen, Wesley Wei.

LRC Staff: Sarah Amburgey, Stacy Auterson, Emily Caudill, Betsy Cupp, Ange Darnell, Emily Harkenrider, Karen Howard, and Carrie Klaber.

The Administrative Regulation Review Subcommittee met on Tuesday, May 14, 2019, and submits this report:

Administrative Regulations Reviewed by the Subcommittee:

EDUCATION AND WORKFORCE DEVELOPMENT CABINET: Education Professional Standards Board: Administrative Certificates

16 KAR 3:011. Repeal of 016 KAR 003:010, 016 KAR 003:020, 016 KAR 003:040, and 016 KAR 003:050. Wayne Lewis, commissioner, and Cassie Trueblood, policy advisor and counsel, represented the board.

A motion was made and seconded to approve the following amendment: to add the RELATES TO and STATUTORY AUTHORITY paragraphs to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendment was approved.

16 KAR 3:090. Certifications for advanced educational leaders.

A motion was made and seconded to approve the following amendments: (1) to amend the TITLE, Sections 5 through 9, and material incorporated by reference to comply with the drafting requirements of KRS Chapter 13A; and (2) to amend Section 3 to add additional requirements and guidelines for advanced educational leadership-school principal and career and technical school principal applicants. Without objection, and with agreement of the agency, the amendments were approved.

PERSONNEL CABINET: Classified

101 KAR 2:034. Classified compensation administrative regulations. Mary Elizabeth Bailey, commissioner, Department of Human Resources and Administration, and Rosemary Holbrook, general counsel, represented the cabinet.

A motion was made and seconded to approve the following amendments: to amend Sections 2 and 9 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Unclassified

101 KAR 3:045. Compensation plan and pay incentives for unclassified service.

A motion was made and seconded to approve the following amendments: to amend the STATUTORY AUTHORITY and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 5 and 8 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

FINANCE AND ADMINISTRATION CABINET: Teachers' Retirement System: General Rules

102 KAR 1:060. Refunds. Beau Barnes, deputy executive secretary of operations and general counsel, represented the system.

In response to a question by Co-Chair West, Mr. Barnes stated that revisions to this

administrative regulation clarified, but did not substantively change, the process for refunding members' accounts.

In response to a question by Representative Marzian, Mr. Barnes stated that the agency amendment expedited the process for a surviving beneficiary to obtain benefits due.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO and STATUTORY AUTHORITY paragraphs and Sections 4 and 5 to comply with the drafting requirements of KRS Chapter 13A; and (2) to amend Section 4 to delete language pertaining to the time frame for processing a refund to a deceased member's estate. Without objection, and with agreement of the agency, the amendments were approved.

BOARDS AND COMMISSIONS: State Board of Accountancy

201 KAR 1:290. Standards of Practice. Joe Donohue, counsel, represented the board.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1, 2, 4, and 6 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 1:300. Rules of professional conduct.

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

201 KAR 1:310. Expungement of minor violation.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1, 2, 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.

Board of Medical Imaging and Radiation Therapy

201 KAR 46:010. Definitions for 201 KAR Chapter 046. Elizabeth Morgan, executive director, represented the board.

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

201 KAR 46:020. Fees.

201 KAR 46:030. Education for medical imaging technologists, advanced imaging professionals, nuclear medicine technologists, radiographers, and radiation therapists.

201 KAR 46:040. Medical imaging technologist, advanced imaging professional, radiographer, nuclear medicine technologist, and radiation therapist licenses.

201 KAR 46:045. Temporary license application for medical imaging technologists, advanced imaging professionals, radiographers, nuclear medicine technologists, and radiation therapists.

201 KAR 46:081. Limited x-ray machine operator.

KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM: Board of Emergency Medical Services

202 KAR 7:520. Allocation of block grant funding assistance for emergency medical services. Philip Dietz, chair; Ashley Powell, vice chair; and John Wood, counsel, represented the board.

A motion was made and seconded to approve the following amendments: (1) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph; Sections 1 through 3, 5, 6, and 10; and material incorporated by reference to comply with the drafting and formatting requirements of KRS Chapter 13A; and (2) to amend Section 2 to clarify that all awarded grant funds, except approved carry-over funds, shall be expended by June 30 of the fiscal year of award. Without objection, and with agreement of the agency, the amendments were approved.

202 KAR 7:575. Posting of fee schedules of licensed ambulance providers.

In response to questions by Co-Chair Hale, Mr. Powell stated that the fee schedule established in this administrative regulation included fees for air ambulance service. Those fees were posted to the ambulance provider's Web site and were available upon request, including upon request at the scene of an emergency. Fees varied depending on the distance from the scene of emergency to the medical facility or from medical facility to medical facility.

A motion was made and seconded to approve the following amendments: (1) to amend the TITLE; the NECESSITY, FUNCTION, AND CONFORMITY paragraph; and Sections 1 through 5 to comply with the drafting and formatting requirements of KRS Chapter 13A; and (2) to amend Section 5 to revise material incorporated by reference. Without objection, and with agreement of the agency, the amendments were approved.

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

301 KAR 3:091. Repeal of 301 KAR 003:090. Steven Fields, staff attorney; Daniel Schulman, staff attorney; and Karen Waldrop, deputy commissioner, represented the department.

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

704 KAR 3:303. Required Academic Standards. Jennifer Fraker, policy advisor; Lauren Gallicchio, social studies consultant; Wayne Lewis, commissioner; and Jennifer Stafford, director of assessment, represented the department. Rebecca Ingram, teacher, Jefferson County Public Schools; Carly Muetterties, executive director, Kentucky Council for the Social Studies; and Wesley Wei, student graduate, appeared in support of 704 KAR 8:060. Richard Innes, volunteer staff education analyst, Bluegrass Institute, appeared in opposition to 704 KAR 8:060.

A motion was made and seconded to approve the following amendments: to amend the STATUTORY AUTHORITY paragraph and Section 2 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Academic Standards

704 KAR 8:060. Required Academic Standards for Social Studies.

In response to a question by Co-Chair Hale, Mr. Lewis stated that this administrative regulation revised Kentucky's academic standards for social studies in accordance with Senate Bill 1 from the 2017 Regular Session of the General Assembly (SB1-2017), which required that Kentucky's academic standards be revised by Kentucky teachers and other stakeholders. By statute, Kentucky's curriculum, based on the academic standards framework, was developed at the school level, through school-based decision-making councils (SBDMs). Ms. Gallicchio stated that the proposed academic standards for social studies were divided into four (4) disciplines, including geography, civics, economics, and history. The studies were to be inquiry based, with a balance between skills and content. Ms. Fraker stated that the academic standards for social studies were developed by the teacher-writer teams in careful adherence to the process requirements established in SB1-2017.

In response to a question by Co-Chair Hale, Mr. Innes requested that the subcommittee find this administrative regulation deficient because it was incomplete. He stated that the department needed to amplify this framework and provide clarifying details. The academic standards for social studies focused excessively on process, while lacking sufficient content. For example, neither Abraham Lincoln nor Dr. Martin

Luther King Jr. were referenced, and terms such as "north pole," "south pole," and "equator" were absent. While SBDMs were tasked with developing curriculum, that curriculum was required to comply with the academic standards established in this administrative regulation. SBDMs needed much more guidance than this framework provided. SB1-2017 prohibited statewide assessments on standards not included in the academic standards approved by the Kentucky Board of Education; therefore, students would not be tested on material not included in this administrative regulation. Because curriculum was determined primarily based on assessments, important social studies components might not be taught. There were many nationally recognized disciplines beyond geography, civics, economics, and history, which were important to social studies, including anthropology, archaeology, the law, philosophy, political science, psychology, religion, sociology, and the humanities. SBDMs should be consistent across Kentucky regarding the basic components of social studies. Donnie Wilkerson, Kentucky's 2011 History Teacher of the Year, who was unable to attend today's subcommittee meeting, was opposed to this administrative regulation and believed some of the material was not age appropriate.

In response to a question by Co-Chair Hale, Ms. Muetterties stated that the Kentucky Council for the Social Studies supported this administrative regulation. These academic standards for social studies were written, revised, and supported by Kentucky teachers. These rigorous standards provided flexibility for inclusive content, rather than an exhaustive list of content standards, and criticism of the lack of content detail was misplaced. These standards served as a framework, constituting the goals for student learning, while curriculum was what was taught and how, based on these standards. Academic standards were not designed as a subject index. For example, the Next Generation Science Standards required considering the properties of water and how those properties affected the planet, but the standards did not reference "oxygen" or "hydrogen." Social studies was more than memorizing a list of content. Mr. Wei stated that, as a 2017 Kentucky graduate, he supported this administrative regulation. Inquiry-based learning was a very important method for teaching social studies. Mr. Wei was majoring in Education Policy at Vanderbilt University in Nashville and became interested in pursuing this major as a result of being introduced to inquiry-based learning in Kentucky schools. He was interning at the Learning Policy Institute in Washington D.C., which focused on academic standards development, and he worked with the Kentucky Department of Education where he

observed these academic standards for social studies being developed by teacher groups.

In response to a question by Co-Chair Hale, Ms. Ingram stated that, as an instructional coach in Jefferson County, she believed that the proposed academic standards for social studies would provide students with the tools necessary to shape the future. These standards were developed in accordance with SB1-2017. These standards allowed flexibility to develop unique learning experiences. Content details would develop inherently from the academic standards framework topics. For example, archeology would be a natural topic related to the academic standard of the development and rise of early civilizations. Factual information was easily attainable, but the ability to be problem solvers and to make choices based on an understanding of social studies was important. It was crucial to teach students how to think and problem solve.

In response to a question by Co-Chair Hale, Mr. Lewis stated that Mr. Innes made tremendous contributions to education in Kentucky, and he was highly respected for his concern regarding academic standards. The authority to develop curriculum through SBDMs was required by state law; therefore, the academic standards for social studies were developed accordingly.

In response to questions by Co-Chair West, Ms. Gallicchio stated that SB1-2017 established a step-by-step process for the development of academic standards. That process was adhered to by the development team. In January 2018, a public comment period was conducted regarding the current academic standards for social studies. Applications were accepted for teacher-writers to comprise the development team. New standards were developed between March and December 2018, including focus groups. The first draft was released through another public comment period. Comments were received, and revisions were made based on the public comments. The Interim Joint Committee on Education and the Kentucky Board of Education both reviewed the developing standards. Mr. Lewis stated that the standards were revised at each point in the process. The Interim Joint Committee on Education and the Kentucky Board of Education, pursuant to SB1-2017, provided oversight regarding the process of developing the standards. Ms. Fraker stated that this process actually began in 2013, and extensive public comments were considered during the development of these standards. The Standards and Assessment Process Review Committee also reviewed these standards. Mr. Lewis stated that there was a fundamental difference of agreement regarding assessment of content. Content may be part of an academic standard without being explicitly referenced. For example, it was difficult to imagine teaching a lecture on

the American Civil Rights Movement without including information regarding Rosa Parks and Dr. Martin Luther King, Jr. Ms. Gallicchio stated that other states developed curriculum very differently than as required by Kentucky law. SB1-2017 specifically required fewer but more in-depth academic standards. Mr. Lewis stated that SBDM-determined curriculum varied significantly in quality across Kentucky. SBDMs received guidance, but more work was necessary to educate the SBDMs themselves. Ms. Fraker stated that there were numerous opportunities for professional development related to SBDMs.

In response to a question by Co-Chair Hale, Ms. Gallicchio stated that there was more emphasis on Kentucky-specific studies than in the previous academic standards for social studies.

A motion was made and seconded to approve the following amendments: to amend the STATUTORY AUTHORITY and NECESSITY, FUNCTION, AND CONFORMITY paragraphs to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

LABOR CABINET: Division of Occupational Safety and Health Compliance: Division of Occupational Safety and Health Education and Training

803 KAR 2:180. Recordkeeping, reporting, statistics. Brian Black, occupational safety and health standards specialist, and Kristi Lowry, occupational safety and health standards specialist, represented the division.

ENERGY AND ENVIRONMENT CABINET: Department for Natural Resources: Division of Mine Safety: Mining Safety Standards

805 KAR 3:100. Equipment use and operation. Michael Mullins, regulation coordinator, and Jim Vicini, director, represented the division.

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

PUBLIC PROTECTION CABINET: Department of Insurance: Surplus Lines

806 KAR 10:030. Surplus lines reporting and tax payment structure. Patrick O'Connor, deputy commissioner, represented the department.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 1 through 3 to comply with the drafting 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 Inspector General: Division of Program Integrity

907 KAR 5:005. Health Insurance Premium Payment (HIPP) Program. Jonathan Scott, legislative and regulatory advisor, represented the division.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph; Sections 2, 6, 8, and 15; and material incorporated by reference to comply with the drafting requirements of KRS Chapter 13A; and (2) to amend Section 5 to extend the deadline for reporting changes in health insurance coverage from ten (10) to thirty (30) days. Without objection, and with agreement of the agency, the amendments were approved.

Department for Community Based Services: Division of Family Support: K-TAP, Kentucky Works, Welfare to Work, State Supplementation

921 KAR 2:015 & E. Supplemental programs for persons who are aged, blind, or have a disability. Laura Begin, regulation coordinator; Kara Daniel, regulation coordinator; and Todd Trapp, assistant director, represented the division.

Other Business: Senator Kerr moved to nominate Senator Stephen West as Senate Co-Chair of the subcommittee. Senator Raque Adams seconded the motion and moved to cease nominations. Senator Kerr seconded that motion and, with acclimation and without objection, Senator West was elected Senate Co-Chair. Representative Marzian moved to nominate Representative David Hale as House Co-Chair of the subcommittee. Representative Turner seconded the motion. Representative Marzian moved to cease nominations. Representative Frazier seconded that motion and, with acclimation and without objection, Representative Hale was elected House Co-Chair.

The following administrative regulations were deferred or removed from the May 14, 2019, subcommittee agenda:

STATE BOARD OF ELECTIONS: Forms and Procedures

31 KAR 4:120. Additional and emergency precinct officers.

Department for Facilities and Support Services: State-owned Buildings and Grounds

200 KAR 3:020 & E. Use of State-owned facilities and grounds.

BOARDS AND COMMISSIONS: Board of Social Work

201 KAR 23:150. Complaint procedure, disciplinary action, and reconsideration.

ENERGY AND ENVIRONMENT

CABINET: Department for Natural Resources: Division of Mine Permits: Bond and Insurance Requirements

405 KAR 10:001. Definitions for 405 KAR Chapter 010.

405 KAR 10:015. General bonding provisions.

TRANSPORTATION CABINET: Department of Vehicle Regulation: Division of Driver Licensing: Ignition Interlock

601 KAR 2:030 & E. Ignition interlock.

LABOR DEPARTMENT: Department of Workers' Claims

803 KAR 25:270 & E. Pharmaceutical formulary. Michael Swansburg, deputy secretary and general counsel, and Robert Swisher, commissioner, represented the department. Anne-Tyler Morgan, attorney, Rx Development Associates, and Peter Naake, president, Kentucky Workers' Association, appeared in opposition to this administrative regulation.

In response to a question by Co-Chair Hale, Ms. Morgan stated that Rx Development Associates was opposed to this administrative regulation because the requirement that drugs dispensed by an entity other than a pharmacist required prior authorization was beyond the jurisdiction of the department and the scope of this administrative regulation. Boards of licensure were authorized to establish who was authorized to dispense drugs. This administrative regulation should be revised to remove that requirement, which should be addressed by the appropriate board of licensure, rather than the department.

In response to a question by Co-Chair Hale, Mr. Naake stated that the Kentucky Workers' Association appreciated the department's effort in developing this complex policy but was opposed to this administrative regulation because an injured worker would not be given notice of a prescription denied based on prior authorization required by the formulary. This administrative regulation should be revised to add a requirement that the injured worker shall be given notice of a prescription denied based on prior authorization required by the formulary.

In response to a question by Co-Chair West, Mr. Naake stated that the law required a specific formulary for persons injured pursuant to workers' compensation. Ms. Morgan stated that every health plan had its own formulary.

In response to a question by Co-Chair Hale, Mr. Swisher thanked Mr. Naake and stated that an injured worker would know immediately if a prescription was denied based on prior authorization required by the formulary. The pharmacist would know prior to dispensing, and the prescriber would be notified of the denial and the reason for the denial.

In response to questions by Representative Marzian, Mr. Swisher stated that the formulary

was internet-based and updated monthly, and notice was published if a drug on the formulary changed. The intent was to discourage prescription of non-preferred drugs on the formulary and encourage prescription of therapeutically equivalent, preferred drugs. Mr. Swisher stated that the department was disinclined to defer consideration of this administrative regulation to the June meeting of the subcommittee.

In response to a question by Representative Frazier, Mr. Swisher stated that this administrative regulation did not establish who was authorized to prescribe certain drugs, but required prior authorization for drugs listed as nonpreferred on the formulary. This was a cost-control measure and an effort to reduce conflicts of interest in situations in which there might be compensation to a provider for prescribing nonpreferred drugs. Ninety (90) percent of drugs were dispensed by a pharmacy. These requirements were not overburdensome for a prescriber who was also a dispenser. Representative Frazier stated that the process for addressing prior authorization was inefficient.

In response to a question by Co-Chair Hale, Mr. Swisher stated that the department did not agree to defer consideration of this administrative regulation to the June meeting of the subcommittee.

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

Representative Marzian moved to find this administrative regulation deficient. Representative Turner seconded the motion. Prior to a roll call vote and notwithstanding his earlier refusal to defer, Mr. Swisher requested deferral of this administrative regulation to the June meeting of the subcommittee. Representative Marzian moved to withdraw the previous motion to find this administrative regulation deficient. Representative Turner seconded the motion. Without objection, and with agreement of the agency, the motion was approved.

PUBLIC PROTECTION CABINET:
Department of Insurance: Insurance Fraud
806 KAR 47:010. Fraud prevention.
806 KAR 47:021. Repeal of 806 KAR 047:020 and 806 KAR 047:030.

LABOR CABINET: Department of Financial Institutions: Administration
808 KAR 1:180. Use of special restricted funds.

CABINET FOR HEALTH AND FAMILY

SERVICES: Office of Inspector General: Division of Healthcare: Health Services and Facilities

902 KAR 20:111. Medically managed intensive inpatient withdrawal management.

Department of Medicaid Services: Division of Policy and Operations

907 KAR 1:022. Nursing facility services and intermediate care facility for individuals with an intellectual disability.

907 KAR 1:330. Hospice services.

907 KAR 1:340. Reimbursement for hospice services.

907 KAR 1:441. Repeal of 907 KAR 001:436.

907 KAR 1:755. Preadmission Screening and Resident Review Program.

Department for Behavioral Health, Developmental and Intellectual Disabilities: Division of Behavioral Health: Substance Abuse

908 KAR 1:341. Repeal of 908 KAR 001:340.

908 KAR 1:370. Licensing procedures, fees, and general requirements for nonhospital-based alcohol and other drug treatment entities.

908 KAR 1:372. Licensure of residential alcohol and other drug treatment entities.

908 KAR 1:374. Licensure of nonhospital-based outpatient alcohol and other drug treatment entities.

Office for Children with Special Health Care Needs

911 KAR 1:010. Application to office for children with special health care needs clinical programs.

911 KAR 1:020. Billing and fees.

911 KAR 1:060. Office for children with special health care needs medical staff.

911 KAR 1:071. Repeal of 911 KAR 001:070 and 911 KAR 001:080.

The subcommittee adjourned at 3 p.m. The next meeting of the subcommittee is tentatively scheduled for June 11, 2019, at 1 p.m.

ADMINISTRATIVE REGULATION REVIEW SUBCOMMITTEE

Minutes of the June Meeting

June 11, 2019

Call to Order and Roll Call

The June meeting of the Administrative Regulation Review Subcommittee was held on Tuesday, June 11, 2019, at 1:00 PM, in Room 149 of the Capitol Annex. Senator Stephen West, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stephen West, Co-Chair; Representative David Hale, Co-Chair; Deanna Frazier, Mary Lou Marzian, and Tommy Turner.

Guests: Kate Ware, Higher Education Assistance Authority; Rob Akers, Amanda Ellis, Cassie Trueblood, Education Professional Standards Board; Cary Bishop, Department for Facilities and Support Services; Scott Majors,

Dan Martin, Keith Poynter, Board of Physical Therapy; J. Shane Carrier, Karen Waldrop, Department of Fish and Wildlife Resources; B. Dale Hamblin, Robert Swisher, Department of Workers' Claims; Steve Humphress, Marc Manley, Department of Alcoholic Beverage Control; Patrick O'Connor, Department of Insurance; Duane Curry, Max Fuller, Tim House, Steven Milby, David Startzman, Department of Housing, Buildings and Construction; Stephanie Brammer-Barnes, Office of Inspector General; Julie Brooks, Lewis Ramsey, Department for Public Health; Jonathan Scott, Lee Guice, Department for Medicaid Services; Shellie May, Jonathan Borden, Office for Children with Special Health Care Needs; Peter Naake, Heidi Schissler.

LRC Staff: Sarah Amburgey, Stacy Auterson, Emily Caudill, Betsy Cupp, Ange Darnell, Emily Harkenrider, Karen Howard, and Carrie Klaber.

The Administrative Regulation Review Subcommittee met on Tuesday, June 11, 2019, and submits this report:

Administrative Regulations Reviewed by the Subcommittee:

KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY: Division of Student and Administrative Services: KHEAA Grant Programs

11 KAR 5:145. CAP grant award determination procedure. Kate Ware, manager, Student Aid Branch, represented the division.

EDUCATION AND WORKFORCE DEVELOPMENT CABINET: Education Professional Standards Board: Advanced Certification and Rank

16 KAR 8:030. Continuing education option for rank change. Rob Akers, associate commissioner, and Cassie Trueblood, policy advisor and counsel, represented the board.

A motion was made and seconded to approve the following amendments: to amend Sections 3 and 4 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

FINANCE AND ADMINISTRATION CABINET: Department for Facilities and Support Services: State-owned Buildings and Grounds

200 KAR 3:020 & E. Use of State-owned facilities and grounds. Cary Bishop, staff attorney, represented the department.

A motion was made and seconded to approve the following amendments: (1) to amend the STATUTORY AUTHORITY and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 1 through 6 to comply with the drafting and formatting requirements of KRS Chapter 13A; (2) to amend Section 1 to add definitions for "demonstration activities,"

“normal business hours,” and “triggering events”; and (3) to amend Sections 2 through 4 to divide the event application form into five (5) separate forms to: (a) clarify when each applies; (b) exempt demonstration activities from the rental and lease portion of the form; and (c) allow state agencies to make specified adjustments to the rental and lease form for their own uses. Without objection, and with agreement of the agency, the amendments were approved.

BOARDS AND COMMISSIONS: Board of Physical Therapy

201 KAR 22:135. Fees. Scott Majors, executive director; Dan Martin, chair; and Keith Poynter, general counsel, represented the board.

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

301 KAR 2:030. Commercial guide license. Major J. Shane Carrier, Law Enforcement Division, and Karen Waldrop, deputy commissioner, represented the department.

In response to questions by Co-Chair West, Ms. Waldrop stated that changes to this administrative regulation included eliminating the hunting guide helper category. Hunting guide helpers would be able to become licensed as hunting guides by complying with the requirements established for hunting guides. Previous to this amendment, hunting guide helpers had most of the same requirements as hunting guides. Additionally, a hunter who was hunting on land owned by another would be required to have in possession while hunting, identification and documentation of permission to hunt on that land, such as a letter of permission from the landowner or the landowner's phone number. Revocation of licensure due to state or federal violations of fishing and hunting requirements was changed from revocation from one (1) to three (3) years.

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

LABOR CABINET: Department of Workers' Claims

803 KAR 25:270 & E. Pharmaceutical formulary. Dale Hamblin, Jr., assistant general counsel, and Robert Swisher, commissioner, represented the department. Peter Naake, president, Kentucky Workers' Association, appeared in support of the agency amendment to this administrative regulation.

In response to a question by Co-Chair West, Mr. Hamblin stated that the agency amendment to this administrative regulation required an injured employee to be notified of the preauthorization status for a prescribed “N”

status drug. Mr. Naake thanked the department for adding the requirement. Representative Marzian, Co-Chair Hale, and Representative Frazier likewise thanked the department for reaching a compromise with stakeholders.

At the May 14, 2019, meeting of the subcommittee, a motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1, 2, and 5 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 approve the following amendments: to amend Section 3 to: (1) require notification to an injured employee of the preauthorization requirement for an “N” status drug; (2) delete the provision that a prescription drug dispensed for outpatient use by any person other than a pharmacist requires preauthorization; and (3) comply with the formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

PUBLIC PROTECTION CABINET: Department of Alcoholic Beverage Control: Retail Premises

804 KAR 7:020. Alcoholic beverage inventory during prohibited alcoholic beverage sales period. Steve Humphress, general counsel, and Mark Manley, attorney, represented the department.

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

804 KAR 7:031. Repeal of 804 KAR 007:030.

Department of Insurance: Surplus Lines

806 KAR 10:051. Repeal of 806 KAR 010:050.

Patrick O'Connor, deputy commissioner, represented the department.

PUBLIC PROTECTION CABINET: Department of Housing, Buildings and Construction: Division of Building Code Enforcement

815 KAR 7:120. Kentucky Building Code. Duane S. Curry, director of building codes; Steven Milby, commissioner; and David Startzman, general counsel, represented the division.

Co-Chair West thanked the division for working with industry stakeholders in the development of these administrative regulations.

815 KAR 7:125. Kentucky Residential Code.

CABINET FOR HEALTH AND FAMILY SERVICES: Office of Inspector General: Division

of Healthcare: Health Services and Facilities

902 KAR 20:111. Medically managed intensive inpatient withdrawal management. Stephanie Brammer – Barnes, regulation coordinator, represented the division.

In response to a question by Co-Chair West, Ms. Brammer – Barnes stated that an on-staff physician who was an employee of the facility or a contracted physician would satisfy the requirement for at least one (1) physician per facility with the ability to prescribe drugs approved by the FDA for the treatment of opioid use disorder if the on-staff physician or contracted physician had a DEA waiver to prescribe the types of drugs used for opioid use disorder.

Department of Public Health: Division of Public Health and Safety: Milk and Milk Products

902 KAR 50:101. Repeal of 902 KAR 050:100. Julie Brooks, regulation coordinator, and Lewis Ramsey, branch manager, Milk Safety Branch, represented the division.

In response to questions by Co-Chair West, Ms. Brooks stated that 902 KAR 50:110 updated milk sanitation requirements commensurate with the current Pasteurized Milk Ordinance. Mr. Ramsey stated that these requirements pertained to dairy farms.

902 KAR 50:110. Grade A milk and milk products standards and Grade A milk sanitation requirements.

Department of Medicaid Services: Division of Policy and Operations

907 KAR 1:022. Nursing facility services and intermediate care facility for individuals with an intellectual disability. Lee Guice, director of policy and operations, and Jonathan Scott, regulation coordinator, represented the division. Heidi Schissler, legal director, Kentucky Protection and Advocacy, appeared in opposition to 907 KAR 1:755.

907 KAR 1:330. Hospice services.

907 KAR 1:340. Reimbursement for hospice services.

907 KAR 1:441. Repeal of 907 KAR 001:436.

907 KAR 1:755. Preadmission Screening and Resident Review Program.

In response to questions by Co-Chair West, Mr. Scott stated that the Preadmission Screening and Resident Review Program (PASRR) administrative regulation included MAP form 409, which was incorporated by reference. The division received public comments that expressed concerns that MAP form 409 was confusing and did not conform to federal requirements. The division agreed that a person might have substantial functional limitations as a qualifying characteristic without an intellectual ability and vice versa, or a person might have both. Ms. Schissler stated that PASRR was a federal

requirement for any Medicaid-certified nursing facility. Before each person was admitted to a Medicaid-certified nursing facility, the screening would be used to determine if the person had any mental illness or intellectual disability or related condition. Kentucky Protection and Advocacy was concerned that MAP form 409 did not accurately reflect federal screening requirements because of the way in which the factors were conjoined. Ms. Schissler requested that the form be amended to more accurately reflect the federal screening requirements. Misunderstanding of the requirements as paraphrased on the form led to at least two (2) patients with cerebral palsy not getting necessary specialized services, having their conditions deteriorate, and being admitted to nursing homes. Ms. Guice stated that the PASRR Technical Advisory Committee (PTAC) determined that the current version of MAP form 409 was adequate. PTAC allowed the form to use lay language for ease of interpretation and use, which was the intention regarding how the factors were conjoined on the form. Mr. Scott stated that the amended administrative regulation intended to add flexibility and make the form easier to interpret and use. Ms. Schissler stated that the federal definition itself had remained constant for many years.

In response to questions by Co-Chair Hale, Ms. Schissler requested that the MAP form 409, incorporated by reference in this administrative regulation, be amended to more accurately reflect the federal screening requirements. Mr. Scott stated that PTAC found the current language in the MAP form 409 adequate.

In response to questions by Representative Marzian, Ms. Guice stated that it was not possible to determine if patients other than the two (2) cited had specialized services denied due to misinterpretation of the form. Each month, approximately 1,200 Medicaid recipients applied for long-term care services. Ms. Schissler stated that the form could be amended to more accurately reflect federal requirements while still using easy to interpret, lay language. The federal government contracted with PTAC to provide guidance on PASRR issues. Representative Marzian requested that the division work with Kentucky Protection and Advocacy to consider developing an amendment for consideration once this administrative regulation was referred to the Interim Joint Committee on Health, Welfare, and Family Services. Co-Chair West reiterated Representative Marzian's request, and Mr. Scott and Ms. Guice agreed to consider an amendment for the Interim Joint Committee on Health, Welfare, and Family Services.

Office for Children with Special Health Care Needs

911 KAR 1:010. Application to office for children with special health care needs

clinical programs. Jonathan Borden, regulation coordinator, and Shellie May, executive director, represented the office.

911 KAR 1:020. Billing and fees.

911 KAR 1:060. Office for children with special health care needs medical staff.

911 KAR 1:071. Repeal of 911 KAR 001:070 and 911 KAR 001:080.

The following administrative regulations were deferred or removed from the June 11, 2019, subcommittee agenda:

STATE BOARD OF ELECTIONS: Forms and Procedures

31 KAR 4:120. Additional and emergency precinct officers.

BOARDS AND COMMISSIONS: Board of Dentistry

201 KAR 8:581. Charity dental practices.

Board of Ophthalmic Dispensers

201 KAR 13:040. Licensing.

201 KAR 13:050. Apprentices.

201 KAR 13:055. Continuing education requirements.

201 KAR 13:060. Military service; reciprocity; endorsement.

Board of Social Work

201 KAR 23:150. Complaint procedure, disciplinary action, and reconsideration.

KENTUCKY LOTTERY CORPORATION

202 KAR 3:010. Code of ethics.

ENERGY AND ENVIRONMENT CABINET: Department for Natural Resources: Division of Mine Permits: Bond and Insurance Requirements

405 KAR 10:001. Definitions for 405 KAR Chapter 010.

405 KAR 10:015. General bonding provisions.

JUSTICE AND PUBLIC SAFETY CABINET: Asset Forfeiture

500 KAR 9:011. Repeal of 500 KAR 009:010, 500 KAR 009:020, 500 KAR 009:030, and 500 KAR 009:040.

Motorcycle Safety Education Commission

500 KAR 15:010 & E. Motorcycle safety education program.

TRANSPORTATION CABINET: Department of Vehicle Regulation: Division of Driver Licensing

601 KAR 2:030 & E. Ignition interlock.

PUBLIC PROTECTION CABINET: Department of Insurance: Agents, Consultants, Solicitors, and Adjustors

806 KAR 9:001. Prelicensing courses of study.

806 KAR 9:020. False or deceptive names, titles, prohibited.

806 KAR 9:061. Repeal of 806 KAR 009:060.

806 KAR 9:070. Examinations.

806 KAR 9:310. Life settlement licenses.

806 KAR 9:321. Repeal of 806 KAR 009:320.

Insurance Fraud

806 KAR 47:010. Fraud prevention.

Surplus Lines

806 KAR 47:021. Repeal of 806 KAR 047:020 and 806 KAR 047:030.

ENERGY AND ENVIRONMENT CABINET: Public Service Commission: Utilities

807 KAR 5:056. Fuel adjustment clause.

PUBLIC PROTECTION CABINET: Department of Financial Institutions: Administration

808 KAR 1:180. Use of special restricted funds.

CABINET FOR HEALTH AND FAMILY SERVICES: Department for Public Health: Division of Epidemiology and Health Planning: Communicable Diseases

902 KAR 2:070. Rabies control.

Division of Public Health Protection and Safety: Mobile Homes and Recreational Vehicles Parks; Facilities Standards

902 KAR 15:010. Manufactured and mobile homes.

Office of Inspector General: Division of Healthcare: Health Services and Facilities

902 KAR 20:036. Operation and services; personal care homes.

Food and Cosmetics

902 KAR 45:065. Tattooing.

902 KAR 45:070. Body piercing and ear piercing.

902 KAR 45:075. Tanning facilities.

Department of Medicaid Services: Division of Policy and Operations

907 KAR 1:604 & E. Recipient cost-sharing.

Department for Behavioral Health, Developmental and Intellectual Disabilities: Division of Behavioral Health: Substance Abuse

908 KAR 1:341. Repeal of 908 KAR 001:340.

908 KAR 1:370. Licensing procedures, fees, and general requirements for nonhospital-based alcohol and other drug treatment entities.

908 KAR 1:372. Licensure of residential alcohol and other drug treatment entities.

908 KAR 1:374. Licensure of nonhospital-based outpatient alcohol and other drug treatment entities.

Department for Aging and Independent Living: Division of Guardianship: Guardianship

910 KAR 2:020. Referral process for adult guardianship.

Department for Community Based Services: Division of Protection and Permanency: Family Support

922 KAR 1:310 & E. Standards for child-placing agencies.

922 KAR 1:350 & E. Requirements for public child welfare agency foster parents, adoptive parents, and respite care providers.

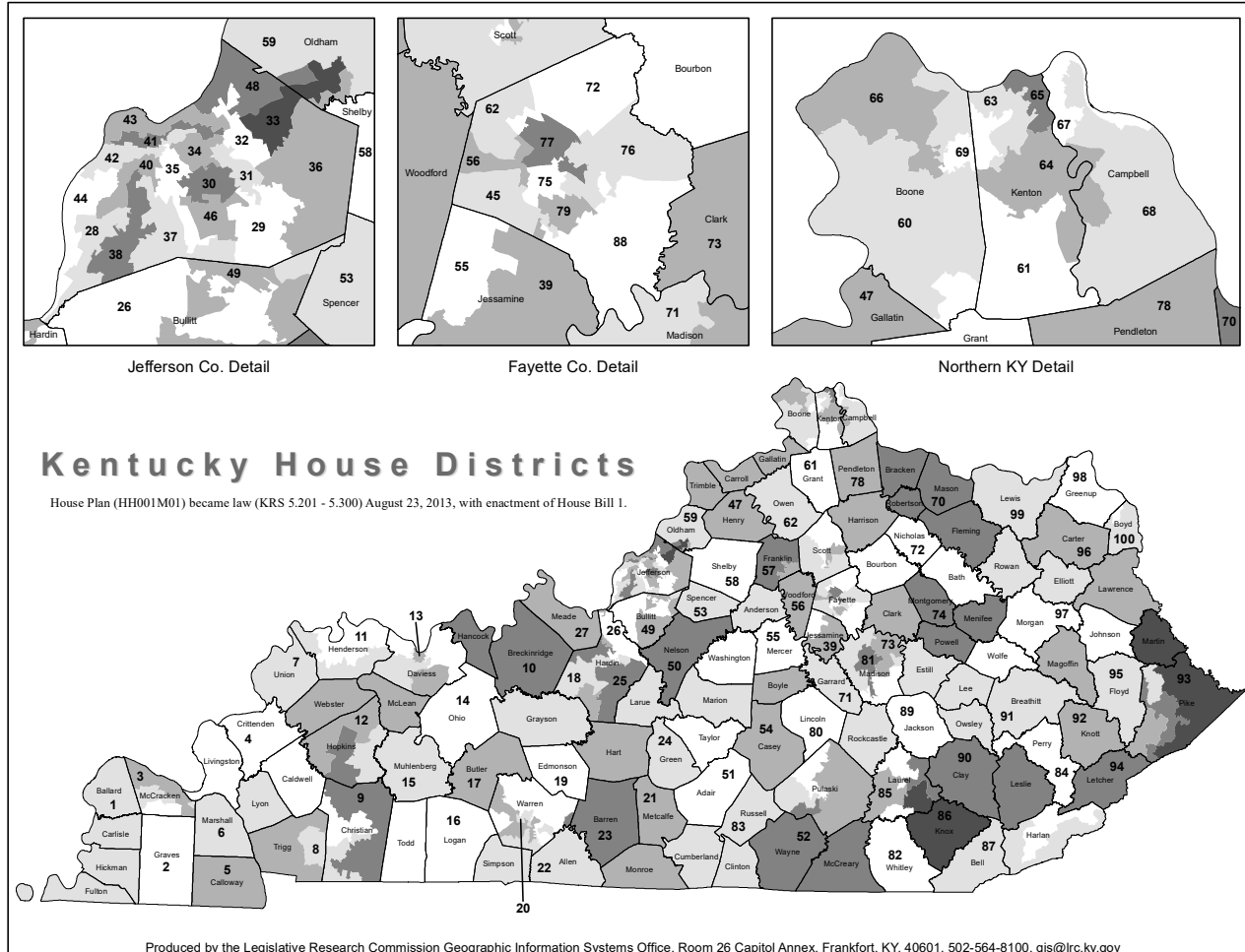
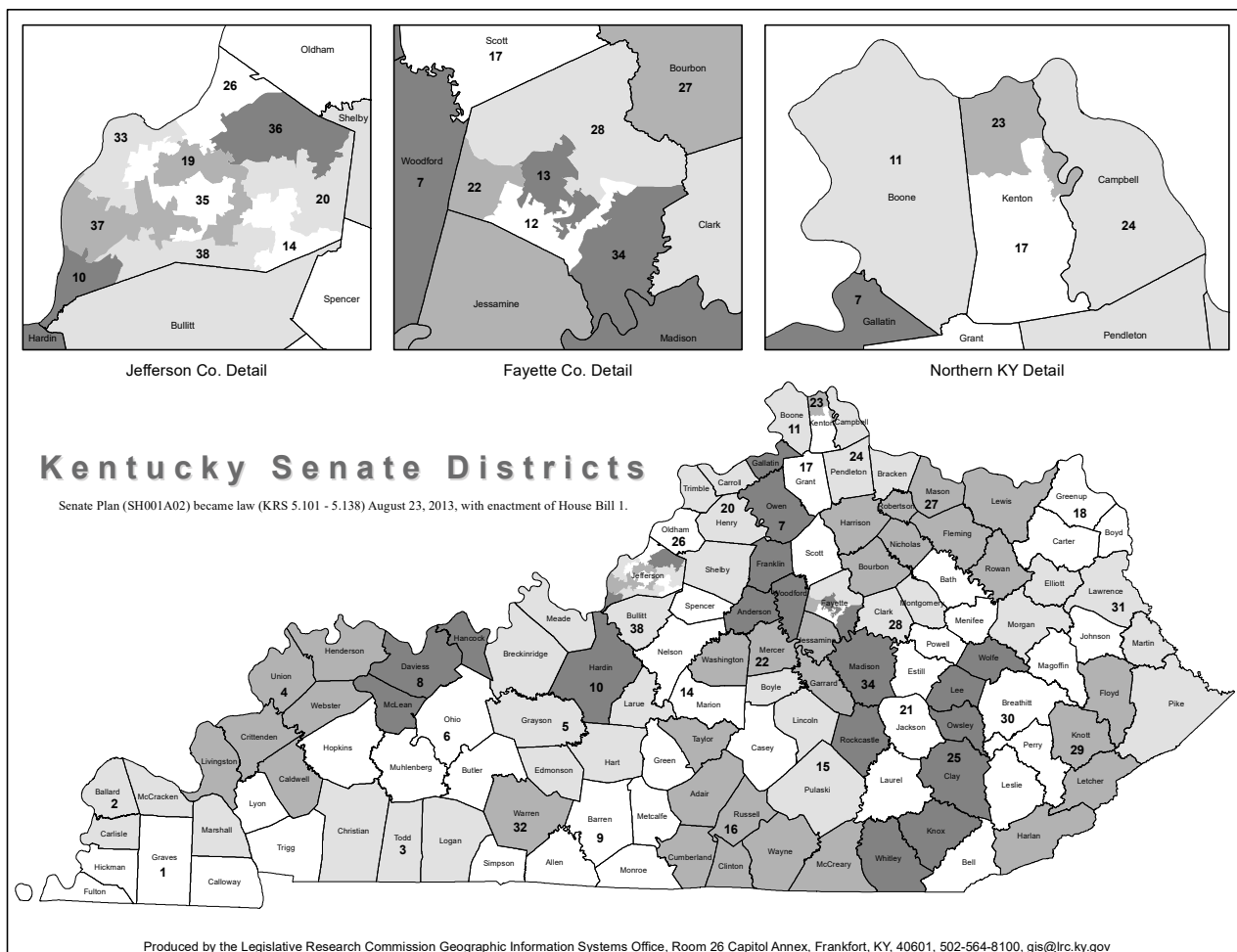
922 KAR 1:495 & E. Training requirements for foster parents, adoptive parents, and respite

care providers for children in the custody of the cabinet.
The subcommittee adjourned at 1:50 p.m. The next meeting of the subcommittee is tentatively scheduled for July 10, 2019, at 10 a.m.

LRC Publications

Research Reports

- 458** Program Review and Investigations Tuition, Fees, And Other Costs At Kentucky Public Universities (2019)
- 457** Office of Education Accountability State And Local Funds Distributed To Higher Poverty Schools (2018)
- 456** Program Review and Investigations Surplus Real Property In Kentucky (2019)
- 455** Office of Education Accountability Textbooks And Instructional Materials (2018)
- 454** Office of Education Accountability Homeschooling In Kentucky (2018)
- 453** Office of Education Accountability Kentucky District Data Profiles School Year 2017
- 452** Program Review and Investigations Kentucky's Foster Care System
- 451** Office of Education Accountability High School Indicators Of Postsecondary Success (2017)
- 450** Office of Education Accountability Preschool Program Review And Full-Day Kindergarten (2017) (Revised 7/10/2018)
- 449** Office of Education Accountability School Attendance in Kentucky (2017)
- 446** Program Review and Investigations Motor Fuel Taxes And Reformulated Gasoline In Kentucky 2016
- 445** Program Review and Investigations Information Technology In Kentucky State Government (2014)
- 438** Program Review and Investigations Personal Care Homes in Kentucky (2012)
- 437** Program Review and Investigations Medically Fragile Foster Children



2019 Interim

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Director
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Robert Jenkins
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2019 Interim

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