

# Final Reports Of The Interim Joint, Statutory, And Special Committees 2022

Informational Bulletin No. 263

December 2022



# Kentucky Legislative Research Commission

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Jay D. Hartz, Director

The Kentucky Legislative Research Commission is a 16-member committee that comprises the majority and minority leadership of the Kentucky Senate and House of Representatives. Under Chapter 7 of the Kentucky Revised Statutes, the Commission constitutes the administrative office for the Kentucky General Assembly. Its director serves as chief administrative officer of the legislature when it is not in session. The Commission and its staff, by law and by practice, perform numerous fact-finding and service functions for members of the General Assembly. The Commission provides professional, clerical, and other employees required by legislators when the General Assembly is in session and during the interim period between sessions. These employees, in turn, assist committees and individual members in preparing legislation. Other services include conducting studies and investigations, organizing and staffing committee meetings and public hearings, maintaining official legislative records and other reference materials, furnishing information about the legislature to the public, compiling and publishing administrative regulations, administering a legislative intern program, conducting a pre-session orientation conference for legislators, and publishing a daily index of legislative activity during sessions of the General Assembly.

The Commission also is responsible for statute revision; publication and distribution of the *Acts* and *Journals* following sessions of the General Assembly; and maintenance of furnishings, equipment, and supplies for the legislature.

The Commission functions as Kentucky's Commission on Interstate Cooperation in carrying out the program of The Council of State Governments as it relates to Kentucky.

**Final Reports Of The Interim  
Joint, Statutory, And Special  
Committees**

**2022**

**Presented to the  
Legislative Research Commission  
and the  
2023 Regular Session of the  
Kentucky General Assembly**

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Frankfort, Kentucky  
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**December 2022**



## Foreword

Section 36 and 42 of the Consitution of Kentucky provide that the General Assembly shall meet on the first Tuesday after the first Monday in January for 60 legislative days in even-numbered years, and for 30 legislative days, including up to 10 days for an organizational component, in odd-numbered years.

Between legislative sessions, the interim joint committees of the Legislative Research Commission, as well as statutory and special committees, meet to discuss and receive testimony on a number of important issues that may confront the General Assembly.

During the 2022 Interim, all 14 interim joint committees, 11 statutory committees, and 6 special committees held meetings.

The Legislative Research Commission provides this informational booklet as a summary of the activity of the interim joint, statutory, and special committees since adjournment of the 2022 General Assembly. The reports were prepared separately by the committee staff.

Jay D. Hartz  
Director

Legislative Research Commission  
Frankfort, Kentucky  
December 2022



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## **Report Of The 2022 Interim Joint Committee On Agriculture**

**Sen. Paul Hornback, Co-Chair**  
**Rep. Richard Heath, Co-Chair**

Sen. Jared Carpenter  
Sen. Matt Castlen  
Sen. David P. Givens  
Sen. Jason Howell  
Sen. Dennis Parrett  
Sen. Damon Thayer  
Sen. Robin L. Webb  
Sen. Stephen West  
Sen. Whitney Westerfield  
Sen. Max Wise  
Rep. Josh Calloway  
Rep. Jonathan Dixon  
Rep. Myron Dossett  
Rep. Daniel Fister  
Rep. Kelly Flood  
Rep. Derrick Graham

Rep. Mark Hart  
Rep. Keturah Herron  
Rep. Mary Beth Imes  
Rep. Kim King  
Rep. Matthew Koch  
Rep. Nima Kulkarni  
Rep. Shawn McPherson  
Rep. Michael Sarge Pollock  
Rep. Phillip Pratt  
Rep. Felicia Rouborn  
Rep. Josie Raymond  
Rep. Brandon Reed  
Rep. Cherlynn Stevenson  
Rep. Nancy Tate  
Rep. Walker Thomas  
Rep. James Tipton

LRC Staff: Stefan Kasacavage, Kelly Ludwig, Hillary Abbott, and Susan Spoonamore

**Presented to the  
Legislative Research Commission  
and the  
2023 Regular Session of the  
Kentucky General Assembly**

## **Interim Joint Committee On Agriculture**

Jurisdiction: Matters pertaining to crops, livestock, poultry, and their marketing; disease control; warehousing; tobacco; stockyards; agricultural cooperatives and marketing associations; agriculture weights and measures; veterinarians; the State Fair; and county fairs.

### **Committee Activity**

The Interim Joint Committee on Agriculture held five meetings during the 2022 Interim.

### **Impact Of Inflation On The Agriculture Industry**

The committee received testimony from the University of Kentucky's College of Agriculture, Food and Environment. An agriculture economist explained that government spending, labor supply issues, supply chain disruptions, weather, disease, the Russia-Ukraine war, and monetary policy have contributed to inflation, with the result that farm production input costs increased 24 percent since January 2022. The agriculture economist stated that projections for 2023 will be concerning if inflation does not subside.

### **USDA Farm Service Agency**

The state executive director of the US Department of Agriculture's Farm Service Agency explained that it implements agricultural policy, administers credit and loan programs, and manages programs relating to conservation, commodities, disaster, and farm marketing. The coordinator of the agency's Farm Loan Programs described the Guaranteed Loan Program, the Direct Farm Loan Program, and the Microloan Program. The coordinator explained that the Emergency Loan Program is triggered when the secretary of agriculture designates a natural disaster or when the president declares a natural disaster or emergency under the Stafford Act. The coordinator noted that the Farm Bill includes the Livestock Indemnity Program and the Farm Storage Facility Loan Program.

### **Shortage Of Large-Animal Veterinarians**

The commissioner of agriculture noted a nationwide shortage of large-animal veterinarians. Kentucky is a large livestock state, and the lack of such vets is a problem for livestock producers. The commissioner discussed programs to assist veterinarians in underserved and unserved areas: the US Department of Agriculture Veterinary Medicine Loan Repayment Program and the Kentucky Agricultural Finance Corporation's Large Animal Veterinary Loan Program. Kentucky has no veterinary school, but has reciprocity agreements with Auburn University and the Tuskegee Institute, which reserve 41 slots for Kentucky students. The state Department of Agriculture's chief of staff stated that the department conducted a stakeholders dialogue on the status of large-animal vets, including industry representatives and agriculture leaders. The state veterinarian testified that veterinarians are critical in protecting the food supply and responding to emergencies that may arise from diseases. The chief of staff stated the Kentucky Board of Veterinary Examiners moved to the Department of Agriculture for administrative purposes.

### **Kentucky Cattlemen’s Association**

The president of the Kentucky Cattlemen’s Association testified that beef products produced in Kentucky have dramatically improved thanks to funds from the Kentucky Office of Agricultural Policy’s programs to improve livestock quality. The commissioner of agriculture expressed support for the proposed Agriculture Education Center and the proposed Meats and Food Development Center to be located at the University of Kentucky’s Woodford County Research Farm. The membership coordinator of the Kentucky Cattlemen’s Association stated that the priority for the Agriculture Education Center would be to serve as a key resource for continuing education and training, including workforce development, value-added marketing, producer profitability, and student enrichment and development. The membership coordinator explained that the Meats and Food Development Center would provide innovative and modern approaches to the processing industry.

### **Kentucky State Fair Board**

At the Kentucky State Fair in Louisville, the president and chief executive officer of Kentucky Venues provided an update on fair activities and Kentucky Exposition Center projects funded by the General Assembly, explaining that revenues and attendance are beginning to recover after a slump due to the COVID-19 pandemic. The mayor of Louisville Metro and the vice president of government affairs and communications for Greater Louisville Inc. welcomed the committee.

### **Biodiesel Blending Facility**

The chief financial officer and the financial analyst of Hemisphere Limited provided an overview of the Continental Refining Company project located in Somerset. The chief financial officer explained that the facility is purchasing soybeans from local producers to make blended biodiesel. Continental Refining plans to crush soybeans and soy hulls to provide soybean meal that can be used as animal feed.

### **Kentucky Dairy Development Council**

The executive director of the Kentucky Dairy Development Council gave an update on the state’s dairy industry, testifying that Kentucky has fewer dairy farms but increased milk production due to more efficient milk production per cow. The executive director explained that increased transportation costs have caused more milk to be resourced locally rather than being purchased cheaper from out of state. The executive director stated that a dairy operation based in California is expanding to Fulton County with a \$50 million investment. The company plans to contract with local producers to purchase grain and will have an economic impact in a variety of sectors, such as transportation.

### **Community Farm Alliance**

The executive director, the policy campaign coordinator, and the Northfolk local food coordinator of the Community Farm Alliance gave an overview of its programs, stating that the Central Appalachian Family Farm Fund assisted 94 farms in 10 eastern Kentucky

counties affected by flooding in July. The funds assisted in equipment repair, produce replacement, canning supplies, and soil and water testing. The policy campaign coordinator stated that the creation of the Healthy Farm and Food Innovation Fund would create a state fund to be used as match grants for state, federal, and private philanthropy funds.

### **Administrative Regulations**

During the 2022 Interim, the Kentucky Department of Agriculture referred 15 administrative regulations to the committee. The regulations related to motor fuel and pesticides.

### **Legislative Proposals/Policy Positions Received**

The committee received legislative proposals and comments for the 2023 Regular Session from the Kentucky Department of Agriculture.

The following legislative proposals were received in the full committee:

#### **Kentucky Farm Bureau**

- Address issues related to the expansion of the solar industry, specifically decommissioning plans and support for landowners to return land to agricultural use upon expiration of solar contracts.
- Address the labor shortage by enhancing training, increasing support for trade programs, and encouraging graduates to return to rural areas to work.

#### **Kentucky Department Of Agriculture**

- Reorganize the Office of the State Veterinarian to include emergency preparedness and response staff.
- Request funding for nine new positions within the Office of the State Veterinarian.
- Create the State Agriculture Response Team to implement disaster relief.

#### **Kentucky Poultry Federation**

- Enhance training efforts and workforce development to address the labor shortage.
- Support the State Veterinarian's Office staffing needs and evaluate emergency disease and disaster plans.
- Address the shortage of large-animal and food animal veterinarians.
- Support the Agriculture Education Center and Meats and Foods Development Center.

### **Reports Received**

The committee did not receive any reports during the 2022 Interim.

**Report Of The 2022  
Interim Joint Committee On Appropriations And Revenue**

**Sen. Christian McDaniel, Co-Chair  
Rep. Jason Petrie, Co-Chair**

Sen. Danny Carroll  
Sen. Matt Castlen  
Sen. Donald Douglas  
Sen. David P. Givens  
Sen. Alice Forgy Kerr  
Sen. Morgan McGarvey  
Sen. Stephen Meredith  
Sen. Michael J. Nemes  
Sen. Robin L. Webb  
Sen. Stephen West  
Rep. Lynn Bechler  
Rep. Danny Bentley  
Rep. John Blanton  
Rep. Randy Bridges  
Rep. Myron Dossett  
Rep. Joseph M. Fischer  
Rep. Ken Fleming

Rep. Kelly Flood  
Rep. Chris Fugate  
Rep. Al Gentry  
Rep. David Hale  
Rep. Mark Hart  
Rep. Angie Hatton  
Rep. Bobby McCool  
Rep. Jason Nemes  
Rep. Ruth Ann Palumbo  
Rep. Melinda Gibbons Prunty  
Rep. Josie Raymond  
Rep. Brandon Reed  
Rep. Steve Riley  
Rep. Sal Santoro  
Rep. James Tipton  
Rep. Lisa Willner

LRC Staff: Jennifer Hays, Cynthia Brown, Sarah Watts, Katy Jenkins,  
Hunter Branham, Hope Rowlett, and Lexi Bensberg

**Presented to the  
Legislative Research Commission  
and the  
2023 Regular Session of the  
Kentucky General Assembly**

**2022 Interim  
Budget Review Subcommittee Organization And Membership**

**Budget Review Subcommittee On Economic Development,  
Tourism, And Environmental Protection**

**Sen. Matt Castlen, Co-Chair  
Rep. Lynn Bechler, Co-Chair**

Sen. Morgan McGarvey  
Sen. Wil Schroeder  
Sen. Brandon Smith  
Rep. Al Gentry

Rep. David Hale  
Rep. Nima Kulkarni  
Rep. Savannah Maddox  
Rep. Bart Rowland

Rep. Russell Webber, ex officio

LRC Staff: Joey Holt, Kevin Newton, Sara Rome, and Amie Elam

**Budget Review Subcommittee On Education**

**Sen. Steve West, Co-Chair  
Rep. Steve Riley, Co-Chair  
Rep. James Tipton, Co-Chair**

Sen. Alice Forgy Kerr  
Sen. Dennis Parrett  
Sen. Max Wise  
Rep. Kim Banta  
Rep. Tina Bojanowski

Rep. Ken Fleming  
Rep. Kelly Flood  
Rep. Derrick Graham  
Rep. Bobby McCool  
Rep. Charles Miller

Rep. Regina Huff, ex officio

LRC Staff: Liz Columbia, Seth Dawson, Savannah Wiley, and Amie Elam

**Budget Review Subcommittee On General Government,  
Finance, Personnel, And Public Retirement**

**Sen. Michael J. Nemes, Co-Chair**  
**Rep. John Blanton, Co-Chair**  
**Rep. Myron Dossett, Co-Chair**

Sen. Robby Mills  
Sen. Adrienne Southworth  
Sen. Reginald Thomas  
Sen. Stephen West  
Rep. Kevin D. Bratcher  
Rep. Jeffery Donohue  
Rep. Derrick Graham  
Rep. Mark Hart

Rep. Adam Koenig  
Rep. Michael Meredith  
Rep. Suzanne Miles  
Rep. Phillip Pratt  
Rep. Josie Raymond  
Rep. Nancy Tate  
Rep. Buddy Wheatley

Rep. Jim Gooch, ex officio  
Rep. Jerry T. Miller, ex officio

LRC Staff: Liz Columbia, Seth Dawson, Joey Holt, Zach Ireland, Emma Mills, Perry Papka,  
Justin Perry, David Talley, and Spring Emerson

**Budget Review Subcommittee On Human Resources**

**Sen. Stephen Meredith, Co-Chair**  
**Rep. Danny Bentley, Co-Chair**

Sen. Julie Raque Adams  
Sen. Ralph Alvarado  
Sen. Karen Berg  
Sen. Danny Carroll  
Rep. Adam Bowling  
Rep. Ken Fleming

Rep. Deanna Frazier Gordon  
Rep. Melinda Gibbons Prunty  
Rep. Steve Sheldon  
Rep. Russell Webber  
Rep. Susan Westrom  
Rep. Lisa Willner

Rep. Kimberly Poore Moser, ex officio

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

**Budget Review Subcommittee On Justice And Judiciary**

**Sen. Danny Carroll, Co-Chair**  
**Rep. Joseph M. Fischer, Co-Chair**

Sen. John Schickel	Rep. Jennifer Decker
Sen. Robin L. Webb	Rep. Daniel Elliott
Sen. Whitney Westerfield	Rep. Angie Hatton
Rep. McKenzie Cantrell	Rep. Jason Nemes

Rep. C. Ed Massey, ex officio

LRC Staff: Zach Ireland, Perry Papka, and Benjamin Thompson

**Budget Review Subcommittee On Transportation**

**Sen. Jimmy Higdon, Co-Chair**  
**Rep. Sal Santoro, Co-Chair**

Sen. Brandon J. Storm	Rep. Samara Heavrin
Sen. Johnnie Turner	Rep. Thomas Huff
Sen. Mike Wilson	Rep. Shawn McPherson
Sen. David Yates	Rep. Phillip Pratt
Rep. Randy Bridges	Rep. Rachel Roberts
Rep. Chris Fugate	Rep. Cherlynn Stevenson

Rep. Ken Upchurch, ex officio

LRC Staff: Justin Perry, David Talley, and Spring Emerson

**Ex Officio Members For All Budget Review Subcommittees**

Sen. Chris McDaniel  
Rep. Jason Petrie  
Rep. Brandon Reed



## **Interim Joint Committee On Appropriations And Revenue**

Jurisdiction: Matters pertaining to the executive budget and other appropriations of state moneys; the levying of state and local taxes, including school taxes; property tax rates and assessments; the state debt; revenue bond projects; claims upon the treasury; accounting of state funds by local officers; audits for state purposes; budget and financial administration; and payment, collection, and refund of taxes.

### **Committee Activity**

During the 2022 Interim, the Interim Joint Committee on Appropriations and Revenue held six meetings and received testimony on a wide range of topics.

#### **Average Wholesale Price Of Motor Fuels**

The secretary of the Transportation Cabinet, the executive director of Kentucky Association of Counties, the executive director of Kentuckians for Better Transportation, and economists from the Legislative Research Commission discussed the average wholesale price of motor fuels and how they are taxed in the state. The state motor fuels tax has three parts: the excise tax, the supplemental highway user tax, and the petroleum storage tank environmental assurance fee. By statute, the average wholesale price cannot shift more than 10 percent from the previous fiscal year or dip below \$2.177 per gallon. Revenues from the excise and supplemental highway user taxes are deposited into the road fund. Since 2015, the total motor fuels tax on gasoline has remained 26 cents per gallon. The constant motor fuels tax rate and the low variability of taxable gallons sold have resulted in only modest growth in motor fuels tax revenues. On June 2, 2022, the executive branch filed an emergency regulation to keep the motor fuels tax at 26 cents per gallon, suspending a 2-cent increase to the tax. It is estimated that this regulation will result in a loss of approximately \$30 million from revenues. During the 2023 Regular Session, the Governor is to propose that funds from the general fund surplus be used to restore revenue sharing to the level indicated in the budget for FY 2023.

#### **Broadband Deployment**

The state budget director, the executive director of the Kentucky Infrastructure Authority, the judges/executive of Union County and Crittenden County, and the president of Kenergy testified on the status of broadband deployment programs across the state. As a result of funding appropriated by the General Assembly, more than 34,000 households and businesses in 36 counties are to have access to broadband internet. The next steps for broadband deployment include creating the Office of Broadband Development, developing applications for the next round of grant funding, and developing the program for pole replacement subsidies. An estimated \$700 million is to be allocated to the state through the federal Broadband Equity, Access, and Deployment Program. Following the passage of 2022 Regular Session House Bill 315, Kenergy is prepared to begin construction on broadband infrastructure to its 35,000 underserved meters. The company anticipates a 3- to 5-year buildout with approximately 150 to 200 miles per year.

### **Disposition Of Bond Authorization For Parks**

The parks commissioner of the Tourism, Arts, and Heritage Cabinet and a representative of the Finance and Administration Cabinet testified on the allocation of the \$50 million authorized in 2019 RS HB 268. Projects involving wastewater treatment, utilities and communications cabling, life safety systems, and hospitality are under way. Inflation and increasing labor costs have affected the number of bids received for the projects.

### **Federal Funds Appropriated For Tourism Recovery And Investment**

The secretary of the Tourism, Arts, and Heritage Cabinet and the commissioner of the Department of Tourism explained how the cabinet has appropriated funds distributed from the federal government. A total of \$75 million was split into four pools: marketing tourism in Kentucky, tourism commissions for marketing communities, tourism commissions for attracting meetings and conventions, and tourism commissions for multijurisdiction collaborative destination marketing.

### **Federal Funds For Water And Wastewater Projects**

The state budget director and the executive director of the Kentucky Infrastructure Authority testified that, over the 2021 and 2022 Regular Sessions, approximately \$540 million has been appropriated for improving water infrastructure. This money is to be delivered to local jurisdictions for drinking water and wastewater projects. Approximately \$50 million of the first round of funding has been reserved for cost escalations. Applications for funding were approximately three times the amount appropriated, and this rate is also expected during the next round of applications because there continues to be a need for potable drinking water in certain areas of the state.

### **Fiscal Year 2022 Close-Out**

The state budget director announced that general fund revenue for FY 2022 totaled \$14.7 billion, exceeding the official estimate and resulting in a \$1.03 billion general fund surplus. Two-thirds of this revenue surplus is attributed to individual income tax receipts, which were the highest since 1991. FY 2022 road fund revenues were 0.3 percent less than the official estimate, but there was a \$70.3 million road fund surplus that is to be deposited into the highways–state construction account. Motor vehicle usage tax and motor fuels tax receipts increased by \$629.1 million and 3.5 percent, respectively. The state’s employment rate is approximately equal to the pre-pandemic rate.

### **Kentucky Department Of Education’s Community Education Programs**

The executive director of the Kentucky Department of Education (KDE) and a KDE policy adviser discussed the department’s community education programs. These programs, as defined in KRS 160.155, are intended to ensure that public buildings are used for educational purposes when not in regular use. KDE issues continuation awards to 93 districts operating community education programs. Awards provide districts with \$20,000 to be used for the salary of a

community education director with a 25 percent match from the grantee, for a total contribution of \$16 million distributed annually. Districts receiving state funding must submit an annual report, including a program evaluation and financial statement, to KDE. KDE also prepares the Community Education Annual Report, which measures the outcomes of the programs.

### **Electric Vehicle Infrastructure Deployment Program**

The electric vehicle project manager and an assistant highway engineer from the Transportation Cabinet provided an update on the plan to create an electric vehicle charging network that would support energy diversification and economic development. The 2021 Infrastructure Investment and Jobs Act created the National Electric Vehicle Infrastructure (NEVI) Formula Program, which promised funding to states with federally approved electric vehicle infrastructure plans. Kentucky's electric vehicle infrastructure plan was approved in September 2022, and the state has secured its first \$25 million of NEVI funding. The state will not own, operate, or maintain any of the charging stations created through this plan. Each charging station will cost \$800,000 to \$1.2 million. The total cost to build the planned alternative fuel corridors is estimated at \$40 million.

### **KEHP/AON Projections For Plan Year 2024**

Representatives of the Personnel Cabinet and a Kentucky Employees' Health Plan (KEHP) actuary representative from AON discussed how KEHP uses its funding and the projected cost of the plan through FY 2024. Claims payments account for 95.8 percent of KEHP expenses, and operating expenses account for 0.5 percent of total expenditures. The projected increases for FY 23 and FY 24 are on track.

### **K-12 Funding—School Board Employee Raises**

The director of advocacy for the Kentucky School Boards Association (KSBA) and the president of the Kentucky Association of School Business Officials testified on the positive impact of 2022 RS HB 1 on school districts. This bill included increases in Support Education Excellence in Kentucky funding, transportation reimbursement, and the per-child rate for family resource and youth service centers. The KSBA conducted a survey and found that 162 of 171 state school districts raised their employees' wages.

### **Louisville Youth Detention Facility Expansion**

The commissioner and the deputy commissioner of the Department of Juvenile Justice, the deputy mayor and the chief of public services of Louisville, and the director of Youth Transactional Services testified on the need for additional money to be included in the state's budget to upgrade the youth detention facility in Jefferson County, which the state operates. In Kentucky, 25 percent of incarcerated youth originate from Louisville, and the existing facility in Lyndon is not equipped to address the needs of this population. It is estimated that this expansion would cost \$890,500 and that total operating costs would be approximately \$8.4 million annually.

## **2022 Regular Session House Bill 8**

The committee staff administrator of the Appropriations and Revenue Committee explained revenue measures enacted in 2022 RS HB 8, which enacted changes to the state's revenue structure and conditions to reduce the individual income tax rate over time. Each fiscal year, two conditions must be met: the balance reserve trust fund must be equal to or greater than 10 percent of general fund moneys, and general fund moneys must be equal to or greater than general fund appropriations plus the individual income tax equivalent. If both conditions are met, the individual income tax rate will be reduced from 5 percent to 4.5 percent for taxable years beginning January 1, 2023. Action by the General Assembly is required before additional rate reductions can occur.

Other measures enacted in 2022 RS HB 8:

- Decontamination tax credit
- Change in the tax credit threshold for historic properties
- 35 newly taxable services
- Expansion of KRS definition of taxable extended warranty services
- Elimination of tax exemptions for admission to historic sites
- Tax exemption for prescription and over-the-counter drugs used on livestock that qualify for agricultural tax exemptions
- Limit on exemption for residential utilities to a taxpayer's place of domicile
- Car rental and ride sharing tax
- Electric vehicle power excise tax
- Electric vehicle ownership fee
- 60-day tax amnesty provision
- Update of state and local transient room tax
- Creation of local car rental and ride sharing license fee

## **Kentucky Constitution And Local Tax Structure**

The committee staff administrator of the Appropriations and Revenue Committee explained some nuances of local taxation. Revenue related to local taxation is generated primarily by various license fees and property tax, with occupational license fees generating a significant amount of revenue for both cities and counties. The state constitution outlines the roles of the General Assembly and local jurisdictions in local tax structure.

## **University Of Louisville Cybersecurity Program**

The president of Global Watchmen Associates and representatives of the University of Louisville testified on the necessity of a cybersecurity program and advocated for the funds needed to start the construction of a program. The blueprint for the Louisville institution roughly follows that of the Georgia Cyber Center. The initial request for FY 2023 is \$1 million to fund personnel, training development, and cyber-range hardware and software. The request for FY 2024 is \$10.7 million, to fund more personnel, more training, a P-12 pipeline, architecture and construction management, and site infrastructure improvements.

## **Legislative Proposals**

### **Airport Noise Mitigation Tax Credit**

Representative Donohue testified in favor of a tax credit for constituents living near airports to incentivize their purchase of soundproofing materials for their houses or businesses. This tax credit would be available only to constituents living within a certain radius of the airport, to include portions in and around Jefferson County.

### **Constitutional Amendment Regarding Local Tax Structure**

Representative Meredith and representatives of various local economic development groups testified in favor of the provisions of 2022 RS HB 475 and 476.

Recommendations for the 2023 Regular Session:

- Support 2022 RS HB 475, transitioning from reliance on income-based taxes to consumption-based taxes at the local level.
- Support 2022 RS HB 476, ensuring that the state government has supremacy over local taxing jurisdictions.

### **Tax Modernization**

The executive director of the Kentucky Chamber Center for Policy and Research and a senior policy analyst for the Tax Foundation testified on Kentucky's opportunity for growth in terms of tax modernization. The tax policy reforms that occurred in the Regular Sessions of 2018 and 2019 have had a positive impact on Kentucky's economy, and it is expected that 2022 RS HB 8 will have similar results.

Recommendations for the 2023 Regular Session:

- Improve transparency of the balance reserve trust fund.
- Improve cost recovery.
- Repeal the inventory tax.
- Reduce reliance on tangible property taxes.

## **Subcommittee Activity**

The Interim Joint Committee on Appropriations and Revenue is organized into six Budget Review Subcommittees. Their purpose is to review revisions to the enacted budget, to monitor the budgetary operations and programs of state government, and to address agency budget needs.

### **Budget Review Subcommittee On Economic Development, Tourism, And Environmental Protection**

The Budget Review Subcommittee on Economic Development, Tourism, and Environmental Protection held three meetings during the 2022 Interim.

The Tourism, Arts, and Heritage Cabinet provided discussion of state parks' budget needs for the 2023 legislative session and an update on authorized capital projects of the state parks from the last three biennial budgets (2018-2020, 2020-2022, 2022-2024).

The Horse Racing Commission provided an update on pari-mutuel wagering and excise taxes outlining the changes made with 2022 RS HB 607.

The Cabinet for Economic Development provided an agency overview, including actual expenditure data for FY 2022. There were discussions related to the Product Development Initiative included in the 2022-2024 biennial budget. Information was provided regarding the application process for the initiative and information on how the funding would be distributed to entities that apply.

### **Budget Review Subcommittee On Education**

The Budget Review Subcommittee on Education held five meetings during the 2022 Interim.

The interim executive director and the vice president of government relations and communications from the Kentucky Higher Education Assistance Authority/Kentucky Higher Education Student Loan Corporation provided an overview of the historical and current changes to student loans, the fiscal impact of recent federal changes and 2022 RS HB 1, and potential federal student loan forgiveness.

Representatives of Kentucky State University (KSU) and the Council on Postsecondary Education provided monthly updates related to 2022 RS HB 250, including KSU's Management Improvement Plan, the current fiscal status of the institution, anticipated fiscal needs, emergency declarations for existing facilities, and audited financial statements for FY 2021 and FY 2022. KSU also provided testimony on student enrollment, student retention, outstanding student balances, and the new residence hall set to open in January 2023.

Representatives of the Council on Postsecondary Education provided an update on asset preservation for state-funded postsecondary institutions from 2022 RS HB 1, strategic initiatives, and legislative priorities for the 2023 Regular Session. Testimony included an overview of asset preservation, administration of asset preservation funds for eligibility and reimbursement, a preliminary listing of projects for each institution, and the approach that will be used for distributing funds to the institutions.

The president and the assistant vice president for financial support services of the Kentucky Community and Technical College System provided an overview of the institution's budget and

performance funding distribution, the student profile across its 16 colleges, mandated programs, current tuition rates, and initiatives from 2022 RS HB 1.

The state security marshal provided an overview of school resource officer requirements addressed in 2022 RS HB 63, addressing questions regarding school district compliance, training requirements, and funding needed to support school resource officers in school districts.

The executive director and the Reading Recovery Training Center director of the Collaborative Center for Literacy Development (CCLD), along with a representative of the University of Kentucky, provided an overview of CCLD and the Reading Recovery Program. Testimony included a Reading Recovery Training Center report and a listing of personal service contracts.

The Kentucky Department of Education provided discussion of the impact of inflation on school district facility construction projects. Superintendents from local districts provided updates on projects that have been affected by rising construction costs.

### **Budget Review Subcommittee On General Government, Finance, Personnel, And Public Retirement**

The Budget Review Subcommittee on General Government, Finance, Personnel, and Public Retirement held five meetings during the 2022 Interim.

Representatives of the Personnel Cabinet provided a brief overview of the Executive Branch Classification and Compensation Report.

Representatives of the Kentucky Public Pensions Authority provided an overview of the impact that various levels of supplemental appropriations would have on the Kentucky Employees Retirement System nonhazardous pension fund and the State Police Retirement System pension fund.

The senior vice president of public affairs for the Kentucky Chamber of Commerce and the vice chief information officer of Cforward, an information technology company based in Kentucky, discussed the effects of cyberattacks on businesses.

The chief information security officer of the Commonwealth Office of Technology provided an overview of measures to manage cybersecurity within the executive branch. The presentation discussed the office's approach, program frameworks, layered security efforts, and the strategic plan for continuous improvement in cybersecurity for the commonwealth.

The Office of Attorney General provided an overview of cybersecurity for public and private agencies, a discussion of types of threats, and the agency's response.

The chief executive officer of Dataseam provided an overview of its program. Testimony included a discussion of the partnership with local school districts and the ability to use Dataseam's technology to support cancer research at the University of Louisville.

Representatives of the University of Louisville provided an overview of KentuckyCYBER, the cybersecurity center housed within the university, addressing the existing cybersecurity environment, workforce development and upskilling, various cybertraining programs, and research opportunities. Representatives also discussed the existing budget and funding opportunities for KentuckyCYBER along with goals for FY 2023 and FY 2024.

A representative of the Department of Agriculture presented information regarding its response to flooding in eastern Kentucky. The department provided guidance and assistance related to federal aid programs and insurance designed to aid flood victims.

Representative Huff and representatives of Rogers Group Inc. discussed a proposed mineral severance bill intended to tax out-of-state limestone aggregate producers selling product in Kentucky.

Senator Nemes discussed a proposed bill that would provide a homestead exemption for a property maintained by an owner who is 65 years old or older. An LRC committee analyst for the Interim Joint Committee on Appropriations and Revenue provided a history of homestead exemptions.

Representatives Hart and Wheatley and representatives of the Lexington Fire Department testified on a proposed bill that would establish an Urban Search and Rescue Department as part of Kentucky Emergency Management.

### **Budget Review Subcommittee On Human Resources**

The Budget Review Subcommittee on Human Resources held three meetings during the 2022 Interim.

The executive director of the Office of Consumer Protection of the Office of Attorney General (OAG), the executive director of the Kentucky Opioid Abatement Advisory Commission of the OAG, and the deputy general counsel and director of legal policy of the OAG provided an overview of the payment schedule and disbursement mechanisms for Kentucky's opioid settlement.

The president and chief executive officer of the Kentucky Hospital Association, the association's senior vice president for policy and government relations, and the chief financial officer of the Department for Medicaid Services (DMS) of the Cabinet for Health and Family Services (CHFS) provided an update on the hospital rate improvement program and proposed expanding it to provide payments for outpatient services.

The secretary of CHFS, the cabinet's commissioner for public health, and the executive director of the cabinet's Office of Finance and Budget provided an overview and update on the federal funding received and expenditures by CHFS for services related to COVID-19.

The secretary of CHFS, the commissioner of DMS, and the chief financial officer of DMS



provided an update on FY 2022 year-end Medicaid expenditures, as well as the FY 2023 projection for Medicaid expenditures.

### **Budget Review Subcommittee On Justice And Judiciary**

The Budget Review Subcommittee on Justice and Judiciary held four meetings during the 2022 Interim.

Representatives of the Kentucky Department of Corrections provided an overview of the strategic master plan for correctional facilities for which funds were appropriated in FY 2023. The department provided an update on various capital projects authorized in the current biennium, their status, and any cost increases associated with the inflationary economy. The department also provided an update on whether increased costs have caused any difficulties in procuring fleet vehicles, and the adequacy of the \$4 increase in the county jail per diem authorized in the current biennium.

Representatives of the Department of Criminal Justice Training provided an update on the progress made on the department's new firing range and a status update on the study for a proposed training campus in Madisonville.

Representatives of the Office of the State Medical Examiner provided an update on the progress toward reopening a Northern Kentucky office, as well as funds appropriated for this purpose and realignment of staffing.

Representatives of the Administrative Office of the Courts provided a status update on virtual hearing technology in courts and jails and the electronic court filing system, for which funds were appropriated in FY 2022 and FY 2023, respectively.

Representatives of Kentucky State Police provided an update on the impact of the increase in the salary schedule on state police recruitment and retention.

### **Budget Review Subcommittee On Transportation**

The Budget Review Subcommittee on Transportation held four meetings during the 2022 Interim.

The secretary of the Transportation Cabinet provided an overview of fiscal challenges facing the road fund, including the impact of inflation on the cabinet's purchasing power when constructing and maintaining roadways. The secretary expressed confidence that the Governor's decision to forgo collection of a 2-cent-per-gallon increase in the gas tax would not have a materially negative impact on the state construction program overall. The cabinet has been working diligently to address issues related to hiring and retaining staff, including contemplating moving to a 40-hour workweek, providing targeted raises, and speeding up the process of hiring candidates to avoid losing them to the private sector.

The cabinet also presented information regarding both ongoing and completed mega-projects. Under newly passed federal surface transportation legislation, states now have access to competitive grant pools of funding for bridges and roads of regional and national significance, and the cabinet has aggressively pursued that funding. Decisions on those grant applications were expected by the end of 2022 for the Brent Spence Bridge, by the end of 2023 for the Ohio River Crossing in Henderson, and by the end of 2024 for the Mountain Parkway. There was discussion of the toll rate for the Louisville Bridges Project in Louisville.

The cabinet provided discussion of its many actions to mitigate the damage from floods in eastern Kentucky. A total of 200,000 tons of debris was removed from several bridges and roads. Several roads were washed away, necessitating temporary solutions to allow traffic to resume. The cabinet brought in more than 180 personnel from other Kentucky highway districts to help effectuate repairs and cleanup. The secretary noted that it was too early to specify the total cost of the cleanup and repairs, but that the amount would be significant.

With the recent change that made the Transportation Cabinet responsible for issuing driver's licenses, there are now 31 regional driver licensing offices. In addition to permanent regional driver licensing offices, there are pop-up offices that provide licenses in areas not served by a regional office.

The cabinet presented information on the federally funded Transportation Alternatives Program, a reimbursement program that helps local entities build infrastructure such as safe routes to schools, sidewalks, bike lanes, and items related to other nonmotorized forms of transportation. This program distributes approximately \$17 million per year to Kentucky. The cabinet provided discussion of monitoring railroad crossings for problems. The cabinet is allocated \$1.6 million per year from the Highway Construction Contingency Account, which it uses to partner with railroad companies to improve crossings and remove obstacles. With the passage of the federal Infrastructure Investment and Jobs Act, Kentucky will receive approximately \$70 million to build and improve electric vehicle charging stations. The cabinet is planning locations and partnering with private entities to own and maintain the stations, and it anticipates a 4-year process before the stations are built.

## **Report Of The 2022 Interim Joint Committee On Banking And Insurance**

**Sen. Jared Carpenter, Co-Chair  
Rep. Bart Rowland, Co-Chair**

Sen. Julie Raque Adams  
Sen. Ralph Alvarado  
Sen. Donald Douglas  
Sen. Rick Girdler  
Sen. Jason Howell  
Sen. Morgan McGarvey  
Sen. Dennis Parrett  
Sen. John Schickel  
Sen. Brandon Smith  
Sen. Brandon J. Storm  
Rep. Danny Bentley  
Rep. Joseph M. Fischer  
Rep. Patrick Flannery  
Rep. Deanna Frazier Gordon  
Rep. Jim Gooch Jr.

Rep. Angie Hatton  
Rep. Norma Kirk-McCormick  
Rep. Adam Koenig  
Rep. Nima Kulkarni  
Rep. Derek Lewis  
Rep. Matt Lockett  
Rep. Shawn McPherson  
Rep. Michael Meredith  
Rep. Michael Sarge Pollock  
Rep. Rachel Roberts  
Rep. Sal Santoro  
Rep. Tom Smith  
Rep. Cherlynn Stevenson  
Rep. Ken Upchurch  
Rep. Susan Westrom

LRC Staff: Jessica Sharpe, Breanna Patterson, and Liz Hardy

**Presented to the  
Legislative Research Commission  
and the  
2023 Regular Session of the  
Kentucky General Assembly**

## **Interim Joint Committee On Banking And Insurance**

Jurisdiction: Matters pertaining to banking; banks and trust companies; petty loan companies; building and loan associations; credit unions; investment companies; industrial loan corporations; securities; Blue Sky Law; mortgage guaranty insurance; assessment and cooperative insurance; fraternal benefit societies; hospital service corporations; burial associations; medical and dental service corporations; life, accident, indemnity, and other forms of insurance; stock and mutual insurance companies; banking and insurance aspects of the Uniform Commercial Code; interest and usury; pawnbrokers; private credit; consumer credit; sale of checks; installment sales contracts; legal investments; and principal and income.

### **Committee Activity**

The committee met four times during the 2022 Interim.

#### **Local License Fee For Motor Vehicle Sharing And Rentals**

Northern Kentucky Tri-ED provided discussion of recent amendments to the motor vehicle license fee statute, KRS 68.200. The amendments modernized the statute by applying the fee to car sharing companies and transportation network companies, enabling all technologies to support local economic development.

#### **Impact Of Economic Conditions On Banking Industry And Credit Markets**

The Kentucky Bankers Association provided discussion of economic conditions and their impact on financial institutions. Nationally, financial conditions are tightening due to inflation and the Russia-Ukraine war. Some positive economic tailwinds include the end of COVID-19 lockdowns, a job market showing signs of equilibrium, consumers in strong economic positions, and federal infrastructure funds. Kentucky's economic outlook is mixed, with the biggest issue being the pension funding gap. Both financial institutions and the lending environment are doing well.

The president and the executive director of the Bluegrass Community Bankers Association discussed community bank economic conditions (which are trending negatively), advocated for more job market participation opportunities, and discussed education efforts.

#### **Recent Storm Responses And Relief Efforts**

Kentucky Farm Bureau provided discussion of relief efforts for Kentuckians affected by recent floods in eastern Kentucky and the December 2021 tornadoes in western Kentucky. There was discussion of flood insurance coverage, which is expensive and complicated to obtain.

The chief of staff and legislative liaison of the Public Protection Cabinet discussed the cabinet's response to the recent tornadoes and floods, as well as relief efforts. The Department of Insurance (DOI) provided on-site assistance through the deployment of a disaster response

team, issued guidance to insurers, and obtained information to monitor claims and assist the Federal Emergency Management Agency and the state Department of Local Government. Insurers were very responsive, and the DOI received few complaints. Relief funds are being used to assist with both immediate needs and long-term recovery.

### **Department Of Insurance**

The DOI commissioner provided updates on the department and the Kentucky insurance market. The department processed a significant number of new insurers, many of which are insurtech, and insurance professional licenses increased by 29 percent in the last two and half years. Health insurance and underground coal mining rates increased, but workers' compensation and surface coal mining rates decreased. Insurance fraud continues to be an issue, costing businesses and consumers \$308.6 billion a year, nationwide. The trending types of fraud are associated with catastrophes, chiropractic complaints, roofing complaints of manmade damage, slip and fall, and workers' compensation. Lastly, the commissioner discussed the department's implementation of new laws.

### **Department Of Financial Institutions**

The deputy commissioner of the Department of Financial Institutions discussed the economy, departmental updates, a cryptocurrency case study, and a potential reorganization. Inflation affects industries regulated in each division of the department. Community bankers do not have a positive outlook for the banking community. The number of state-chartered banks has decreased because of bank mergers. The deputy commissioner provided information relating to banks and credit unions and an update on nondepository licensing and discussed regulatory action against Celsius, a company involved with cryptocurrency. The department's proposed reorganization would rename the nondepository division and set up a new division that focuses solely on information technology and cybersecurity.

### **Insurance Coverage For Fertility Preservation Services**

Representative Flannery and the executive director of the Kentucky Society of Clinical Oncology discussed the need for insurance coverage for fertility preservation services. The coverage helps encourage patients to start treatment when necessary. The discussion included information about cost, legislative efforts in other states, and the rationales for coverage.

### **Federal No Surprises Act**

The Kentucky Association of Health Plans and AHIP (formerly known as America's Health Insurance Plans) provided a summary of the No Surprises Act (NSA), stating that it was one of the most significant mandates on the commercial market since the enactment of the federal Affordable Care Act. AHIP supported the NSA because it establishes checks and balances for balance billing. The summary included information about implementation, who is covered under the NSA, the NSA's requirements, and pending litigation.

The DOI commissioner stated that balance billing has been an issue and that the NSA will help

Kentuckians. The DOI does not have authority to enforce the NSA against providers, but it can enforce certain provisions related to insurers. Many of the federal NSA rules are still being developed.

### **NCOIL Issues From The Perspective Of Agents**

The president and CEO of Big I Kentucky provided information about its work and discussed past and future legislative issues. The senior counsel of government affairs for Independent Insurance Agents and Brokers of America Inc. highlighted and urged support of two pending National Council of Insurance Legislators (NCOIL) model acts: the Delivery Network Company Insurance Act and the Insurance Underwriting Transparency Act.

### **Insurance Institute of Kentucky Legislative Priorities**

The Insurance Institute of Kentucky (IIK) discussed its legislative agenda, with the priority being distracted driving. IIK supports the hands-free legislation previously discussed before the committee. With respect to the proposed NCOIL Insurance Underwriting Transparency Act, IIK could support the model act if certain amendments were made. IIK strongly opposes the third-party civil litigation funding legislation introduced last session and discussed during the Interim. Lastly, IIK supports the proposed NCOIL Delivery Network Company Insurance Act and model legislation that would allow autonomous vehicles on roadways.

**Report Of The 2022  
Interim Joint Committee  
On Economic Development And Workforce Investment**

**Sen. Wil Schroder, Co-Chair  
Rep. Russell Webber, Co- Chair**

Sen. Rick Girdler  
Sen. Alice Forgy Kerr  
Sen. Christian McDaniel  
Sen. Robby Mills  
Sen. Adrienne Southworth  
Sen. Brandon J. Storm  
Sen. Reginald Thomas  
Sen. Phillip Wheeler  
Sen. Mike Wilson  
Sen. David Yates  
Rep. Shane Baker  
Rep. Kim Banta  
Rep. Lynn Bechler  
Rep. Tina Bojanowski  
Rep. Josh Bray  
Rep. George Brown Jr.  
Rep. Josh Calloway

Rep. McKenzie Cantrell  
Rep. Daniel Elliott  
Rep. Chris Freeland  
Rep. Al Gentry  
Rep. Mark Hart  
Rep. Thomas Huff  
Rep. DJ Johnson  
Rep. Kim King  
Rep. Nima Kulkarni  
Rep. William Lawrence  
Rep. Matt Lockett  
Rep. Bart Rowland  
Rep. Scott Sharp  
Rep. Steve Sheldon  
Rep. Ashley Tackett Laferty  
Rep. Timmy Truett

LRC Staff: Janine Coy, Audrey Ernstberger, Kirk Smith, Crystal Thompson, and  
Sasche Allen

**Presented to the  
Legislative Research Commission  
and the  
2023 Regular Session of the  
Kentucky General Assembly**

## **Interim Joint Committee On Economic Development And Workforce Investment**

Jurisdiction: Matters pertaining to commerce, industry, economic and industrial development, the workforce and the workplace, and tourism not specifically assigned to another committee; economic development planning; international trade and investment; investment companies and industrial loan corporations as they relate to economic and industrial development; recruitment of business and industry; small business matters relative to economic and industrial development; financing of business and industrial development; business regulatory matters, including the Uniform Commercial Code, relative to economic and industrial development; worker training; technology development and application; chambers of commerce; convention centers and publicly owned exhibition and parking facilities; arts and arts exhibition facilities; state, interstate, and national parks and historic sites; travel promotion and advertising; labor unions; collective bargaining; liquefied petroleum gas and other flammable liquids; hotels; electricians; plumbers and plumbing; wages and hours; garnishments; safety and health of employees; child labor; employment agencies; apprenticeship; unemployment compensation; workers' compensation; consumer protection; and industrial weights and measures.

### **Committee Activity**

The Interim Joint Committee on Economic Development and Workforce Investment held six meetings between June 1 and December 1 of the 2022 Interim.

### **Education And Labor Cabinet**

The secretary of the Education and Labor Cabinet gave an update on the newly combined cabinet, which was created during the 2022 Regular Session. The cabinet now comprises 10 major organizational units and 1,539 employees with federal, general, restricted, Workers' Compensation Funding Commission, and Tobacco Settlement funds totaling \$853,095,408.

Funds were allocated during the 2022 Regular Session to allow the cabinet to study the effectiveness of the state's sponsored workforce development programs. The cabinet must present a report to the General Assembly by December 1, 2023. The chief of staff and general counsel for the cabinet and the research director for the Kentucky Center for Statistics discussed the status of the study, which is being conducted with the Kentucky Center for Statistics and the Center for Business and Economic Research within the Gatton College of Business and Economics at the University of Kentucky. The chief of staff and general counsel for the cabinet summarized the established guidelines to define a state-sponsored workforce development program. The cabinet, the Kentucky Center for Statistics, and the Center for Business and Economic Research will set recurring meetings to further analyze data and will have the scope and programs determined by January 2023.

### **Workforce Development Programs**

The director of the Center for Business and Economic Research discussed the advantage of studying workforce training programs in the commonwealth. The evaluation of these programs



looks at two primary metrics: the program's effect on labor market outcomes, and whether the benefits of the program exceed the costs including the return on investment. The director explained how these factors are analyzed through comparing outcomes of workforce training program participants and nonparticipants. Examining these factors aids policy makers in identifying weaknesses in the workforce development system and allocating resources to programs that yield the largest benefits.

The commissioner of the Department of Workforce Development and special adviser to the Governor and the executive director of the Office of Employer and Apprenticeship Services gave an update on workforce development and apprenticeship programs. There are 623 registered apprenticeship programs. The Work Ready Scholarship, the Everybody Counts Initiative, and the Evolve 502 Scholarship were discussed. The associate commissioner of the Office of Career and Technical Education and the executive adviser of the Office of Career and Technical Education gave an update on career and technical education programs.

The executive director of the Building Industry Association of Northern Kentucky and the director of professional development for the Enzweiler Building Institute gave an overview of the construction industry in northern Kentucky. Despite growth in the industry and increasing wages, there is a critical shortage of workers across the skilled trades. The Building Industry Association of Northern Kentucky is trying to combat the workforce shortage by encouraging the approach used by the Enzweiler Building Institute, which provides apprentice-style training in the skilled construction trades. Areas of training include carpentry, welding, masonry, HVAC, plumbing, electric, and diesel mechanics. A high school program that involves exposure to all the major trades is offered, as well as events and presentations for elementary and middle school aged children. Some recommendations includes incorporating the Home Builders Association curriculum into the state's career readiness definitions, removing barriers for field professionals to teach, convening employers to discuss ways to increase involvement, revising state statutes pertaining to licensures, and allowing Kentucky Educational Excellence Scholarship money to be used in any state-recognized program in high-impact career areas.

### **Sustainable Aviation Fuel Development**

The director of communications and government affairs at Cincinnati/Northern Kentucky International Airport and a representative of the Kentucky Sustainable Aviation Fuels Coalition discussed the potential economic impact of manufacturing sustainable aviation fuel in the commonwealth. Supporting production of this fuel would combine the energy and aviation industries and could have a major economic impact in Kentucky that few other states experience, due to energy and aviation infrastructures already in place throughout the commonwealth.

### **Role Of Hospitals In Economic Development**

The Kentucky Hospital Association (KHA) provided an overview of the economic impact of hospitals across the commonwealth and discussion of its proposal for the expansion of the Hospital Rate Improvement Program (HRIP). Increased costs associated with wages, services, and products are a challenge to hospitals. To combat rising costs, the KHA is proposing that the existing inpatient HRIP be expanded to outpatient Medicaid admissions.

## **Primary Aluminum Industry**

Century Aluminum operates aluminum smelters to produce high-grade primary aluminum products. In June 2022, rising energy costs forced the company to close its Hawesville plant and lay off 620 employees. The Hawesville smelter was the last smelter in a NATO country that produced Department of Defense-grade aluminum. The aluminum is now being sourced from the Middle East and Russia. The Century Aluminum plant in Sebree remains operational but has had labor shortage challenges.

Century Aluminum representatives testified that the issue of increasing energy prices could be solved by ending the war between Russia and Ukraine, having the Department of Energy take a more reasonable approach to liquefied natural gas facility permitting and export approvals, and increasing domestic gas production.

## **Employee Misclassification**

The executive vice president of the Associated General Contractors of Kentucky Inc. and a member of Frost Brown Todd discussed 803 KAR 1:006 – Employer-employee relationship, which was found deficient during the May 10, 2022, meeting of the Administrative Regulation Review Subcommittee. They testified that the responsibility of enforcing employee classification depends on the situation, and any changes to employee classification should be addressed through legislative action.

## **Automatic Renewal Offers And Continuous Service Offers**

HB 106, an Act relating to the termination of automatic renewal offers and continuous service offers, was filed during the 2022 Regular Session in response to constituents who did not recover funds from automatic subscription renewals and cancellations of the renewals from online vendors. The introduced bill would have put in place stricter consumer protections by clearly defining certain terms related to automatic subscriptions. Five other states passed similar legislation in 2022, and the Federal Trade Commission has released directives for automatic renewal policies. The director of state government affairs with the Entertainment Software Association testified about his organization's concerns with the bill, including the sections on notification, payment method, and cancellation.

## **Tourism-Related Economic Development Projects**

Representatives of the Somerset-Pulaski Economic Development Authority presented details on the tourism-based economic development project called Dream BIG Burnside. They anticipate that this public-private venture will offer lodging, restaurants, and other amenities relating to tourism in the Lake Cumberland area.

A representative of Kentucky Venues and the vice chair of the Kentucky State Fair Board discussed how Kentucky Venues properties are used, the state of the infrastructure and future improvement needs, plans for event hosting opportunities, ideas for additional tourism amenities, and the projected return on investment for future projects.

## **Cabinet For Economic Development**

The secretary of the Cabinet for Economic Development discussed its organization and mission. The presentation included discussion of the cabinet's current programs, including economic investment, tax incentives, and international investment in the commonwealth. Additionally, the secretary explained the cabinet's priorities and how they are derived. The discussion also included agreements for economic investment in the eastern and western parts of the state.

## **Kentucky Horse Park**

Representatives of the Kentucky Horse Park discussed the positive impact of its events and activities, correlating programs offered by subsidiary organizations, and its employment track record. They also discussed challenges facing the park, including deferred maintenance. Representative Pratt presented a draft bill proposing reorganization of the park.

## **Workforce Challenges And Opportunities**

Representatives of the Kentucky Chamber of Commerce and a representative of Beam Suntory discussed the record-breaking economic development in the state, which is complicated by stagnating workforce participation. The discussion mentioned some barriers to workforce participation, such as substance use disorders, limited access to child care, and increasing retirement rates. Policy priorities include removing barriers to work, investing in workforce training, and attracting more high-skilled workers through tax reform.

## **Energy Reliability And Affordability**

A representative of MML&K Government Solutions and a representative of Hunton Andrews Kurth LLP explained state securitization bond structures and this policy tool's positive impact on utilities operating in the state and on energy reliability and affordability. The representatives discussed the history and the current status of the securitization bond market.



## **Report Of The 2022 Interim Joint Committee On Education**

**Sen. Max Wise, Co-Chair  
Rep. Regina Huff, Co-Chair**

Sen. Danny Carroll	Rep. Jeffery Donohue
Sen. David P. Givens	Rep. Myron Dossett
Sen. Denise Harper Angel	Rep. Mark Hart
Sen. Jimmy Higdon	Rep. Scott Lewis
Sen. Alice Forgy Kerr	Rep. C. Ed Massey
Sen. Stephen Meredith	Rep. Bobby McCool
Sen. Gerald A. Neal	Rep. Chad McCoy
Sen. Adrienne Southworth	Rep. Charles Miller
Sen. Robert Stivers	Rep. Melinda Gibbons Prunty
Sen. Reginald Thomas	Rep. Felicia Rouborn
Sen. Stephen West	Rep. Steve Riley
Sen. Mike Wilson	Rep. Attica Scott
Rep. Shane Baker	Rep. Killian Timoney
Rep. Kim Banta	Rep. James Tipton
Rep. Tina Bojanowski	Rep. Russell Webber
Rep. Jennifer Decker	Rep. Lisa Willner

LRC Staff: Jo Carole Ellis, Joshua Collins, Yvette Perry, Lauren Busch, and Maurya Allen

**Presented to the  
Legislative Research Commission  
and the  
2023 Regular Session of the  
Kentucky General Assembly**

## **Interim Joint Committee On Education**

Jurisdiction: Matters pertaining to public elementary, secondary, and higher education; the State Board of Education; the State Department of Education; the powers and duties of local boards of education; conduct of schools; attendance; state support of education; operation of school districts, teachers' qualifications and tenure; the school curriculum; teachers' retirement; school employees; pupil transportation; school property and buildings; vocational education and rehabilitation; state universities and colleges; community colleges; regional education; and educational television.

### **Committee Activity**

The Interim Joint Committee on Education met six times during the Interim and received various testimony on education topics.

#### **Teacher Shortages, Recruitment, And Retention**

The 2020-2021 teacher turnover rate was 16.2 percent, a rate near the national average of approximately 17 percent. Data indicates that approximately 72 percent of full-time teachers in Kentucky are at risk of leaving the profession. The traditional program of bringing teachers into the profession trains and certifies 80 percent of full-time teachers in Kentucky. However, the Kentucky Department of Education (KDE) has found it difficult to get new teachers graduating from in-state credentialing programs to apply for and accept teaching positions in Kentucky, meaning more emergency certifications are being used to fill positions than have been used in previous years.

A representative of the Teachers' Retirement System (TRS) discussed a permanent pathway for retired teachers to return to work in addition to an emergency protocol created to address current critical teaching shortages. Noncodified language in SB 1 of the 2021 Special Session, which relaxed return-to-work provisions, was used to assist districts that were struggling during the peak of the pandemic, but the provisions sunset on January 15, 2022. SB 25 of the 2022 Regular Session had the same provisions as the special session legislation, extended the sunset date to June 30, 2022, and extended the provisions to classified staff. In the 2022 Regular Session, HB 1 provided temporary changes for local school districts to address staffing concerns by relaxing certain aspects of return to work with a sunset date of June 30, 2024.

There was discussion of the GoTeach KY program, which encourages young people to consider teaching as a career pathway in high school. The Educators Rising program creates scholarships to reduce barriers for high school students going into college education programs. Tennessee's Grow Your Own program expands the pool of qualified teacher applicants through a federally recognized teaching apprenticeship model.

#### **Reading Instruction Methods And Interventions**

Every year since 1998, Kentucky's reading scores have been above the national average, even

though Kentucky is one of the poorest states in the nation. Representatives of the Collaborative Center for Literacy Development (CCLD) testified on how underperforming students using Read to Achieve can close the gap on their peers through the intervention of qualified specialists and well-trained classroom teachers. The Reading Recovery model is an effective early intervention and in-service professional development program for teachers. Goals of Reading Recovery include reducing the number of first-grade students who have extreme difficulty learning to read and write and reducing the long-term cost of these learners to education systems. The CCLD representatives mentioned alternatives to Reading Recovery and Read to Achieve, such as early intervention and leveraged intervention.

Representatives of Scholastic Inc. said the Read to Succeed Act in Kentucky has been very impactful, and data shows the need for science-based curriculum taught by well-trained educators and supported by engaged parents and families with home libraries. Home libraries should comprise high-quality materials and create an environment of literacy that is fundamental to reading success. To build on the success of Read to Succeed, the presenters advocated for institutionalizing home libraries for all students in Kentucky, as Scholastic has assisted other states in doing. The programs in those states include family support, because many parents of struggling readers struggle with literacy themselves.

### **School Safety And Mental Health Initiatives**

Representatives of the Office of the State School Safety Marshal and the Kentucky Center for School Safety (KCSS) said the School Safety and Resiliency Act has become a national model for school safety legislation, as has the more recent legislation on school resource officers (SROs). They thanked the General Assembly for generously funding school safety but said there is a need for approximately 600 SROs in order to comply with 22 RS HB 63. The Office of the State School Safety Marshal consists primarily of compliance officers who perform assessments of schools and provide recommendations for improvements to the KCSS. The KCSS then works with schools to reach compliance with the law. The School Safety and Resiliency Act includes a requirement for 120 professional development hours for SROs and focuses on tactics, response to active shooters, skill building for mental health support to students, and trauma-informed care.

Antivaping efforts in schools were highlighted as a specific school safety concern, because use of vaping products leads to addiction and disrupts learning for young people. Kentucky's antivaping law does not extend to young people. The bill passed in 2022 applies only to fentanyl-laced vaping products and penalties for adults. Statutory penalties for youth were presented as a necessary deterrent for young people, and training was recommended for school personnel to assist with vape-induced medical emergencies.

School representatives discussed addressing mental health to fully commit to a safe school culture. School representatives spoke about risk assessments that schools perform on students. Professional development is offered to teachers to help them support students, including training on how to identify students in need of support from an outside mental health professional. Some schools have formed public-private partnerships with outside mental health service providers to expand access for at-risk students. School representatives asked the General Assembly to consider making an appropriation to the KCSS for all schools to apply for funding assistance

to develop their own risk assessment and abatement programs.

The Lieutenant Governor and student advisers from the Student Mental Health Initiative expressed the importance of having teachers and students consider their mental health daily. In Kentucky, approximately 57 percent of students aged 12–17 have experienced a major depressive episode without receiving care. Student mental health and access to care were only worsened by the pandemic, and students are feeling less motivated, more depressed, and more anxious. To address this situation, the Student Mental Health Initiative student advisory panel held Student Mental Health Action Summits, led surveys, and analyzed data to create policy recommendations for the committee. The student advocates expressed gratitude for the passage of 22 RS HB 44 but asked the General Assembly to go further to foster stigma-free school environments by requiring updated, evidence-based informed mental health curriculum for K–12 students. They asked for increased professional development for faculty and staff to include evidence-based mental health skills that cover not only suicide prevention, but also eating disorders, anxiety, and depression.

### **Career And Technical Education Funding Equalization**

Based on reports from various sources, Kentucky Department of Education undertook an investigation into funding for career and technical education (CTE) and developed several recommendations to increase equity. The first recommendation required expanding base funding for pathways that address state and local business goals. A recently created task force explored ways to equally fund career and technical centers as well as area technology centers. Increased funding for CTE provided in the 2022-2023 biennial state budget has allowed for equitable funding and expansion of local CTE programs.

The second priority for KDE will be to sustain adequate funding and reform funding distribution to ensure that schools that have received CTE funding for the first time continue to receive support. A new, dedicated work-based learning coordinator and a new work-based learning manual are also scheduled for release in 2022-2023.

### **Revised Kentucky Academic Standards For Science And For Social Studies**

Representatives of KDE spoke briefly about the statutory requirement for the department to review standards, respond to public comments, and create a draft document for Kentucky Academic Standards. The process took longer for the science standards than is typical, due to the pandemic as well as the impact of natural disasters across the commonwealth. A highlight for reviewers was the layout for the new science standards, which are organized into four subcategories. Review committee members made recommendations following the initial public comment period and included hyperlinks to the assessment blueprint for increased understanding. There will be a final public comment period before new standards are finalized and distributed to schools. Further information about the membership of focus groups and all feedback received during the public comment period was provided to members electronically.



In contrast to the review process for the science standards, the timeline used to revise and implement new social studies standards was accelerated due to the passage of 22 RS SB 1. The standards review process committee will meet later this year, and another public comment period will be held following the Kentucky Board of Education review in December.

### **Proposed Legislation: KEES Scholarships For Homeschool Students**

Students in certified high schools are eligible for up to \$10,000 in KEES funds, whereas homeschoolers are eligible for only \$2,000. To address this disparity, Senator Schickel proposed legislation that would allow homeschool students to qualify for additional KEES award money using an alternative to high school GPA. Suggested alternatives were using dual-credit course GPA or standardized test scores. As homeschool students routinely apply for and receive merit-based scholarships based on their academic achievement and success, especially from dual-credit courses, this would appear to be a workable solution to provide equity. Advocates spoke about how expansion of KEES to homeschoolers would encourage more high-achieving homeschooled students to pursue higher education.

### **Jefferson County Public Schools**

Increased poverty, workforce shortages (including a dramatic lack of bus drivers), and rebounding from the impact of the COVID-19 pandemic are the primary challenges facing Jefferson County Public Schools. These shortages and impacts are happening at the same rate as in smaller districts, but when magnified in a district this size, the scope of the district's challenges seems enormous. The district comprises approximately 96,500 students, nearly 7,000 teachers, and 165 schools. Students in poverty and students of color have been more impacted by the pandemic, as was reflected in the number of students participating in summer learning programs. The district is growing new programs to address these needs.

### **Governor's School for the Arts**

The Governor's School for the Arts (GSA) is the Kentucky Performing Arts signature education program. It consists of a three-week, residential, immersive, tuition-free summer program that is designed to empower the next generation of Kentucky's creative leaders. In 2022, for the first time, GSA had two campuses of students, allowing more than 500 Kentucky seniors and 75 support staff to benefit from the program. Funding for the program comes from the state as well as through fundraising efforts by the Kentucky Performing Arts and public-private partnerships. Two-thirds of GSA alumni attend college in Kentucky, with many receiving a GSA-backed scholarship. Advocates for the program encouraged the General Assembly to consider expanded funding to capitalize on the growth witnessed this year.

### **Governor's Scholars Program**

The Governor's Scholars Program has a mission to enhance Kentucky's next generation of civic and economic leaders free of charge. In 2005, Senate Bill 134 modified the format of the program and made changes to its funding structure. Summer personnel are contracted each summer, and the contracts with universities for housing are established through a bid process.

Each campus has the same components of classes, residential activities, college fairs, school counselor trainings, and regulations to ensure scholar safety.

Scholars report satisfaction with the program and its ability to prepare them for college while providing a meaningful educational experience. Seventy-two percent of the 2020 scholars were enrolled in a Kentucky college or university in the fall of 2021. The Kentucky Governor's Scholars Program is the largest such program in the nation.

**Report Of The 2022  
Interim Joint Committee On Health, Welfare, And Family Services**

**Sen. Ralph Alvarado, Co-Chair  
Rep. Kimberly Poore Moser, Co-Chair**

Sen. Julie Raque Adams  
Sen. Karen Berg  
Sen. Danny Carroll  
Sen. David P. Givens  
Sen. Denise Harper Angel  
Sen. Jason Howell  
Sen. Alice Forgy Kerr  
Sen. Stephen Meredith  
Sen. Michael J. Nemes  
Sen. Max Wise  
Rep. Danny Bentley  
Rep. Adam Bowling  
Rep. Josh Bray  
Rep. Tom J. Burch  
Rep. Ryan Dotson

Rep. Daniel Elliott  
Rep. Ken Fleming  
Rep. Deanna Frazier Gordon  
Rep. Mary Lou Marzian  
Rep. Melinda Gibbons Prunty  
Rep. Felicia Rabourn  
Rep. Josie Raymond  
Rep. Steve Riley  
Rep. Scott Sharp  
Rep. Steve Sheldon  
Rep. Nancy Tate  
Rep. Russell Webber  
Rep. Susan Westrom  
Rep. Lisa Willner

LRC Staff: DeeAnn Wenk, Ben Payne, Chris Joffrion, Samir Nasir, Logan Bush,  
Becky Lancaster, and DJ Burns

**Presented to the  
Legislative Research Commission  
and the  
2023 Regular Session of the  
Kentucky General Assembly**

## **Interim Joint Committee On Health, Welfare, And Family Services**

Jurisdiction: Matters pertaining to human development, health, and welfare; fire prevention and protection; delivery of health services; support of dependents; garbage and refuse disposal; public assistance; child welfare; adoptions; children’s homes; disabled persons; family welfare; aid to the blind; commitment and care of children; mental health; substance abuse; health, medical and dental scholarships; local health units and officers; vital statistics; communicable diseases; hospitals, clinics, and long-term care facilities; health professions; physicians, osteopaths, and podiatrists; chiropractors; dentists and dental specialists; nurses; pharmacists; embalmers and funeral directors; psychologists; optometrists, ophthalmic dispensers; physical therapists; senior citizens; eliminating age discrimination; non-public sector retirement; problems of aging; and violent acts against the elderly.

### **Committee Activity**

The Interim Joint Committee on Health, Welfare, and Family Services met six times during the 2022 Interim.

#### **Health Care**

Experts in the field discussed pharmacy benefit managers (PBMs). Stakeholders discussed the variance in price among manufacturers, pharmacies, and patients in the cost of medications for diabetes, cancer, and other conditions. High out-of-pocket costs for prescription drugs and the need for prescription drug rebate reform were addressed. Patients with chronic conditions may not be able to pay for life-saving prescription drugs.

Solutions proposed by stakeholders for issues related to PBMs include requiring that 80 percent of rebates and discounts be passed to patients, requiring that copays be calculated based on the price net of rebates and discounts, placing a cap on copays, and imposing civil penalties on insurers for noncompliance.

A representative of the Kentucky Hospital Association (KHA) discussed “white-bagging” by insurers, which requires that patients in a hospital use a nonhospital pharmacy owned by the insurer.

A representative of the KHA discussed progress on the implementation of federally required hospital price transparency provisions. Hospitals will be required to post standard charges online, but compliance has been delayed due to the provisions of the federal No Surprises Act.

The director of the Center for Cannabis Research at the University of Kentucky presented plans and accomplishments related to the requirements of 22 RS HB 604 and the \$2 million General Assembly appropriation. Studies are under way to test the ability of vaporized cannabis to alleviate opioid use disorder and the effects of edible cannabis on cancer and cancer treatments. Other ongoing studies include testing the effects of cannabis use while operating a vehicle and assessing the quality of cannabidiol (CBD) products.

Experts presented innovations and advances in biomarker and pharmacogenetics testing. Biomarkers indicate the presence of genetic mutations that can cause lung cancer and other diseases. Treatments can be targeted by identifying specific genetic mutations. Health insurance coverage for these tests, which identify genetic and nongenetic diseases and discover possible medication interactions, was discussed.

### **Child Health**

The secretary of the Cabinet for Health and Family Services, a local public health department director, and a representative of the Kentucky Retail Federation discussed strategies for addressing the shortage of infant formula and ensuring its safety. In part, the crisis was caused by having too few infant formula manufacturers, as well as by exclusive contracts between the state and a particular manufacturer. Price-gouging statutes are being enforced to reduce inflated costs of infant formulas, particularly specialized formulas.

### **Mental Health**

Mental health providers and the commissioner of the Department for Medicaid Services discussed differences and commonalities between community mental health centers (CMHCs) and behavioral health services organizations (BHSOs). CMHCs are contractually required to provide several services that BHSOs are not required to provide, including partial hospitalization or psychosocial rehabilitation services, emergency services, and services for individuals with intellectual disabilities. CMHCs are also required to serve in specified regional areas, but BHSOs may select which counties to serve.

The possibility of establishing a mental health hotline for students, teachers, and parents as a pilot program was discussed. The 24-hour, 7-day-a-week application would provide access to mental health professionals through calls, texts, and chats.

An in-home treatment model for addiction being established in Louisville was discussed. This model has had success with reducing the use of higher levels of care by patients, maintaining high retention rates in the program, and improving the likelihood of long-term abstinence.

### **Health Care Workforce Shortages**

Professional associations and boards, educators, and community stakeholders discussed the challenges of training, hiring, and retaining workers in health care settings. Strategies for addressing this issue were presented, including loan forgiveness for students in medical professions, incentives to retain health care employees, tax incentive programs for employers, and pilot emeritus programs. Possible improvements to the education pipeline for high school students and other young adults into health care professions were discussed.

### **Legislative Discussions**

Several legislators and representatives of interested groups discussed possible statutory changes.

Topics included the following:

- Modifying requirements for regional service areas for mental health and individuals with an intellectual disability
- Implementing consumer protections relating to kratom
- Limiting the use of corporal punishment in schools
- Reforming pharmacy benefit manager practices to reduce drug costs
- Establishing eligibility criteria and requirements relating to prior authorization
- Cost-sharing for prescription drugs

### **Referred Administrative Regulations**

The committee reviewed 86 ordinary administrative regulations and 25 emergency administrative regulations upon referral from the Legislative Research Commission under the review process established in KRS Chapter 13A.

## **Report Of The 2022 Interim Joint Committee On Judiciary**

**Sen. Whitney Westerfield, Co-Chair**  
**Rep. C. Ed Massey, Co-Chair**

Sen. Karen Berg  
Sen. Danny Carroll  
Sen. Alice Forgy Kerr  
Sen. Gerald A. Neal  
Sen. John Schickel  
Sen. Wil Schroder  
Sen. Robert Stivers  
Sen. Johnnie Turner  
Sen. Stephen West  
Sen. Phillip Wheeler  
Rep. Kim Banta  
Rep. John Blanton  
Rep. Kevin D. Bratcher  
Rep. McKenzie Cantrell  
Rep. Jennifer Decker

Rep. Daniel Elliott  
Rep. Joseph M. Fischer  
Rep. Patrick Flannery  
Rep. Samara Heavrin  
Rep. Nima Kulkarni  
Rep. Derek Lewis  
Rep. Savannah Maddox  
Rep. Chad McCoy  
Rep. Patti Minter  
Rep. Kimberly Poore Moser  
Rep. Jason Nemes  
Rep. Jason Petrie  
Rep. Attica Scott  
Rep. Pamela Stevenson

LRC Staff: Roberta Kiser, Stacy Byrns Taulbee, Randall Roof, Lexington Souers,  
Michelle Spears, Matt Trebelhorn, and Chelsea Fallis

**Presented to the  
Legislative Research Commission  
and the  
2023 Regular Session of the  
Kentucky General Assembly**

## **Interim Joint Committee On Judiciary**

Jurisdiction: Matters pertaining to contracts; the Uniform Commercial Code; debtor-creditor relations; ownership and conveyance of property; private corporations and associations; competency proceedings; administration of trusts and estates of persons under disability; descent, wills, and administration of decedents' estates; domestic relations; support of dependents; statutory actions and limitations; eminent domain; arbitration; declaratory judgments; witnesses; evidence; legal notices; construction of statutes; civil procedure; the Supreme Court, the Court of Appeals, Circuit Courts, and District Courts; family courts; jurisdiction, rules, terms, judges, commissioners, selections, districts, qualifications, compensation, and retirement; clerks of courts; juries; attorneys; receivers; court reporters; habeas corpus; crimes and punishments; criminal procedure; probation and parole; correctional facilities; civil rights; and juvenile matters.

### **Committee Activity**

The Interim Joint Committee on Judiciary held seven meetings during the 2022 Interim.

#### **Child Support**

A representative of the Tennessee General Assembly presented legislation recently enacted in that state that provides for an order for child support if a parent is killed as a result of a drinking and driving accident. Any child support order under this circumstance, and its impact in wrongful death litigation, is in the discretion of the court.

The director of Kentucky's Child Support Enforcement Authority provided an update on implementation of the shared parenting schedule adopted by the General Assembly, and addressed some of the questions that have been raised regarding its application. An economist with the Center for Policy Research discussed Kentucky's plan and its design to prevent or limit any gaming of the system regarding a child support order.

#### **Persistent Felony Offender Sentencing**

Representatives of the American Civil Liberties Union (ACLU) of Kentucky and the Department of Public Advocacy (DPA), along with a commonwealth's attorney and Circuit judge, discussed application of the persistent felony offender statute across the state. The representatives of the ACLU and DPA stated that there were discrepancies in how the statute was used in different circuits, and they mentioned jurors' confusion with regard to PFO enhancements and penalty ranges. Consideration of amendments to the statute should include to whom the statute is applied, to what offenses it should be applied, and judicial and jury discretion.

#### **Exoneration Compensation**

The directing attorney and the director of policy with the Kentucky Innocence Project both discussed the need for a statutory mechanism for wrongful conviction compensation, stating



that there were approximately 1.25 exonerations in Kentucky annually. Past exonerees spoke on their wrongful conviction experiences and expressed support for legislation to address the issue.

### **University Of Louisville Contractual Relationships With Third Parties**

The dean of the University of Louisville School of Medicine stated that the university does not perform elective abortions and that it complies with applicable federal and state laws as required by the Accreditation Council for Graduate Medical Education. Nonuniversity training is required in the provision of abortion as a part of the OB/GYN residency program, and the school has had a departmental support agreement with the EMW Women’s Surgical Center since 2016 for this training. The dean discussed the compensation agreement between the university and the surgical center, as well as the departmental accreditation impact on the residency program if all medical procedure requirements were not met.

### **Charitable Bail**

The Louisville Charitable Bail Project provided discussion of its work with Kentucky defendants who need bail assistance. Referrals come from the community, public defenders, and advocates from across the state. The organization provided information on its screening process, how the revolving bail fund operates, and the return rate for defendants who receive assistance.

### **Organized Retail Theft**

The senior vice president of government affairs of the Kentucky Retail Foundation provided an overview of the retail industry’s impact on the state’s economy and expressed concern regarding organized retail crime. She discussed the Integrity, Notification, and Fairness in Online Retail Marketplace for Consumers Act (INFORM Act), model legislation that has been adopted in 11 states. This legislation requires verification information for high-volume sellers.

Representatives of Walgreens and Kroger reported increases in product losses attributable to organized retail crime and expressed concern for consumers as the theft rings are not concerned about expiration dates or storage recommendations associated with various products that are taken, putting the health of individuals at risk.

### **Security And Civil Unrest**

The chief of the North Carolina General Assembly Police Department presented several video clips of protests at state capitols across the country and explained various protest techniques that are being used. He stated that while the right to protest must be protected along with the security of those involved in the protest, the security of legislators, legislative staff, and law enforcement must also be protected. Only 3 percent of protesters act as agitators designed to cause chaos, and many of these protesters are from locations other than where the protest is occurring. To ensure the safety and security of all, the chief recommended that all states have a plan to respond to circumstances that can arise during a protest, before facing those circumstances.

## **Consumer Legal Funding**

Representatives of the Alliance for Responsible Consumer Legal Funding explained consumer legal funding. If a consumer has no legal recovery or does not recover sufficient funds to cover priority liens and costs, the consumer owes nothing. Any funding provided is used only for household needs and cannot be used for litigation expenses. The funding company can have no influence in the case.

A representative of the American Tort Reform Association expressed concerns regarding what he referred to as lawsuit loans and lawsuit lending that could encourage litigation. He stated that current law in Kentucky prohibits these types of arrangements. If the law is changed, he recommended that the loans be subject to the state's usury laws and that any loan be disclosed to all parties to the litigation, including the court.

## **Department Of Public Advocacy Funding**

Kentucky's public advocate discussed a new pay schedule that he hopes will help ease immediate staffing concerns, but he stated that there is still work to do to address turnover, the costs of training new staff, and specific hiring obstacles. He reviewed caseload statistics and discussed the need for the department to maintain independence.

## **State Of The Judiciary**

The Chief Justice provided an overview of recent accomplishments including eFiling, eWarrants and the use of additional technology to improve access to justice and make the courts more user friendly. Work is still needed to improve pay for judges, equal access to justice, and virtual court proceedings. He discussed the impact of mental health in criminal justice and stated that the separation of powers among the three branches of government operation was not built for the public's comfort, but was rather built for tension.

## **Hazing Prevention**

The parents of a student at the University of Kentucky discussed the effects that hazing on college campuses can have on families. They provided the circumstances under which their son died and recommended implementation of criminal penalties when there is a death or serious physical injury due to hazing.

## **Recovery-Ready Communities**

The executive director of the Office of Drug Control Policy and representatives of Volunteers of America (VOA) Mid-States provided an update regarding the development of protocols for recovery-ready communities and the education of cities and counties about what it takes to be a recovery-ready community. The chair of the Recovery Ready Advisory Council stated that substance misuse in the home accounted for almost half of child fatality and near fatality cases in Kentucky, and one role of the council is to develop criteria for certification of a recovery-ready community based upon evidence-based practices and interventions geared toward supporting

existing recovery systems of care, while creating new ones. VOA reported that the program is receiving greater than anticipated interest from employers for training to become recovery-ready employers, and stakeholders from all 120 counties have engaged in the discussion.

### **Planned Community Act**

A representative of the Kentucky chapter of the Community Association Institute discussed proposed legislation governing the creation, operation, and management of homeowner's associations and planned communities. The proposal would protect the rights of self-determination by owners and provide for the basics of transparency, proper amendatory rights, budget and financial review, and violation enforcement.

### **Restoration Of Felon Voting Rights**

Several advocates discussed the restoration of voting rights following felony conviction and completion of the sentence arising from the conviction, including probation and parole, exempting only individuals convicted of treason, bribery in an election, or election fraud. A representative of Secure Democracy, USA stated her opinion that this restoration would need to be accomplished through a constitutional amendment; the governor currently has the authority only to restore voting rights under the clemency power. She discussed restoration of all civil rights, proposing that this be provided 3 years after completion of a sentence.

### **Solitary Confinement**

The executive director of the Pegasus Institute discussed solitary confinement, which he described as disciplinary segregation as a punitive response to inmate behavior. In the short term, it can be a useful administrative tool to help ensure inmate and staff safety, but long-term solitary confinement has repeatedly been found to have negative effects on an inmate's mental and behavioral health, increasing recidivism.

### **Guardianship And Conservatorship**

Interested parties discussed various requested changes to the guardianship and conservatorship statutes to increase protections afforded individuals designated as respondents in disability determinations. Discussions included the right to private counsel, court appointment of private counsel, required notice of the proceedings to additional individuals, and the use of interdisciplinary evaluation reports. Discussions also addressed the information that should be made available to the court and families, as well as other actions that advocates stated would help reduce or remove exploitation of vulnerable individuals.

### **Justice And Public Safety Cabinet**

Representatives of the Justice and Public Safety Cabinet provided status reports on domestic violence data collection by the Criminal Justice Statistical Analysis Center under 22 RS SB 271. Representatives of the cabinet also provided information regarding juvenile detention and juvenile justice detention facilities.

**Cabinet For Health And Family Services**

Representatives of the Cabinet for Health and Family Services provided an overview of investigations of suspected and reported child abuse cases and fatalities.

**Report Of The 2022  
Interim Joint Committee On Licensing,  
Occupations, And Administrative Regulations**

**Sen. John Schickel, Co-Chair  
Rep. Adam Koenig, Co-Chair**

Sen. Julie Raque Adams  
Sen. Donald Douglas  
Sen. Jimmy Higdon  
Sen. Paul Hornback  
Sen. Jason Howell  
Sen. Christian McDaniel  
Sen. Gerald A. Neal  
Sen. Michael J. Nemes  
Sen. Damon Thayer  
Sen. Reginald Thomas  
Rep. Kim Banta  
Rep. Kevin D. Bratcher  
Rep. Tom J. Burch  
Rep. Patrick Flannery

Rep. Al Gentry  
Rep. Keturah Herron  
Rep. Thomas Huff  
Rep. Matthew Koch  
Rep. C. Ed Massey  
Rep. Chad McCoy  
Rep. Michael Meredith  
Rep. Jerry T. Miller  
Rep. Kimberly Poore Moser  
Rep. Ruth Ann Palumbo  
Rep. Phillip Pratt  
Rep. Sal Santoro  
Rep. Killian Timoney  
Rep. Susan Westrom

LRC Staff: Bryce Amburgey, Jasmine Williams, Wendy Craig, CaraBell Preece, and  
Lisa Moore

**Presented to the  
Legislative Research Commission  
and the  
2023 Regular Session of the  
Kentucky General Assembly**

## **Interim Joint Committee On Licensing, Occupations, And Administrative Regulations**

Jurisdiction: Matters pertaining to professional licensing not assigned specifically to another committee; racing; prize fighting and wrestling; places of entertainment; alcoholic beverage control; private corporations; cooperative corporations and marketing associations; religious, charitable, and educational societies; nonprofit corporations; professional service corporations; cemeteries; barbers and cosmetologists; professional engineers and land surveyors; architects; real estate brokers and agents; public accountants; detection of deception examiners; auctioneers; business schools; warehouses and warehousemen; partnerships; trade practices; and review of administrative regulations.

### **Licensing**

#### **Veterinarians**

The executive director and the chair of the Kentucky Board of Veterinary Examiners provided an update on the Kentucky Veterinary Medicine Practice Act and explained that the Act is due for modernization. They discussed the shortage of veterinarians and possible solutions for recruitment and retention.

#### **Music Therapy**

The co-chair of the Kentucky Music Therapy Task Force provided an overview of music therapy and explained the task force's goal of increasing recognition of the music therapy profession and the music therapist board-certified credential.

#### **License Reform For Noncitizen Immigrants**

Testimony was provided about addressing critical workforce shortages through licensure compacts and eliminating unnecessary barriers for immigrants. Immigrant barriers to licensure include a lack of recognition of foreign credentials, a lack of knowledge about licensing, skill gaps and costs, and a lack of proficiency in the English language.

#### **Christopher's Law**

A training advocate provided an overview of Christopher's Law, explaining that it would require bouncers who work security at nightclubs or bars to be trained in de-escalation tactics, interpersonal communication, and threat mitigation.

#### **Offender Reentry**

The project manager for corrections and reentry with the Justice Center of the Council of State Governments provided an overview of how eliminating unnecessary barriers to licensure for people with criminal histories provides a variety of benefits to society. The project manager explained that almost a quarter of existing jobs require a government-issued license and that

many people with a criminal record are prohibited from receiving occupational licenses.

### **Dispensing Hearing Aids**

The Kentucky Academy of Audiology and the Hearing Aid Association of Kentucky expressed the need to update Kentucky law to conform with a recent US Food and Drug Administration final rule establishing a regulatory category for over-the-counter hearing aids.

## **Gaming And Racing Industry**

### **Charitable Gaming**

Representative Bratcher explained proposed legislation regarding the deposit of gross receipts for smaller charitable organizations conducting charitable gaming events. The financial officer of AMVETS of Kentucky, Post 1, explained deposits and pull-tab sales. The bill draft would require weekly deposits and would help with budgeting and accounting.

### **Kentucky Lottery**

The vice president of finance and administration of the Kentucky Lottery Corporation provided a financial update of fiscal year 2022. The corporation's president and chief executive officer provided an overview of lottery proceeds that are distributed to fund scholarship and grant programs for students administered by the Kentucky Higher Education Assistance Authority. The president and CEO explained that Kentucky uses a digital drawing system known as a random number generator, certified by a third party. The president and CEO described the lottery's efforts to keep games free from scandal and cheating.

### **Problem Gambling**

The executive director of the Kentucky Council on Problem Gaming and one of its board members testified about statistical incidence and societal costs of problem and addicted gambling. The council requested a portion of revenue received from legal gambling to fund a public program for education, prevention, and treatment services related to problem and addicted gambling. Proposed legislation would create the Kentucky Problem Gambling Assistance Board within the Public Protection Cabinet to administer a revolving fund.

### **Tax And Regulatory Structure For Games Of Skill**

Testimony was provided on regulating and taxing games of skill. Presenters testified in opposition and in concern for charitable gaming.

### **Racing Industry In Northern Kentucky**

The general manager of Turfway Park provided an overview of its history and expansion, as well as an update on the newly renovated park.

## **Turf Races And Kentucky Thoroughbred Development Fund**

The executive director of the Kentucky Thoroughbred Association, and of Thoroughbred Owners and Breeders, testified that turf sires are losing their edge in the sport and expressed a desire to amend KRS 230.400(5)(a) to open this field.

## **Health Care Industry**

### **Regional Mental Health Centers**

The policy consultant of the Kentucky Association of Regional Programs provided an overview of the history of the Community Mental Health Center Act. The executive director of the association provided an overview of legislation that will require a provider that identifies as a community mental health center to act as a behavioral health service organization if providing services outside its region. Senator McDaniel discussed pursuing ways to make modifications without a complete statutory change.

### **Nursing Shortage**

The director of clinical education at the Galen College of Nursing provided an overview of the 36 percent shortfall in the supply of nurses in Kentucky. She explained that the shortfall did not start with the pandemic but was exacerbated by it and needs to be addressed.

### **Birthing Centers**

Testimony was provided about establishing freestanding birthing centers. Birthing centers offer a more at-home birthing experience but are not hospitals and do not provide cesarean sections or anesthesia. The deputy executive vice president of the Kentucky Medical Association testified that obstetrician-gynecologists support birthing options for women along with maintaining appropriate accreditation standards.

### **EMS Compact**

The executive director of the Kentucky Commission on Military Affairs, the executive director and the counsel of the Interstate Commission for EMS Personnel Practice, and the southeast liaison for the Department of Defense State Liaison Office urged passage of proposed legislation that would make Kentucky a member state of the EMS Interstate Compact, which has 22 members, 5 of which border Kentucky. Joining the compact will facilitate the ability of these professionals, including military spouses, to work across state lines.



## **Alcohol**

### **Alcoholic Beverage Industry**

The director of sales of New Riff Distilling expressed gratitude for the passage of 22 RS HB 500, which enabled exclusive bottling, customer engagement experiences, and satellite locations to facilitate tourism.

The owner of Verona Vineyards explained that the goal of any small farm winery is selling products in local, not chain, restaurants. This self-distribution would be helpful, as it can be difficult to find a distributor to transport small amounts of product into cities. Proposed legislation would allow producers to self-distribute a percentage of products. The owner testified on the limitation of a NQ2 retail drink license, which requires 50 percent of the sales to come from food and is costly for small producers.

The Department of Alcoholic Beverage Control will be directed to study its licensing fee structure in 2023 for updating.

## **Occupations**

### **Real Estate Wholesaling**

Testimony was provided indicating that wholesaling in real estate has become a problem across the country. Wholesaling is entering into a contract for real estate, selling the contract to someone else for a higher price, and pocketing the difference. Targets typically involve distressed properties, those facing foreclosure, and persons unfamiliar with the real estate market.

CEOs of Kentucky real estate organizations explained that a real estate licensee owes a fiduciary duty to clients and a duty of good faith and fair dealing to any consumer. Proposed legislation would make it unlawful for any person not licensed as a broker or agent to advertise for sale an equitable interest in a contract for the purchase of real property. This consumer protection measure would close the loophole currently being exploited by unlicensed individuals.

### **Military Installation Real Estate Disclosure**

Testimony was provided about the need for a noise disclosure in the sale of real estate in proximity to Fort Knox and Fort Campbell as a protection for these military communities. Committee members expressed concern over passage of a law that would affect only two geographic areas of Kentucky, especially since the subject of the disclosure should be obvious.

### **Land Surveyors**

Representative Koch explained that Kentucky faces a critical shortage of professional land surveyors. The chief strategy officer of Thoroughbred, an engineering firm, testified that the

shortage is causing extreme delays, higher costs, and hardships on all parties. The chief strategy officer explained that proposed legislation would allow the State Board of Licensure for Professional Engineers and Land Surveyors to create a viable 2-year program, in combination with 6 years of apprenticeship, to enable more young Kentuckians to have a land surveying career.

### **Electrical Inspectors**

Under current law, electrical inspectors can perform no electrical work in the county where they perform inspections, or in surrounding counties. Proposed legislation would allow them to perform electrical work outside the county where they perform inspections.

### **Administrative Regulations**

The Kentucky Board of Licensure for Massage Therapy proposed an amendment to 201 KAR 42:020 relating to fee increases necessary for the board to continue operating effectively.

**Report Of The 2022  
Interim Joint Committee On Local Government**

**Sen. Robby Mills, Co-Chair  
Rep. Michael Meredith, Co-Chair**

Sen. Ralph Alvarado  
Sen. Denise Harper Angel  
Sen. Christian McDaniel  
Sen. Morgan McGarvey  
Sen. Michael J. Nemes  
Sen. Wil Schroder  
Sen. Adrienne Southworth  
Sen. Brandon J. Storm  
Sen. Damon Thayer  
Sen. Phillip Wheeler  
Rep. Danny Bentley  
Rep. Josh Bray  
Rep. George Brown Jr.  
Rep. Jonathan Dixon

Rep Jeffery Donohue  
Rep. Ken Fleming  
Rep. Deanna Frazier Gordon  
Rep. Keturah Herron  
Rep. Regina Huff  
Rep. Mary Beth Imes  
Rep. DJ Johnson  
Rep. Adam Koenig  
Rep. Matt Lockett  
Rep. Mary Lou Marzian  
Rep. Jerry T. Miller  
Rep. Brandon Reed  
Rep. Rachel Roberts  
Rep. Walker Thomas

LRC Staff: Mark Mitchell, Joe Pinczewski-Lee, Christopher Jacovitch, and Cheryl Walters

**Presented to the  
Legislative Research Commission  
and the  
2023 Regular Session of the  
Kentucky General Assembly**

## **Interim Joint Committee On Local Government**

Jurisdiction: Matters pertaining to the officers, organization, government, and financing of county and city governments; city and county imposed taxes and licenses; special purpose assessment and taxing districts within a city; financing of local government improvements; issuance of bonds for county, city, and special district projects; local government and special district indebtedness generally; compensation of county and city officers and employees; the imposition of duties and costs on local governments; interlocal government cooperation and consolidation of services; local government employees, civil service, and retirement; the powers, duties, and composition of fiscal courts and municipal legislative bodies; the offices of county judge/executive, magistrate, county attorney, sheriff, constable, jailer, coroner, surveyor, and county clerk; forms of local government; incorporation and classification of cities; housing projects; manufactured housing; urban renewal and redevelopment; planning and zoning; annexation of territory; public works; parks and playgrounds; police and fire departments and their retirement systems; county roads; city streets and sidewalks; local government utilities and waterworks; acquisition of waterworks and water districts by local governments; sewers; metropolitan sewer and sanitation districts; public road districts; water districts; fire protection districts; drainage districts and local flood control and water usage; local air pollution control districts; urban service districts; library districts; city and county libraries; and special districts not assigned to another committee.

### **Committee Activity**

The Interim Joint Committee on Local Government held six meetings during the 2022 Interim.

#### **Constitutional Amendment Relating To Local Taxation**

Representative Meredith, the executive director of the Kentucky Association of Counties, the executive director/CEO of the Kentucky League of Cities, the chief police officer of Commerce Lexington, and the vice president of governmental affairs and communications of Greater Louisville Inc. discussed the necessity of amending Section 181 of the Constitution of Kentucky to allow the General Assembly, rather than the constitution, to outline permissible taxes for local governments. Case studies of adjacent Kentucky and Tennessee cities were discussed. A comparison and contrast of the cities was made in the context of differing taxing authorities. Speakers also noted efforts in improving regional economic competitiveness.

#### **County Clerks' Recorded Instrument Electronic Filing Portal**

Under 22 RS SB 135, county clerks are now required to implement an electronic filing portal for recorded instruments. The bill provided fees to help clerks implement the systems. The clerks of Anderson, Grant, and Montgomery Counties discussed the administration of the fee and some potential clean-up legislation. The Kentucky Department for Libraries and Archives administers a grant program for electronic file conversion, which is funded partially by an additional fee contained in the legislation. The grant program application and awards process were discussed.

## **2023 Legislative Platforms**

**Kentucky League Of Cities.** The executive director and CEO, the president, and the first vice president of the Kentucky League of Cities presented its 2023 legislative platform.

**Kentucky Association Of Counties.** The executive director and CEO, the president-elect, and the director of government affairs of the Kentucky Association of Counties presented its 2023 legislative platform.

## **Local Administration And Update Of The American Rescue Plan Act**

The executive directors of the Kentucky League of Cities, the Kentucky Infrastructure Authority, and the Kentucky Association of Counties discussed how much money the local governments of Kentucky have received as a result of the federal American Rescue Plan Act. Most cities received less than \$10 million, allowing for more diverse uses for the money. Only 18 counties received more than \$10 million. Some local governments have already earmarked their use of the money, for uses include premium pay; public health; negative economic impact response; services to disproportionately impacted communities; telecommunications upgrades; housing; provision of emergency medical service; tourism, parks, and recreation; and water and sewer services.

## **Online Tangible Personal Property Tax Filing System**

In the 2022 Regular Session, SB 232 was proposed to change the property tax filing system through implementing online forms for tangible personal property returns. The director of the Division of Local Support, the director of the Division of State Valuation, and the property valuation administrators of Franklin and Fayette Counties discussed present facilities for processing tangible personal property tax returns, and the necessary preparations and potential benefits of having online facilities. The local officials discussed the operations of their offices relative to the existing tangible personal property tax filing system.

## **Special Purpose Governmental Entity And Fire Department Annual Reports**

The cities and special districts branch manager with the Department for Local Government and the deputy director and training records and compliance specialist with the Kentucky Fire Commission presented their reports on special purpose government entity and fire department compliance, respectively, statutorily mandated within KRS Chapter 65A and Chapter 95A.

## **State Reimbursement To Counties For Holding State Prisoners**

The assistant general counsel and the director of offender services with the Department of Corrections, along with the president of the Kentucky Jailers Association, discussed the fiscal implications of 22 RS HB 211, which would have required the state to reimburse counties for time served by an inmate in a jail or other local correctional facility when the inmate is convicted of a felony and the sentence in whole or in part includes the amount of time served prior to conviction. The estimated impact to Kentucky's budget was estimated at \$127 million to

\$156 million. The Kentucky Offender Management System would need to be updated to provide appropriate and accurate reimbursement to the jails. Campbell County's jail was used as a case study in identifying jail costs related to holding prisoners.

### **Utility Vegetation Management**

The president of the Lansdowne Neighborhood Association in Lexington, another resident of that neighborhood, a Lexington/Fayette Urban County councilmember, and the executive director of the Kentucky Public Service Commission (PSC) discussed utilities' practice of removing vegetation that interferes or may interfere with electricity transmission lines. Representatives of the neighborhood discussed problems with the practice and its administration and noted that other cities could face similar issues. The executive director of the PSC discussed its role in approving vegetation management plans, which is focused on ensuring the reliable operations of the utilities in terms of continuity of service and in the fiscal impact to consumers when utilities factor costs of vegetation management plans into customer rates.

### **Administrative Regulations Referred To Committee**

The Administrative Regulations Review Subcommittee referred, and the committee heard, the following administrative regulations:

- 739 KAR 010:060 – Volunteer Fire Department Loan Fund
- 815 KAR 007:120 – Kentucky Building Code
- 815 KAR 010:060 – Kentucky Standards of Safety

**Report Of The 2022  
Interim Joint Committee On Natural Resources And Energy**

**Sen. Brandon Smith, Co-Chair  
Rep. Jim Gooch Jr., Co-Chair**

Sen. Jared Carpenter  
Sen. Matt Castlen  
Sen. C.B. Embry Jr.  
Sen. Denise Harper Angel  
Sen. John Schickel  
Sen. Adrienne Southworth  
Sen. Johnnie Turner  
Sen. Robin L. Webb  
Sen. Whitney Westerfield  
Sen. Phillip Wheeler  
Rep. John Blanton  
Rep. Adam Bowling  
Rep. Randy Bridges  
Rep. Tom J. Burch  
Rep. McKenzie Cantrell

Rep. Myron Dossett  
Rep. Ryan Dotson  
Rep. Jim DuPlessis  
Rep. Patrick Flannery  
Rep. Chris Fugate  
Rep. DJ Johnson  
Rep. Norma Kirk-McCormick  
Rep. Mary Lou Marzian  
Rep. Suzanne Miles  
Rep. Melinda Gibbons Prunty  
Rep. Attica Scott  
Rep. Pamela Stevenson  
Rep. Bill Wesley  
Rep. Richard White

LRC Staff: Stefan Kasacavage, Tanya Monsanto, Kayla Carroway, and Rachel Hartley

**Presented to the  
Legislative Research Commission  
and the  
2023 Regular Session of the  
Kentucky General Assembly**

## **Interim Joint Committee On Natural Resources And Energy**

Jurisdiction: Matters pertaining to forestry; mining; fish and wildlife resources; soil and water conservation; flood control and water usage; drainage and irrigation; geology and water resources; waterways and dams; oil, gas, and salt water wells; state and national parks; drainage districts; water pollution; noise pollution; air pollution; management of waste; protection of the environment; Energy and Environment Cabinet; privately owned public utilities; rates, permits, and certifications of convenience and necessity; water district rates; utilities in cities; public utility cooperatives; electric and gas utilities and cooperatives; oil and gas transmission companies; telephone companies and cooperatives; municipal utilities and water works; energy and fuel development; energy waste disposal; the Public Service Commission; solar and other renewable energy; hydroelectric and thermonuclear energy; gasohol and other alternative fuels.

### **Committee Activity**

The Interim Joint Committee on Natural Resources and Energy held six meetings between June 1 and December 1 of the 2022 Interim.

### **Energy Demand And Pricing**

**Summer Energy Demand And Electric Grid Reliability.** The director of the University of Kentucky's Center for Applied Energy Research testified that the major concerns for energy markets were high levels of uncertainty in the price and supply of petroleum and natural gas. Natural gas futures hit a 13-year high due to low inventories, steady demand for natural gas exports, and high demand for natural gas from the electric power sector. According to Citibank, petroleum—which was trading at around \$120 per barrel—was overvalued by \$50 per barrel. The factors driving energy supply uncertainty were sanctions on Russian oil production, restrictive production decisions made by the Organization of the Petroleum Exporting Countries, and the low rate of drilling by US oil and natural gas producers.

The vice president of external affairs for the Midcontinent Independent System Operator (MISO) stated that MISO is a voluntary, nonprofit member-services organization responsible for providing reliability and system-planning services across its multistate region, including part of western Kentucky. Every April, MISO holds the Planning Resource Auction to allow utilities to balance their resource portfolios and secure the amounts of capacity they need from resources within each zone to meet reliability standards. If there are insufficient resources to meet demand in the auction, then resource adequacy may not be achieved. For the 2022 auction, prices were approximately 50 percent higher than in previous auctions for the MISO zone where Kentucky is located. The high prices were due to low capacity that could not meet the load demand. Having more dispatchable baseload generation capacity available in the region would have helped utilities to avoid the higher prices.

**Factors That Determine Gasoline Pricing.** The chief economist of the American Petroleum Institute stated that the increase in crude oil acquisition costs due to high global demand and



inadequate supply contributed to the 85 percent rise in gasoline prices in the first half of 2022. In Kentucky, gasoline prices averaged 29 cents per gallon below the national average in 2021 and the first half of 2022. The Energy Information Administration has advised that the United States needs to produce an additional 1.4 million barrels a day to balance global markets. In the meantime, releases from the US Strategic Petroleum Reserve have been making up for this shortfall. The combination of demand outpacing supply and low inventories will continue to result in higher than average gasoline prices in the near future.

**Impacts Of Changes In Energy Demand On Utility Regulation.** The chairman of the Public Service Commission stated that changing energy market trends affect various aspects of utility regulation, including the fuel adjustment clause and integrated resource planning. The fuel adjustment clause allows jurisdictional utilities to pass increases or decreases in their fuel costs directly on to their customers. For electric utilities, fuel costs can account for approximately one-third of sales, so volatility in fuel costs can cause large changes in customers' monthly bills.

To help ensure grid reliability in the midst of changes in demand and generation resources, electric utilities file integrated resource plans once every 3 years with the Public Service Commission. Integrated resource plans include historical and projected energy usage as well as a summary of planned resource acquisitions, new power plants, and transmission improvements designed to reliably meet projected demand.

**Kentucky Coal Production And Energy Use Update.** Officials from the Energy and Environment Cabinet stated that coal employment in Kentucky had increased from 3,914 employees in 2020 to 4,675 employees in 2022. Coal production also increased, from 24.2 million tons in 2020 to 26.4 million tons in 2021, and the cabinet projected that 28 million tons would be produced in 2022. However, coal production remains below levels from 2019, when production was at 36.1 million tons. In 2022, there are 81 actively producing coal permits and 154 licensed coal mines.

Approximately 42 percent of Kentucky's coal consumption is met by production within the state. The remaining coal consumed in Kentucky is from Illinois, Wyoming, and West Virginia. Roughly 95 percent of Kentucky's coal stays in the United States, but at the national level, coal exports increased in 2022. US coal exports for the second quarter of 2022 increased by 13.9 percent from the first quarter of 2022. The average price of coal exports during the second quarter of 2022 was \$231.68 per short ton.

### **Feasibility Of Advanced Nuclear Energy Technology**

Representatives of the Tennessee Valley Authority (TVA) explained that the TVA decided to pursue the Clinch River Nuclear Project in Oak Ridge, Tennessee, to meet its dual goals of increasing its generation capacity and decreasing its carbon emissions by 2050. The TVA already operates the third largest nuclear reactor fleet in the United States, but the Clinch River Nuclear Project will be its first advanced nuclear small modular reactor. The 300-megawatt boiling water reactor was chosen from different small nuclear reactor options due to its relatively low financial risk. The TVA plans to have the reactor deployed and operational near 2032. TVA representatives stated that the same technology could be feasibly deployed in Kentucky.

### ***West Virginia v. EPA***

A law partner with Dentons Bingham Greenebaum explained the US Supreme Court's June 2022 decision in *West Virginia v. Environmental Protection Agency*. The court held that the Environmental Protection Agency (EPA) exceeded its statutory authority under the Clean Air Act in adopting the Clean Power Plan of 2015, which would have required fuel switching for the nation's electric generating sources. The court found that requiring the country's mix of electricity generation to shift away from coal toward natural gas in the near term, and eventually to renewables in the long term, was not authorized by Section 111(d) of the Clean Air Act.

Representatives of the Office of Attorney General stated that in the wake of *West Virginia v. EPA*, their office would continue to challenge the EPA's plans to limit emissions in ways that could hurt Kentucky, including the Good Neighbor Plan, which could force the closure of numerous fossil fuel-powered electric generating units in Kentucky because of the need to reduce emissions in distant states.

### **Blockchain Working Group**

Representatives of the Kentucky Blockchain Technology Working Group stated that its mission is to evaluate the feasibility and efficacy of using blockchain technology to enhance the commonwealth by identifying opportunities for its adoption, use, or regulation. Blockchain is an encrypted, secure, and distributed ledger system that maintains a digital record of transactions. It has many applications, including scalable technology used for recording cryptocurrency transactions, supply chain and logistics monitoring, data sharing, digital voting, real estate and auto title transfer tracking, and energy trading. The representatives believe that the working group could benefit from expanding its scope to include finance, records management, logistics, supply chain management, health care, and emerging technology.

### **Securitization Of Utility Regulatory Assets**

The chairman of the Public Service Commission stated that regulatory asset securitization is a process that would allow utility customers to effectively buy an asset from the utility using money provided by bonds financed by lenders. Since the utility earns an equity and debt return on its own investments, replacing that investment with only debt capital reduces the financing costs of that asset. Securitization could be useful in reducing the costs for financing some nonrecurring, one-time, extreme, or otherwise unusual utility costs, like the retirement of an electric generating unit before the utility has fully recovered its cost. Roughly half of the states have adopted legislation allowing regulatory asset securitization. As of May 2022, electric utilities have issued \$62 billion of utility securitization bonds nationwide, ranging from \$22 million to \$4 billion issuances.

### **Reports Received**

- Telecommunications Access Program Annual Report, Fiscal Year 2022
- Hazardous Waste Management Fund Report, Fiscal Year 2022

- Low Income Home Energy Assistance Program Block Grant Program Status Report, January 2022–June 2022
- Kentucky Department Of Fish And Wildlife Resources No Net Loss Of Hunting Land Report, 2022
- Kentucky Reclamation Guaranty Fund Annual Report, Fiscal Year 2022
- Report Of The Audit Of The Kentucky Heritage Land Conservation Nature License Plate Fund, Fiscal Year 2022
- Report On The Use Of Energy-Efficient Measures In State Government, Fiscal Year 2022
- Kentucky Department Of Fish And Wildlife Resources Annual Report Of Law Enforcement Professional Standards, 2022
- Chronic Wasting Disease And Wildlife Diseases Status Report, 2022

### **Referred Block Grant Applications**

- Low Income Home Energy Assistance Program Block Grant Application, Fiscal Year 2022

### **Referred Administrative Regulations**

In performing its statutory legislative oversight responsibility, the committee, as of November, had reviewed 18 administrative regulations upon referral from the Legislative Research Commission under the review process established in KRS Chapter 13A.



## **Report Of The 2022 Interim Joint Committee On State Government**

**Sen. Robby Mills, Co-Chair**  
**Rep. Jerry T. Miller, Co-Chair**  
**Rep. Kevin D. Bratcher, Co-Chair**

Sen. Ralph Alvarado  
Sen. Denise Harper Angel  
Sen. Christian McDaniel  
Sen. Morgan McGarvey  
Sen. Michael J. Nemes  
Sen. Wil Schroder  
Sen. Adrienne Southworth  
Sen. Brandon Storm  
Sen. Damon Thayer  
Sen. Phillip Wheeler  
Rep. John Blanton  
Rep. Adam Bowling  
Rep. McKenzie Cantrell  
Rep. Jennifer Decker  
Rep. Jim DuPlessis  
Rep. Joseph M. Fischer  
Rep. Kelly Flood  
Rep. Jim Gooch  
Rep. Derrick Graham  
Rep. Richard Heath

Rep. Samara Heavrin  
Rep. Keturah Herron  
Rep. Mary Beth Imes  
Rep. DJ Johnson  
Rep. Matthew Koch  
Rep. Derek Lewis  
Rep. Scott Lewis  
Rep. Savannah Maddox  
Rep. Patti Minter  
Rep. Kimberly Poore Moser  
Rep. Jason Nemes  
Rep. Attica Scott  
Rep. Tom Smith  
Rep. Pamela Stevenson  
Rep. Nancy Tate  
Rep. James Tipton  
Rep. Ken Upchurch  
Rep. Russell Webber  
Rep. Buddy Wheatley

LRC Staff: Alisha Miller, Daniel Carter, Michael Clancy, Brad Gross, Jennifer Black Hans,  
Angela Rhodes, Alaina Spence, Shannon Tubbs, and Peggy Sciantarelli

**Presented to the  
Legislative Research Commission  
and the  
2023 Regular Session of the  
Kentucky General Assembly**

## **Interim Joint Committee On State Government**

Jurisdiction: Matters pertaining to the sovereignty and jurisdiction of the commonwealth; the General Assembly, its committees, officers, and service agencies; redistricting; the governor; the lieutenant governor; intergovernmental cooperation; state-federal relations; interstate compacts; administrative organization; administrative regulations; statutory administrative agencies; Department of Law; constitutional offices; state personnel; state retirement systems; public property and public printing; public officers, their terms, appointments, fees, compensation, removal, oaths, and bonds; public information; disaster and emergency services; state and regional planning; the libraries; archives and records; public corporations; commonwealth's attorneys; circuit clerks; the proposing of constitutional amendments and the calling of a constitutional convention; ratification of amendments to the United States Constitution; the election of officers to state, local, and school board positions; election commissioners, officers, and precincts; qualifications, registration, and purging of voters; conduct of primary and regular elections; presidential and congressional elections; special elections to fill vacancies; contest of elections; corrupt practices and election financing; election offenses and prosecutions; voting machines; and absentee ballots.

### **Committee Activity**

The Interim Joint Committee on State Government held six meetings during the 2022 Interim.

### **Opioid Litigation And Related Settlements**

Officials from the Office of Attorney General provided an update on opioid litigation and related settlements. Kentucky is to receive \$483 million from lawsuits brought against national pharmaceutical distributors and manufacturers of opioid products for their role in contributing to the opioid epidemic. The first payment was due in April 2022, and the second was due in July 2022.

The Kentucky Opioid Abatement Advisory Commission, created by 21 RS HB 427, is responsible for administering and distributing the funds at the state level. The bill also requires local governments and recipients of settlement funds to annually submit regular certifications of compliance. An online application process was expected to be in place by the end of 2022, with review of the applications beginning in 2023.

### **Legislation Relating To Sessions Of The General Assembly**

Senator Givens discussed 22 RS SB 88, a bill he sponsored that was prompted by the enactment of 21 RS HB 4, a proposed constitutional amendment relating to sessions of the General Assembly. If voters had ratified the constitutional amendment, SB 88 would have provided the statutory framework.

## **Election Security**

The assistant secretary of state and the executive director of the State Board of Elections testified that more than 110,000 deceased voters have been removed from the voter rolls over the past 2½ years. Other security improvements include the use of photo identification for voting, absentee ballot tracking, enhanced signature verification, a ban on ballot harvesting, the move to paper ballots, video surveillance of voting machines, and an expanded audit process.

In 2022, the General Assembly mandated that all counties must update election equipment to allow for the use of voter-verified paper ballots, which will be used statewide by 2024. This change is being accomplished with federal funding and an additional \$25 million appropriated during the 2022 Regular Session. Additionally, the State Board of Elections has designated \$6.7 million from an agency security fund to upgrade voting machines.

## **Voting Equipment And Technology**

Officials from two of Kentucky's election equipment vendors discussed their voting systems and provided a display of voting equipment.

Elections Systems & Software supplies technology to 23 Kentucky counties and has served in 1,600 county-level jurisdictions nationwide. All equipment and software undergoes testing for security, functionality, accessibility, usability, and environmental suitability. The company is working with industry partners to create the nation's first Coordinated Vulnerability Disclosure Program for elections equipment, designed to provide even greater third-party and independent testing.

Hart InterCivic has been in business for 110 years. The company has more than 840 customers in 20 states. It collaborates on election security with a broad community of stakeholders, including the National Association of Secretaries of State and the National Association of State Election Directors. The Verity products are never connected to the Internet, and they provide a voter-verifiable paper audit trail.

## **Kentucky Registry Of Election Finance Software And Systems**

At the August meeting, the executive director of the Kentucky Registry of Election Finance testified that the registry entered into an agreement with Kentucky Interactive LLC (KI) in September 2017 to develop and maintain a new electronic filing system to begin with the 2020 primary election. There have been problems with the new system, and further payments to KI are on hold until there is progress in correcting the problems.

At the September meeting, the general manager and the director of technology for KI testified in response to concerns raised at the August meeting. The general manager stated that when KI began serving the registry, 89 requirements were initially set; after execution of the statement of work, the number of requirements increased to 683. Challenges faced by KI include agency process improvements, such as moving from paper to online; change in the original scope of the project; and increase in the software development cycle and delivery timelines.

In response to testimony from the leadership of KI, the executive director of the Registry of Election Finance testified that the project with KI should have been completed 2½ years ago. The work that KI identified as “additional” belongs under the umbrella of the original statement of work. The system still lacks the ability to view and print financial statements.

### **2022 Primary Election**

The county clerks of Grant, Montgomery, and Anderson Counties testified that the May 2022 primary election ran smoothly with few issues. It was the first election featuring many of the changes enacted in 21 RS HB 574.

The county clerks recommend that provisions relating to electioneering should also apply to early voting sites and that, to qualify for a recount, a minimum vote margin should be specified. The clerks recommended that the current requirement to send absentee ballots to a voter’s residence should be discussed, in view of the flood that displaced many in eastern Kentucky from their homes.

### **2023 Kentucky Employees’ Health Plan**

The commissioner and the deputy commissioner of the Department of Employee Insurance (DEI) at the Personnel Cabinet gave an overview of the 2023 Kentucky Employees’ Health Plan (KEHP). They testified that 54 percent of KEHP members are school board employees. Early retirees constitute 23 percent of membership, state agencies 18 percent, and quasi groups 5 percent. Planholder enrollments have gradually decreased, and the number of covered lives has declined. Although membership is decreasing, average net payments per claim have continued to grow. A decrease in claims in 2020—likely due to the pandemic—was followed by a sizable increase in the first half of 2021. DEI salaries represent less than one-fifth of a penny per dollar of KEHP expense; 95.8 percent of plan expense is for claims payments.

### **Fluoridation Of Water**

Representatives Hart and Lawrence discussed their opposition to mandatory fluoridation of water systems. They were joined by the superintendent of the water treatment plant in Morehead, a Louisville dentist, and a registered nurse from Harrison County. Representative Hart explained that 23 RS BR 278 would allow governing bodies of water systems to decide whether to participate in water fluoridation programs, subject to regulation by the Cabinet for Health and Family Services.

Testimony in favor of water fluoridation was given by a retired dental hygienist from Frankfort, representing the Kentucky Dental Hygienists’ Association, and a Grant County dentist who spoke on behalf of the Kentucky Dental Association. They maintained that fluoridation of water systems is monitored daily by the state Department of Public Health, has been a cost-effective key in prevention of dental decay, is considered one of the top 10 public health measures, and has decreased the cost of dental care as much as 50 percent.



## **Risk-Limiting Audit Pilot Program**

The executive director and the assistant executive director of the State Board of Elections, and the co-founder/partner of The Elections Group, an organization that provides support to state and local election officials, gave an overview of the risk-limiting audit (RLA) pilot program. They discussed the post-election audit that is scheduled to take place following the 2022 general election. An RLA is a post-election tabulation audit that examines a random sample of voted ballots to provide a statistical level of confidence that the outcome of an election is correct.

Counties participating in the pilot project are Anderson, Fayette, Henderson, Johnson, Kenton, and Madison. A working group was formed consisting of State Board of Elections staff, a member of the Office of Secretary of State, representatives of voting systems used in Kentucky, and a former Secretary of State, and it has been meeting since the beginning of 2022. The goals of the project are to create a safe environment for county officials to become familiar with RLA terms, definitions, and procedures; to develop an RLA method that works in Kentucky; and to develop specific procedures and a ballot manifest that will work in every county.

## **Kentucky State Police**

The commissioner of the Kentucky State Police (KSP) testified that the pay increases granted in 22 RS HB 259 have placed KSP in the top five for starting pay for police officers in Kentucky. Prior to enactment of HB 259, KSP ranked 74<sup>th</sup> in starting pay for police officers in Kentucky. Through the Trooper “R” program, 65 retired KSP members have been reemployed.

The recruitment section is the largest it has ever been, with five personnel who focus only on recruiting. Recruitment is attempting to focus on areas with a high number of minorities and women. A new cadet class will start in February 2023, with the goal of enrolling 110 cadets—the most that can be accommodated in a cadet training class. Approximately 350 have applied, including 28 elite candidates who are already certified police officers in Kentucky.

Crime rates in Kentucky have trended overall with the national model. It is difficult to track urban trends versus rural ones, because some agencies do not report to KSP’s reporting system, which is tailored toward the reporting system of the Federal Bureau of Investigation. Overall, reported crimes have decreased in Kentucky, due in part to the efforts of programs such as the Victims Advocate service, the Angel Initiative, and KSP’s community outreach programs such as Shop With the Troopers, Cram the Cruiser, and Trooper Island.

## **Department Of Criminal Justice Training**

The deputy secretary of the Justice and Public Safety Cabinet and the commissioner of the Department of Criminal Justice Training reported that the department serves more than 8,000 law enforcement officers at its facility in Richmond. It offers basic and advanced training to city and county law enforcement officers, sheriffs’ deputies, telecommunicators, and university and airport police.

The 2022 state budget authorized more than \$28 million for a multipurpose training facility to

be built on the Richmond campus. The 2022 budget bill also included \$2.5 million for a site feasibility study for construction of an additional western Kentucky law enforcement training campus in Madisonville.

### **Administrative Regulation Review**

The committee agendas included discussion of administrative regulations of the Executive Branch Ethics Commission, the Personnel Cabinet, and the Kentucky Public Pension Authority.

**Report Of The 2022  
Interim Joint Committee On Tourism, Small Business,  
And Information Technology**

**Sen. Wil Schroder, Co-Chair  
Rep. Kim King, Co-Chair  
Rep. Phillip Pratt, Co-Chair**

Sen. Rick Girdler  
Sen. Alice Forgy Kerr  
Sen. Christian McDaniel  
Sen. Robby Mills  
Sen. Adrienne Southworth  
Sen. Brandon J. Storm  
Sen. Reginald Thomas  
Sen. Phillip Wheeler  
Sen. Mike Wilson  
Sen. David Yates  
Rep. Shane Baker  
Rep. Lynn Bechler  
Rep. Tina Bojanowski  
Rep. Josh Branscum  
Rep. George Brown Jr.  
Rep. Josh Calloway  
Rep. Jeffery Donohue  
Rep. Ryan Dotson  
Rep. Daniel Fister  
Rep. Chris Freeland  
Rep. Chris Fugate  
Rep. Jim Gooch Jr.

Rep. Deanna Frazier Gordon  
Rep. David Hale  
Rep. Richard Heath  
Rep. Thomas Huff  
Rep. Norma Kirk-McCormick  
Rep. Adam Koenig  
Rep. William Lawrence  
Rep. Charles Miller  
Rep. Ruth Ann Palumbo  
Rep. Michael Sarge Pollock  
Rep. Josie Raymond  
Rep. Brandon Reed  
Rep. Rachel Roberts  
Rep. Bart Rowland  
Rep. Steve Sheldon  
Rep. Cherlynn Stevenson  
Rep. Ashley Tackett Laferty  
Rep. Nancy Tate  
Rep. Killian Timoney  
Rep. Timmy Truett  
Rep. Bill Wesley  
Rep. Richard White

LRC Staff: Janine Coy, Audrey Ernstberger, Kirk Smith, Crystal Thompson, and  
Sasche Allen

**Presented to the  
Legislative Research Commission  
and the  
2023 Regular Session of the  
Kentucky General Assembly**

## **Interim Joint Committee On Tourism, Small Business, And Information Technology**

Jurisdiction: Matters pertaining to commerce, industry, economic and industrial development, the workforce and the workplace, and tourism not specifically assigned to another committee; economic development planning, international trade and investment; investment companies and industrial loan corporations as they relate to economic and industrial development; recruitment of business and industry; small business matters relative to economic and industrial development; financing of business and industrial development; business regulatory matters, including the Uniform Commercial Code, relative to economic and industrial development; worker training; technology development and application; chambers of commerce; convention centers and publicly owned exhibition and parking facilities; arts and arts exhibition facilities; state, interstate, and national parks and historic sites; travel promotion and advertising; labor unions; collective bargaining; liquefied petroleum gas and other flammable liquids; hotels, electricians; plumbers and plumbing; wages and hours; garnishments; safety and health of employees; child labor; employment agencies; apprenticeship; unemployment compensation; workers' compensation; consumer protection; industrial weights and measures; development and support of small businesses; job creation and job-training programs; federal, state and local regulations that impact small businesses and their employees; all other matters not specifically assigned to another committee relating to administrative, regulatory or operating issues which, because of their smaller size, uniquely impact small business; information technology planning; statewide standards related to information technology; broadband internet; internet service providers; tourism and travel promotion and development; state, interstate, and national parks and historic sites; fish and wildlife; small business matters relative to tourism development; hotels and motels generally; hotel and restaurant regulations; billboards; advertising related to tourism development; entertainment establishments; campgrounds; the Tourism Cabinet; hunting and fishing; boating; horseback riding; hiking; bird watching; rock climbing; recreational use of all-terrain vehicles; mountain biking; cycling; kayaking; and recreational land use.

### **Committee Activity**

The Interim Joint Committee on Tourism, Small Business, and Information Technology held six meetings between June 1 and December 1 of the 2022 Interim. The committee received testimony regarding a wide range of topics.

### **Department Of Fish And Wildlife Resources**

Representatives of the Department of Fish and Wildlife Resources (KDFWR) detailed the department's active role in the western Kentucky tornado response and the eastern Kentucky flood response. The rescue and recovery efforts were a collaborative effort of KDFWR, statewide emergency management, and law enforcement. The commissioner of KDFWR provided an update on chronic wasting disease, which affects deer and related species. Although the disease has not been detected in the commonwealth, voluntary check stations for harvested deer or elk have been placed in Bell and Harlan Counties. Five counties in western Kentucky remain under special regulations for disease monitoring for the 2022–2023 deer hunting seasons.

## **Eastern Kentucky Tourism**

Representative Tackett Laferty introduced guests from Prestonsburg and Pikeville. In 2021, the tourism industry in Floyd County had a total economic impact of over \$53 million, supported 352 jobs, and generated over \$9 million in income and wages. Family travelers, outdoor adventurers, and motor coach travelers visit the Prestonsburg area for the Mountain Arts Center, the Appalachian Arts and Entertainment Awards, and sport tourism events hosted at the Sugarcamp Mountain Trails and the Prestonsburg Passage Rail Trail, in partnership with Jenny Wiley State Resort Park.

Pikeville officials testified that tourism in the Pikeville area is focused on outdoor recreation. The assistant director of Pikeville Tourism highlighted the creation of the Story Trail; the 5-mile Real McCoy Trail; the Pikeville Cut-Through; the Hillbilly Days Festival; the Big Sandy Heritage Center Museum; the Appalachian Moonshine, Music, and Makers Festival; the Appalachian Center for the Arts; Hoptoberfest KY; and events held at Appalachian Wireless Arena.

## **Sustainable Aviation Fuel**

The director of communications and government affairs at Cincinnati/Northern Kentucky International Airport and a representative of the Kentucky Sustainable Aviation Fuels Coalition discussed the potential economic impact of manufacturing sustainable aviation fuel in the commonwealth. Supporting production of this fuel would combine the energy and aviation industries and could have a major economic impact in Kentucky that few other states experience, due to energy and aviation infrastructures already in place throughout the commonwealth.

## **Workforce Development Programs**

The executive director of the Building Industry Association of Northern Kentucky and the director of professional development for the Enzweiler Building Institute gave an overview of the construction industry in northern Kentucky. Despite growth in the industry and increasing wages, there is a critical shortage of workers across the skilled trades. The Building Industry Association of Northern Kentucky is trying to combat the workforce shortage by encouraging the approach used by the Enzweiler Building Institute, which provides apprentice-style training in the skilled construction trades. Areas of training include carpentry, welding, masonry, HVAC, plumbing, electric, and diesel mechanics. A high school program that involves exposure to all the major trades is offered, as well as events and presentations for elementary and middle school aged children. Some recommendations includes incorporating the Home Builders Association curriculum into the state's career readiness definitions, removing barriers for field professionals to teach, convening employers to discuss ways to increase involvement, revising state statutes pertaining to licensures, and allowing Kentucky Educational Excellence Scholarship money to be used in any state-recognized program in high-impact career areas.

## **Automatic Renewal Offers And Continuous Service Offers**

HB 106, an Act relating to the termination of automatic renewal offers and continuous service offers, was filed during the 2022 Regular Session in response to constituents who did not recover funds from automatic subscription renewals and cancellations of the renewals from online vendors. The introduced bill would have put in place stricter consumer protections by clearly defining certain terms related to automatic subscriptions. Five other states passed similar legislation in 2022, and the Federal Trade Commission has released directives for automatic renewal policies. The director of state government affairs with the Entertainment Software Association testified about his organization's concerns with the bill, including the sections on notification, payment method, and cancellation.

## **Broadband**

The director of the Office of State Budget and the director of the Kentucky Infrastructure Authority presented an update regarding the state's Broadband Deployment Fund Program. The state broadband director of the Tennessee Department of Economic and Community Development presented an overview of Tennessee's broadband program and grant funding. The broadband program manager of the Appalachian Regional Commission (ARC) gave an update on the importance of universal access to high-quality, affordable broadband in the Appalachian region. Access to adequate broadband in that area is well below the national average. The chief executive officer of Dataseam discussed the significant challenges that exist in ARC's 13-state service area and how a lack of access to broadband and computer devices can impede economic growth. Kentucky has a higher participation rate in the Federal Communications Commission's Affordable Connectivity Program than other areas of Appalachia.

Texas Representative Giovanni Capriglione discussed his state's approach to updating legacy information technology systems of state agencies. The Texas Legislature passed HB 4018 in 2021 to improve long-term planning and coordination for state agency information technology, to establish a fund in the state treasury to be used for improving and modernizing state agency information resources, and to create the Joint Oversight Committee on Investment in Information Technology Improvement and Modernization Projects.

## **Tourism-Related Economic Development Projects**

Representatives of the Somerset-Pulaski Economic Development Authority presented details on the tourism-based economic development project called Dream BIG Burnside. They anticipate that this public-private venture will offer lodging, restaurants, and other amenities relating to tourism in the Lake Cumberland area.

A representative of Kentucky Venues and the vice chair of the Kentucky State Fair Board discussed how Kentucky Venues properties are used, the state of the infrastructure and future improvement needs, plans for event hosting opportunities, ideas for additional tourism amenities, and the projected return on investment for future projects.

The executive director of Tourism for Harrodsburg-Mercer County presented the plans for the celebration of Harrodsburg's 250<sup>th</sup> anniversary, an event designed to commemorate the state's oldest city and generate economic development in the area.

### **Department Of Parks**

Representatives of the Department of Parks discussed its organizational structure and its role in providing disaster relief in the aftermath of the tornado in western Kentucky and the flooding in eastern Kentucky. They also discussed the increased usage of the state park lodges and the renovation plans for lodges. A park ranger representative discussed the jurisdictional limitations of park rangers' authority and provided anecdotal testimony in support.





## **Report Of The 2022 Interim Joint Committee On Transportation**

**Sen. Jimmy Higdon, Co-Chair**  
**Rep. Ken Upchurch, Co-Chair**

Sen. Karen Berg  
Sen. C.B. Embry Jr.  
Sen. Paul Hornback  
Sen. Brandon Smith  
Sen. Brandon Storm  
Sen. Johnnie Turner  
Sen. Phillip Wheeler  
Sen. Mike Wilson  
Sen. Max Wise  
Sen. David Yates  
Rep. Josh Branscum  
Rep. Kevin D. Bratcher  
Rep. Randy Bridges  
Rep. Jonathan Dixon  
Rep. Ken Fleming  
Rep. David Hale

Rep. Samara Heavrin  
Rep. Regina Huff  
Rep. Thomas Huff  
Rep. Derek Lewis  
Rep. Savannah Maddox  
Rep. Bobby McCool  
Rep. Shawn McPherson  
Rep. Charles Miller  
Rep. Ruth Ann Palumbo  
Rep. Sal Santoro  
Rep. Tom Smith  
Rep. Cherlynn Stevenson  
Rep. Ashley Tackett Laferty  
Rep. Walker Thomas  
Rep. Susan Westrom  
Rep. Buddy Wheatley

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

**Presented to the  
Legislative Research Commission  
and the  
2023 Regular Session of the  
Kentucky General Assembly**

## **Interim Joint Committee On Transportation**

Jurisdiction: Matters relating to airports and aviation; boats and boating; licensing of motor vehicles; operators and trailers; financial responsibility law; nonresident motorists; motor vehicle sales; railroad rates, service, and operating regulations; motor carriers; construction and maintenance of the state highway system; the Department of Transportation; state aid for local roads and streets; the State Police; the Federal Highway Safety law; turnpike authority; state and federal highways; limited access facilities; use of road bond moneys; automobile recyclers; highway beautification; bridges, tunnels, and ferries; traffic regulations; vehicle equipment and storage; and driver training schools.

### **Committee Activity**

The Interim Joint Committee on Transportation met six times during the 2022 Interim.

#### **FY 2022 Road Fund Report**

The executive director of the Office of Budget and Fiscal Management, Kentucky Transportation Cabinet (KYTC), gave a brief update on the FY 2022 closeout of the road fund. The revised revenue estimate for FY 2022 was \$1,680.1 million. Actual road fund revenues for FY 2022 totaled \$1,675.4 million, an increase of 2 percent from FY 2021 but a shortfall of \$4.7 million below the revised official estimate. However, this did not result in any spending reductions. In comparing the actual road fund revenues for FY 2022 to FY 2021, the total FY 2022 receipts were approximately \$33 million more than 2021 levels, an increase of about 2 percent. The official road fund revenue estimate for FY 2023 is \$1,719.9 million.

#### **Brent Spence Bridge Project; Northern Kentucky Transportation Projects**

The chief executive officer and executive director of the Ohio-Kentucky-Indiana Regional Council of Governments briefly commented on the Brent Spence Bridge project. More than 160,000 vehicles cross the bridge daily. The bridge was designed to handle 3,000 to 4,000 trucks per day but currently handles more than 13,000. It is projected to carry 200,000 vehicles each day by 2030. The bridge was designated as functionally obsolete in the 1990s. Several incidents involving bridge safety have occurred, including a truck accident and resulting fire in November 2020 that shut down the bridge for 41 days.

The Brent Spence Bridge project involves more than one bridge; it is an 8-mile corridor project from Dixie Highway in Kentucky through the Western Hills Viaduct in Ohio. The existing Brent Spence Bridge is structurally sound and will remain in service. The project entails construction of a new companion bridge, as well as updates to the existing bridge and the interstate network throughout the corridor. The cost of the new companion bridge will be split 50/50 by Ohio and Kentucky, and each state will pay for the approach work on its respective end of the bridge. The project will cost approximately \$2.9 billion. The passage by Congress of the Bipartisan Infrastructure Law and its mega-project grant programs has created a unique opportunity for the federal support needed to launch this project.

The District 6 chief district engineer of KYTC gave an overview of important transportation projects in various stages in northern Kentucky, including the 4<sup>th</sup> Street Bridge, the I-275/I-71/75 interchange reconstruction, the initial study of the I-75 interchange at Walton, the Donaldson Road reconstruction, the Mineola Pike reconstruction, the Infra Grant Project (KY 338 interchange, KY 536 interchange, and I-75 lane addition), and the Graves Road interchange.

### **Electric Vehicle Infrastructure Deployment Plan**

KYTC's assistant state highway engineer for project development gave a brief update on the commonwealth's Electric Vehicle (EV) Infrastructure Deployment Plan. The National Electric Vehicle Infrastructure (NEVI) Formula Funding Program's goal is to fund a convenient, reliable, affordable, and equitable national EV charging network, with the initial focus on interstates to support long-distance travel. The NEVI program will provide Kentucky with \$69.5 million over 5 years; upon approval, FY 2022 and FY 2023 funding will be available. The program requires a 20 percent match from either state or private parties. The funds will be used to build out alternative fuel corridors first, then other charging locations.

### **Reformulated Gasoline**

The director of the Division for Air Quality, Energy and Environment Cabinet, gave a brief presentation on the use of reformulated gasoline (RFG) in the commonwealth. On January 1, 1995, RFG began to serve as an air pollution control measure for northern Kentucky and the Louisville area. Initially, the RFG program reduced nitrogen oxides and volatile organic compounds by an estimated 17 percent.

In April 2017, the cabinet submitted a petition to the US Environmental Protection Agency (EPA) to opt out of the RFG program for the northern Kentucky and Cincinnati area. The EPA approval of the petition to remove the area from the federal RFG program was effective July 1, 2018. Current RFG areas include all of Jefferson County, portions of Bullitt County, and portions of Oldham County.

The director of the Louisville Metro Air Pollution Control District gave a brief update on ozone and how its impact is being dealt with in Louisville. Louisville was initially unable to achieve the lowest level of ozone nonattainment. However, because that standard is now being met, Louisville has prepared a request for redesignation. If the city's status is redesignated to "attainment," then planning and other requirements for moderate nonattainment cease.

### **Flood Response**

The secretary of KYTC gave a brief overview of the cabinet's response to the recent tragic flooding in eastern Kentucky. He recognized key staff and departments that assisted in the disaster relief. At least 180 employees of the Department of Highways, as well as dozens of pieces of equipment, have deployed to the flood area to bring in critical goods such as drinking water, meals ready to eat, cots, travel trailers for shelter, and work trailers. Pop-up licensing services were provided in six locations in five counties. Crews executed debris removal and had oversight and inspection capabilities of contracts.

The secretary stated that in 16 days, KYTC inventoried 1,098 bridges in the disaster zone, and as of August 14, 56 bridges had been identified for replacement and 52 others had been identified as needing repair. The chief district engineer for District 10 gave an overview of events from the night of the flooding, as well as the events that followed. He described the events as nothing short of catastrophic.

### **Bike Walk Kentucky**

The president of Bike Walk Kentucky gave a brief presentation on its mission of advocating for and assisting communities in developing bike-walk plans. Bike Walk emphasizes access and safety; healthy activities and lifestyles both on and off the road; and economic growth and vitality utilizing Kentucky's beauty, historic, and natural resources. Bike Walk works with government officials and other organizations to make cycling and walking more accessible and safer for all.

The executive director of Kentuckians for Better Transportation (KBT) stated that KBT, established in 1977, is a unified voice for all modes of transportation that works at the local, state, and federal levels. KBT has established the Public Transit Access and Safety Committee. Because of a 16-year high in traffic fatalities in 2021, addressing safety is a substantial cause for increased funding in the bipartisan infrastructure law.

### **Regional Driver's License Issuance**

The commissioner of KYTC's Department of Vehicle Regulation and the REAL ID project manager of the cabinet's Office of the Transportation Cabinet Secretary provided an update on regional driver's license issuance. There are now 32 driver licensing regional offices, and three options are available for renewing credentials: visiting a regional or pop-up office, renewing online, or renewing by mail. Pop-up driver licensing offices visit counties where no regional office is located.

### **Regional Driver's License Testing**

The captain of the Driver Testing Branch, Kentucky State Police (KSP), provided an update on regional driver's license testing. There are 27 regional driver testing locations, as well as one pending in Bellevue. Instructions for scheduling appointments online are located on the KSP driver testing website, [kentuckystatepolice.org/driver-testing](https://kentuckystatepolice.org/driver-testing). Training and software updates are ongoing, and both are expected to increase efficiency and testing capacity.

### **IDs And Driver's Licenses For Individuals With No Fixed Permanent Address**

Representative Bridges presented 23 RS BR 222, which would expand and modify procedures for the issuance of personal IDs and driver's licenses for individuals without a fixed permanent address. In the briefing, he was joined by a services and volunteer coordinator from St. John Center and the education and advocacy director of the Coalition for the Homeless. ID cards are essential to obtaining housing, employment, and a bank account; in voting; and in providing proof of identification. The proposed bill would lower the ID cost from \$10 to \$5, allow

homeless youth to independently obtain an ID without parental consent in limited circumstances, and allow for driver's license renewal for homeless individuals.

### **Kentucky Riverports, Highway, And Rail Freight Study Report**

The freight, rail, and waterways coordinator of KYTC's Division of Planning presented the cabinet's *Kentucky Riverports, Highway And Rail Freight Study* report. It assesses waterborne commerce markets, the state of Kentucky's riverports, the role of public riverports in future economic development, and the potential benefits of investing in Kentucky's public riverport infrastructure.

Kentucky has 1,662 miles of inland waterways, 1,020 of which are commercially navigable, ranking Kentucky fourth in the nation. Kentucky also has seven active public riverports.

Kentucky's riverports have a backlog in unmet preservation needs to simply get the existing infrastructure into a state of good repair. As part of the study, ports identified additional modernization and expansion needs that would enable them to successfully compete for business and serve new markets.

### **Kentucky Riverport Association**

The executive director of Kentuckians for Better Transportation and the president of the Owensboro Riverport Authority, who is also chair of the Kentucky Association of Riverports (KAR), gave a brief history of the KAR, highlighted the major products shipped through each riverport, and emphasized the efficiency of water transport. The KAR chair described the Kentucky Riverport Improvement grant program, discussed its limitations, and advocated for increased funding of public riverports.

### **Ingram Barge Company**

The senior vice president and general counsel of Ingram Barge Company gave an overview of the company and an explanation and endorsement of the Jones Act, a federal law that states that any waterborne cargo commerce moving between two coastal or inland points must be carried aboard vessels that are built in the United States, crewed by US mariners, and owned by US citizens. He highlighted the possibilities of inland intermodal port development as a major driver of economic growth as seamless transitions of containers occur from rail to truck, truck to rail, and then to the riverways as well. Paducah has four major river systems within 30 miles and is within a 3-hour drive of three major metropolises, so it is an ideal site for an inland intermodal port.

### **Use Of Autonomous Vehicles On Public Highways**

The counsel of the Autonomous Vehicle Industry Association (AVIA) discussed fully autonomous vehicles (AVs). The AVIA comprises the world's leading technology, ridesharing, trucking, and automotive companies. Its mission is to advance and promote the benefits of AVs and to support the safe and timely deployment of the innovative technology.

The federal government is responsible for oversight and administering performance and safety standards of AVs. States are responsible for regulating AV operation such as licensing, registration, insurance, and traffic enforcement. Most states expressly authorize AV operation. The counsel of AVIA stated that Kentucky needs an AV framework because a patchwork of state laws can lead AV operation to cluster in a few states. A state framework authorizing AV deployment would help bring safety, mobility, and efficiency benefits of AVs to Kentuckians.

### **Kentucky Automated Vehicle Information System**

The executive director and the KAVIS project manager of KYTC's Office of Information Technology provided an update on the implementation of the Kentucky Automated Vehicle Information System (KAVIS). Seven of the program's eight key modules have been implemented, and work is in progress on the all-vehicles module, but the target implementation date has been shifted from January 2023 to summer 2023 because of staffing issues. The current budgeted allocation for the KAVIS project is just under \$20 million, of which nearly \$19 million has been expended.

### **Junkyards And Auto Recyclers**

A KYTC transportation engineer specialist spoke on the cabinet's regulation of junkyards and auto recyclers—specifically, KYTC's proposal to limit the definition of *road* in KRS 177.905 to mean only highways designated as part of the National Highway System, which includes the Interstate Highway System and other major highways. This change would limit the number of recyclers regulated by KYTC and align with minimum federal standards for state jurisdiction over recyclers.

### **Hands-Free Operation Of A Device In A Motor Vehicle**

Representative Tipton gave an overview of 23 RS BR 22, which would expand Kentucky's distracted driving law to keep pace with technology and the broadened range of electronic communication platforms. The proposal would expand the definition of *personal communication device*, define *stand-alone electronic device*, and expand the definition of *operating a motor vehicle* to include when a vehicle is temporarily stationary on the highway because of traffic. The bill would prohibit hand-held use of a device and the use of a device to stream, record, or broadcast video, but it would allow pressing a single button to activate, deactivate, or initiate a feature or function of a device.

### **Automated Enforcement Of Traffic Laws In Highway Work Zones**

Representative Blanton and a KYTC deputy state highway engineer discussed automated enforcement of traffic laws in highway work zones. Representative Blanton stated that, in 2021 in Kentucky alone, there were 1,247 crashes within work zones, resulting in 299 injuries, and 7 fatalities. In 2020, there were 905 crashes in work zones, with 228 injuries, and 6 fatalities. As of November 1, 2022, there have been 860 crashes, 226 injuries, and 5 fatalities in work zones. Representative Blanton shared the story of Jared Helton, who was hit and killed by a tractor trailer as he was working on a road project. Representative Blanton encouraged the adoption of a

pilot project using automated speed enforcement in selected work zones.

Under this proposal, which is supported by the Kentucky Association of Highway Contractors, cameras would take a photograph indicating a vehicle's speed; violations would trigger a citation to be mailed to the vehicle's registered owner with attached civil fines of \$75 for the first offense and \$125 for subsequent offenses.

### **Staff Recognition**

In June, longtime Legislative Research Commission transportation staff committee analyst Brandon White was recognized for his exemplary service to the committee. White was named committee staff administrator for the newly established Commission on Race and Access to Opportunity within LRC. In August, the committee welcomed a new analyst, Ashley Nash, who is a graduate of Transylvania University and the Chase Law School at Northern Kentucky University.

### **Memorialization Of Senator C.B. Embry Jr**

In October, Chairman Upchurch shared the passing of one of the committee's valued members, Senator C.B. Embry Jr., Senate District 6, who had battled a long-term illness. Senator Wilson spoke a few words about Senator Embry, and a moment of silence was held in his honor.

### **Recognition Of Fallen Officers**

In July, Representative Tackett Laferty recognized Prestonsburg Police Captain Ralph Frasure, Prestonsburg Police Officer Jacob Chaffins, and Floyd County Sheriff's Deputy William Petry, as well as Floyd County Sheriff's K9 Officer Drago, who were killed while responding to an incident in Allen County on June 30, 2022. A moment of silence was held for the fallen officers.

### **Recognition Of Retiring Members Of The General Assembly**

Chairman Higdon and Chairman Upchurch recognized Senator Paul Hornback, Senate District 20, and Representatives Regina Huff, House District 82; Sal Santoro, House District 60; and Susan Westrom, House District 79, who are retiring from the General Assembly, and thanked them for their service.

### **Consideration Of Referred Administrative Regulations**

The committee considered 502 KAR 010:010, 502 KAR 010:020, 502 KAR 010:030, 502 KAR 010:035, 502 KAR 010:040, 502 KAR 010:050, 502 KAR 010:060, 502 KAR 010:070, 502 KAR 010:080, 502 KAR 010:090, 502 KAR 010:110, 502 KAR 010:120, and 603 KAR 5:155. No objections were raised, and these regulations were not found to be deficient or deferred.





**Report Of The 2022  
Interim Joint Committee On Veterans, Military Affairs,  
And Public Protection**

**Sen. Stephen Meredith, Co-Chair  
Rep. Walker Thomas, Co-Chair**

Sen. Jimmy Higdon  
Sen. Alice Forgy Kerr  
Sen. Robby Mills  
Sen. Dennis Parrett  
Sen. Wil Schroder  
Sen. Brandon Smith  
Sen. Whitney Westerfield  
Sen. Mike Wilson  
Sen. David Yates  
Rep. John Blanton  
Rep. Kevin D. Bratcher  
Rep. Myron Dossett  
Rep. Jim DuPlessis  
Rep. Chris Freeland  
Rep. Chris Fugate

Rep. Al Gentry  
Rep. Jim Gooch Jr.  
Rep. Mark Hart  
Rep. Matthew Koch  
Rep. Scott Lewis  
Rep. Savannah Maddox  
Rep. C. Ed Massey  
Rep. Bobby McCool  
Rep. Patti Minter  
Rep. Scott Sharp  
Rep. Pamela Stevenson  
Rep. Ashley Tackett Laferty  
Rep. Bill Wesley  
Rep. Buddy Wheatley

LRC Staff: Mark Mitchell, Jessica Zeh and Logan Schaaf

**Presented to the  
Legislative Research Commission  
and the  
2023 Regular Session of the  
Kentucky General Assembly**

## **Interim Joint Committee On Veterans, Military Affairs, And Public Protection**

Jurisdiction: Matters pertaining to military affairs and civil defense; National Guard; veterans; retention of military bases; veterans' rights, benefits, and education; veterans' nursing homes; military memorials and cemeteries; safety of citizens and security of public buildings and property; fire prevention and protection; foods, drugs, and poisons; pure foods and drugs; trailer park regulations; hotel and restaurant regulations as they pertain to public health; sanitation plants; and garbage and refuse disposal.

### **Committee Activity**

The Interim Joint Committee on Veterans, Military Affairs, and Public Protection held six meetings during the 2022 Interim.

### **Distinguished Military Personnel And First Responders**

During the Interim, the committee honored Lee "Mr. Western" Robertson; Floyd County Sheriff's Deputy Kevin Thacker; Prestonsburg Deputy Chief of Police Russ Shurtleff; Floyd County Judge/Executive Robbie Williams; Floyd County Constable Gary Wolfe; Madison County Sheriff Mike Coyle; and Madison County Deputies Martin Wesley, Jennifer Kermeen, and Jeremy Hamilton. The committee also paid tribute to the officers killed in June in Allen County: Ralph Frasure, William Petry, Jacob Chaffins, and K-9 Drago.

### **National Guard**

The adjutant general, the executive director of the Kentucky Department of Military Affairs, and the legislative and congressional liaison for the department provided updates on the activities of the National Guard, including the flood response in eastern Kentucky, vaccination efforts and exemptions, and recruitment and retention in the wake of the COVID-19 pandemic.

### **Kentucky Commission On Military Affairs**

The executive director of the Kentucky Commission on Military Affairs outlined legislative priorities for the 2023 Regular Session and highlighted the introduction of Military Child Care in Your Neighborhood-Plus, a new program that will provide up to a stipend of up to \$1,500 to assist military families with the costs of child care.

### **Kentucky Department Of Veterans Affairs**

The commissioner, the chief of staff, and the executive director for veterans services of the Kentucky Department of Military Affairs outlined legislative priorities for the 2023 Regular Session, including the removal of residency requirements for veteran cemeteries and licensing reform for military spouses exploring careers.

## **Joint Executive Council Of Veterans Organizations**

The legislative officer of the Joint Executive Council of Veterans Organizations detailed its recent work and outlined its legislative priorities for the 2023 Regular Session, including preventing veteran suicide, expanding access to hyperbaric oxygen therapy to treat traumatic injuries, increasing staff at veteran nursing homes, and banning “gray machines” in gambling.

## **Defense Communities**

The garrison commander of Fort Knox and the president and chief executive officer of the Knox Regional Development Alliance spoke about their partnership and some of the unique features of Fort Knox, including its nine general officer commands and its worldwide missions.

The garrison commander of Fort Campbell and the president and chief executive officer of the Campbell Strong Defense Alliance spoke about their partnership and some of the unique features of Fort Campbell, including the 101<sup>st</sup> Airborne Division and its large airfield.

## **Community Support For Veterans**

The president of Eastern Kentucky University (EKU) and the director of the EKU Office of Military and Veterans Affairs highlighted four aspects of its Veterans Education and Transition Support program (VETS|Ready): top-down support and resources, pathways to degree completion, campus and community partnerships, and program and faculty. EKU was named the number one military-friendly school in Kentucky.

The director of the Study of Knowledge Initiatives for Learning, Leadership, and Success (SKILLS) Collaborative at the University of Louisville (UofL) and the director of the UofL Center for Military-Connected Students discussed the SKILLS Collaborative, a workforce initiative supporting veterans in their postmilitary careers, and its work with the Department of Defense to enhance cybersecurity. UofL also touted its Military-Connected Student Resource Center.

The president and chief executive officer of USA Cares discussed its work for struggling Kentucky military families, including donations, food assistance, and assistance for military families affected by the eastern Kentucky flooding.

The government affairs representative, vice president of service operations, and service apprentice for DC Elevator discussed challenges in obtaining elevator mechanic licensure for veterans. There is no exact equivalent for elevator training in the US Armed Forces, so DC Elevator would like to see language changed in statute to improve the certification process for veterans.

## **First Responders**

The executive director and the deputy executive director of the Kentucky Office of Homeland Security discussed the adoption of the Next Generation 911 program, which features geospatial

call routing, text and video to 911, and the connection of all call centers via IP network. Some challenges to implementation include understaffed call centers and diminishing landline fees.

A captain and a lieutenant of the Lexington Fire Department discussed the benefits of an Urban Search and Rescue (USAR) team. USAR teams locate, extricate, and provide initial medical stabilization for victims trapped in both rural and urban areas. Kentucky does not have a USAR team. The estimated cost is \$12.9 million in the first year, \$13 million in the second, \$3.1 million in the third, and \$3 million in each of years 4 through 10.

The executive director and the deputy executive director of the Kentucky Fire Commission explained their operations and provided an overview of fire departments in the commonwealth.

### **Public Protection**

Veteran's Club Inc. provided highlights of proposals for veterans to assist law enforcement in school safety.

Trigg County Schools partners with the Cadiz Police Department for school resource officers (SROs). The SROs complete the Advanced Law Enforcement Rapid Reaction Training program, based in Texas, which is the standard for active shooter training.

The chair of the Kentucky Board of Radon Safety, the advocacy director of the American Lung Association in Kentucky, and a patient advocate discussed radon-induced lung cancer, which is the leading cause of lung cancer among nonsmokers. They emphasized the importance of testing and mitigation in homes and businesses.

### **Pandemic Unemployment Insurance**

The deputy secretary of the Justice and Public Safety Cabinet and the general counsel of the Labor Cabinet discussed the Kentucky Department of Veterans Affairs's assistance with unemployment insurance (UI) claims during the COVID-19 pandemic and provided an update on the state of UI claims processing.

### **Consideration Of Referred Administrative Regulations**

The committee took no action on the following referred administrative regulations:

- 106 KAR 001:141 Proposed – Emergency management funding
- 106 KAR 001:171 Proposed – Local emergency management agency program quarterly report
- 106 KAR 001:181 Proposed – Emergency management project application
- 106 KAR 001:191 Proposed – Emergency management project application reimbursement
- 106 KAR 001:201 Proposed – Local emergency management plan
- 106 KAR 001:211 Proposed – Local emergency management training
- 106 KAR 001:221 Proposed – Local emergency management exercise
- 106 KAR 001:231 Proposed – Local emergency management agency ordinance requirement
- 106 KAR 001:241 Proposed – Local emergency management director appointment process

- 106 KAR 001:251 Proposed – Local emergency management personnel Workers’ Compensation Enrollment Form
- 106 KAR 001:261 Proposed – Supplementary state fund emergency management training expense reimbursement eligibility list
- 106 KAR 001:291 Proposed – Specialized rescue squad alternative affiliation agreement process
- 106 KAR 001:341 Proposed – Rescue aid fund allocation
- 106 KAR 001:371 Proposed – Rescue aid fund expenditure documentation
- 106 KAR 002:021 Proposed – Military Family Assistance Trust Fund
- 106 KAR 002:031 Proposed – National Guard Adoption Benefit Program
- 800 KAR 001:020 Emergency – Team Western Kentucky Tornado Relief Fund



**Report Of The 2022  
Administrative Regulation Review Subcommittee**

**Sen. Stephen West, Co-Chair  
Rep. David Hale, Co-Chair**

Sen. Julie Raque Adams  
Sen. Ralph Alvarado  
Sen. David Yates

Rep. Randy Bridges  
Rep. Deanna Frazier Gordon  
Rep. Mary Lou Marzian

LRC Staff: Sarah Amburgey, Karen Howard, Emily Harkenrider, Carrie Klaber,  
Stacy Auterson, Emily Caudill, Ange Darnell, and Christy Young

**Presented to the  
Legislative Research Commission  
and the  
2023 Regular Session of the  
Kentucky General Assembly**

## **Administrative Regulation Review Subcommittee**

Jurisdiction: Review and comment upon administrative regulations submitted to it by the Legislative Research Commission; make nonbinding determinations concerning the statutory authority to promulgate administrative regulations filed with the Legislative Research Commission; review existing administrative regulations; recommend the amendment, repeal, or enactment of statutes relating to administrative regulations; conduct a continuous study of the administrative regulations procedure and the needs of administrative bodies; study statutes relating to administrative hearings; and make legislative recommendations.

### **Subcommittee Activity**

The Administrative Regulation Review Subcommittee (ARRS) is a statutory committee of the Legislative Research Commission and is required to meet monthly. This report covers subcommittee activity between January 2022 and December 2022.

### **Subcommittee Statistics**

Within the last year, ARRS reviewed 590 regulations, two of which were found deficient:

- 702 KAR 1:192E – District employee quarantine leave, Education and Workforce Development Cabinet
- 803 KAR 25:190 – Utilization review and medical bill audits, Labor Cabinet, Department of Workers’ Claims

### **Baseline 10-Year Average Number Of Regulations Reviewed By ARRS**

	<b>Additional Amendments Made At An ARRS Meeting?</b>		<b>Withdrawn Prior To ARRS Review</b>	<b>Total Reviewed</b>
	<b>Yes</b>	<b>No</b>		
Baseline averages	325	122	27	447



**Number Of Regulations Reviewed By ARRS  
December 2021 To November 2022**

<b>Month</b>	<b>Additional Amendments Made At An ARRS Meeting?</b>		<b>Withdrawn Prior To ARRS Review</b>	<b>Total Reviewed</b>
	<b>Yes</b>	<b>No</b>		
December 2021	57	32	7	89
January 2022	35	10	1	45
February	35	14	0	49
March	38	25	1	63
April	17	4	1	21
May	30	3	3	33
June	31	12	2	43
July	36	27	3	63
August	14	8	2	22
September	41	19	10	60
October	54	25	2	79
November	16	7	2	23
<b>Total</b>	<b>404</b>	<b>186</b>	<b>34</b>	<b>590</b>

**Legislation Impacting Administrative Regulations, 2022 Regular Session**

**SB 65**

SB 65 ratified the deficiency findings of legislative committees for two regulations, rendering them null, void, and unenforceable:

- 702 KAR 1:192E –District employee quarantine leave, Education and Workforce Development Cabinet
- 803 KAR 25:190 – Utilization review and medical bill audits, Labor Cabinet, Department of Workers’ Claims

**HB 594**

HB 594, the Kentucky Regulations from the Executive in Need of Scrutiny Act, amended KRS Chapter 13A to require administrative agencies to

- consider cost or cost savings to “regulated entities” affected by a regulation; and
- add a question to the fiscal note on whether the regulation will have a “major economic impact” (\$500,000 or more) on state or local government or regulated entities, in aggregate.

**Review Topics**

Following are some of the topics that ARRS reviewed during 2022:

**Personnel**

**Classified Service, General Requirements: 101 KAR 2:095 (January).** The subcommittee

reviewed a regulation from the Personnel Cabinet relating to the Kentucky Employees Charitable Campaign (KECC). The cabinet explained the exclusion of the Kentucky Child Victims' Trust Fund from the KECC.

**Classified Leave, General Requirements: 101 KAR 2:102 (August).** The subcommittee reviewed a regulation from the Personnel Cabinet relating to classified leave, including the recording of leave for voting and absentee voting. The cabinet explained the voting verification form for auditing purposes, the prohibition on receiving leave if an employee did not vote, and the requirement that voting leave be requested in advance.

## Boards

**Licensure By Examination: 201 KAR 20:070 – Emergency (June) And Ordinary (July).** The subcommittee reviewed a regulation from the Board of Nursing relating to the National Council Licensure Examination (NCLEX) for registered nurses. The regulation would help address the current nursing shortage by allowing more than one attempt to pass the NCLEX in response to 2022 RS SB 10.

**Initial Approval For Dialysis Technician Training Programs: 201 KAR 20:472 (February).** The subcommittee reviewed a regulation from the Board of Nursing that established additional requirements and increased fees for a dialysis technician training program application. The board explained that the regulation was being amended further, in response to public comments, to include requirements relating to an assistant program administrator; waiver of the college degree requirement, if otherwise qualified; and authorization for a student who is unable to pass the final exam after two attempts to complete an internship before attempting the exam for a third time.

**Supervision Experience: 201 KAR 35:070 (May).** The subcommittee reviewed a regulation from the Board of Certification of Alcohol and Drug Counselors relating to clinic supervision. The board discussed the different categories of supervisors and qualifications for entry-level clinicians.

**Ground Vehicle Staff: 202 KAR 7:560 – Emergency (July) And Ordinary (August).** The subcommittee reviewed a regulation from the Board of Emergency Medical Services that modified staffing requirements for ambulance services. The board explained that the reduced requirements for ambulance drivers in the emergency regulation was a temporary means to alleviate staffing shortages and discussed the subcommittee's public safety concerns.

## Fish And Wildlife

**Importation, Possession, And Transportation Of Wildlife Meat, Carcasses, And Parts: 301 KAR 2:095 (September).** The subcommittee reviewed a regulation from the Department of Fish and Wildlife Resources relating to chronic wasting disease (CWD). The department discussed surveillance for CWD in five western Kentucky counties, the monitoring of other areas, consideration of other tracking methods for CWD, and the requirements for sealed containers for carcasses.

## Justice And Public Safety

**Southeast State Correctional Complex: 501 KAR 6:290 (March).** The subcommittee reviewed a regulation from the Department of Corrections relating to policies for offenders who are mentally ill or suicidal. In response to concerns by Protection and Advocacy about protracted periods of solitary confinement, the department explained that it had amended the policies to create a less restrictive environment with reduced cell time.

**Abandoned Vehicles: 502 KAR 15:020 (February).** The subcommittee reviewed a regulation from the Department of State Police relating to procedures for abandoned vehicles. The department discussed removal of the vehicles and requirements for towing services assisting in removal.

## Education

**Expedited Route To Certification: 16 KAR 9:110 – Emergency (September) And Ordinary (November).** The subcommittee reviewed a regulation from the Education Professional Standards Board that established the Option 9 expedited route to teacher certification. The board outlined its intention to help alleviate the teacher shortage and explained the relationship between this regulation and 2022 RS HB 277. The board discussed subcommittee concerns about the field experience requirements relating to diverse populations and the impact for small or rural districts.

**District Employee Quarantine Leave: 702 KAR 1:192E (March).** The subcommittee reviewed an emergency regulation from the Department of Education relating to paid quarantine leave for school employees. The subcommittee found this regulation deficient on the basis that it was not specifically extended in 2022 RS SB 25, which rendered it null and void.

**Corporal Punishment: 704 KAR 7:170 (May).** The subcommittee reviewed a regulation from the Department of Education relating to the establishment of minimum requirements for corporal punishment, including parental consent. The department discussed trauma-informed disciplinary strategies, in accordance with the 2019 School Safety and Resiliency Act; the statutory authority for the regulation; exemptions; limits on the use of corporal punishment; and transparency through community and parental involvement.

## Public Protection

**Team Western Kentucky Tornado Relief Fund: 800 KAR 1:020E (April).** The subcommittee reviewed an emergency regulation from the Public Protection Cabinet relating to tornado relief funds for western Kentucky. The cabinet discussed the distribution of funds, transparency of the process, and purposes for the funds.

## Labor

**Wages: 803 KAR 1:091 (May).** The subcommittee reviewed a regulation from the Labor Cabinet relating to subminimum wages for employees of sheltered workshops, which provided

employment training opportunities for people with disabilities and were not required to pay these employees minimum wage.

**Workers' Compensation Medical Utilization Review: 803 KAR 25:195 – Emergency (August) And Ordinary (September).** The subcommittee reviewed a regulation from the Labor Cabinet relating to preauthorization requests that went through utilization review. A previous version of this regulation, 803 KAR 25:190, was found deficient and declared null, void, and unenforceable through legislation. The cabinet explained that the controversial provisions, requiring a medical director to make final determinations in some cases, were deleted from this version of the regulation.

## Gaming

**Primary Office Location For A Charitable Organization: 820 KAR 1:001 (October).** The subcommittee reviewed a regulation from the Department for Charitable Gaming relating to the definition of *primary office location*. The department explained that this term refers to the land and building in which a charitable organization conducts the majority of its business; discussed the prohibition against sharing a space with a bar, restaurant, convenience store, or other commercial retail business; and discussed locations where pull-tab machines may be installed.

## Health And Family Services

**Ambulance Providers: 900 KAR 6:075 – Emergency And Ordinary (July).** The subcommittee reviewed a regulation from the Cabinet for Health and Family Services relating to the removal of Class I ambulance providers from nonsubstantive certificate of need review. The cabinet explained that this change was necessary to save the cost of ongoing litigation related to the previous version of the regulation.

**Abortion Reporting: 901 KAR 5:120E – Emergency (October).** The subcommittee reviewed an emergency regulation from the Department for Public Health relating to reporting abortions. The department explained that the reporting forms were being amended to include additional data elements, in response to 2022 RS HB 3.

**Kentucky Public Swimming And Bathing Facilities: 902 KAR 10:120 (April).** The subcommittee reviewed a regulation from the Department for Public Health relating to swimming pools and water parks. The department discussed the requirements for lifeguards and the amendments it made after working with stakeholders.

**Essential Visitor Programs; Visitation Guidelines For Long-Term Care Facilities: 902 KAR 20:460E (January).** The subcommittee reviewed an emergency regulation from the Cabinet for Health and Family Services relating to essential care visitors. The cabinet discussed the authorization of specific individuals to be essential care visitors who could access patients during events such as pandemics.

**Reimbursement Rates For Physician Anesthesiologists And Certified Registered Nurse Anesthetists: 907 KAR 1:104 (October).** The subcommittee reviewed a regulation from the

Department for Medicaid Services related to billing codes. The department explained that the regulation would allow certified registered nurse anesthetists to be reimbursed at the same rate as physician anesthesiologists by removing a billing code modifier.

**Reimbursement For Outpatient Drugs: 907 KAR 23:020 – Emergency (August) And Ordinary (September).** The subcommittee reviewed a regulation from the Department for Medicaid Services that amended reimbursement provisions for outpatient drugs. The department explained that it had increased the reimbursement frequency for certain qualifying medications, such as medication-assisted treatment drugs for substance use disorder, to expedite the reimbursement process.

**Alzheimer’s And Dementia Services Curriculum Review And Approval: 910 KAR 4:010 (January).** The subcommittee reviewed a regulation from the Department for Aging and Independent Living relating to the process for submitting training curricula for direct-care staff serving individuals exhibiting symptoms of Alzheimer’s disease or other dementias. The department explained that the regulation would include training for staff of personal care homes if those homes work with home health or personal service agencies.

**Child Care Assistance Program: 922 KAR 2:160 – Emergency And Ordinary (October).** The subcommittee reviewed a regulation from the Department for Community Based Services relating to funds for the Child Care Assistance Program, received both from the federal American Rescue Plan Act and from the General Assembly. The department discussed subcommittee concerns about the potential for exhausting the funds and explained that it would consider scaling back eligibility if that occurs.

### **Tentative December 2022 ARRS Agenda Topics**

Although December’s meeting agenda has not been finalized, ARRS could review as many as 74 regulations. There are several reasons that a regulation might be removed, including the time needed to complete the public comment process or an agency request to defer the regulation to the next ARRS meeting.

Potential topics include abortion requirements; GED eligibility; electronic voting systems; teachers’ disability retirement; Kentucky Infrastructure Authority drinking water and wastewater grant program; state plane coordinate system; licensing requirements and naloxone dispensing (Board of Pharmacy); mobile dental facilities and portable dental units (Board of Dentistry); process for distribution of tourism recovery and investment funds; wildlife rehabilitation permit; transportation and holding of live native or exotic wildlife; hunter education; migratory bird hunting; furbearer hunting and trapping seasons; Community Corrections Grant Program; correctional complexes; criminal justice training; school security risk assessments; charter schools; high school graduation requirements; background checks for child and adult protection employees and private child-caring or child-placing staff members; local health departments; Medicaid services; Kentucky Transitional Assistance Program; and requirements for public child welfare agency foster parents, adoptive parents, and respite care providers.



## **Report Of The 2022 Capital Planning Advisory Board**

**Sen. Adrienne Southworth, Co-Chair**  
**Rep. Bobby McCool, Co-Chair**

Sen. Phillip Wheeler  
Rep. Derek Lewis  
Pat Abell  
Rocky Adkins  
J. Michael Brown  
Charles Byers  
Jacqueline Coleman  
Laurie Givens

Carole Henderson  
John T. Hicks  
Dr. Patsy Jackson  
Holly McCoy Johnson  
Ryan Neff  
Mark Overstreet  
Katie Shepherd

LRC Staff: Shawn Bowen and Jennifer Luttrell

**Presented to the  
Legislative Research Commission  
and the  
2023 Regular Session of the  
Kentucky General Assembly**

## Capital Planning Advisory Board

**Jurisdiction:** The 1990 General Assembly established the Capital Planning Advisory Board of the Kentucky General Assembly, composed of members representing the executive, judicial, and legislative branches of government. Pursuant to KRS Chapter 7A.120, the board is charged with creating a 6-year comprehensive statewide capital improvements plan encompassing state agencies and universities. The plan is to be submitted to the heads of the three branches of government by November 1 of each odd-numbered year. This schedule enables the comprehensive capital plan to be used in the subsequent budget process and legislative session.

### Board Activity

Since adjournment of the 2022 Regular Session, the Capital Planning Advisory Board held four meetings from July to October.

#### New Board Member

During the Interim, one new member was appointed to the board. The Governor appointed John Hicks to replace former Executive Cabinet Secretary J. Michael Brown, who resigned to accept a leadership position with Simmons College in Louisville. Hicks currently serves as the state budget director and the secretary of the Executive Cabinet. He previously served as a board member from 2006-2016.

#### Information Items

Staff presented four information items during the Interim meetings: 2022 Executive Branch Budget Bill Update (House Bill 1, 2022 Kentucky General Assembly); 2022 Judicial Branch Budget Bill Update (House Bill 244, 2022 Kentucky General Assembly); Postsecondary Institutions Asset Preservation Pool Update; and a review of the capital planning instructions for the 2024-2030 planning period.

In reference to the 2022 Executive Budget update, several capital projects selected by board members as “high priority for funding” during the 2022-2028 capital planning period received budget authorization. Miscellaneous maintenance pool funding increased by 133 percent in the current budget, and all miscellaneous maintenance pools were funded at or beyond their requested levels.

In reference to the Postsecondary Institutions Asset Preservation Pool update, the board has made several recommendations to adequately and appropriately address state-owned facilities’ major capital renewal, maintenance, and renovation needs, including those managed by postsecondary institutions. The Council on Postsecondary Education (CPE) commissioned a report by Vanderweil Facility Advisors Inc. (VFA) in 2007 on the condition and needs of the postsecondary facilities. VFA updated the report in 2013, indicating that between 2008 and 2021, \$7.3 billion would be required to bring existing education and general facilities up to good



condition and modern standards. Since 2008, the state has funded \$262 million (approximately 3.6 percent) of the estimated asset preservation need. HB 1 Part II(I)(1), the Executive Branch Budget Bill that passed in the Regular Session of 2022, includes a \$683.5 million asset preservation pool in general-fund-supported bond funds. The asset preservation pool provides funding for individual asset preservation, renovation, and maintenance projects at Kentucky's public postsecondary institutions in education, and state-owned and -operated residential housing facilities. CPE will oversee the use of the funds received from the asset preservation pool.

The board reviewed the 2024-2030 capital planning instructions, and the timeline for the 2024-2030 capital planning period. No changes were made to the capital planning system or the instructions. The board must follow two dates that are written into statute: April 15, the due date for the agency plans, and November 1, the date the plan book must be published and distributed to the heads of the three branches of government. Between those two dates, the board will hold monthly meetings to hear from agencies with capital project needs, discuss the organization of the statewide capital plan book, and discuss any potential policy recommendations.

### **Presentations**

During the Interim, the board received three presentations: Kentucky Department of Education (KDE) staff briefed board members on the impact of inflation on current school facility construction projects (K-12); CPE staff discussed asset preservation pool allocations; and Kentucky Department of Parks staff discussed equipment needs for state park facilities.

KDE staff appeared before the board in July, September, and October to provide a report and follow-up information regarding the impact of inflation on school facility construction projects. KDE staff surveyed 122 school districts and identified 21 school facility construction projects insufficiently funded because of the rising cost of construction materials due to inflation. The affected school districts have passed the applicable nickel tax, have exhausted other state and local funding sources, and remain unable to complete their school construction projects. Some districts have delayed planned projects due to rising construction costs, the increased cost of materials, and the tight labor market. Additionally, floods in eastern Kentucky created a higher demand for facility construction or renovation. The school facility construction projects experiencing insufficient funding are nearing construction or ongoing.

At the board's October meeting, the president of CPE briefed board members on the Postsecondary Education Asset Preservation Pool authorized in 2022 RS HB 1. Representatives of the University of Kentucky (UK), Murray State University, and the Kentucky Community and Technical College System (KCTCS) briefly discussed their asset preservation plans. General fund bonds in the amount of \$683.5 million will provide funding for individual asset preservation, renovation, and maintenance projects at Kentucky public postsecondary institutions. The \$683.5 million appropriation includes language requiring a 30 percent match of the funds from research institutions (UK and the University of Louisville), and a 15 percent match from all comprehensive institutions. Universities are capable of issuing agency bonds to finance the matching requirement, but KCTCS must use restricted funds. The bill provides the necessary agency bond and restricted fund appropriation for the institutions to meet the match

requirements. The state budget also appropriated \$16.5 million for a stand-alone asset preservation project for KCTCS. In total, the General Assembly authorized \$700 million for asset preservation.

The commissioner of the Kentucky Department of Parks briefed board members on the department's role in the emergency response plan during the western Kentucky tornadoes and the eastern Kentucky flooding. The commissioner also discussed the department's equipment needs for emergency generators. The department has leased a portable generator and has one mobile generator for emergencies for the entire park system. Five state parks own and maintain their electrical systems. The department has collaborated with the Finance and Administration Cabinet and the Energy and Environment Cabinet to improve the electrical distribution systems in the park system.

## **Report Of The 2022 Capital Projects And Bond Oversight Committee**

**Sen. Jason Howell, Co-Chair**  
**Rep. Chris Freeland, Co-Chair**

Sen. Rick Girdler  
Sen. Christian McDaniel  
Sen. Robin L. Webb

Rep. Keturah Herron  
Rep. Jason Petrie  
Rep. Walker Thomas

LRC Staff: Katherine Halloran, Korey Sallee, Spring Emerson, and Elizabeth Hardy

**Presented to the  
Legislative Research Commission  
and the  
2023 Regular Session of the  
Kentucky General Assembly**

## **Capital Projects And Bond Oversight Committee**

Jurisdiction: The committee is a permanent subcommittee of the Legislative Research Commission and is charged with overseeing the expenditure of funds for state capital projects; the allotment of funds from the emergency repair, maintenance, and replacement account and the capital construction and equipment purchase contingency account; the state's acquisition of capital assets, including the lease of real property; the issuance of bonds by the commonwealth and related statutory entities; and the issuance of bonds by local school districts.

### **Committee Activity**

As a statutory committee, the Capital Projects and Bond Oversight Committee meets monthly. This report covers committee activity between January 1 and November 30, 2022, as well as projected December 2022 transactions.

In addition to the committee's oversight of the commonwealth's capital construction (including KRS 45A.077 public-private partnership agreements), debt issuance, and real property leases, the committee approves KRS 224A.100 Kentucky Infrastructure Authority (KIA) assistance agreements (sewer and water project loans and grants) and KRS 154.12-100(6) Kentucky Economic Development Finance Authority (KEDFA) economic development fund program grants.

### **Approval Items Submitted From January 2022 To December 2022**

#### **Louisville Arena Authority Prepayment Plan**

The Louisville Arena Authority (LAA) submitted its alternative payment plan for the \$58.77 million in debt eligible to be retired, without payment of a premium, December 1, 2022. With the \$12 million of American Rescue Plan Act funding through HB 1 and the additional \$1.2 million from Metro Louisville, LAA's board approved a \$30.9 million prepayment toward the \$58.77 million, allowing a \$25 million contingency, which would cover approximately 1 year of debt service, until tax increment financing (TIF) sales tax revenues have recovered. Using \$30.9 million versus the entire \$55.9 million balance of excess funds would impact the final payment date by a few months.

Depending on the recovery and growth of the TIF sales tax base, LAA expects to prepay the remainder of the December 1 bond balance redeemable without payment of a premium, approximately \$27.9 million, over the next 3 years by 2025, the year it projects TIF sales tax revenue to recover.

### Projects And Associated Agreements

Month	P3 Project	P3 Contracts,	Interim	Interim	Transfers Capital Const.	Total
	Auth.,	KRS	Project Auth.,	Project	And Equipment Purchase	
	KRS	KRS	KRS	Appropriation	Contingency Fund, KRS	
	45.763(3)	45A.077(6),	45.760(7),	Increases,	45.770(7), 164A.600(1);	
		45A.077(10)(a)	164A.575(15)	KRS 45.760(6)	Park Capital Maintenance	
					And Renovation Fund,	
					KRS 148.810	
Jan	0	0	0	1	0	1
Feb	0	0	2	0	0	2
Mar	0	0	0	0	0	0
Apr	0	0	3	0	0	3
May	0	0	4	0	0	4
Jun	0	0	0	0	1	1
Jul	0	0	1	0	0	1
Aug	0	0	0	0	0	0
Sep	0	0	2	0	0	2
Oct	0	0	3	1	0	4
Nov	0	0	3	0	0	3
Dec*	0	0	1	1	0	2
Total	0	0	19	3	1	23

Note: P3 = public-private partnership; Auth. = authorizations; Const. = construction.

\* Projected numbers.

### Lease Arrangements

Month	Tenant Imp.	Lease Auth.,	New Leases	Lease-	Built-	Lease Mod.	Total
	Fund Req.,		And Renewals,	Purchases,		Of At Least	
	300 And M-U	KRS	KRS	KRS	To-Suit	\$50,000,	
	Buildings,	48.111(6)(e),	56.823(2)(4),	56.823(7),	Leases,	KRS	
	KRS	56.832(7)	164A.575(7)(c)	56.823(9)	KRS	56.823(11)(a)	
	56.823(12)(d)				56.823(6)		
Jan	0	0	0	0	0	0	0
Feb	0	0	0	0	0	0	0
Mar	0	0	2	0	0	1	3
Apr	0	0	0	0	0	1	1
May	0	0	5	0	0	2	7
Jun	1	0	2	0	0	0	3
Jul	0	0	1	0	0	0	1
Aug	0	0	0	0	0	0	0
Sep	0	0	1	0	0	0	1
Oct	0	0	0	0	0	0	0
Nov	0	0	1	0	0	0	1
Dec*	0	0	0	0	0	1	1
Total	1	0	12	0	0	5	18

Note: Imp. = improvement; Req. = requests; M-U = Mayo-Underwood; Auth. = authorizations; Mod. = modifications.

\* Projected numbers.

### Transactions Submitted Through The Office Of Financial Management

Month	KIA Assistance Agr.*, KRS 224A.100	EDF Projects, KRS 154.12-100(6)	Appr.- Supported Debt Issues, Excludes SFCC, KRS 45.810(1)	Non-Appr.- Supported Debt Issues, KRS 45.810(1)	Conduit Debt Issues, KRS 45.810(1)	School District Debt Issues With SFCC Debt Service Participation, KRS 45.810(1)	Bond Counsel Or UIA, KRS 45A.870(5)	Total
Jan	0	0	0	0	0	4	0	4
Feb	4	0	1	0	0	6	0	11
Mar	109	1	0	0	1	3	0	114
Apr	149	3	0	0	2	2	0	156
May	2	3	1	0	2	2	0	10
Jun	76	1	2	0	0	6	0	85
Jul	74	2	1	1	7	5	0	90
Aug	2	1	1	0	0	4	0	8
Sep	38	2	0	0	3	4	0	47
Oct	12	0	0	0	1	4	0	17
Nov	4	0	0	0	0	7	0	11
Dec**	419	0	0	0	0	4	0	423
Total	889	13	6	1	16	51	0	976

Note: KIA = Kentucky Infrastructure Authority; Agr. = agreements; EDF = economic development fund; Appr. = appropriation; SFCC = School Facilities Construction Commission; UIA = Underwriter Innovation Agreement.

\*Twenty-eight were loans, loan assumptions, and loan increases. The remainder were Cleaner Water Program grants.

\*\* Projected numbers.

### Projects And Associated Agreements

The Finance and Administration Cabinet submitted 18 Interim projects, six of which were amendments, and Eastern Kentucky University (EKU) submitted one. The majority of Interim projects were either Department of Military Affairs readiness centers or Fish and Wildlife projects that received federal funding. One notable project was the purchase by the Office of Unemployment Insurance (OUI) of a vehicle, equipped with a generator and computer lab for internet access, to act as a mobile career center; it allows regular travel by OUI personnel to designated areas, assisting underserved communities and disaster recovery with all direct and related unemployment insurance services. The Finance and Administration Cabinet also submitted three appropriation increases, mostly for road fund projects, and a capital construction and equipment purchase contingency account transfer. The Finance and Administration Cabinet pursues rebidding and/or reducing the project scope before requesting appropriation increases.

In addition to the above, the committee reviewed the following, reported for informational purposes only: KRS 26A.168(1), 45.793, and 45.818 quarterly and KRS 45.760(9) annual capital projects status reports; capital project allocations from specific program areas as allowed by Part II (4) of the executive branch appropriations bill, with postsecondary institutions reporting those allocations through the quarterly capital projects status reports; KRS 45.780 emergency repair, maintenance, or replacement projects; KRS 45.760(5) postsecondary medical, scientific, and research equipment purchases, mostly for University of Kentucky (UK) HealthCare; KRS 45.760(6) postsecondary funding source revisions; postsecondary authorization consolidations; and KRS 45A.180(2) notices of intent to use alternative construction project delivery methods. Postsecondary institutions started to report their planned postsecondary

education asset preservation pool projects, as required by Part II, I (1) of the executive branch appropriations bill.

The majority of the capital project allocations were fees-in-lieu-of stream mitigation projects, in which permit applicants elect to pay fees/purchase credits for mitigation of their development's negative impact to streams or wetlands, in lieu of either performing the work themselves or using a private mitigation bank. Other allocations included upgrades to Frankfort office buildings, including the Capitol Annex; sewer line repairs at two correctional facilities and a state park; HVAC repairs at the Kentucky School for the Deaf; roof repairs at the Kentucky School for the Blind and the Kentucky School for the Deaf; and property acquisition at Somerset Community College. Two of the emergency repair, maintenance, or replacement projects were to restore Kentucky Community and Technical College System buildings in Hindman and Whitesburg damaged by the July 2022 flood, and another was to replace UK's Grain and Forage Center of Excellence in Princeton. The newly constructed building was destroyed by the December 2021 tornado.

### **Lease Arrangements**

The committee reviewed the following lease arrangements reported for informational purposes only: KRS 43.050(2)(e) and Auditor of Public Accounts Model Audit Program Checklist for Postsecondary Institutions lease law compliance reports; three KRS 48.111(6)(a) notices of advertisement for leased space; quarterly KRS 56.813(2)(a)3.b. and 56.823(11)(a) leasehold improvements under \$10,000; lease modifications under \$50,000; Transportation Cabinet Department of Highways emergency leases related to tornadoes and flooding; and a Bluegrass Station Division lease modification in Fayette County.

### **Transactions Submitted Through The Office Of Financial Management**

#### **Kentucky Infrastructure Authority**

**Cleaner Water Program Grants.** 21 RS SB 36 appropriated \$250 million in American Rescue Plan Act of 2021 Coronavirus State Fiscal Recovery Funds to a newly established Drinking Water and Wastewater Grant Program (Cleaner Water Program, or CWP). There were three pools of funding within the \$250 million for the sewer and water grants: \$150 million based on each county's population; \$50 million for unserved drinking water rural customers or counties under a federal consent decree; and \$49.9 million to supplement project grants, allowing for cost escalations and changed conditions. Of the \$50 million for unserved drinking water rural customers or counties under a federal consent decree, KIA allocated \$30 million for unserved projects and \$20 million toward consent decree projects, with those funds split evenly among the four consent decree utilities: Lexington, Louisville, Northern Kentucky Sanitation District 1 (Boone, Campbell, and Kenton Counties), and Winchester. HB 1 appropriated a further \$250 million based on county population as well as line-item grants.

Except for a few remaining reallocation requests and the Lexington-Fayette Urban County Government consent decree project, all 21 RS SB 36 CWP grants have been submitted to the committee. The supplemental pool will most likely be additive to existing grants. KIA submitted over 400 HB 1 CWP grants for the December meeting. When all funds are allocated, KIA expects about 850 total grants from both rounds of funding.

**KIA Loans, Loan Assumptions, And Loan Increases.** The committee approved KIA loans, loan assumptions, and loan increases to utilities for sewer and water projects (or planning and design loans for such projects) from the Fund A (federally assisted wastewater/clean water state revolving loan fund), Fund B (infrastructure revolving fund), Fund C (governmental agencies program loan fund), and Fund F (federally assisted drinking water/drinking water state revolving loan fund) programs. KIA funds the state match for the Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) loan programs from general fund-supported State Properties and Buildings Commission bond proceeds, and KIA offers those loans based upon the utility's ranking in the Intended Use Plans, developed with the Division of Water. Many of the CWSRF and DWSRF program loans incorporated a percentage, up to 50 percent, of principal forgiveness based upon the utility service population's median household income and affordability index, utility's rate increase history, and KIA's funding availability. Fund B and Fund C loans are allocated on a first-come, first-served basis.

**KEDFA EDF Program.** KEDFA's Economic Development Fund (EDF) Program, along with its High-Tech Construction/Investment and Loan Pools, is funded as needed from general-fund-supported State Property and Buildings Commission (SPBC) bond proceeds. The Cabinet for Economic Development (CED) may allocate EDF grant funds either up front (all or a portion to be repaid to the grantee if the beneficiary does not meet annual job and wage compliance benchmarks) or as the beneficiary meets annual job and wage compliance benchmarks. To avoid providing collateral, most beneficiaries opt for the latter.

HB 745 codified the Kentucky Product Initiative program, administered in conjunction with the Kentucky Association for Economic Development to upgrade industrial sites. Recipients are required to match funds dollar for dollar. EDF annual compliance benchmarks do not apply to Product Development Initiative (PDI) program grants. CED disburses grant funds to the project applicant through the local government entity on a reimbursement basis after review and approval of supporting documentation including invoices, proof of payment, matching funds, and progress report.

EDF submittals were a combination of standard and PDI program grants. Localities received standard grants on behalf of Firestone, Kruger, Novelis, and Wieland. Localities received PDI funding for sites including Berea Industrial Park, Bluegrass Crossings Business Center, the former Federal Mogul Building in Maysville, Hickory Industrial Park, Kentucky Transpark Lot 35, Menifee-Morgan-Rowan County Regional Business Park, Paradise Regional Business Park, and Winchester Industrial Park.

**Debt Issues.** KRS 45.810 requires submittal of the commonwealth's debt-issuing entities' proposed debt issues. The commonwealth's debt-issuing entities are SPBC, the Kentucky Asset/Liability Commission, the Turnpike Authority of Kentucky, the School Facilities



Construction Commission (SFCC) (local school districts issue the debt and SFCC pays a portion of the debt service), public postsecondary institutions, KIA, the Kentucky Higher Education Student Loan Corporation (KHESLC), the Kentucky Public Transportation Infrastructure Authority (KPTIA), the Kentucky Housing Corporation (KHC), and KEDFA.

**Appropriation-Supported And Non-Appropriation-Supported Debt Issues.** SPBC, the Kentucky Asset/Liability Commission (ALCo), the Turnpike Authority of Kentucky (TAK), SFCC, and postsecondary institutions issue appropriation-supported debt. Postsecondary revenues and debt, irrespective of KRS 164A.608 state intercept provisions, are excluded from rating agencies' net tax-supported debt statistics. KRS 45.810(1) and 56.866(3) are the respective statutes that exempt TAK debt and ALCo tax and revenue anticipation notes from committee approval.

KIA, KHC (in addition to acting as a conduit issuer), KHESLC, and KPTIA issue non-appropriation-supported debt. Debt issued by KIA, leveraging Fund A and F loan repayments, requires General Assembly authorization even though it does not count against the state's debt capacity because the pledged loans were partially funded with SPBC bond proceeds used for the state match. KHC's nonappropriation/nonconduit debt is moral obligation debt. However, KHC redirected its bond volume under the annual private activity bond volume cap from tax-exempt debt for single-family loan originations toward tax-exempt conduit multifamily housing debt. Therefore, KHC no longer issues new nonappropriation/nonconduit debt. KRS 175B.020(3) has separate provisions for KPTIA debt, which also does not need committee approval.

Debt issues were primarily to finance new projects as the Municipal Market Data scale increased by over 200 basis points since January 2022. However, rates are still below those used for debt service in the appropriations bills. SPBC executed two transactions to finance \$355 million of general fund debt-supported projects authorized in the 2010 through 2022 appropriations bills. TAK financed the remaining \$50 million of Economic Development Road Revenue Bonds authorized in HB 3 of the 2010 Extraordinary Session.

UK refinanced \$75.3 million of 2014 Series A debt under a Cinderella structure in which the purchasing bank sets the taxable and tax-exempt rates with the debt converting from taxable to tax-exempt at a future date. The net present value savings was \$6.5 million, or 8.6 percent. UK also issued debt to finance its \$23.13 million match for the \$77.098 million bond-funded fiscal year 2023 asset preservation pool appropriation as well as \$74 million of the reauthorized \$125 million for Facilities Renewal and Modernization projects. ECU issued debt to finance its \$50 million Residence Hall Renovation Pool, and Western Kentucky University (WKU) issued debt to finance \$41.6 million of its Construct, Renovate and Improve Athletic Facilities (Hilltopper Fieldhouse and Houchens-Smith Stadium Press Box) project. WKU also refinanced debt issued by Bowling Green for E.A. Diddle Arena as allowed by HB 1, Part I, J.1.(7) to consolidate its debt and for minimal net present value savings. Except for one refinancing, SFCC's debt issuance was for new projects.

The committee reapproved a KHESLC non-appropriation-supported debt issue to finance/refinance federally guaranteed Federal Family Education Loan Program (FFELP) student loan acquisitions, most of which are rehabilitated loans. FFELP was eliminated in 2010 for

new originations, and KHESLC routinely acquires Kentucky Higher Education Assistance Authority and Vermont Student Assistance Corporation FFELP loans. In addition to the routine acquisitions and permanent financing of interim credit, the authorization includes funding to restructure additional debt and for FFELP portfolio purchase opportunities. KHESLC's interest in purchasing additional portfolios is due to loan returns less the cost of funds as well as service and administration fees. There may not be an overall profit from service and administration fees as they are structured into the financing; however, the incoming cash would provide liquidity to KHESLC's operating fund.

**Conduit Debt Issues (KEDFA And KHC).** KEDFA acts as a conduit for hospital and industrial revenue debt issuance, as well as debt for approved companies and economic development projects, and has no legal or moral obligation for the repayment of the debt. There are two debt issues outstanding in which the debt is supported by appropriated contractual payments from the commonwealth and/or the borrower is an entity to which the governor appoints a majority of the members of its governing body. The Office of Financial Management (OFM) did not submit any such debt issues in this reporting period. OFM did submit three refinancings for Baptist Healthcare, Carmel Manor, and Masonic Homes.

KHC issues multifamily tax-exempt conduit debt, with no legal or moral obligation for the repayment of the debt, on behalf of housing developers who will then receive a 4 percent credit, which does not count against the state's annual oversubscribed low-income housing tax credit allocation, under certain thresholds. Multifamily tax-exempt conduit debt is best for projects of at least 100 units, some of which will have up to 500 units. In rural areas, developers often combine small projects to make the debt issuance financially feasible. OFM submitted 13 KHC conduit debt issues in this reporting period, primarily for facilities in Louisville.

In addition, the committee reviewed the following, submitted for informational purposes only: KRS 45.810(6) annual report of debt principal outstanding transmitted on behalf of the commonwealth's debt-issuing entities; KRS 45.812(1) school district debt issues (submitted through the districts' financial advisers); KRS 45.816 previous debt issue reports; quarterly previous school district debt issues with SFCC debt service participation; the Office of the Auditor of Public Accounts' KRS 45A.860(3) reports certifying procedural compliance with KRS 45A.840 to 45A.879 in the procurement of underwriter and bond counsel services (KRS 45A.840(7) includes financial advisers in its definition of *underwriter*); and ALCo's KRS 56.863(11) semiannual reports.

**Report Of The 2022  
Child Welfare Oversight And Advisory Committee**

**Sen. Julie Raque Adams, Co-Chair  
Rep. David Meade, Co-Chair**

Sen. Karen Berg  
Sen. Denise Harper Angel  
Sen. Brandon J. Storm  
Sen. Whitney Westerfield

Rep. Kim Banta  
Rep. Josie Raymond  
Rep. Pamela Stevenson  
Rep. Nancy Tate

Rep. Lynn Bechler, non-voting ex officio

LRC Staff: Ben Payne, Logan Bush, Eric Rodenberg, and Becky Lancaster

**Presented to the  
Legislative Research Commission  
and the  
2023 Regular Session of the  
Kentucky General Assembly**

## Child Welfare Oversight And Advisory Committee

Jurisdiction: The Child Welfare Oversight and Advisory Committee was created to review, analyze, and provide oversight on child welfare, including but not limited to foster care, adoption, and child abuse, neglect, and dependency.

### Committee Activity

The Child Welfare Oversight and Advisory Committee met four times during 2022.

#### Prevention Services To Children And Families

Representatives of the Department for Community Based Services (DCBS) at the Cabinet for Health and Family Services (CHFS) discussed the number of Family First Services Act families served in state fiscal year (SFY) 2022; compared prevention, out-of-home care, and adoption expenditures from SFY 2019 to SFY 2022; reviewed increased spending for Family First Services Act prevention programs; and listed additional state general funds used for other prevention and pilot programs. The representatives discussed the three types of prevention activities and the coordinating programs and ways to prevent maltreatment before it occurs.

The director of Family Integrity and Justice Works at Public Knowledge discussed the objective nature of the term *neglect*, the need for more funding of prevention services, and supports for the initial occurrence of maltreatment. Several examples were presented of community-driven supports and programs that work well in other states.

#### Child Welfare

Representatives of DCBS discussed the statewide numbers and various categories of child protective services (CPS) intakes for SFY 2022, types of maltreatment, and contributing risk factors to substantiated CPS intake reports. The representatives gave an overview of the Helping Others and Promoting Empowerment community response pilot program along with other primary and secondary prevention efforts. The representatives discussed future funding sources to support prevention programs; a joint initiative by large national partners to rethink the approach to child welfare; and the new formal statewide prevention collaborative, the launch of the Birth Parent Advisory Council. They reviewed the number of reports that met acceptance criteria for child abuse and neglect assessment. The representatives discussed a study that relates to state spending on public benefits and how it drives down maltreatment.

The president of the Children's Alliance discussed the decline of the number of children in out-of-home and residential care, the need for more foster parents, and a national comparison of the top four reasons for exiting foster care in 2020. The president discussed implementation of the federal Family First Prevention and Services Act, levels in the child welfare continuum, average cost per child in foster care, and a graph that shows that investment in prevention is lowering out-of-home care costs. The president addressed the increasing intensity of behaviors in youth with high-acuity needs, and the workforce crisis and high turnover rates in residential care.

There was an overview of three success stories of children in out-of-home care who received the behavior health resources needed, and there were three recommendations for legislators to support alternative services.

Members of the Child Fatality and Near Fatality External Review Panel presented on the panel's review process, the three components of the annual report, the number of cases reviewed by county of incident, findings regarding maltreatment incidents per adolescent age group, and other key findings. The members discussed their recommendations to address complexities of substance misuse within families, the comparison of substance abuse with co-occurring issues, percentages of drug exposure per drug type in utero, implementation of Plans of Safe Care, and opportunities for improvement with medication-assisted treatment. The members discussed the need for the Department for Behavioral Health, Developmental, and Intellectual Disabilities to expand the statewide use of a psychological autopsy in youth suicides, the overall increase in sudden unexpected death in infancy cases, and the need to fund and implement a safe sleep campaign.

The executive director of Kentucky Youth Advocates (KYA) discussed the history of the Kids Count data book; an overview of Kentucky's data profile progress; ongoing county-based Kids Count conversations; aid to communities to create specific, measurable, and attainable goals; and the need for a review of the Kentucky A6 school program structure. A KYA representative recommended the transfer of the presentation of the permanency case from the county attorney's office to the Office of Legal Services, within the Justice and Public Safety Cabinet, with allocated resources. KYA recommended that an external Ombudsman's Office be established for transparency and that agency abuse reports be reported to an outside agency rather than staying within the agency accused of abuse.

### **2022 RS SB 8 Implementation Update**

The executive director of the Office of Attorney General discussed Kentucky's rankings regarding child abuse and neglect incidences, the Child Abuse and Neglect Prevention Board's voting and nonvoting members, responsibilities of the board, and successful campaigns and programs on child safety issues sponsored by the Child Victims Trust Fund. The executive director reported on the Office of Attorney General staff meeting with partners and organizations to exchange information and better develop public awareness for the prevention of child maltreatment. The executive director discussed the effective date of 2022 Regular Session Senate Bill 8, dissolution of the State Child Sexual Abuse and Exploitation Prevention Board, the grant application deadline, and the State Child Abuse and Neglect Prevention Board.

DCBS representatives reviewed 2022 RS SB 8 and discussed the number of children in custody of or committed to CHFS and the number in custody of relatives or fictive kin from June 2016 to June 2022. They discussed the establishment of the putative father registry and its requirements, and exceptions. They noted Kentucky's national poverty rating and the average child care cost for one child in the state. They discussed the expansion and impact of family preservation, and positive changes for young adults formerly and currently in state custody with regard to reentry, the Foster Child Bill of Rights, and extended commitment options. The representatives reviewed the number of youths exiting to independence from SFY 2015 to SFY 2022.

## **Children In Out-Of-Home Care**

Representatives of the Administrative Office of the Courts gave an overview of the history of the Citizen Foster Care Review Board (CFCRB), its volunteer status, and the primary focus of the reviews. The representatives discussed the expanded role for the CFCRB since the passage of 2018 RS House Bill 1, regional community forums, and the emerging needs. The chair of the CFCRB discussed its legislative recommendations regarding family court, statewide expansion of broadband services, disproportionality and disparity for youth and families, and the continuance of services for transition-age youth.

Representatives of KYA discussed the three types of kinship care in Kentucky and the number of children in the care of relatives. The president of the Kinship Families Coalition of Kentucky discussed progress in kinship care from 2014 to 2021. KYA representatives discussed the findings from five focus groups at the 2021 Kinship Summit, ongoing case advocacy, and prioritizing the guardianship assistance program. The president of KYA discussed the Kentucky Transitional Assistance Program child support cooperation issue and the need for increased and clear communication from DCBS. There were recommendations to increase respite care supports for relative and fictive kin caregivers and to continue the report related to kinship placements.

## **Women And Family Substance Use Disorder Treatment Services**

Representatives of Volunteers of America Mid-States (VOA) presented on the Freedom House, which began in Louisville and provides residential treatment for pregnant and parenting women with substance use disorder. The facility is designed to treat women's substance use disorder, reunite families, and promote the delivery of healthy, drug-free babies. Since Freedom House began, 301 babies have been born there free of illicit substances. Freedom House is expanding into Stanford, Owensboro, and northern Kentucky and is doubling the size of its Clay County program. Freedom House uses family-focused recovery programs to support mothers recovering from substance use disorder and address underlying physical, mental, and behavioral health concerns. Eligibility for this VOA treatment model is evidence-based and is designed to meet the unique needs of pregnant, postpartum, and parenting mothers.

A Circuit judge and representatives of the Administrative Office of the Courts discussed family recovery courts as evidence-based solutions for youth and families affected by substance use disorder. Family recovery courts are voluntary; they are located in Jefferson and Clay Counties. Eligibility for the program requires that a state petition based on substance use be adjudicated by the courts. The immediate goal is sobriety, and the long-term goal is family reunification.

VOA representatives presented on restorative justice programs, which allow victims of crime to participate fully in the resolution of the offense with a focus on seeking solutions and making amends. These programs benefit communities by creating significant cost savings for every case resolved outside the court system, healing and restoration for victims and community, a 50 percent reduction in recidivism compared to those who do not get this intervention, promotion and support of positive behavioral change of offenders, and successful reintegration of young offenders into the community.

**Report Of The 2022  
Commission On Race And Access To Opportunity**

**Sen. David P. Givens, Co-Chair  
Rep. Samara Heavrin, Co-Chair**

Sen. Karen Berg  
Sen. Gerald A. Neal  
Sen. Whitney Westerfield  
Rep. George Brown Jr.  
Rep. Nima Kulkarni  
Rep. Killian Timoney

Jamir Davis  
Hannah Drake  
Ricky Jones  
OJ Oleka  
Erwin Roberts

LRC Staff: Brandon White and Brett Gillispie

**Presented to the  
Legislative Research Commission  
and the  
2023 Regular Session of the  
Kentucky General Assembly**

## **Commission On Race And Access To Opportunity**

Jurisdiction: Conduct studies and research issues where disparities may exist across the sectors of education equity, child welfare, health, economic opportunity, juvenile justice, criminal justice, and any other sectors that are deemed relevant in an effort to identify areas of improvement in providing services and opportunities for minority communities.

### **2022 Legislative Review**

The commission met six times during the 2022 Interim and reviewed legislation considered during the 2022 Regular Session that was pertinent to its mission.

#### **Power To Prosper Minority Business Accelerator Program**

The senior director of diversity, equity and inclusion with Greater Louisville Inc. (GLI) and the managing partner with Government Strategies made a presentation. GLI's Department of Diversity, Equity and Inclusion was created due to a study that GLI underwent. GLI's Business Council to End Racism was created as a direct response to the social movement following the deaths of Breonna Taylor and George Floyd in 2020. GLI's Minority Business Accelerator Program, powered by Interise, provides minority-business owners with the knowledge, resources, and networks necessary for a successful business. Once a business graduates from the program, GLI will continue to receive reports on its growth and advancement.

#### **Center For Diversity, Equity, And Inclusion**

The senior vice president of the Kentucky Chamber Foundation; the executive director of the Center for Diversity, Equity, and Inclusion with the Kentucky Chamber Foundation; and the owner of Equity Solutions Group LLC made a presentation. The presenters stated that less than half of the underrepresented minority students who graduate high school or receive a 4-year degree in Kentucky remain in the state after they graduate, resulting in a major loss in talent. Kentucky is currently ranked 41<sup>st</sup> in the country for diversity, with only 12.5 percent of the population being underrepresented minorities. Underrepresented minorities in Kentucky have a lower median wage than white residents, with median wages of \$36,600 and \$43,400, respectively. Additionally, only 7.7 percent of Kentucky businesses are minority-owned. The presenters outlined many barriers for minority-owned businesses, which include access to capital, network access, Kentucky's procurement process, stereotypes employed by agencies and contractors, manipulative bid processes based on prejudicial factors, and discrimination against minority business enterprises.

#### **Family Scholar House**

The president and chief executive officer of Family Scholar House (FSH) and an FSH graduate made a presentation. FSH's mission is to combat poverty by helping families to gain access to quality education and achieve self-sufficiency. Its services focus primarily on single-parent households and at-risk children. It provides families educational and financial resources as well



as housing assistance. Outreach centers of FSH service several colleges and universities around the commonwealth. The president provided demographic information on the population served by FSH. The FSH graduate provided testimony about her experience with FSH.

### **Kentucky State University And Kentucky Council On Postsecondary Education**

Representatives of Kentucky State University (KSU) and the president of the Kentucky Council on Postsecondary Education presented an update on the future of KSU. They discussed KSU's purpose and financial viability, their goals for KSU's improvement, and their vision for its future. The presenters also reaffirmed their commitment to 2022 RS HB 250 and the importance of KSU as an institution.

### **Jefferson County Public Schools**

The superintendent of Jefferson County Public Schools (JCPS) participated in a question-and-answer session regarding JCPS's new student assignment plan. He believes that the previous JCPS student assignment plan was possibly the most racially inequitable system in any major metropolitan area in the United States.

### **Lincoln Trail Area Development District Workforce Crisis Task Force**

The first vice chair of the Lincoln Trail Area Development District (LTADD) Workforce Crisis Task Force and the co-chairs of the LTADD Removing Obstacles Subcommittee made a presentation. The goal of the Workforce Crisis Task Force is to use public/private partnerships to address the workforce supply shortage currently affecting the region by identifying strategies to increase workforce participation.

Sanctions that follow an individual who has finished serving time in prison were discussed. An individual who served time in person is often ineligible for certain professional certifications and job opportunities, voting rights, and public and housing benefits affecting the reentry process. The presenters stated that people of color are further harmed by these stereotypes, which most heavily impact Black men. A Black man without a felony record has roughly the same chance of receiving a call-back for a job interview as a white man with a felony record, and even traditionally felon-friendly industries often have a demonstrable aversion to hiring Black community members.

The presenters suggested that the General Assembly take measures to reduce or eliminate the waiting period for expungement, which currently lasts 5 years after the end of incarceration plus any probationary period.

### **Wanda Joyce Robinson Foundation**

The co-founders of the Wanda Joyce Robinson Foundation (WJRF) and three WJRF program recipients made a presentation. WJRF works with families with an incarcerated parent in three key areas: education, connection, and prevention. WJRF provides financial support and resources

to school-based K-12 Kids Rising Up through Support and Healing (KRUSH) groups based in Frankfort and Franklin County.

The presenters stated that children of color are entering the foster care system at a much higher rate than their white counterparts. WJRF advocated for a statewide KRUSH program, stating that Greenup County is experiencing a 60 percent improvement in test scores for students who participate in KRUSH. WJRF also sought support for a Kentucky Bill of Rights for Children of the Incarcerated, similar to a bill enacted in Oregon.

### **Norton Healthcare’s Institute For Health Equity**

The executive director of the Institute for Health Equity, a part of Norton Healthcare, made a presentation. Norton Healthcare established the institute to promote equitable health care access to historically disadvantaged groups, focusing on Black residents of Louisville. The executive director stated that Louisville is one of the most segregated cities in the United States due to aggressive and racist redlining. The executive director discussed the significant gap in life expectancy between majority white residents of affluent east Louisville and majority Black residents of west Louisville.

The executive director said that health and wealth are directly linked, and that the poverty experienced by the Black residents of west Louisville has a disparate impact on the community’s health. This is a direct result of the racist redlining policies of the early 1900s. He said that in Louisville—and in cities that were redlined in similar fashion, such as Savannah, Georgia—racist zoning affects food security and housing security. These neighborhoods experience the highest rates of hypertension, heart disease, and diabetes. The executive director stated that Norton is planning a site-based investment in west Louisville to improve access to both primary and specialty care, the first new hospital in west Louisville in 150 years.

### **Overdose Mortality Trends Among Black Kentuckians**

An assistant professor at the University of Kentucky Department of Health Management and Policy presented on drug overdose trends among Black Kentuckians. There was a 50 percent increase in overdose deaths in Kentucky in 2020, reversing a 3-year decline. Although the number of overdose deaths among Black Kentuckians is currently smaller than that of white Kentuckians, the rate of increase is higher than that for the white population. The year 2021 was the first time that the age-adjusted rate of drug overdose deaths among Black Kentuckians exceeded that of white Kentuckians. This increase is being driven largely by fentanyl and methamphetamines. The age-adjusted rate of nonfatal overdoses among Black Kentuckians is also exceeding that of white Kentuckians.

### **Maternal Health**

The division director of maternal-fetal medicine and chief diversity officer of University of Louisville Health discussed how numerous conditions—including septicemia, kidney disease, stroke, cancer, heart disease, and homicide—disproportionately affect the Black community and shorten Black lives. Among these discrepancies, 86 percent would be avoidable with early access

to medical care. Maternal mortality rates have risen in the US, but this rise disproportionately affected Black women.

The division director stated that the number of providers that a woman has access to during her pregnancy, especially if she lives in a low-income or rural area, is slashed dramatically, and that Black women are more than twice as likely to experience maternal death as white women in Kentucky. The rate of early preterm births in Kentucky is also significantly higher for Black women than for other demographics. He stated that these disparities are due to racism rather than race.

An associate research director of the Elevance Health Public Policy Institute suggested access to doulas as a potential solution to the issue of shrinking access to obstetric care in rural areas due to hospital closures. A doula pilot program was evaluated in California and New York with positive results. Anthem has invested \$300,000 to support doula scholarships to recruit diverse candidates from across Kentucky in order to help increase access to prenatal care.

### **Gun Injury Prevention: A Public Health Approach**

Representative Herron intends to file legislation to establish an Office of Gun Violence Prevention within the Department of Public Health with the goal of collecting and disseminating data and making recommendations relating to gun violence intervention and prevention. She believes that gun violence is a pressing issue and that the criminal justice system's current approach is insufficient, as it does not treat gun violence as a public health issue.

### **Fulton County Access To Healthcare**

The director of the Fulton Independent School District/Family Resource Youth Services Center linked the high rate of poverty in Fulton County with poor health outcomes. Fulton County has limited access to primary, acute, and dental care. The latest County Health Rankings report listed Fulton County as 116<sup>th</sup> of the 120 counties for health outcomes. The director advocated for the General Assembly to initiate a pilot dental program in Fulton County to increase access to dental care for low-income families.

### **Kentucky Demographics Update**

The research director at the Kentucky Center for Statistics presented on demographic trends across racial and ethnic groups over time. Kentucky's white population has decreased, its nonwhite population has increased, K-12 enrollment for nonwhite students has increased, and the Black, Asian, and multiracial workforce has increased. Median income has risen across all demographics, and Black Kentuckians have experienced the greatest increase. However, they still maintain the lowest average raw income.



**Report Of The 2022  
Education Assessment And Accountability Review Subcommittee**

**Sen. Max Wise, Co-Chair  
Rep. Brandon Reed, Co-Chair**

Sen. Alice Forgy Kerr  
Sen. Gerald A. Neal  
Sen. Mike Wilson

Rep. Tina Bojanowski  
Rep. Regina Huff  
Rep. Steve Riley

LRC Staff: Lauren Busch and Maurya Allen

**Presented to the  
Legislative Research Commission  
and the  
2023 Regular Session of the  
Kentucky General Assembly**

## **Education Assessment And Accountability Review Subcommittee**

Jurisdiction: To review administrative regulations and advise the Kentucky Board of Education concerning the implementation of the state system of assessment and accountability and to provide oversight and direction to the Office of Education Accountability (OEA).

### **Subcommittee Activity**

The Education Assessment and Accountability Review Subcommittee met three times during the Interim.

### **Review Of Administrative Regulations**

No administrative regulations were referred to the subcommittee during the Interim.

### **Oversight Of The Office Of Education Accountability**

The subcommittee received and accepted OEA's *2021 Annual Report*, which is required by KRS 7.410(2)(c)8. The report is a summary of the status and results of the current year's annual research agenda and a summary of completed investigative activity conducted during 2021.

In 2021, OEA received 363 written complaints, 220 of which were anonymous. From these complaints, 22 cases were opened: 16 investigative cases and 6 school-based decision-making council cases. OEA closed 27 cases in 2021, and 19 cases remain pending.

The subcommittee received three OEA study reports during the Interim. One was accepted, and the other two are pending acceptance. The accepted report, *Kentucky District Data Profiles School Year 2021*, is an annual compilation of data collected from various sources on all school districts, with an individual profile for the entire state. It includes student demographics and performance data, staffing data and related information, and district expenditure and revenue data.

Pending approval is *A Review Of School Funding Adequacy Studies*, which reviews the most recent studies measuring the cost of an adequate public education in Kentucky and demographically similar states with a focus on the methods used in those studies, the outcomes, and the costs associated with educating special student populations. The report noted that existing adequacy studies have never found that a school system is adequately funded. The studies are limited by the fact that there is no prototypical school or school district, they rely on insufficient research and assumptions, and they cannot be generalized from one state to another. The study addresses specific examples of alternatives to updating the funding formula without doing an adequacy study.

The second pending report is *Credit Recovery In Kentucky: Advantages And Drawbacks*, which examines the use of credit recovery in schools and school districts. This study includes an examination of the types of credit recovery methods used, the impact of credit recovery on graduation rates, and which students are most impacted by credit recovery.

The co-chairs of the subcommittee have preliminarily approved the 2023 OEA Study Agenda, which was presented to the subcommittee on November 1, 2023. The study topics will be presented to the subcommittee at the next scheduled meeting for ratification and final approval. The study agenda includes three OEA reports: *Kentucky District Data Profiles School Year 2022*, a study on classified and certified school employee staffing shortages, and a review of effectiveness and efficiency of school districts in affecting students' academic and postsecondary outcomes.





**Report Of The 2022  
Government Contract Review Committee**

**Sen. Stephen Meredith, Co-Chair  
Rep. Matthew Koch, Co-Chair**

Sen. Donald Douglas  
Sen. Adrienne Southworth  
Sen. David Yates

Rep. Adam Bowling  
Rep. Mark Hart  
Rep. Patti Minter

LRC Staff: Kim Eisner, Jarrod Schmidt, and Kim Smith

**Presented to the  
Legislative Research Commission  
and the  
2023 Regular Session of the  
Kentucky General Assembly**

## **Government Contract Review Committee**

Jurisdiction: Review of all nonexempt memoranda of agreement by and between state agencies, and review of all nonexempt personal service contracts by state agencies and by off-budget agencies that include, but are not limited to, the Kentucky Lottery Corporation, the Kentucky Housing Corporation, state universities within the commonwealth, the Kentucky Employers' Mutual Insurance Corporation, the Kentucky Higher Education Assistance Authority, the Kentucky Student Loan Corporation, and the Kentucky Retirement Systems to examine the stated need for the service, whether the service could or should be performed by state personnel, the amount and duration of the contract or agreement, and the appropriateness of any exchange of resources or responsibilities; and review of all qualifying motion picture or entertainment production tax incentives.

Memoranda of agreement review exemptions include agreements between the Transportation Cabinet and political subdivisions of the commonwealth for road and road-related projects; agreements between the auditor of public accounts and other government agencies for auditing services; agreements of a state agency as required by federal or state law; agreements between state agencies and state universities or colleges, and agreements between state universities and colleges and employers of students in the Commonwealth Work Study Program; agreements involving child support collections and enforcement; agreements with public utilities, providers of certain direct Medicaid health care to individuals, and transit authorities; nonfinancial agreements; any obligation or payment for reimbursement of the cost of corrective action made pursuant to the Petroleum Storage Tank Environmental Assurance Fund; exchanges of confidential personal information between agencies; agreements between state agencies and rural concentrated employment programs; and any other agreement that the committee deems inappropriate for consideration.

Personal service contract review exemptions include agreements between the Department of Parks and a performing artist or artists for less than \$5,000 per fiscal year, per artist or artists; agreements with public utilities, foster care parents, providers of certain direct Medicaid health care to individuals, individuals performing homemaker services, and transit authorities; agreements between state universities or colleges and employers of students in the Commonwealth Work Study Program; agreements between state agencies and rural concentrated employment programs; agreements between the State Fair Board and judges, officials, or entertainers contracted for events promoted by the State Fair Board; and any other contract that the committee deems inappropriate for consideration.

### **Committee Activity**

The Government Contract Review Committee is a statutory committee of the Legislative Research Commission and is required to meet monthly. During FY 2022 (beginning July 1, 2021, and ending June 30, 2022), the committee reviewed 1,227 personal service contracts and 527 amendments to personal service contracts. The committee also reviewed 218 personal service contracts for \$10,000 and less, which are submitted to the committee for informational purposes only.

During FY 2022, the committee reviewed 1,737 memoranda of agreement and 645 amendments to memoranda of agreement. The committee also reviewed 1,026 memoranda of agreement for \$50,000 and less, which are submitted to the committee for informational purposes only.

During FY 2022, the committee reviewed 1,972 personal service contract items, 3,408 memoranda of agreement items, and 22 entertainment incentive program agreements, for a total of 5,380 items.

Since the start of FY 2023 through November 9, 2022, the committee has reviewed 620 personal service contracts and 208 amendments to personal service contracts. It also reviewed 129 personal service contracts for \$10,000 and less, which are submitted to the committee for informational purposes only.

Since the start of FY 2023 through November 9, 2022, the committee has reviewed 1,127 memoranda of agreement and 234 amendments to memoranda of agreement. It reviewed 428 memoranda of agreement for \$50,000 and less, which are submitted to the committee for informational purposes only. The committee also reviewed 28 entertainment incentive program agreements

Note: The totals reflect all personal service contracts, memoranda of agreements, and film tax incentive agreements entered into the eMars procurement system, by Government Contract Review Committee staff or other agencies, and captured by the LRC Contract Reporting Database.



**Report Of The 2022  
Legislative Oversight And Investigations Committee**

**Sen. Danny Carroll, Co-Chair**  
**Rep. Jason Nemes, Co-Chair**  
**Sen. Jason Howell, Vice-Chair**  
**Rep. Lynn Bechler, Vice-Chair**

Sen. Morgan McGarvey  
Sen. Michael J. Nemes  
Sen. Wil Schroder  
Sen. Brandon J. Storm  
Sen. Reginald Thomas  
Sen. Max Wise

Rep. John Blanton  
Rep. Ken Fleming  
Rep. Angie Hatton  
Rep. Joni L. Jenkins  
Rep. Steve Riley  
Rep. Scott Sharp

LRC Staff: Gerald W. Hoppmann, McKenzie Ballard, Jacob Blevins, Ryan Brown,  
Christopher T. Hall, Taylor Johnston, Jeremy Skinner, William Spears,  
Shane Stevens, Joel Thomas, and Ashley Taylor

**Presented to the  
Legislative Research Commission  
and the  
2023 Regular Session of the  
Kentucky General Assembly**

## Legislative Oversight And Investigations

**Jurisdiction:** The Legislative Oversight and Investigations Committee is a 16-member bipartisan committee authorized under KRS Chapter 6. The purpose of the committee is to serve as the main investigative committee in the General Assembly. It is empowered to review the operations of state agencies and programs, determine whether funds are being spent for the purposes for which they were appropriated, evaluate the efficiency of program operations, and evaluate the impact of state government reorganizations. State agencies are obligated to correct operational problems identified by the committee and must implement the committee's recommendations or propose suitable alternatives.

Any official in the executive, judicial, or legislative branch of government may request a study. A majority vote of the committee is required to initiate research studies and to approve final reports. When the General Assembly is not in session, studies can be initiated by joint agreement of the co-chairs, initiated by a majority vote of the committee, or requested by the Legislative Research Commission or an interim joint committee thereof. Reports are based on staff research but represent the official opinion of the committee once approved. The committee issues a final report for a study after public deliberations that include the responses of officials of relevant agencies.

### Committee Activity

Through passage of 21 RS HB 6, the Program Review and Investigations Committee was renamed the Legislative Oversight and Investigations Committee. The committee held six meetings in 2022, adopted three staff reports, heard testimony on five issues, and heard one agency follow-up. It also issued a subpoena *duces tecum*, which was requested by the Cabinet for Health and Family Services related to the previous year's evaluation of the Kentucky Child Fatality and Near Fatality External Review Panel. The committee structure now includes two vice-chairs.

#### 'Judicial Branch Contracting'

The committee adopted *Judicial Branch Contracting*, which included three finding areas and 13 recommendations. The report focused on actions by the Administrative Office of the Courts (AOC) to address procurement-related recommendations from the 2018 auditor of public accounts examination. The AOC's actions strengthened its internal control framework through the development of detailed procurement policies and procedures and the creation of an internal audit function and audit oversight committee. The committee's report found that AOC was not always following its own policies and documentation requirements in the development of competitively bid contracts and real property leases. In addition, the report found that AOC paid for millions of dollars of expenditures through General Accounting Expense documents that are not suitable for those expenditures. The AOC used the committee's report to make changes to its policies and procedures, which were under development at the time of staff's report.

### **‘Broadband In Kentucky’**

The committee adopted *Broadband In Kentucky*, which included five findings and eight recommendations. The report focused on Kentucky’s actions toward stakeholder outreach and agreement since 2004, as well as its use of Accelecom, the wholesaler for the KentuckyWired network. The report found that Kentucky’s legislature established a detailed policy framework for broadband development starting in 2006, culminating in 2022 with the creation of the Office of Broadband Development within the Kentucky Infrastructure Authority. Areas for improvement within the executive branch were identified with regard to the lack of Accelecom’s quarterly reporting of anticipated revenue. The report identified the continued need to develop accurate maps of broadband infrastructure as a key component of planning and capacity building. An official from the executive cabinet agreed with the report’s findings and recommendations and agreed that the state is moving forward to ensure it receives and expends federal dollars appropriately.

### **‘Kentucky Child Fatality And Near Fatality External Review Panel 2022 Update’**

The committee adopted staff’s annual evaluation of the Child Fatality and Near Fatality External Review Panel. KRS 6.922 requires the Legislative Oversight and Investigations Committee to conduct an annual evaluation of the panel. Staff’s review included a summary of work performed since 2014 and discussion of major objectives of the 2022 update. The report includes a summary of 22 RS SB97, which was passed as a result of staff’s report from the previous year. The bill changed the panel’s composition and reporting requirements, as well as the privileged nature of the panel’s proceedings, records, options and deliberations. It includes changes to law enforcement testing requirements and coroner notifications. Staff summarized five finding areas and nine recommendations. Recommendations identified ways by which the panel should formalize reporting, training, and budget and staffing processes.

### **Finance And Administration Cabinet Follow-Up To ‘State-Owned Vehicles’**

The committee heard testimony from Finance and Administration Cabinet officials regarding staff’s *State-Owned Vehicles* report, LRC Research Report No. 470, which the committee adopted on June 10, 2021. Officials from the Office of Fleet Management provided updates on some of the improvements based on the findings and recommendations of staff’s report, as well as those in an internal audit conducted by the Office of Policy and Audit. Officials discussed the creation of a new policy and compliance officer position, and the development of an automotive technician program that helps recruit and retain highly qualified technicians. Officials noted that the Office of Fleet Management has developed a more accurate method of calculating vehicle rate projections that incorporate historical data and will analyze those outcomes for setting rates. There was discussion of improvements in budget and accounting practices, which should help with tracking expenditures.

### **Team Western Kentucky Tornado Relief Fund**

The Public Protection Cabinet, which administers the Team Western Kentucky Tornado Relief Fund, provided testimony. As of the date of the July Legislative Oversight and Investigations

Committee meeting, the cabinet issued payments focused on three programs. First, the cabinet made 81 payments directly to families who lost loved ones, in the amount of \$10,000 per deceased person for funeral assistance. Second, the cabinet focused on uninsured homeowners and renters to provide them with an additional 20 percent of the amount they were awarded by the Federal Emergency Management Agency. Third, the cabinet worked with insurance companies to identify homeowners and renters who had been awarded a claim. The cabinet made payments (maximum of \$2,500) to those individuals to help cover their deductible. Cabinet officials discussed other funds that were committed for the construction of 300 homes for those affected by the December 2021 tornado, as well as long-term recovery to address unmet needs of those impacted.

### **Court-Ordered Assisted Outpatient Treatment**

The Department for Behavioral Health, Developmental and Intellectual Disabilities provided testimony about court-ordered assisted outpatient treatment (AOT) and the implementation of 22 RS HB 127, which allows for patients under a civil court commitment to receive AOT instead of receiving treatment in a facility or hospital. Department officials discussed a grant awarded in July 2020 for \$1 million per year from 2020–2024, which consists of two phases to reach counties in the Central State Hospital Region and the Western Kentucky Hospital Region to cover client support funds, community mental health center provider staff costs, and administration and oversight of the program. Officials discussed an additional \$1.5 million from the legislature to expand the Eastern State Hospital region and the Appalachian Regional Hospital region.

### **Executive Branch Teleworking**

The Personnel Cabinet provided testimony related to the current status of teleworking for executive branch employees. Officials explained that 56 percent of executive branch employees work full time in an office and that eligibility for telework depends on work duties. Officials discussed the process by which the Personnel Cabinet generally sets the telecommuting policy for the executive branch, but individual agencies make the determination of eligibility. Officials answered questions related to flexible work schedules, accountability, staff production, training, and occupational tax rate variations among counties.

### **Unemployment Insurance Contracts**

The Kentucky Education and Labor Cabinet provided testimony regarding the COVID-19 pandemic and the subsequent increase in unemployment insurance claims. Officials discussed the timeline of contracts needed to address the unemployment insurance backlog and provided additional detail on each contract. They answered questions related to contract cost, vendor selection, invoicing, cost per claim, and fraud detection. Officials stated that they hope to finish processing the backlog of claims by early 2023.



## **Jefferson Regional Juvenile Detention Center**

The Justice and Public Safety Cabinet provided testimony concerning newsworthy incidents at the Jefferson Regional Juvenile Detention Center (JRJDC). Officials answered questions related to recent fires, escapes, and assaults at the center. Officials discussed the need to address staffing issues by using money originally allotted for vacancies statewide to improve compensation for current and future staff. A previous JRJDC supervisor and the mayor of Lyndon testified regarding the problems at JRJDC. Department officials responded to questions on the appropriateness of housing youth offenders at JRJDC, given its original design as a group home. They answered questions related to past budget requests and funding solutions.



**Report Of The 2022  
Medicaid Oversight And Advisory Committee**

**Sen. Stephen Meredith, Co-Chair  
Rep. Daniel Elliott, Co-Chair**

Sen. Ralph Alvarado  
Sen. Danny Carroll  
Sen. Jimmy Higdon  
Sen. Morgan McGarvey

Rep. Jim Gooch Jr.  
Rep. Melinda Gibbons Prunty  
Rep. Steve Sheldon  
Rep. Lisa Willner

LRC Staff: Chris Joffrion and DJ Burns

**Presented to the  
Legislative Research Commission  
and the  
2023 Regular Session of the  
Kentucky General Assembly**

## **Medicaid Oversight And Advisory Committee**

Jurisdiction: The Medicaid Oversight and Advisory Committee is required to meet at least four times annually and provide oversight on the implementation of Medicaid within the commonwealth, including access to services, utilization of services, quality of services, and cost containment.

### **Committee Activity**

The Medicaid Oversight and Advisory Committee met six times during the 2022 Interim.

#### **Kentucky Hospital Association**

The president and chief executive officer of the Kentucky Hospital Association provided an update on implementation of the Medicaid Hospital Rate Improvement Program for inpatient hospital stays. She testified to the need for the establishment of a similar rate improvement program for outpatient visits that would uniquely assist rural hospitals. She discussed the implementation of the provider credentialing alliance and factors that are contributing to increases in the cost of providing care.

#### **Kentucky Primary Care Association**

Representatives of the Kentucky Primary Care Association presented an update on health care services that its members provide. The chief integrated care officer of Healthfirst Bluegrass provided examples of patients treated by the integrated, whole-patient approach to care, and Healthfirst Bluegrass's chief dental officer testified to the effects of the COVID-19 pandemic on the delivery of dental care.

#### **Federally Mandated Staffing Ratios For Nursing Facilities**

The president and executive director of the Kentucky Association of Health Care Facilities and the Kentucky Center for Assisted Living provided an update on the federal Centers for Medicare and Medicaid Services proposal for minimum staffing ratios in skilled nursing facilities. She discussed the labor shortage in the health care industry and the potential costs associated with meeting the ratios. She suggested that the General Assembly consider incentive policies that may help skilled nursing facilities recruit and retain employees.

#### **University Of Kentucky Center Of Excellence In Rural Health**

The director of the University of Kentucky Center of Excellence in Rural Health provided an update on the center's work to improve the health of rural Kentuckians who are enrolled in Medicaid, the role of community health workers in rural communities, and the implementation of 22 RS HB 525. The director of Kentucky Homeplace, the center's community health worker program, shared information on the program's role in training community health workers, and the director of the Kentucky Office of Rural Health gave a briefing on the Rural Hospital

Improvement Program grant awarded annually by the Office of Rural Health Policy. The center's director also discussed funding challenges faced by the center and recent reductions in state appropriations to the center totaling more than \$1 million per year.

### **Medicaid Reimbursement Rates**

A lobbyist for behavioral health service organizations (BHSOs), the chief executive officer of Maryhurst, and a licensed psychological practitioner with Children and Family Counseling Associates discussed Medicaid reimbursement rates for behavioral health service organizations. The lobbyist discussed the financial challenges faced by providers, including inflation and higher wages. Maryhurst's chief executive officer warned that, without significant increases in Medicaid reimbursement rates, BHSOs across the state would likely be forced to begin eliminating programs. The representative of Children and Family Counseling Associates discussed how onerous audits conducted by Medicaid managed care organizations exacerbate the problem of inadequate reimbursement rates for BHSOs.

The president of the Kentucky Dental Association testified that inadequate Medicaid reimbursement rates for dental services are causing many providers to stop seeing and treating Medicaid beneficiaries. He explained that reimbursement rates for dental providers have not been adjusted in well over a decade and that the problem is compounded by increases in labor and supply costs.

### **Medicaid Managed Care Organizations**

Representatives of each of the six managed care organizations contracted by the Department for Medicaid Services (DMS) for the delivery of Medicaid services addressed the following questions:

- What steps is your organization taking to ensure the adequacy of the Medicaid provider network?
- What initiatives have been undertaken to improve the health of the Medicaid population?
- What tools are being used to measure the effectiveness and efficacy of substance abuse treatment programs you contract with?
- What strategies are taken to ensure equity in health care delivery?
- What are the strategies for addressing the critical financial position of rural health care providers?

### **23 RS BR 69**

Senator Wilson discussed 23 RS BR 69, an Act relating to residential care facilities. He stated that the proposed bill would require unannounced inspections of residential care facilities at least once every 15 months, require that inspection reports be made available to the public, and allow for fines of up to \$1,000 per violation. The secretary of the Cabinet for Health and Family Services explained how residential care facilities are currently inspected and regulated. The executive director of the Kentucky Association of Private Providers testified about additional inspections and oversight.

## **Implementation Of Recently Enacted Legislation**

The DMS deputy commissioner provided an update on implementation of several recently enacted pieces of legislation: 20 RS SB 50, related to pharmacy benefits in the Medicaid program, and 21 RS HB 140 and 22 RS HB 188, both related to telehealth.

### **Basic Health Program; House Joint Resolution Work Group**

The secretary of the Cabinet for Health and Family Services provided an update on the findings and recommendations proposed by the 2021 Regular Session House Joint Resolution Work Group. The work group assessed the feasibility of creating a bridge insurance program for individuals who do not qualify for Medicaid after exceeding the income eligibility threshold. The secretary stated that the work group recommended implementing a Basic Health Program with limited cost sharing requirements for individuals earning between 138 percent and 200 percent of the federal poverty level; also, the cabinet should work with the Kentucky Center for Statistics to refine and improve the center's Family Resource Calculator, and additional research on the child care benefits cliff should be conducted.

### **1915(c) Home And Community Based Waivers; 1115 Demonstration Waivers**

Representatives of DMS provided an update on outstanding 1115 demonstration waiver applications and Kentucky's six 1915(c) Home and Community Based Waivers.

The deputy commissioner of DMS discussed the status of the Substance Use Treatment waiver for incarcerated individuals and Severe Mental Illness and Serious Emotional Disability waiver applications. The assistant director of DMS's Division of Community Alternatives provided an update on the number of individuals served by each waiver, the waiting list for the Michelle P. and Supports for Community Living waivers, the waiver renewal process, and reimbursement rate increases made possible through federal funding connected to the American Rescue Plan Act. She also updated the committee on a new waiver rate study.

### **Medicaid Presumptive Eligibility**

The DMS commissioner testified regarding presumptive eligibility for Medicaid. She discussed the number of individuals deemed presumptively eligible for Medicaid during the COVID-19 pandemic and the number of individuals currently enrolled in Medicaid through presumptive eligibility. She discussed how 22 RS HB 7 will affect the use of presumptive eligibility.

### **Medicaid Eligibility Redeterminations**

The DMS deputy commissioner provided a briefing on flexibilities granted to state Medicaid agencies during the COVID-19 pandemic and federal requirements related to eligibility redeterminations following the termination of the federal public health emergency. She discussed efforts to hire additional staff, the timeline for redeterminations, and the possible impact on the number of individuals enrolled in Medicaid.

## **Medicaid Budget**

Representatives of DMS provided an update on the status of the state FY 2022 Medicaid budget. The department's chief financial officer discussed appropriations, expenditures in both the fee-for-service and managed care populations, and the expected end-of-year fund balance. The department's deputy commissioner testified regarding increased enrollment in Medicaid from March 2020 to June 2022. The department's commissioner presented on temporary Medicaid changes implemented during the federal public health emergency; the cost of those changes; and the expansion of vision, dental, and hearing benefits for adults enrolled in Medicaid. The secretary of the Cabinet for Health and Family Services provided an update on plans to transition beneficiaries with third-party liability out of the managed care population and into the fee-for-service population.





## **Report Of The 2022 Public Pension Oversight Board**

**Sen. Jimmy Higdon, Co-Chair**  
**Rep. James Tipton, Co-Chair**

Sen. Christian McDaniel  
Sen. Robby Mills  
Sen. Gerald A. Neal  
Sen. Michael J. Nemes  
Sen. Dennis Parrett  
Sen. Damon Thayer  
Sen. Mike Wilson  
Rep. Jim DuPlessis  
Rep. Ken Fleming

Rep. Derrick Graham  
Rep. Jason Petrie  
Rep. Phillip Pratt  
Rep. Russell Webber  
Rep. Buddy Wheatley  
Mike Harmon  
John Hicks  
Victor Maddox  
Sharon Mattingly

Rep. Jerry T. Miller, non-voting ex officio

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

**Presented to the  
Legislative Research Commission  
and the  
2023 Regular Session of the  
Kentucky General Assembly**

## **Public Pension Oversight Board**

Jurisdiction: Assists the General Assembly with its review, analysis, and oversight of the administration, benefits, investments, funding, laws and administrative regulations, and legislation pertaining to the state-administered retirement systems.

### **Committee Activity**

The Board held nine meetings from January through November 2022 and heard testimony on a wide range of topics relating to Kentucky’s public pension systems.

### **Quarterly/Annual Investment And Actuarial Updates**

The Public Pension Oversight Board (PPOB) conducted meetings that discussed and reviewed quarterly and annual investment performance, quarterly and annual plan asset and cash flow statistics, annual actuarial valuation results, and budgetary needs of each retirement system.

### **Environmental, Social, And Governance Investing And Proxy Voting**

The PPOB discussed trends and issues involving environmental, social, and governance investing by public pension funds. The meeting discussed proxy voting, whereby a member of a decision-making body—such as an institutional shareholder of a publicly traded company—may delegate voting power to a representative to enable a vote in the absence of the member. Each retirement system board recognizes that voting its shares of public companies by proxies is an important responsibility in assuring the overall performance goals of each plan.

### **HB 8**

Kentucky Public Pensions Authority (KPPA) representatives provided updates on the reporting requirements and results of 21 RS HB 8.

### **Retiree Cost Of Living Adjustments**

Representatives of the Kentucky Government Retirees and the Kentucky Public Retirees discussed cost of living adjustment increases for Kentucky Employees Retirement System and County Employees Retirement System retirees. KPPA discussed the increases and potential costs to the system.

### **Sick Leave Programs And Impact Of Bonuses On Pension**

The Teachers’ Retirement System provided overviews on the impact of sick leave programs and bonuses on retirement benefits.

### **Deferred Compensation Authority**

The Kentucky Public Employees' Deferred Compensation Authority provided testimony regarding auto enrollment for all new state employees hired after July 1, 2019.

### **Pension Spiking Provisions**

The KPPA provided an overview of pension spiking provisions.

### **Retiree Health Benefits And Funding**

Staff of the Legislative Research Commission, KPPA, and TRS discussed health insurance coverage, premiums, contribution rates, and cost impacts.

*See the Public Pension Oversight Board's annual report at [legislature.ky.gov/LRC/Publications/Pages/Research-Memoranda.aspx](https://legislature.ky.gov/LRC/Publications/Pages/Research-Memoranda.aspx) for more details regarding research topics, discussions, and recommendations from the 2022 Public Pension Oversight Board meetings.*



**Report Of The 2022  
Tobacco Settlement Agreement Fund Oversight Committee**

**Sen. Paul Hornback, Co-Chair  
Rep. Myron Dossett, Co-Chair**

Sen. Julie Raque Adams  
Sen. C.B. Embry Jr.  
Sen. Dennis Parrett  
Sen. Robin L. Webb  
Sen. Whitney Westerfield

Rep. George Brown Jr.  
Rep. Kim King  
Rep. Phillip Pratt  
Rep. Brandon Reed  
Rep. Rachel Roberts

LRC Staff: Stefan Kasacavage, Hillary Abbott, Kelly Ludwig, and Rachel Hartley

**Presented to the  
Legislative Research Commission  
and the  
2023 Regular Session of the  
Kentucky General Assembly**

## **Tobacco Settlement Agreement Fund Oversight Committee**

Jurisdiction: Matters pertaining to the Agricultural Development Board, including requests to the board for grants and loans; planning by the board to establish short-term and long-term goals, to devise strategies, and to make investments that will assist farmers, and the administrative, financial, and programmatic activities of the board; expenditures under the Early Childhood Development Fund and the Kentucky Health Care Improvement Fund; efforts of agencies and educational institutions to assist in the revitalization and diversification of tobacco farms; efforts of institutions of public postsecondary research in conducting alternative crop development research; review of county agricultural development council plans; review of the use of Tobacco Master Settlement Agreement funds.

### **Committee Activity**

The Tobacco Settlement Agreement Fund Oversight Committee met six times during the 2022 calendar year, with a seventh meeting scheduled for December.

In accordance with statutory requirements, the committee received regular updates from the Kentucky Office of Agricultural Policy (KOAP) regarding the Kentucky Agricultural Development Board's funding decisions on project applications. The committee received reports and testimony from executive branch agencies that receive tobacco settlement appropriations and various organizations that benefit from the availability of tobacco settlement funds.

#### **Kentucky Office Of Agricultural Policy**

KOAP staff reviewed projects for single counties, regions, and the commonwealth at large. Kentucky Agricultural Development Board programs for which applicants receive funding include the County Agriculture Investment Program, the Next Generation Farmer Program, the Shared-Use Equipment Program, the Youth Agriculture Incentive Program, and the Deceased Farm Animal Program. KOAP reviewed projects funded through the new Meat Processing Investment Program, which provides financial incentives for Kentucky meat processors to expand operations to process more Kentucky beef, dairy, pork, lamb, sheep, goat, and poultry products.

#### **Inflation And Natural Disasters**

Discussions were held on the impacts of inflation and natural disasters on Master Settlement Agreement (MSA) projects in eastern and western Kentucky. Representatives of Farms to Food Banks and the Double Dollars program reported a surge in demand as Kentuckians faced a lack of power, ruined crops, and higher prices due to inflation.

Representatives of the Governor's Office of Early Childhood and the Cabinet for Health and Family Services detailed programs intended to further early childhood development. Some of these programs experienced lingering changes in demand due to the pandemic and displacement

caused by natural disasters. The Meat Processing Investment Program helped provide a reliable source of nutritious animal protein when disruptions arose in the food supply chain. Additionally, representatives of the Farm Service Agency of the US Department of Agriculture presented an overview of federal drought assistance to members concerned by the rising drought conditions throughout the commonwealth in the summer and fall of 2022.

### **Master Settlement Agreement Revenue**

The Office of Attorney General provided testimony regarding the past, present, and future of the Master Settlement Agreement. Kentucky has received a relatively stable amount of MSA funds in recent years (over \$110 million annually). It will receive these funds in perpetuity as long as cigarettes are sold in the United States. However, revenues will likely decline as smokers increasingly abandon traditional cigarettes in favor of e-cigarettes and other vaping products.

The manager of the Tobacco Prevention and Cessation Program at the Cabinet for Health and Family Services discussed the rise in e-cigarettes and vaping. The program's numerous initiatives to curb tobacco use among teenagers and adults include the Quit Now initiative.

In December, the committee was to receive its annual update from the cancer centers at the University of Kentucky and the University of Louisville on new and ongoing initiatives aimed at improving treatments for patients with cancer.

### **Reports Received**

- 2022 Kentucky Office Of Agricultural Policy Annual Report
- 2022 Kentucky Division of Conservation Cost Share Program Annual Report





**Report Of The 2022  
Benefits Cliff Task Force**

**Sen. Jason Howell, Co-Chair  
Rep. Jonathan Dixon, Co-Chair**

Sen. Gerald A. Neal  
Sen. Michael Nemes  
Sen. Phillip Wheeler

Rep. Josh Bray  
Rep. Pamela Stevenson  
Rep. Russell Webber

LRC Staff: Chris Joffrion, Janine Coy, Kirk Smith, and Sasche Allen

**Presented to the  
Legislative Research Commission  
and the  
2023 Regular Session of the  
Kentucky General Assembly**

## **Benefits Cliff Task Force**

**Jurisdiction:** The Legislative Research Commission established the Benefits Cliff Task Force in a memorandum dated June 3, 2022. The task force was established to study policies and proposals and to submit recommendations that seek to eliminate the benefits cliff as a barrier to work, career advancement, and self-sufficiency and to reduce benefit duration and dependency in the commonwealth.

### **Committee Activity**

The Benefits Cliff Task Force met five times during the 2022 Interim.

#### **What Is The Benefits Cliff, And What Are Other States Doing To Address It?**

Representatives of the Children and Families Program of the National Conference of State Legislatures (NCSL) explained what the benefits cliff phenomenon (or cliff effect) is; how it affects individuals who receive public assistance benefits; and its potential effects on employers' ability to recruit, retain, and promote workers. NCSL staff discussed work requirements for public assistance programs and explained that the data shows mixed results for such requirements. NCSL staff also provided information on the efforts undertaken by NCSL and other states to address the benefits cliff.

The policy director of the Foundation for Government Accountability shared three myths about the benefits cliff: that most public assistance beneficiaries are near the benefits cliff and limit their work in order to retain benefits, that going over the cliff leaves beneficiaries worse off, and that beneficiaries are thrown over the cliff without a parachute or additional assistance.

#### **Impact On Employers**

The executive director of the Kentucky Chamber of Commerce, Center for Policy and Research discussed challenges that employers face due to the benefits cliff, noting that when they offer a wage increase or offer to transition an employee from part-time to full-time employment, they often face resistance from employees enrolled in public assistance programs. Such challenges can make it difficult for employers to recruit and retain adequate staffing, but the executive director identified policy changes that could help to alleviate these challenges. Potential policy solutions include developing a benefits cliff calculator, establishing public-private partnerships to provide solutions to issues associated with the benefits cliff, and increasing participation in the federal Earned Income Tax Credit among public assistance beneficiaries.

#### **Child Care Cliff Effect**

Representatives of the Cabinet for Health and Family Services (CHFS) provided an overview of the Child Care Assistance Program (CCAP), with updates on changes made to the program during the COVID-19 pandemic. Changes included increasing program eligibility, first from 160 percent of the federal poverty level (FPL) to 200 percent, and then to 85 percent of the state

median income; increasing provider reimbursement rates; and creating a 6-month transition period for households that experience an increase in income that renders them ineligible for child care assistance.

The director of early childhood policy and practice at the Prichard Committee for Academic Excellence, the policy and research director of Kentucky Youth Advocates (KYA), and the chief policy officer of Metro United Way provided an overview of child care in the commonwealth and discussed the child care benefits cliff. According to the presenters, the average cost of child care is more than \$11,000 per year and more than half of all Kentuckians live in a child care desert. KYA's policy and research director shared concerns related to an impending child care funding cliff. She explained that federal pandemic-relief funds have been used to support child care providers for the past 2 years, but when those fundings are exhausted in 2024, providers may be forced to slash wages, decrease capacity, or even close. The presenters also provided a list of possible policy considerations to sustain and improve access to child care, including identifying funding to sustain improvements to CCAP; supporting competitive wages, benefits, and access to educational opportunities for child care staff; ensuring the success of the Employee Child Care Assistance Program created during the 2021 Regular Session; and considering the recommendations of the Early Childhood Education Task Force.

### **Kentucky Transitional Assistance Program And Kentucky Works Program**

CHFS staff offered an update on proposed changes to the Kentucky Transitional Assistance Program and the Kentucky Works Program, such as increasing assistance to two-parent families, raising benefit amounts, and addressing the benefits cliff. Cabinet staff noted that the proposed administrative regulation amendment has not been finalized and will be presented to the appropriate legislative committees in the coming months.

### **Supplemental Nutrition Assistance Program Employment And Training Services**

The director of workforce solutions and training of Audubon Area Community Services described his organization's services, programs, and practices to promote stable employment and self-sufficiency in 34 counties. These services are provided with the assistance of federal funds made available through the Supplemental Nutrition Assistance Program Employment and Training program.

### **Benefits Cliff Calculator**

Representatives of the Kentucky Center for Statistics (KYSTATS) detailed their efforts to develop and launch a benefits cliff calculator for Kentuckians enrolled in various public assistance programs. The KYSTATS staff explained that they had collaborated with the National Center for Children in Poverty to develop a benefits cliff calculator known the Family Resource Simulator (FRS) that combines information on a family's resources and expenses, employment status, tax information, program participation, work supports, and numerous other factors to help individuals understand how changes in income could affect the family's net financial resources. According to KYSTATS, the three major benefit cliffs in Kentucky occur when a beneficiary

loses Supplemental Nutrition Assistance Program benefits, child care assistance benefits, and health care benefits.

CHFS staff reported on their proposal to develop a benefits cliff calculator to be made available to the general public and all individuals applying for or receiving public assistance. CHFS staff explained that the cabinet intends to partner with KYSTATS to refine and improve the FRS. Cabinet staff testified that these efforts would cost approximately \$250,000, with an anticipated completion date of July 2024.

### **Basic Health Program And 21 RS House Joint Resolution Work Group**

The CHFS secretary addressed findings and recommendations proposed by the 21 RS House Joint Resolution Work Group. The work group assessed the feasibility of creating a bridge insurance program for individuals who do not qualify for Medicaid after exceeding the income eligibility threshold. The secretary stated that the work group recommended that a Basic Health Program be implemented with limited cost-sharing requirements for individuals earning 138 percent to 200 percent of the federal poverty level, that the cabinet work with the Kentucky Center for Statistics to refine and improve the center's Family Resource Calculator, and that additional research on the child care benefits cliff be conducted. The secretary provided information on the costs associated with the Basic Health Program and the timeline for establishing it.

### **Georgia Center For Opportunity**

The product manager of the Georgia Center for Opportunity (GCO) explained that the nonprofit organization's benefits cliff calculator uses a computational model to convert tax and program eligibility information into benefit amounts. GCO's director of research discussed the lack of flexibility that federal law affords to states that intend to address the benefits cliff. The director of research discussed Utah's unique and successful approach to the delivery of workforce and training programs, as well as federal statutes that prevent other states from providing services in a similar manner.

## **Findings And Recommendations**

In a memorandum dated November 16, 2022, the Benefits Cliff Task Force submitted the following findings and recommendations to the Legislative Research Commission.

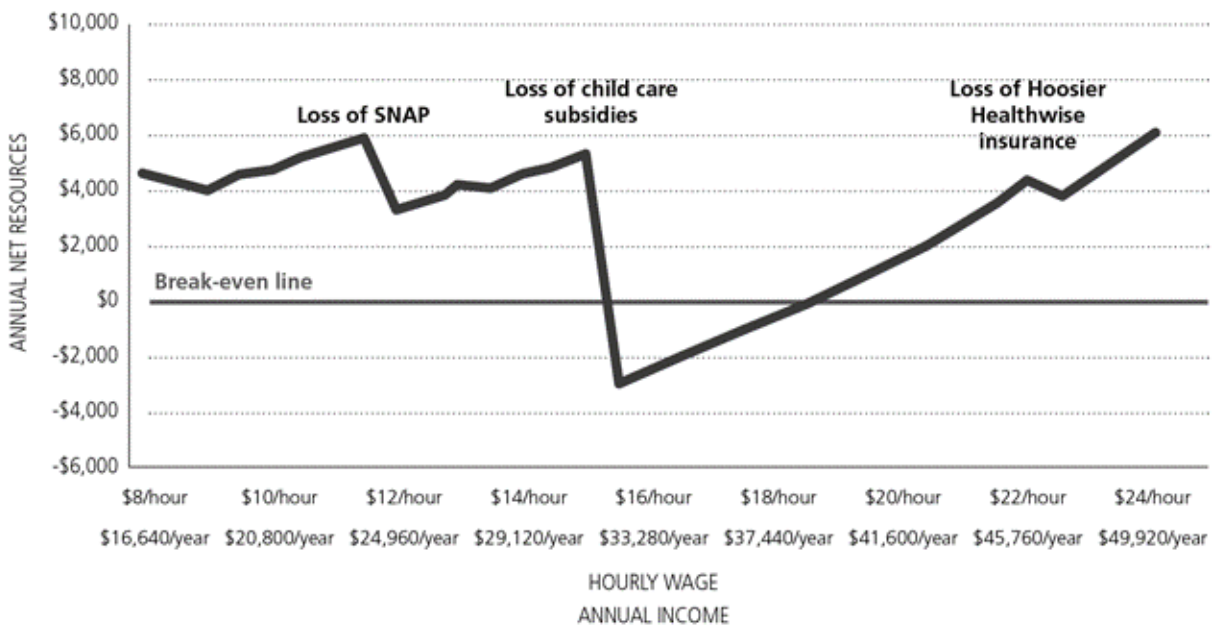
### **Findings**

- 1. The terms *benefits cliff* and *cliff effect* refer to the sudden decrease in public benefits as the result of an increase in earnings.**

When income increases, even by a small amount, families can lose some or all economic support provided through public assistance programs such as the Supplemental Nutrition Assistance Program, child care subsidies, and Medicaid. This loss of support often means

that a family’s overall access to economic resources is reduced as a result of earning more income, and it should be noted that a family receiving public assistance benefits faces not just one benefit cliff but multiple cliffs as their income increases. Figure 1, provided by the National Conference of State Legislatures, illustrates the benefits cliffs for a single parent with two children.

**Figure 1**  
**Cliff Effect in Marion County, Indiana:**  
**One Adult, One Preschooler, And One School-Age Child**



Note: When eligible, the family receives the following work supports: federal and state tax credits, Supplemental Nutrition Assistance Program food stamps, public health insurance, and a child care subsidy. Budget numbers are from the National Center for Children in Poverty’s Basic Needs Budget Calculator and the Self Sufficiency Standard for Indiana.

Source: Family Resource Simulator, National Center for Children in Poverty, Indiana 2011.

**2. For public assistance beneficiaries, the benefits cliff can serve as a barrier to gainful employment and self-sufficiency, which in turn can increase the amount of time an individual or family remains on public assistance.**

Many public assistance beneficiaries are acutely aware of the risk of losing access to supports and even an overall decrease in financial resources as a result of marginal increases in income. As illustrated in Figure 1, an increase in annual income from \$29,120 to \$33,280 can terminate child care subsidies. For a single mother with two children, the loss of these subsidies might mean a net loss of nearly \$10,000 in resources annually despite an increase in annual income of over \$4,000. Public assistance beneficiaries are making sound financial decisions for their families when they refuse a pay increase or promotion or when they continue to work part-time when full-time employment may be available because accepting a pay increase or working more hours could create an even worse financial situation for the individual and their family.

**3. Kentucky is not alone in its attempts to better understand and address the benefits cliff.**

At least half a dozen other states, including Iowa, Maine, Massachusetts, Nebraska, Ohio, and Texas, have enacted or considered legislation to establish studies, work groups, task forces, or committees charged with examining the benefits cliff in their state.

**4. The benefits cliff and continued access to affordable, quality child care are key concerns of Kentucky's business community because they create significant staffing challenges.**

Employers report that workers are hesitant to accept wage increases, offers for additional paid hours, or a transition from part-time to full-time employment, due to fears of how higher income could affect their eligibility for public assistance programs. The reluctance of workers to advance in their careers creates significant staffing challenges for employers, particularly during periods of exceptional labor market tightness like what Kentucky has been experiencing since the onset of the COVID-19 pandemic. Equally troubling, the benefits cliff limits upward mobility and traps Kentucky families in cycles of poverty and government dependence.

Interconnected with the workforce staffing challenges is the lack of access to affordable, quality child care and early learning programs. Addressing Kentucky's child care and early learning crisis along with the workforce challenges will require several policy solutions, which include strategies to meet urgent needs and remedy longstanding and systemic ailments such as Kentucky's early childhood ecosystem.

**5. The Cabinet for Health and Family Services is collaborating with the Kentucky Center for Statistics to make improvements to an existing benefits cliff calculator and to fully integrate the calculator into the online kynect portal by July 2024. The Cabinet for Health and Family Services is also working with the Education and Labor Cabinet to make an automatic job-match search engine available to public assistance recipients through the kynect portal.**

The Kentucky Center for Statistics, in partnership with the National Center for Children in Poverty, developed the Family Resource Simulator to assist individuals in understanding the potential impact of changes in income or employment on the public assistance benefits they receive. The FRS is a benefits cliff calculator that is currently used by public assistance case managers and various workforce partners including Kentucky Career Centers, the Bluegrass Area Development District, the Kentucky Office of Vocational Rehabilitation, Metro United Way, Community Action Agencies, and Goodwill Industries. Rather than investing additional time and money in creating a new benefits cliff calculator, the Cabinet for Health and Family Services is working with KYSTATS to improve the functionality and ease of understanding of the FRS for public assistance recipients and their employers. The cabinet reported that refining the FRS and making it publicly accessible through the kynect portal will cost approximately \$230,000, with a project completion date of July 2024. The cabinet is working with the Education and Labor Cabinet to provide a link from the kynect

portal to Focus Suite, an automatic job-match search engine currently used by the Education and Labor Cabinet.

- 6. Tiering public assistance benefits, or phasing out benefits as the recipient’s income increases—as opposed to terminating benefits following a marginal increase in income—offers an opportunity to smooth the benefits cliff. However, the ability of states to tier benefits and address the benefits cliff is significantly limited by federal regulations that govern most public assistance programs.**

The benefits cliff is most clearly observed when a recipient receives a marginal increase in income that places the individual just above the income eligibility threshold for a particular assistance and support program, resulting in the full termination of benefits. Tiering benefits so that assistance is phased out as the individual’s income increases, as opposed to sudden elimination of the full benefit, offers an opportunity to smooth the benefits cliff. However, even though states are, in most cases, responsible for administering the various public assistance programs available to low-income individuals and families, these programs and the states that administer them rely heavily on federal funds to provide benefits to eligible individuals. In order to continue to receive federal funds, states must comply with strict federal guidelines and regulations that govern eligibility and benefits. Failure to comply with federal regulations could cause a state to lose access to much-needed federal funds. These regulations leave little room for states to make significant adjustments to eligibility criteria, levels of benefits, or duration of benefits. Without greater flexibility, states will continue to struggle to identify solutions to the challenges posed by the benefits cliff.

- 7. The Utah Department of Workforce Services serves as a model of efficiency and effectiveness in the delivery of employment and job training services. Unfortunately, federal law now prevents other states from integrating employment and job training services into a “one-stop-shop” agency like Utah’s Department of Workforce Services.**

In most states, federally funded employment and job training service programs are administered by various cabinets, departments, and divisions across state government. The fragmentation of service delivery may result in a duplication of services, systematic inefficiencies, and confusing bureaucratic barriers that make it difficult for individuals to find the services they need and qualify for. In 1996, the Utah legislature tackled this challenge by establishing the Department of Workforce Supports as the state’s sole agency administering and funding all employment and job training service programs, and for the past several decades Utah has consistently led or placed near the top of state rankings across an array of economic and employment metrics. Unfortunately, inflexible funding and organizational provisions in the federal Workforce Investment and Opportunity Act create barriers for other states that would attempt to model Utah’s integration of services into a “one-stop-shop” agency for all employment and job training services.

- 8. The Cabinet for Health and Family Services has utilized pandemic-era federal funds to make improvements to the Child Care Assistance Program, which could help to alleviate the child care benefits cliff faced by working families, but the federal funds used to finance these changes will run out in 2024.**

In most states, the loss of child care assistance is at or near the top of the list of large benefit cliffs that low-income working families experience. For a family with two children in Kentucky, a marginal increase in income can result in the loss of Child Care Assistance Program benefits, causing the family to experience a benefit cliff of approximately \$1,500 per month (\$18,000 a year). The Cabinet for Health and Family Services has used funds from the Coronavirus Response and Relief Supplemental Appropriations Act and the American Rescue Plan Act to make several significant changes to CCAP. These changes could help minimize the impact of the child care assistance benefit cliff in Kentucky by eliminating parent copayments for CCAP recipients; increasing eligibility from 160 percent of the federal poverty level, first to 200 percent FPL, and then to 85 percent of the state median income; and establishing a 6-month transitional exit period for households that experience an increase in income that places the household above the income eligibility threshold. These changes have the potential to substantially reduce the child care benefit cliff in Kentucky, but the federal funds that finance these changes are set to expire in the summer of 2024, and the Cabinet for Health and Family Services reports that maintaining the elimination of copayments alone could cost the state approximately \$18 million per year.

## Recommendations

The Benefits Cliff Task Force recommends that the General Assembly take the following actions during the 2023 Regular Session.

1. Adopt a joint resolution
  - directing the Cabinet for Health and Family Services to conduct a thorough review of all public assistance programs administered by the cabinet to identify all flexibilities permitted under federal law, including but not limited to the ability to tier benefits, which may afford the state the opportunity to address the benefits cliff without the need for federal action, and
  - requiring the cabinet to submit a report containing its findings and recommendations to the Interim Joint Committee on Health, Welfare, and Family Services no later than November 1, 2023.
2. Adopt a joint resolution
  - directing the Cabinet for Health and Family Services, in cooperation with the Education and Labor Cabinet, to conduct a thorough audit of all employment and job training programs to identify service duplications, inefficiencies in service delivery, and opportunities for improvement, including the possible integration of all employment and job training programs under a single administrative unit in state government, and
  - requiring the cabinets to submit a report containing their findings, recommendations, and an action plan to the Interim Joint Committee on Health, Welfare, and Family Services and the Interim Joint Committee on Economic Development and Workforce Investment no later than November 1, 2023.



3. Adopt a joint resolution
  - directing the Cabinet for Health and Family Services to study the cost of maintaining pandemic-era changes to the Child Care Assistance Program once federal pandemic relief funds are exhausted and
  - requiring the cabinet to report its findings to the Interim Joint Committee on Health, Welfare, and Family Services and the Budget Review Subcommittee on Human Resources no later than November 1, 2023.
4. Adopt a concurrent resolution urging the United States Congress
  - to study the benefits cliff phenomenon and how current federal regulations limit the ability of states to effectively address the challenges created by the benefits cliff and
  - to amend federal statutes and regulations to grant states the flexibilities necessary to mitigate or eliminate the benefits cliff, including but not limited to amending fundings and organizational provisions in the Workforce Investment and Opportunity Act that may prevent states from administratively integrating all federally funded employment and job training programs under a single administrative unit of state government.
5. Enact legislation requiring the Cabinet for Health and Family Services to integrate a user-friendly benefits cliff calculator tool that allows users to weigh the pros and cons of upward mobility and benefit eligibility into the cabinet's outreach and support efforts.
6. Enact legislation directing the Cabinet for Health and Family Services and the Department of Revenue to establish outreach and tax filing support programs to increase the number of eligible individuals, particularly low-income earners, who file a federal tax return and claim the federal Earned Income Tax Credit.
7. Identify opportunities and enact legislation that leverages public-private partnerships by creating new partnership programs to help reduce the impacts of benefits cliffs in certain circumstances.



**Report Of The 2022  
Bourbon Barrel Taxation Task Force**

**Sen. Robert Stivers, Co-Chair  
Rep. Chad McCoy, Co-Chair**

Sen. Denise Harper Angel  
Sen. Jimmy Higdon  
Sen. Christian McDaniel

Rep. Jennifer Decker  
Rep. Thomas Huff  
Rep. Cherlynn Stevenson

LRC Staff: Jennifer Hays, Cynthia Brown, Sarah Watts, Katy Jenkins, Hunter Branham,  
Hope Rowlett, and Lexi Bensberg

**Presented to the  
Legislative Research Commission  
and the  
2023 Regular Session of the  
Kentucky General Assembly**

## **Bourbon Barrel Taxation Task Force**

Jurisdiction: Study the current ad valorem tax rate structure for bourbon barrel sales in the commonwealth; propose ways to increase the tax revenue and new jobs in the commonwealth by developing the best tax rate structure, including tax credits for the bourbon industry; and recommend methods for counties wherein barrels are stored to advantageously recoup lost revenue should that source be curtailed by state action.

### **Task Force Activity**

The Bourbon Barrel Taxation Task Force met five times during the 2022 Interim and received testimony on various bourbon taxation issues.

### **Alcohol Taxation**

The committee staff administrator of the Appropriations and Revenue Committee explained the nuances of alcohol taxation in the state. The distribution and sale of alcohol is controlled by a system with three tiers: manufacturer, wholesaler, and retailer.

Wholesalers are responsible for three types of tax:

- The alcohol excise tax is levied upon the use, sale, or distribution by sale or gift. This tax is determined by the total volume of products sold. Malt beverages, including bourbon, are taxed at a rate of \$2.50 on each barrel of 31 gallons, and 1 percent of the tax collected is deposited to the malt beverage educational fund.
- The wholesale sales tax is for the privilege of making wholesale sales of beer, wine, or distilled spirits. This tax is determined by the value of the product sold.
- The distilled spirits case sales tax requires each wholesaler to pay \$0.05 per case sold in Kentucky.

Taxes on alcohol wholesalers are all general fund receipts, except for the 1 percent that goes to the malt beverage educational fund. Distilled spirits in bonded warehouses are subject to a reduced tangible personal property state tax rate of \$0.05 per \$100 of assessed value. Multiple tax credits and exemptions are available to alcohol manufacturers. The distilled spirits tax credit allows taxpayers who pay Kentucky property taxes on distilled spirits to claim a nonrefundable and nontransferable credit on their income tax return. The income tax credit is equal to the total property tax assessed and paid, and it must be used only for capital improvements at the premises of the distiller. There is a sales and use tax exemption for equipment used to manufacture distilled spirits, wine, or malt beverages at any plant facility that includes a retail establishment.

### **Constitutional Provisions Related To Distilled Spirits**

The committee staff administrator of the Appropriations and Revenue Committee discussed the provisions of the state constitution that relate to property taxes, as well as cases that are specifically related to the property tax on distilled spirits. Three basic provisions in the constitution involve property tax: property shall not be exempt from taxation; property shall

be assessed at fair cash value; and property shall be taxed according to that fair cash value. Sections 3, 172, and 174 govern this matter. An exception in Section 170 provides that the General Assembly may provide by law an exemption for all or any portion of the property tax for any class of personal property. Two notable Kentucky cases provide precedent for the classification of alcohol as personal property. *National Distillers' Products Corporation v. Board of Education of Franklin County*, 256 S.W.2d 481 (Ky. Ct. App. 1953) established that distilled spirits are like all other changeable personal property situated within the commonwealth and are subject to the same statutory and constitutional requirements as other changeable personal property. *Yount v. Calvert*, 826 S.W.2d 833 (Ky. Ct. App. 1992) established that distilled spirits are tangible personal property subject to the same statutory and constitutional requirements that govern taxation of such property.

### **County Concerns**

Representatives of the Kentucky Association of Counties and local economic development groups, along with judges/executive of various counties, explained the consequences for counties if the bourbon barrel tax were repealed. In multiple counties, the revenue from the barrel tax provides funding for local districts. Revenues are projected to increase significantly over the next decade for several counties, which have entered contracts with distillers based on these projections.

Recommendations from the entities named above:

- Exempt a distiller's first 10,000 barrels from the barrel tax.
- Do not change anything about the tax.
- Eliminate the tax gradually over a specified term.

### **Industrial Revenue Bonds**

A representative of Stoll Keenon Ogden PLLC presented an overview of industrial revenue bonds (IRBs), which act as an alternative method to finance capital assets of a project, allowing the project to obtain a state and local property tax abatement on those assets while the IRB is outstanding. Tax exemption at the local level is automatic once an IRB is issued for a project, but a project must apply to the Kentucky Economic Development Finance Authority to receive a lower state tax rate. To obtain this tax abatement, the IRB must be structured specifically so that the title to the assets is held by the city or county during the bond's term (up to 40 years). The city or county leases those assets to the company, and the IRBs are issued to pay the cost of those assets. The company's lease payments are used to repay the debt during the term of the bond. With the city or county acting as a conduit, projects that receive an IRB are exempt from taxation to the same extent as other public property used for public purposes during the term of the bond. IRBs can finance the cost of any industrial building, as defined by statute. IRBs are used primarily for manufacturing projects.

In the context of distilleries, the barrels that hold the liquid can be financed through an IRB because the barrels are a depreciable asset. The issuer of the IRB may require payments in lieu of taxes to local taxing districts that may be affected by the project's tax exemption.

## Impact On Schools

The director of advocacy of the Kentucky School Boards Association and superintendents from various school districts testified on bourbon barrels' impact on Support Education Excellence in Kentucky (SEEK) funding and how the barrel tax has benefited Kentucky school districts. If the barrel tax were repealed, the total assessed value of taxable property in a local school district would decrease. As a result, the amount of SEEK funding would need to increase in order to backfill a portion of the lost revenue from the decrease in value. A similar situation occurred after the unmined coal valuation shift in the mid-2010s. Some counties receive as much as \$1.8 million in annual revenue from this tax. If that revenue were lost, local options for recouping it would be limited.

Recommendations from the entities named above:

- Use caution with new tax exemptions that would affect SEEK funding.
- Eliminate the tax gradually over a specified term.

## State Of The Bourbon Industry

Representatives of the Kentucky Distillers' Association testified on how methods of alcohol taxation are hindering the growth of the bourbon industry. The distillery industry currently pays \$33 million in barrel taxes annually, a significant increase from the \$10.7 million paid in 2009. Kentucky taxes both the volume and the value of the product, and it is the only jurisdiction in the world that taxes aging spirits. Though the bourbon industry is growing, other states are attracting distillers due to their lower tax rates, and Kentucky is at risk of losing new distilleries. Revenue from Kentucky bourbon has increased from \$107 million to \$286 million in 12 years. Following the hypothesis of the Laffer curve, it is expected that lowering bourbon's tax rate would increase revenue.

Recommendations from the Kentucky Distillers' Association:

- Make the income tax credit fully refundable.
- Expand the use of tax credits.
- Eliminate the tax.
- Allow local entities to use a compensating rate for property taxes.
- Gradually eliminate the tax for warehouses not in an IRB agreement.

**Report Of The 2022  
Cabinet For Health And Family Services  
Organizational Structure, Operations, And Administration Task Force**

**Sen. Stephen Meredith, Co-Chair  
Rep. David Meade, Co-Chair**

Sen. Julie Raque Adams  
Sen. Ralph Alvarado  
Sen. Karen Berg

Rep. Danny Bentley  
Rep. Keturah Herron  
Rep. Kimberly Poore Moser

LRC Staff: Samir Nasir, Eric Rodenberg, and Mariah Derringer Lackey

**Presented to the  
Legislative Research Commission  
and the  
2023 Regular Session of the  
Kentucky General Assembly**

## **Cabinet For Health And Family Services Organizational Structure, Operations, And Administration Task Force**

Jurisdiction: Examine the structure, operations, programs, policies, and procedures within the Cabinet for Health and Family Services to determine if or how services can be delivered more effectively and efficiently, particularly relating to health outcomes, preventing child abuse and neglect and elder abuse, and mental health services; assess the current workforce structure of the Cabinet for Health and Family Services with the goal of determining how its workforce is effectively meeting the needs of its constituency; evaluate the administrative costs of delivering services and studying alternative ways of reducing administrative costs; and study the productivity of different programs and services administered by the Cabinet for Health and Family Services and receiving input from cabinet officials as well as advocates and recipients of its services and programs.

### **Task Force Activity**

The Cabinet for Health and Family Services Organizational Structure, Operations, and Administration Task Force met six times during the 2022 Interim.

Over the course of five meetings, the secretary and various senior staff members of the Cabinet for Health and Family Services provided testimony and presentations on their respective departments. Topics discussed were organizational structures, reorganization, funding, expenditures, budgets, personnel, services or functions provided, statistics, collaborations, maps and locations of services, division overviews, and challenges or goals. The following departments provided testimony and information: Department for Aging and Independent Living (DAIL); Department for Behavioral Health, Developmental, and Intellectual Disabilities (DBHDID); Department for Community Based Services (DCBS); Department for Family Resource Centers and Volunteer Services (DFRCVS); Department for Income Support; Department for Medicaid Services (DMS); Department for Public Health; and Office of the Secretary.

### **Findings And Recommendations**

During the sixth meeting, the task force approved the following findings and recommendations memorandum.

- The Cabinet for Health and Family Services consists of 93 agencies, branches, and functions with approximately 6,618 employees. The cabinet is composed of the Department for Aging and Independent Living; the Department for Behavioral Health, Developmental, and Intellectual Disabilities; the Department for Community Based Services; the Department for Family Resource Centers and Volunteer Services; the Department for Income Support; the Department for Medicaid Services; the Department for Public Health; the Office for Children with Special Health Care Needs (OCSHCN); the Office of Health Data and Analytics; and the Office of the Secretary. The cabinet's budget in FY 2023 is approximately



\$19 billion, of which 72 percent comes from federal funds, 16 percent comes from general funds, 12 percent comes from restricted agency funds, and 0.1 percent comes from tobacco settlement funds. Approximately 91 percent of the cabinet's funds are spent on providers. The cabinet's funding sources are cost allocated across all departments. Through indirect cost allocation, the cabinet captures roughly \$50 million a year in federal funds. Kentucky's cabinet is unique in that it has an umbrella structure that includes Medicaid and social services. As a result of the cabinet's structure, the cabinet has employed an integrated eligibility system, which allows public assistance benefits such as the Supplemental Nutrition Assistance Program, the Child Care Assistance Program, Temporary Assistance for Needy Families programs, and Medicaid to connect under one operating system.

- The Department for Medicaid Services serves as the single state agency authorized by the Center for Medicaid Services to administer the Medicaid program. A total of 1.6 million Kentuckians are covered under Medicaid, and approximately 60 percent of children in Kentucky are enrolled in Medicaid. There are at least 25 categories of eligibility in the Medicaid program. DMS accounts for 82 percent of the cabinet's budget, and federal dollars are allocated through DMS to other programs within various departments in the cabinet. Approximately 79.21 percent of the DMS budget is payments to managed care organizations. The other 20.79 percent is payments to fee-for-service providers, which include nursing facilities and 1915(c) Medicaid waiver participants. The DMS workforce contains 146 full-time employees, 1 part-time employee, approximately 15 temporary employees, approximately 94 contractors, and 71 vacant positions. DMS hires temporary employees to fill administrative positions. The majority of the 94 contractors are located within the IT division. DMS created a research and analytics branch to help make data-informed decisions.
- DMS has oversight of all six 1915(c) Medicaid waivers and the Participant Directed Services (PDS) program. The Department for Aging and Independent Living shares operating functions with DMS for the Home and Community-Based waiver and supports operations of the PDS for all waivers that allow PDS. The Department for Behavioral Health, Developmental, and Intellectual Disabilities shares operating functions with DMS for the Supports for Community Living and Michelle P. waivers.
- The Department for Community Based Services is responsible for delivering services to families to enhance the self-sufficiency of families, improve safety and permanency for children and vulnerable adults, and engage families and community partners in a collaborative decision-making process. DCBS administers several programs, including eligibility determinations for Medicaid and health insurance affordability options, the Supplemental Nutrition Assistance Program, the Temporary Assistance for Needy Families Block Grant, the Child Care Assistance Program, and more.
- DCBS contains most of the cabinet's workforce, which accounts for 10 percent of the state's budget. There are approximately 4,065 full-time employees and 112 interim employees, although there is a need for 4,500 employees. With at least one office in each of Kentucky's 120 counties, DCBS receives about 200,000 calls a month. As a result of workforce vacancies, the wait times of these calls have increased. The hiring process in the cabinet is long, and it can take months to employ and onboard an employee within DCBS, which has

led DCBS to now hire temporary employees as a quicker process to onboard prospective candidates to full-time positions.

- The majority of DCBS funding is composed of federal block grants that are capped. There are specific grant dollars allocated for specific issues, such as child care. The Division of Child Care within DCBS has used funds from the 2021 American Rescue Plan Act (ARPA) to support providers, including providing grants for child care desert start-ups, family child care start-ups, facility repairs, and child care teacher credentialing. However, ARPA funds are nonrecurring, which may be an issue when the state does not receive additional funds. In 2021, social worker front-line workforce turnover was 40 percent and family support front-line workforce turnover was approximately 29 percent. As of June 2022, social worker front line workforce turnover was roughly 21 percent, and family support front line workforce turnover was roughly 12 percent. The top reasons listed for staff exit from DCBS include better jobs outside state government, retirement, insufficient pay, high workload, and lack of opportunities for promotion.
- The Department for Aging and Independent Living serves older adults, individuals with disabilities, individuals with dementia, adults under state guardianship, and caregivers. Kentucky has over 1 million individuals aged 60 and older. The number of individuals aged 55 and older is expected to nearly double by 2040. Statistics show that in order to meet the demand in 2050, Kentucky needs a 430 percent increase in geriatricians, and in order to meet the demand for home health and personal aides by 2028, Kentucky needs an increase of 37 percent of workers. Within DAIL, there are both federal- and state-funded programs. In FY 2020, DAIL was heavily reliant on state funds. Roughly 70 percent of the budget came from state funds, and 30 percent came from federal funds. In the budget for the 4 years that followed, DAIL has become more reliant on federal funding than state funding. The average caseload for state guardianship workers is 40 to 70 cases, and the national recommendation is 40. The Long-Term Care Ombudsman program is a federal program charged with working directly with individuals in long-term care facilities. This program is designed to serve as an intermediary between a long-term care facility and a resident in that facility, whereas the Office of Inspector General conducts surveys and investigations for regulatory compliance.
- The Department for Income Support administers the Child Support Enforcement program and the Disability Determination Services program. Disability Determination Services composes 41 percent of the budget, and Child Support Enforcement composes 59 percent. Disability Determination Services are 100 percent federally funded by the Social Security Administration. Child Support Enforcement funding is a blended state and federal match. The federal government reimburses the state, accounting for 66 percent of the funding. Child Support Enforcement received approximately \$46 million, including \$7.5 million in incentives in federal funds in 2021. There are 113 county attorneys contracted statewide to provide local services. There are 651 full-time equivalents staff in Child Support Enforcement, and that includes the 113 county attorneys contracted statewide. A total of \$6.96 in child support is collected for each \$1 that is spent. Disbursements to families in 2021 totaled approximately \$347,250,708.

- Approximately 56.35 percent of the total amount of current child support has been collected. The total amount of child support arrearages in Kentucky is \$1.4 billion. The Child Support Office has federal performance measures and ranks counties by those measures. Salary raises for local child support officials are not based on performance. Because of high turnover, many Kentucky counties have challenges in collecting child support. As of now, there remains no standardized threshold for when a county has reached its limit in trying to collect child support and when responsibility is taken from the counties. County attorneys are in elected positions, and the Department for Income Support has demonstrated its inability to adequately address and remedy program deficiencies when a county attorney continues to fail to meet performance measures regarding child support collection. Other states have privatized aspects of their child support enforcement program. A 2019 state audit identified a lack of adequate controls and oversight to identify waste, fraud, and abuse within the program.<sup>1</sup>
- The Office of the Secretary allocates its administrative cost across all departments in the cabinet. The Office of Data Analytics has been moved into the Office of the Secretary. As a result, the Office of the Secretary has an entire group evaluating data and partnering with universities to conduct research that the Office of the Secretary needs in order to make policy-informed decisions. Within the Office of the Secretary is the Office of Human Resource Management, which works in conjunction with the Personnel Cabinet to facilitate and conduct disciplinary, hiring, and other human resource actions relating to staff within the Cabinet for Health and Family Services. The Office of Inspector General conducts all the inspections for child care, health care, and long-term care facilities and conducts independent audits and investigations. As a result, approximately \$5 million has been recovered from fraud.
- The Department for Behavioral Health, Developmental, and Intellectual Disabilities is designated as Kentucky’s mental health, substance abuse treatment/prevention and developmental/intellectual disability authority. It is responsible for administration of state and federally funded programs and services related to mental health, substance use disorder, and developmental/intellectual disability. DBHDID comprises five divisions. The Division of Mental Health and the Division of Substance Use were previously combined into one division, the division of Behavioral Health, but due to the demand for mental health services and substance use services, one division alone did not have the capacity to handle all the required services. Within the Division of Mental Health, Community Mental Health Centers (CMHCs) provided services to over 146,000 individuals, including 44,000 adults with serious mental illness and 12,300 children with serious emotional disability. Within the Division of Substance Use Disorder, CMHCs provided outpatient support to over 24,000 individuals diagnosed with a substance use disorder, and CMHCs provided short- and long-term residential services for substance use disorder. Within the Division of Developmental and Intellectual Disabilities, DBHDID administers Medicaid Supports for Community Living and Michelle P. waiver programs that support 15,000 people to live in the community, and DBHDID collaborates and monitors the 14 CMHCs to serve

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<sup>1</sup> [auditor.ky.gov/Auditreports/Special%20Exams%20%20Performance%20Documents/2019CSEExamination.pdf](https://auditor.ky.gov/Auditreports/Special%20Exams%20%20Performance%20Documents/2019CSEExamination.pdf).

16,000 people with intellectual and developmental disabilities each year.

- DBHDID employs approximately 1,300 state and contract staff with an additional 1,400 staff employed in contracted facilities. The budget for FY 2023 is \$530.9 million, and the largest share is for residential including nursing facilities and psychiatric hospitals. Approximately 21 percent of the budget supports community-based programs that provide substance use and prevention services, and 16 percent supports community-based mental health programs. Roughly 43 percent is funded by agency funds, which are primarily receipts from Medicaid but do include receipts from operation of facilities, Medicare, and other third-party payors. A total of 33 percent of the budget is funded by general funds, 22 percent is funded by federal grants, and 2 percent is funded by tobacco settlement funds. DBHDID administers programs and waivers on behalf of Medicaid, but Medicaid funds those programs.
- Prior to the COVID-19 pandemic, the Department for Public Health's budget was approximately \$360 million. During COVID, the Department for Public Health received more federal funds to provide additional services, and the budget for FY 2023 will be \$640 million. Federal funds in FY 2024 will be reduced, and the budget will be approximately \$522 million. Roughly 75 percent of the budget is from federal dollars. Resources are passed through federal grants to local health departments. There are roughly 3,000 public health workers at the state and local levels.
- The commissioner of the Department for Public Health is the head of medical staff at the cabinet. The department became accredited by the Public Health Accreditation Board in 2022. This process took nearly 10 years. The department oversees programs designed to improve the lives of citizens and visitors through prevention of negative health outcomes; promotion of health lifestyles; and protection from diseases, injury, and environmental health impacts. There are approximately 150 programs to help Kentuckians become healthier. Some of the services provided include assisting parents with infant development, managing a women's cancer screening program, providing screening for colon cancer and lung cancer, operating food safety programs and conducting inspections, reporting and managing vital statistics, testing for newborn and metabolic issues, providing bacteriology and virology testing, and supporting local health departments.
- The Department for Family Resource Centers and Volunteer Services comprises Family Resource and Youth Services Centers (FRYSCs) and Serve Kentucky. There are 887 FRYSCs statewide in over 1,200 schools. FRYSC operates the Backpack Program, which provides nearly 300,000 meals to students in need. The majority of students who participated in the FRYSC summer program had an increase in their math and reading performance. In a post-program survey for the Build-A-Bed program, FRYSC found that all participating students reported that their sleep had improved, and the average GPA of the participating students improved from 2.63 to 3.22 in the semester following the program.
- Serve Kentucky oversees the AmeriCorps program across Kentucky. AmeriCorps grants are awarded to eligible organizations proposing to engage AmeriCorps members in evidence-based or evidence-informed interventions to strengthen local communities. AmeriCorps brings in an investment of approximately \$25 million in Kentucky by federal match,

grantee match, and education awards. AmeriCorps members are individuals who lend their experiences and qualifications to organizations to help meet the social, educational, economic, health, or basic needs of the community in which they serve. Upon successful completion, members can earn an education award that can be used to pay for higher education expenses or apply to qualified student loans. AmeriCorps is a great program for a variety of people, including senior citizens and vets who want to stay connected to their communities and serve their country; it is for young people who need resources to go back to school; and it is for people who want to build skill sets to enter the workforce. Serve Kentucky has grown 400 percent in the last 9 years, and there are Serve Kentucky programs in every county in Kentucky through AmeriCorps.

### **Recommendations**

The task force recommends that the General Assembly take the following actions during the 2023 Regular Session:

- Due to the size of the Cabinet for Health and Family Services and the scope of its jurisdiction, in order to ensure a thorough study of the organizational structure, operations, and administrations of the cabinet and to allow providers, cabinet employees, and relevant stakeholders to testify to their experiences, it is recommended that the task force continue through the Interim of 2023.
- The Department for Income Support administers the Child Support Enforcement program and the Disability Determination Services program. Due to the legal nature of the Child Support Enforcement program, the program would be more effective and better served by removing it from the Cabinet for Health and Family Services and placing it within the Office of Attorney General. Within the Office of Attorney General, the Child Support Enforcement program may be privatized and contracted out, but the administration of the program should remain under the Office of Attorney General. Due to the impact that the determination of a disability has on the workforce, it is recommended that the Disability Determination Services program be moved to the Education and Labor Cabinet.
- The Office for Children with Special Health Care Needs provides comprehensive care, including medical services, therapy services, hearing loss services, and support services. Given the jurisdiction of the Department for Public Health (including the services currently offered) and the composition of the personnel within the Department for Public Health (including the statutory requirement that its commissioner be a medical doctor), it is recommended that OCSHCN would be better served within the Department for Public Health.
- The Department for Family Resource Centers and Volunteer Services comprises the Family Resource and Youth Services Centers and Serve Kentucky. KRS 194A.575 defines the purpose of Serve Kentucky, which is more consistent as a function of the Education and Labor Cabinet, so it is recommended that Serve Kentucky be moved to the Education and Labor Cabinet. FRYSC remains a key part of Kentucky's educational system and may be either

- removed from the Cabinet for Health and Family Services and placed within the Education and Labor Cabinet; or
  - placed within the jurisdiction of a department of jurisdiction within the Cabinet for Health and Family Services, such as DCBS or DBHDID.
- 
- The Office of the Ombudsman and Administrative Review and the Office of the Inspector General should be separated from the Office of the Secretary, and protocol should be developed to ensure independence of operations in order to uphold public integrity and confidence.
  - Require the Department for Medicaid Services, DAIL, and DBHDID to identify and eliminate redundancies and barriers to administering 1915(c) Medicaid waiver programs and issue a report containing its findings, recommendations, and action plan to the Legislative Research Commission by December 1, 2023.
  - Require the Office of Human Resource Management to work with the Personnel Cabinet to identify the systemic barriers and redundancies that are prohibiting an effective and timely hiring and onboarding process for prospective employees. Require the cabinet to issue a report containing its findings, recommendations, and action plan to the Legislative Research Commission by December 1, 2023.
  - The State Guardianship Program within DAIL assists vulnerable adults and can also be administered as an extension and function of Adult Protective Services within the jurisdiction of DCBS.
  - Given the growth of the Medicaid program and increased demand for public assistance and social and human services in Kentucky, the task force acknowledges the need to reevaluate the committee structure of the General Assembly in order to adequately serve the needs of Kentuckians.

**Report Of The 2022  
Early Childhood Education Task Force**

**Sen. Danny Carroll, Co-Chair  
Rep. Samara Heavrin, Co-Chair**

Sen. Wil Schroder  
Sen. Reginald Thomas  
Sen. Mike Wilson

Rep. Adam Bowling  
Rep. Josie Raymond  
Rep. Scott Sharp

LRC Staff: Ben Payne and Maurya Allen

**Presented to the  
Legislative Research Commission  
and the  
2023 Regular Session of the  
Kentucky General Assembly**

## **Early Childhood Education Task Force**

Jurisdiction: The Early Childhood Education Task Force was created to conduct a comprehensive review of the early childhood caregiving and educational structures and operations in the commonwealth; study all aspects of early childhood caregiving and educational structures and operations in both public and private sectors, including but not limited to finances, licensure and certifications, workforce, state and federal laws and regulations, capacity, quality, community education, economic factors, and parent satisfaction; and research and review various delivery models of early childhood education, and include analysis of barriers to on-site child care centers for schools, businesses, and industry.

### **Task Force Activity**

The Early Childhood Education Task Force met seven times during the 2022 Interim.

### **Early Childhood Education In Kentucky**

Representatives of Kentucky Youth Advocates presented about the five pillars to early childhood education in Kentucky: Health Access Nurturing Development Services (HANDS), First Steps, Head Start/Early Head Start, public prekindergarten, and independent child care providers.

The HANDS program is a home visiting program for pregnant women and very young children.

The First Steps program brings dedicated special education therapy services into homes or daycares to provide for children, ages birth to 3, who may be exhibiting the early signs of a developmental delay.

Head Start provides services to children ages 3 through kindergarten; Early Head Start is for children from birth to age 3. Both are federally funded. In addition to early childhood education, Head Start and Early Head Start provide access to health screenings and medical services, and they often provide poverty assistance for at-risk families.

Public prekindergarten or preschool is the largest support service for children ages 3 through 5 who have disabilities. Most schools have only half-day programs, so many parents rely on private daycare for the remaining half day.

### **Types Of Child Care In The Commonwealth**

Testimony was provided by representatives of private child care centers, public preschool programs, summer child care programs, faith-based child care programs, therapeutic child care programs, and in-home child care providers. The representatives of these programs discussed licensure and operational processes, challenges and successes related to staff retention, and experiences with the Child Care Assistance Program (CCAP).



## **Business-Led Solutions To The Child Care Crisis**

Representatives of state and national business organizations testified regarding the business community's need for and support of quality child care and early childhood education. The senior policy analyst of the Kentucky Chamber of Commerce gave an overview of the workforce crisis by illustrating the number of job vacancies versus unemployment in the state.

Research statistics show that 14 million US families participating in the workforce are reliant upon child care. Approximately 50 percent of families surveyed said that child care was the principal factor influencing their participation in the workforce; as many as 75 percent of women surveyed said it affected their return to work after having children.

Testimony was provided about state-led solutions being implemented or investigated in other states. Missouri has created a Child Care Task Force and dedicated \$20 million to child care funding to promote innovative solutions. In Michigan, there is a pilot of a public/private partnership called Tri-Share to share the cost of child care among the state, employers, and families. In Colorado, a ballot initiative was passed to fund universal preschool through a tobacco tax, and Colorado has established a Department of Early Childhood to administer the program.

Kentucky was the first state to be trained on the Strengthening Business Practices series through a Kellogg grant. Yearlong Strengthening Business Practices academies are held for credentialed trainers across the state, and participation is a requirement to qualify for start-up grants or the infant/toddler contracted slots pilot project.

## **2022 HB 499 Implementation Update**

A representative of the Cabinet for Health and Family Services gave an overview of 22 RS HB 499, which created a pilot program for an employee child care assistance partnership to incentivize employers to contribute to employees' child care costs. Employer contributions to this program are matched by state general funds established in a trust, dependent on an employee's household income. The implementation timeline for this program begins with promulgation of new regulations outlining application, verification, and payment processes over the next year. The cabinet will begin accepting applications in April 2023, with a goal of issuing the first payments in July 2023. The cabinet is also creating a section within the Division of Childcare to administer the program, similar to the administration process for CCAP. The cabinet has reviewed similar programs in other states.

Representatives of state and national business organizations discussed how mixed-delivery preschool models function and how they harness public-private partnerships to improve access to quality child care. This increases the wrap-around services available to children in public preschool and expands the hours of delivery for working families. The representatives cautioned against simple expansion of public preschool without mixed delivery, because that situation can crash the private child care market.

## **National Perspective On Early Childhood Education Government Structures**

Representatives of the National Conference of State Legislatures gave an overview of early childhood governance structures in other states. The representatives said that, with regard to whether centralized or decentralized governance structures are more effective, research is mixed. States examine governance and administrative structures for many reasons, including the need to address fragmentation, improve sustainability, increase efficiency, ensure public accountability, promote quality, and draw attention to the importance of early childhood care and education.

### **Task Force Findings And Recommendations**

The task force adopted nine findings and six recommendations to conclude its work.

#### **Findings**

1. Child care deserts exist across the commonwealth, and there is a demonstrated need to expand child care services through providers of all types.
2. There are five pillars to early childhood education in Kentucky: HANDS, First Steps, Head Start/Early Head Start, public prekindergarten, and independent child care providers.
3. In Kentucky, there are roughly two open jobs for every individual seeking a job, putting a strain on employers trying to fill open positions.
4. Child care availability in Kentucky affects a person's decision to enter the workforce.
5. The Kentucky Child Care Assistance Program is a key tool in early childhood education program funding.
6. HB 499 from the 2022 Regular Session created a pilot program for an employee child care assistance partnership to incentivize employers to contribute to the child care costs of employees.
7. Child care worker shortages led to a lack of adequate child care in Kentucky.
8. Several states have policies that encourage interagency collaboration and coordination to align rules, processes, and funding requirements. In 13 states, there is a governance structure of consolidation that combines existing programs and divisions into one state agency. Another approach, used in eight states, is the creation of a dedicated early childhood agency that reports directly to the governor's office.
9. High-quality child care provided by trained providers is beneficial for the academic and social development of children.

## **Recommendations**

1. Increase child care access and quality for working families by supporting employer engagement in child care solutions and ensuring successful implementation of the Employee Child Care Assistance Partnership, established in HB 499 from the 2022 Regular Session, which will include partnerships with the Cabinet for Health and Family Services and economic development organizations throughout the commonwealth.
2. Encourage the Cabinet for Health and Family Services to utilize the Child Care Assistance Program for providing eligibility for child care workers, providing a transitional period for families exiting the program in order to address the benefits cliff, establishing a cost modeling method to set CCAP provider reimbursement rates based on the true cost of quality care, and sustaining current CCAP eligibility standards established by administrative regulation.
3. Encourage the Kentucky Department of Education to expand the capacity for Head Start/Early Head Start, public prekindergarten, and other public private partnerships.
4. Encourage the Cabinet for Health and Family Services to establish child care worker wage enhancement programs, child care business coaching programs, and employee continuing education and certification support programs that include the development of postsecondary education programs in early childhood education ownership and entrepreneurship.
5. Encourage the Kentucky League of Cities, the Kentucky Association of Counties, and the Kentucky Department of Local Government to study and formalize zoning and land use regulations to facilitate the growth of child care services while continuing to ensure safety, appropriate land use rules, and local control.
6. Direct the Division of Child Care, in collaboration with the Department of Revenue and the Cabinet for Economic Development, to raise awareness of and address issues related to state and federal tax laws, including tax incentives, that affect child care facilities and employer-based child care benefits in the commonwealth.



**Report Of The 2022  
Emergency Medical Services Task Force**

**Sen. David P. Givens, Co-Chair  
Rep. Ken Fleming, Co-Chair**

Sen. Donald Douglas  
Sen. Brandon J. Storm  
Sen. Robin L. Webb

Rep. Mark Hart  
Rep. Michael Meredith  
Rep. Lisa Willner

LRC Staff: DeeAnn Wenk and Logan Schaaf

**Presented to the  
Legislative Research Commission  
and the  
2023 Regular Session of the  
Kentucky General Assembly**

## **Emergency Medical Services Task Force**

Jurisdiction: Review the need, or lack thereof, for the certificate of need process for ambulance services; review all statutes and administrative regulations governing emergency medical services, including ambulance providers and emergency medical services personnel, to ensure there is quality service delivery; review emergency medical services vehicle specifications for adequacy and safety to facilitate good patient care; review guidelines and standards to assist emergency medical services personnel, ambulance providers, and physicians with medical oversight; review administrative regulations affecting the training of pre-hospital care providers including guidelines for each level of certification and licensure, standardized education and testing curricula, continuing education requirements, and monitoring of emergency medical services training programs for quality assurance; identify strategies for recruitment and retention of emergency medical services workforce; and recommend improvements for the delivery of services to patients in need of physical or behavioral health services.

### **Task Force Activity**

The Emergency Medical Services (EMS) Task Force met six times during the 2022 Interim.

#### **Overview Of EMS**

The interim executive director of the Kentucky Board of Emergency Medical Services (KBEMS), the health program associate director of the National Conference of State Legislatures (NCSL), and a health program policy associate for NCSL provided an overview of EMS, with comparisons to other states on issues of workforce, certificate of need, and reimbursement.

#### **Certificate Of Need**

The interim executive director of KBEMS, the inspector general of the Cabinet for Health and Family Services (CHFS), and the deputy inspector general of CHFS discussed the Certificate of Need (CON) review process.

#### **Quality Emergency Medical Services**

The president of Kentucky Professional Fire Fighters, the state policy and legislative representative of the International Association of Fire Fighters, the regional director of operations for Global Medical Response (GMR), the GMR regional director of government affairs, the executive director and assistant director of Barren-Metcalf EMS, and the director of government affairs of the Kentucky Association of Counties each discussed their efforts to deliver high-quality care to patients and some of the challenges they face.

#### **EMS Transportation**

The regional director of operations and regional director of government affairs of GMR, the fire chief of the Lexington Fire Department (LFD), and an LFD battalion chief discussed their

models of EMS transportation, including LFD's program to transport patients directly to Eastern State Hospital, launched in 2021.

### **Reimbursement**

The commissioner of the Department for Medicaid Services provided an overview of Medicaid in Kentucky and issues relating to reimbursement. She discussed potential waiver options to cover treatment without transportation and compared models in other states.

### **Training And Education**

The health program associate director and a health program policy associate of NCSL discussed workforce challenges, including education and curricula, certification and licensure, and recruitment and retention.

### **Behavioral Health Services**

The executive director of the Kentucky Mental Health Coalition discussed issues relating to transportation for patients experiencing behavioral health problems. She examined administrative regulations that may be allowing EMS providers to deny transportation to patients with mental health concerns.

## **Findings And Recommendations**

### **Findings**

1. The CON changes made by 22 RS HB 777 are starting to increase the number of applications for ambulance services. Additional changes in the CON or licensing categories for ambulance services may be helpful for serving patients experiencing a behavioral health crisis and for providing nonemergency transportation of patients by hospitals.
2. The expansion of the methods and amounts of reimbursement for EMS may improve the quality of services by increasing the ability of EMS providers to provide appropriate care.

EMS is paid for transporting a patient to a hospital and only in specific situations for treating a patient without transporting the patient to a hospital or to another location. There is no reimbursement for keeping ambulances ready to respond or for responding to a 911 call where treatment is unnecessary or a patient refuses treatment. Medicaid transport rates have remained the same for over 10 years—\$100 for advanced life support and \$82.50 for basic life support—while the costs of providing services have risen significantly. Relative to Medicaid reimbursement rates, the rates for surrounding states and Medicare are 30 percent to 400 percent higher. Medicare reimburses approximately 50 percent of the actual cost of EMS, and Medicaid reimburses approximately 10 percent.

Fee-for-service and Medicaid managed care ground ambulance providers will be paid supplemental amounts as a result of the ambulance provider assessment program enacted in 20 RS HB 8. The overall impacts of this program have not yet been evaluated.

3. There is a shortage and/or maldistribution of qualified trainers and training sites across the state, particularly for paramedics and advanced emergency medical technicians (AEMTs) in eastern and western Kentucky.

There are 211 training and educational institutions, but only 21 are certified by the Kentucky Board of Emergency Medical Services to teach at all levels. Courses for paramedics are available in 10 counties, including 1 in eastern Kentucky and 3 in western Kentucky.

4. Ambulance services are experiencing severe shortages and maldistribution of EMS providers at all levels of certification and licensure. The number of licensed emergency medical responders, emergency medical technicians (EMTs), AEMTs, and paramedics has increased very little or has fallen since 2016. There are more licensed and certified providers than there are providers employed with an ambulance service, suggesting that providers are either opting for alternative employment settings or changing careers. There are 14,595 licensed and certified providers, of whom only 6,911 are affiliated with an ambulance service.
5. At least 22 other states, including the surrounding states of Indiana, Missouri, Tennessee, Virginia, and West Virginia, have joined the Interstate EMS Compact to permit licensed and certified EMS providers to work across state lines without obtaining additional credentials.
6. There are repeated reports from the behavioral health community and hospitals of obstacles encountered with appropriate ambulance transport of individuals who have behavioral health needs related to mental illness and/or substance abuse disorders.

## **Recommendations**

### **CON And Licensing**

1. Continue to evaluate the provisions of 22 RS HB 777 to determine whether the new CON exemptions and nonsubstantive review status for certain types of ambulance providers should remain in effect past July 1, 2026.
2. Consider creating a new licensure classification for hospital-owned ambulance providers with standards specific for nonemergency transport from a hospital.
3. Evaluate the possibility of moving the ambulance class type definitions to administrative regulations from statute to increase the efficiency in ambulance licensing.
4. Permit city and county governments to contract with third-party vendors whether their CON was obtained through the formal or nonsubstantive review process.



### **Reimbursement For Services**

5. Direct the Department for Medicaid Services to seek approval from the Centers for Medicare and Medicaid Services, through a state plan amendment, to cover treatment in place without transportation for emergency ambulance services.
6. Direct the Department for Medicaid Services to seek approval from the Centers for Medicare and Medicaid Services for an 1115 waiver to permit coverage of triage, treatment, and transport of patients by emergency ambulance services.
7. Urge the Department for Medicaid Services to increase the Medicaid reimbursement rates for ambulance services as funds become available.
8. Encourage the addition or expansion of community paramedicine programs and mobile integrated health programs where appropriate to provide treatment to patients and to limit the unnecessary transport of patients to hospitals.
9. Investigate opportunities for improvements in commercial insurance coverage of emergency ambulance services.

### **Training And Education**

10. Evaluate the development of an educational assistance program to provide funding to help students with tuition, books, and fees for EMT and paramedic certificate education programs.
11. Evaluate the development of an EMS education provider assistance program to provide funding to KBEMS-certified Emergency Medical Service Training and Education Institutes (EMS-TEIs) to help with instituting or operating initial education courses in EMT, AEMT, and paramedic programs.
12. Consider including KBEMS-certified EMS-TEIs as eligible institutions and EMT, AEMT, and paramedic programs as eligible programs of study for the Work Ready Kentucky Scholarship program, the Kentucky Educational Excellence Scholarship program, and other education funding.
13. Review statutes and regulations related to the ability of high schools to establish programs in cooperation with KBEMS and the Kentucky Community and Technical College System to increase the number of EMS career pathway programs for high school students.
14. Direct KBEMS to assess the possibility of creating a pilot program to permit selected high school students to complete training for EMT certification prior to turning 18 years of age so the students are ready to practice skills beginning at 18 years of age.
15. Direct the Kentucky Department of Education to create a dual career pathway for fire safety/fire science and EMS for secondary school students.

16. Direct KBEMS to promulgate administrative regulations relating to the certification or licensure of 911 emergency medical dispatchers, dispatch instructors, dispatch instructor trainers, and dispatch centers as authorized under KRS 311A.025.

### **Workforce Recruitment And Retention**

17. Consider legislation to adopt the Interstate EMS Compact to increase the ability of EMS personnel to carry credentials across state lines.
18. Direct KBEMS to review administrative regulations to remove obstacles to onboarding EMS providers while ensuring the quality of training and services.
19. Encourage public-private partnerships for increasing the recruitment of EMS providers.
20. Direct KBEMS and the Cabinet for Health and Family Services to explore ways to increase access to mental health resources for EMS providers and report options to the General Assembly by February 28, 2023.
21. Evaluate the possibility of creating an annual training incentive for EMS professionals.

### **Behavioral Health Patient Transport**

22. Encourage regional cooperation between EMS and other community and safety-net provider partners.
23. Direct KBEMS and the Cabinet for Health and Family Services to identify means of transportation for individuals who are experiencing a behavioral health crisis but who do not have an immediate physical health need or present an immediate danger to self or others, to psychiatric hospitals; include consideration of models from other states.
24. Direct CHFS to explore funding models for Community Mental Health Centers, Behavioral Health Service Organizations, and hospitals with psychiatric beds to provide transport mental health emergencies.

### **Data Collection And Analysis**

25. Direct CHFS, in conjunction with KBEMS and the Kentucky Hospital Association, to explore a single, transparent, Web-based patient movement system to be used by all hospitals, long-term care, and other health care facilities to track and collect pertinent data to improve efficiency of patient movement and care and to improve resource allocation.
26. Encourage data sharing between KBEMS and the Office of the Inspector General (OIG), CHFS, on the quality and quantity of ambulance services, and encourage the OIG to use this data in the consideration of CON applications for ambulance services.

27. Direct KBEMS to obtain and report on data for employment settings and locations of individuals holding EMS licenses and certifications to identify possible strategies for retaining or recruiting those not employed in EMS settings.



**Report Of The 2022  
Executive Branch Efficiency Task Force**

**Sen. Robby Mills, Co-Chair  
Rep. Jerry T. Miller, Co-Chair**

Sen. Michael J. Nemes  
Sen. Whitney Westerfield  
Sen. David Yates

Rep. Shane Baker  
Rep. Bobby McCool  
Rep. Patti Minter

LRC Staff: Daniel Carter and Cheryl Walters

**Presented to the  
Legislative Research Commission  
and the  
2023 Regular Session of the  
Kentucky General Assembly**

## **Executive Branch Efficiency Task Force**

Task: Examine the functions of the executive branch of state government, including cabinet and agency structure, funding, and budget building practices, with the goal of providing legislation to assist with reorganization and proposals to make the executive branch more efficient.

### **Task Force Activity**

The Executive Branch Efficiency Task Force met six times during the 2022 Interim and received testimony from several executive branch agencies.

#### **Department For Local Government**

Representatives of the Department for Local Government discussed its operational structure, technology, and funding sources. The department endured significant operational cuts and massive increases in funding, mostly from federal sources. The representatives of the department discussed its reliance on area development districts, which prepare and preserve grant proposals and applications for funding. The department uses three databases to track and administer grants, all of which are expected to have upgrades. The panel discussed the difficulty in applying for federal grants, which has created some backlogs in administering key projects. The pandemic also made the application process increasingly difficult.

#### **Cabinet For Economic Development**

The secretary, deputy secretary, and general counsel of the Cabinet for Economic Development described its mission and primary roles, which are to provide funding, guidance, incentives, and oversight to businesses with the goal of creating well-paying jobs and supporting existing industries. To achieve these goals, the cabinet offers cash grants, loans, and tax incentives. The representatives discussed the process of securing economic development projects, which include getting information from the prospect, negotiating an agreement, announcing the project, and compliance. Businesses must earn any incentive or benefit before receiving it. Between 15 percent and 18 percent of the cabinet is devoted to compliance and monitoring. The cabinet procures leads through internal information, tracking, and conferences. Funding for FY 2023 is approximately \$285 million, most of which is from large line-item grants. The typical annual operating budget is approximately \$32 million. At one point, the cabinet used three databases, but it has consolidated into one system, a Salesforce-based platform.

#### **Education And Labor Cabinet**

Representatives of the Education and Labor Cabinet described its organizational structure, objectives, and technology. They discussed the formation of the cabinet, which was the result of a merger between the Education and Workforce Development Cabinet and the Labor Cabinet in July 2022. Both cabinets sought to improve workforce participation, create job opportunities, and match workers with employers. The newly merged cabinet can address workforce issues from early childhood to job placement.

The cabinet contains 10 major organizational units and employs approximately 1,539 people, with a budget of over \$853 million in federal and state funds. It uses several information technology (IT) systems with the goal of using the technology to track and eliminate barriers to employment. They are looking to improve three major IT systems. The cabinet representatives discussed the obstacles to improving IT systems, which entail finding a vendor that can create a flexible IT system that can adapt to its needs. The cabinet is also negotiating with a vendor to upgrade the unemployment insurance system. The cabinet is trying to fill open positions. The cabinet faces competition from private companies for many positions.

### **Governor’s Scholars Program**

The executive director of the Governor’s Scholars Program (GSP) and the chair of the GSP board discussed the origins and funding of GSP, its mission, the application process, and curriculum. A “Governor’s school” was established in 1983, with the goal of enhancing the next generation of civic and economic leaders. Roughly 75 percent of funding consists of state appropriations to GSP Inc., and the remaining 25 percent is raised privately through a separate foundation, called GSP Foundation. The Governor’s Scholars Program is a free, 5-week program held at Kentucky colleges and universities for qualified students. Three campuses host 350 scholars for a total of 1,050 per year.

### **Public Protection Cabinet**

Representatives of the Public Protection Cabinet (PPC) provided an overview of their cabinet structure, responsibilities, funding, and staff. The cabinet focuses on consumer protection through licensing and regulation of various industries and occupations. It developed an internal database that provides licensure and tracking to service most agencies. The shared database allows for financial savings through increased efficiency and allows the cabinet to adapt to changing laws by customization. The cabinet operates primarily on restricted funds through licensing fees, but it uses general and federal funds too.

The cabinet is concerned about being competitive with other employers that offer competitive salaries and more flexible work-from-home policies. The representatives of the cabinet mentioned that they may need legislative assistance in reorganizing the Department of Financial Institutions to include blockchain technology and cryptocurrency.

### **Transportation Cabinet**

Several representatives of the Transportation Cabinet, including the secretary, testified about its structure, funding, maintenance, technology, and Real ID. They stated that it is the logistics and operations backbone of the state, with maintenance facilities in every county. The cabinet has a total budget of \$3.769 billion, of both state and federal dollars, with approximately 4,120 employees. The cabinet is responsible for inspecting over 14,000 state- and county-owned bridges and for maintaining over 9,000 state-owned bridges.

The secretary provided an update on the status of Real ID. As of June 2022, there were approximately 350 employees, including temporary staff, in 32 regional offices.

Obstacles encountered by the cabinet include low staffing levels, significant backlog with maintenance projects, and completing major IT projects. Legislative challenges include mandated effective dates and late involvement of the cabinet in the legislative process.

### **Tourism, Arts, And Heritage Cabinet**

Representatives of the Tourism, Arts, and Heritage Cabinet testified about its overall structure, funding, and obstacles. They explained the overall goals, which include promoting the state as a premier travel destination and collaborating with local tourism partners to advance the cabinet's objectives through legislation, tourism development, and marketing and outreach.

The cabinet oversees approximately 13 agencies and is funded by general, restricted, and federal funds. Restricted funds include the transient room tax and the local history trust fund. Federal funds include American Rescue Plan Act and Wildlife and Sport Fish Restoration program grants. Obstacles endured by the cabinet include repair of parks and deciding whether to replace closed pools with splash pads.