

1 AN ACT relating to adult education.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔Section 1. KRS 164.006 is repealed and reenacted as a new section of KRS
4 Chapter 151B to read as follows:

5 The General Assembly of the Commonwealth of Kentucky finds and declares that:

- 6 (1) The economic future of the Commonwealth and the prosperity of its citizens depend
7 on the ability of Kentucky businesses to compete effectively in the world economy;
- 8 (2) A well-educated and highly trained workforce provides businesses in the
9 Commonwealth with the competitive edge critical for their success; and
- 10 (3) Too many adult Kentuckians are not full participants in the labor pool because they
11 lack a high school diploma, its equivalent, or the workplace knowledge necessary to
12 assure self-sufficiency for themselves and their families.

13 ➔Section 2. KRS 164.0062 is repealed, reenacted as a new section of KRS
14 Chapter 151B, and amended to read as follows:

15 **(1)** The General Assembly recognizes the critical condition of the educational level of
16 Kentucky's adult population and seeks to stimulate the attendance at, and successful
17 completion of, programs that provide a High School Equivalency Diploma.
18 Incentives shall be provided to full-time employees who complete a High School
19 Equivalency Diploma program within one (1) year and their employers.

20 **(2)**~~(1)~~ The **Office of Adult Education**~~[Kentucky Adult Education Program]~~ within
21 the **Department of Workforce Investment in the Education and Workforce**
22 **Development Cabinet**~~[Council on Postsecondary Education]~~ shall promulgate
23 administrative regulations to establish the operational procedures for this section.

24 The administrative regulations shall include but not be limited to the criteria for:

- 25 (a) A learning contract that includes the process to develop a learning contract
26 between the student and the adult education instructor with the employer's
27 agreement to participate and support the student;

1 (b) Attendance reports that validate that the student is enrolled and studying for
2 the High School Equivalency Diploma during the release time from work; ***and***

3 (c) Final reports that qualify the student for the tuition discounts under subsection
4 ~~(3)(2)~~(a) of this section and that qualify the employer for tax credits under
5 subsection ~~(4)(3)~~ of the section.

6 ~~(3)(2)~~ (a) An individual who has been out of secondary school for at least three (3)
7 years, develops and successfully completes a learning contract that requires a
8 minimum of five (5) hours per week to study for the High School Equivalency
9 Diploma program, and successfully earns a High School Equivalency Diploma
10 shall earn a tuition discount of two hundred fifty dollars (\$250) per semester
11 for a maximum of four (4) semesters at one (1) of Kentucky's public
12 postsecondary institutions.

13 (b) The program shall work with the postsecondary institutions to establish
14 notification procedures for students who qualify for the tuition discount.

15 ~~(4)(3)~~ An employer who assists an individual to complete his or her learning contract
16 under the provisions of this section shall receive a state tax credit against the
17 income tax imposed by KRS 141.020 or 141.040, and the limited liability entity tax
18 imposed by KRS 141.0401, with credit ordering as provided in KRS 141.0205 for a
19 portion of the released time given to the employee to study for the tests. The
20 application for the tax credit shall be supported with attendance documentation
21 provided by the ***Office of Adult Education***~~[Kentucky Adult Education Program]~~
22 and calculated by multiplying fifty percent (50%) of the hours released for study by
23 the student's hourly salary, and not to exceed a credit of one thousand two hundred
24 fifty dollars (\$1250).

25 ➔Section 3. KRS 164.0064 is repealed, reenacted as a new section of KRS
26 Chapter 151B, and amended to read as follows:

27 (1) The ***Office of Adult Education***~~[Kentucky Adult Education Program]~~ within the

- 1 *Department of Workforce Investment in the Education and Workforce*
2 *Development Cabinet*~~[Council on Postsecondary Education]~~ shall promulgate
3 administrative regulations to establish programs aligned with the College and
4 Career Readiness Standards for Adult Education, or any other similar standards
5 adopted by the federal Office of Career, Technical, and Adult Education, which
6 upon successful completion, shall result in the issuance of a High School
7 Equivalency Diploma.
- 8 (2) At least one (1) program authorized under subsection (1) of this section shall
9 include a test aligned with the College and Career Readiness Standards for Adult
10 Education, or any other standards adopted by the federal Office of Career,
11 Technical, and Adult Education, to serve as a qualifying test, which upon passing,
12 shall entitle students to receive a High School Equivalency Diploma.
- 13 (3) For purposes of any public employment, a High School Equivalency Diploma shall
14 be considered equal to a high school diploma issued under the provisions of KRS
15 158.140.
- 16 (4) A High School Equivalency Diploma shall be issued without charge upon
17 successfully completing a High School Equivalency Diploma program. A fee may
18 be assessed by the *Office of Adult Education*~~[Kentucky Adult Education Program]~~
19 for the issuance of a duplicate High School Equivalency Diploma and for issuance
20 of a duplicate score report. All fees collected for duplicate diplomas and score
21 reports shall be used to support the adult education program.
- 22 (5) The *Office of Adult Education*~~[Kentucky Adult Education Program]~~ is authorized
23 to contract annually with an institution of higher education or other appropriate
24 agency or entity for scoring High School Equivalency Diploma program
25 examinations.
- 26 (6) On June 29, 2017, any high school equivalency diploma or external diploma
27 previously recognized or issued by the Commonwealth shall be considered

1 retroactively as a High School Equivalency Diploma.

2 (7) Upon issuance, a High School Equivalency Diploma shall not be invalidated by any
3 subsequent changes in test selection under this section.

4 ➔Section 4. KRS 164.007 is repealed, reenacted as a new section of KRS Chapter
5 151B, and amended to read as follows:

6 As used in **Sections 2, 3, 6, and 7 of this Act**~~[KRS 164.0062, 164.0064, 164.0232, and~~
7 ~~164.0234]~~, unless the context indicates otherwise:

8 (1) "Adult education" means, for programs funded under the Federal Workforce
9 **Innovation and Opportunity Act**~~[Investment Act of 1998]~~, services or instruction
10 below the postsecondary level for individuals:

11 (a) Who have attained the age of sixteen (16) years of age;

12 (b) Who are not enrolled or required to be enrolled in secondary school under
13 state law; and

14 (c) Who:

15 1. Lack sufficient mastery of basic educational skills to enable the
16 individuals to function effectively in society;

17 2. Are unable to speak, read, or write the English language; or

18 3. Do not have a secondary school diploma or its recognized equivalent,
19 and have not achieved an equivalent level of education;

20 (2) "Family literacy services" means services that are of sufficient intensity in terms of
21 hours, and of sufficient duration, to assist a family to make sustainable increases in
22 its literacy level, and integrate the activities described in KRS 158.360; and

23 (3) "Literacy" means an individual's ability to read, write, and speak in English and
24 compute and solve problems at levels of proficiency necessary to function on the
25 job and in society to achieve one's goals and develop one's knowledge and potential.

26 ➔Section 5. KRS 164.023 is repealed, reenacted as a new section of KRS Chapter
27 151B, and amended to read as follows:

- 1 (1) The *Office of Adult Education*~~[Kentucky Adult Education Program]~~ is created
 2 *within the Department of Workforce Investment in the Education and Workforce*
 3 *Development Cabinet* to carry out the statewide adult education mission. The
 4 *office*~~[program]~~ shall implement a twenty (20) year state strategy to reduce the
 5 number of adults who are at the lowest levels of literacy and most in need of adult
 6 education and literacy services. The *office*~~[program]~~ shall have responsibility for all
 7 functions related to adult education and literacy. *The office shall:*
- 8 *(a) Promote coordination of programs and responsibilities linked to the issue of*
 9 *adult education with other agencies and institutions;*
- 10 *(b) Facilitate the development of strategies to increase the knowledge and skills*
 11 *of adults in all counties by promoting the efficient and effective*
 12 *coordination of all available education and training resources;*
- 13 *(c) Lead a statewide public information and marketing campaign to convey the*
 14 *critical nature of Kentucky's adult literacy challenge and to reach adults*
 15 *and employers with practical information about available education and*
 16 *training opportunities;*
- 17 *(d) Establish standards for adult literacy and monitor progress in achieving the*
 18 *state's adult literacy goals, including existing standards that may have been*
 19 *developed to meet requirements of federal law in conjunction with the*
 20 *Collaborative Center for Literacy Development: Early Childhood through*
 21 *Adulthood; and*
- 22 *(e) Administer the adult education and literacy initiative fund created under*
 23 *Section 8 of this Act.*
- 24 (2) The *Office of Adult Education*~~[Kentucky Adult Education Program]~~ is part of the
 25 ~~Council on Postsecondary Education and~~ shall be organized in a manner as
 26 directed by the *secretary of the Education and Workforce Development*
 27 *Cabinet*~~[president of the Council on Postsecondary Education]~~. The

1 office~~[program]~~ shall be headed by an executive director~~[a vice president]~~
 2 appointed by the secretary of the Education and Workforce Development
 3 Cabinet~~[president of the Council on Postsecondary Education]~~.

4 (3) The Office of Adult Education ~~[Kentucky Adult Education Program, Council on~~
 5 ~~Postsecondary Education,]~~ shall be the agency solely designated for the purpose of
 6 developing and approving state plans required by state or federal laws or
 7 regulations.

8 ➔Section 6. KRS 164.0232 is repealed, reenacted as a new section of KRS
 9 Chapter 151B, and amended to read as follows:

10 (1) There is hereby established a nonprofit foundation to be known as the "Foundation
 11 for Adult Education." The purpose of the foundation shall be to supplement public
 12 funding for adult training in order to expand existing basic skills training programs.

13 (2) Funding for the foundation shall be obtained through contributions by the private
 14 sector. The foundation shall be empowered to solicit and accept funds from the
 15 private sector to be used for grants to local education agencies to fund adult basic
 16 education programs especially designed for business and industry. Contributors may
 17 specify that contributed funds be used to improve the educational level of their
 18 employees as it relates to the High School Equivalency Diploma program.

19 (3) The foundation shall be governed by a board of trustees to be appointed by the
 20 secretary of the Education and Workforce Development Cabinet~~[President of the~~
 21 ~~Council on Postsecondary Education]~~ with responsibility for adult education
 22 programs based on recommendations from business, industry, labor, education, and
 23 interested citizens. Staff for the board of trustees shall be provided by the
 24 cabinet~~[council]~~.

25 (4) The foundation shall be attached to the office of the secretary of the Education and
 26 Workforce Development Cabinet~~[president of the Council on Postsecondary~~
 27 ~~Education]~~ for administrative purposes.

1 ➔Section 7. KRS 164.0234 is repealed, reenacted as a new section of KRS
2 Chapter 151B, and amended to read as follows:

3 (1) (a) The *Office of Adult Education*~~[Kentucky Adult Education Program]~~ shall
4 promulgate necessary administrative regulations and administer a statewide
5 adult education and literacy system throughout the state. The adult education
6 and literacy system shall include diverse educational services provided by
7 credentialed professionals, based on the learners' current needs and a
8 commitment to lifelong learning.

9 (b)~~(a)~~ Services shall be provided at multiple sites appropriate for adult
10 learning, including vocational and technical colleges, community colleges,
11 comprehensive universities, adult education centers, public schools, libraries,
12 family resource centers, adult correctional facilities, other institutions, and
13 through the Kentucky Commonwealth Virtual University. Services shall be
14 targeted to communities with the greatest need based on the number of adults
15 at literacy levels I and II as defined by the 1997 Kentucky Adult Literacy
16 Survey and other indicators of need.

17 (c)~~(b)~~ Access and referral services shall be initiated at multiple points
18 including businesses, educational institutions, labor organizations,
19 employment offices, and government offices.

20 (d)~~(c)~~ Multiple funding sources, program support, and partnerships to
21 administer the adult education and literacy system may include student
22 scholarship and grants; fees for services rendered; and other general, agency,
23 local, state, federal, and private funds.

24 (2) Services included as part of the adult education and literacy system shall include but
25 not be limited to functionally-contexted workplace essential skills training based on
26 employers' needs, leading to a competency-based certificate indicating proficiency
27 in critical thinking, computating, reading, writing, communicating, problem-

1 solving, team-building, and use of technology at various worksites regarding basic
2 skills.

3 (3) In administering an adult education and literacy system, the *Office of Adult*
4 *Education*~~[Kentucky Adult Education Program]~~ shall:

- 5 (a) Assist providers with the development of quality job-specific and workplace
6 essential skills instruction for workers in business and industry, literacy and
7 adult basic education, adult secondary education, including High School
8 Equivalency Diploma program preparation, English as a second language, and
9 family literacy programs, in cooperation with local business, labor, economic
10 development, educational, employment, and service support entities;
- 11 (b) Provide assessments of each student's skill and competency level allowing
12 assessments to be shared with other educational and employment entities
13 when necessary for providing additional educational programs, taking into
14 consideration student confidentiality;
- 15 (c) Assist adult educators to meet professional standards;
- 16 (d) Create an awareness program in cooperation with the Administrative Office of
17 the Courts to ensure that District and Circuit Court Judges are aware of the
18 provisions of KRS 533.200 and the methods to access adult education and
19 literacy programs for persons sentenced under the statute;
- 20 (e) Develop administrative regulations including those for business and industry
21 service participation and mechanisms for service funding through all
22 appropriate federal, state, local, and private resources;
- 23 (f) Require and monitor compliance with the program's administrative
24 regulations and policies; and
- 25 (g) Develop and implement performance measures and benchmarks.

26 ➔Section 8. KRS 164.041 is repealed, reenacted as a new section of KRS Chapter
27 151B, and amended to read as follows:

- 1 (1) There is created in the *Education and Workforce Development Cabinet*~~[Council on~~
2 ~~Postsecondary Education,]~~ a special fund to be known as the adult education and
3 literacy initiative fund, which shall consist of moneys appropriated by the General
4 Assembly, gifts, grants, other sources of funding, public and private, and interest
5 accrued by the fund. This fund shall not lapse at the end of a fiscal year but shall be
6 carried forward to be used only for the purposes specified in this section. Moneys
7 accumulated in this fund on *the effective date of this Act*~~[July 14, 2000,]~~ shall
8 remain in the fund and be transferred to the *Education and Workforce*
9 *Development Cabinet*~~[Council on Postsecondary Education]~~ to be used for
10 purposes stated in this section.
- 11 (2) The purpose of the adult education and literacy initiative fund shall be to support
12 strategies for adult education, to provide statewide initiatives for excellence, and to
13 provide funds for research and development activities.
- 14 (3) The *cabinet*~~[council, in collaboration with the Kentucky Adult Education Program,]~~
15 shall establish the guidelines for the use, distribution, and administration of the
16 fund, financial incentives, technical assistance, and other support for strategic
17 planning; and guidelines for fiscal agents to assess county and area needs and to
18 develop strategies to meet those needs.
- 19 (4) The fund shall include the following strategies:
- 20 (a) Statewide initiatives. Funds shall be used to encourage collaboration with
21 other organizations, stimulate development of models of adult education
22 programs that may be replicated elsewhere in the state, provide incentives for
23 adults, employers, and providers to encourage adults to establish and
24 accomplish learning contracts, provide incentives to encourage participation
25 in adult education, assist providers of county and area programs in areas of
26 highest need, and for other initiatives of regional or statewide significance as
27 determined by the *cabinet*~~[council]~~. The Collaborative Center for Literacy

1 Development: Early Childhood through Adulthood created under KRS
 2 164.0207 shall evaluate the reading and literacy components of model
 3 programs funded under this paragraph.

4 (b) Research and demonstration. The funds shall be used to develop:

- 5 1. Standards for the preparation, professional development, and support for
 6 adult educators with the advice of the Office of Adult
 7 Education~~[Kentucky Adult Education Program]~~ and as compatible with
 8 funds provided under Title II of the Federal Workforce Investment Act;
- 9 2. A statewide competency-based certification for transferable skills in the
 10 workplace; and
- 11 3. A statewide public information and marketing campaign.

12 ➔Section 9. KRS 12.020 is amended to read as follows:

13 Departments, program cabinets and their departments, and the respective major
 14 administrative bodies that they include are enumerated in this section. It is not intended
 15 that this enumeration of administrative bodies be all-inclusive. Every authority, board,
 16 bureau, interstate compact, commission, committee, conference, council, office, or any
 17 other form of organization shall be included in or attached to the department or program
 18 cabinet in which they are included or to which they are attached by statute or statutorily
 19 authorized executive order; except in the case of the Personnel Board and where the
 20 attached department or administrative body is headed by a constitutionally elected officer,
 21 the attachment shall be solely for the purpose of dissemination of information and
 22 coordination of activities and shall not include any authority over the functions,
 23 personnel, funds, equipment, facilities, or records of the department or administrative
 24 body.

25 I. Cabinet for General Government - Departments headed by elected officers:

- 26 (1) The Governor.
- 27 (2) Lieutenant Governor.

- 1 (3) Department of State.
- 2 (a) Secretary of State.
- 3 (b) Board of Elections.
- 4 (c) Registry of Election Finance.
- 5 (4) Department of Law.
- 6 (a) Attorney General.
- 7 (5) Department of the Treasury.
- 8 (a) Treasurer.
- 9 (6) Department of Agriculture.
- 10 (a) Commissioner of Agriculture.
- 11 (b) Kentucky Council on Agriculture.
- 12 (7) Auditor of Public Accounts.
- 13 II. Program cabinets headed by appointed officers:
- 14 (1) Justice and Public Safety Cabinet:
- 15 (a) Department of Kentucky State Police.
- 16 (b) Department of Criminal Justice Training.
- 17 (c) Department of Corrections.
- 18 (d) Department of Juvenile Justice.
- 19 (e) Office of the Secretary.
- 20 (f) Office of Drug Control Policy.
- 21 (g) Office of Legal Services.
- 22 (h) Office of the Kentucky State Medical Examiner.
- 23 (i) Parole Board.
- 24 (j) Kentucky State Corrections Commission.
- 25 (k) Office of Legislative and Intergovernmental Services.
- 26 (l) Office of Management and Administrative Services.
- 27 (m) Department of Public Advocacy.

- 1 (2) Education and Workforce Development Cabinet:
- 2 (a) Office of the Secretary.
- 3 1. Governor's Scholars Program.
- 4 2. Governor's School for Entrepreneurs Program.
- 5 **3. Foundation for Adult Education.**
- 6 (b) Office of Legal and Legislative Services.
- 7 1. Client Assistance Program.
- 8 (c) Office of Communication.
- 9 (d) Office of Budget and Administration.
- 10 1. Division of Human Resources.
- 11 2. Division of Administrative Services.
- 12 (e) Office of Technology Services.
- 13 (f) Office of Educational Programs.
- 14 (g) Office for Education and Workforce Statistics.
- 15 (h) Board of the Kentucky Center for Education and Workforce Statistics.
- 16 (i) Board of Directors for the Center for School Safety.
- 17 (j) Department of Education.
- 18 1. Kentucky Board of Education.
- 19 2. Kentucky Technical Education Personnel Board.
- 20 (k) Department for Libraries and Archives.
- 21 (l) Department of Workforce Investment.
- 22 1. Office for the Blind.
- 23 2. Office of Vocational Rehabilitation.
- 24 3. Office of Employment and Training.
- 25 a. Division of Grant Management and Support.
- 26 b. Division of Workforce and Employment Services.
- 27 c. Division of Unemployment Insurance.

- 1 **4. Office of Adult Education.**
- 2 (m) Foundation for Workforce Development.
- 3 (n) Kentucky Office for the Blind State Rehabilitation Council.
- 4 (o) Kentucky Workforce Investment Board.
- 5 (p) Statewide Council for Vocational Rehabilitation.
- 6 (q) Unemployment Insurance Commission.
- 7 (r) Education Professional Standards Board.
- 8 1. Division of Educator Preparation.
- 9 2. Division of Certification.
- 10 3. Division of Professional Learning and Assessment.
- 11 4. Division of Legal Services.
- 12 (s) Kentucky Commission on the Deaf and Hard of Hearing.
- 13 (t) Kentucky Educational Television.
- 14 (u) Kentucky Environmental Education Council.
- 15 (3) Energy and Environment Cabinet:
- 16 (a) Office of the Secretary.
- 17 1. Office of Legislative and Intergovernmental Affairs.
- 18 2. Office of General Counsel.
- 19 3. Office of Administrative Hearings.
- 20 4. Mine Safety Review Commission.
- 21 5. Kentucky State Nature Preserves Commission.
- 22 6. Kentucky Public Service Commission.
- 23 (b) Department for Environmental Protection.
- 24 1. Office of the Commissioner.
- 25 2. Division for Air Quality.
- 26 3. Division of Water.
- 27 4. Division of Environmental Program Support.

- 1 5. Division of Waste Management.
- 2 6. Division of Enforcement.
- 3 7. Division of Compliance Assistance.
- 4 (c) Department for Natural Resources.
- 5 1. Office of the Commissioner.
- 6 2. Division of Technical and Administrative Support.
- 7 3. Division of Mine Permits.
- 8 4. Division of Mine Reclamation and Enforcement.
- 9 5. Division of Abandoned Mine Lands.
- 10 6. Division of Oil and Gas.
- 11 7. Division of Mine Safety.
- 12 8. Division of Forestry.
- 13 9. Division of Conservation.
- 14 10. Office of the Reclamation Guaranty Fund.
- 15 (d) Department for Energy Development and Independence.
- 16 1. Division of Efficiency and Conservation.
- 17 2. Division of Renewable Energy.
- 18 3. Division of Biofuels.
- 19 4. Division of Energy Generation Transmission and Distribution.
- 20 5. Division of Carbon Management.
- 21 6. Division of Fossil Energy Development.
- 22 (4) Public Protection Cabinet.
- 23 (a) Office of the Secretary.
- 24 1. Office of Communications and Public Outreach.
- 25 2. Office of Legal Services.
- 26 a. Insurance Legal Division.
- 27 b. Charitable Gaming Legal Division.

- 1 c. Alcoholic Beverage Control Legal Division.
- 2 d. Housing, Buildings and Construction Legal Division.
- 3 e. Financial Institutions Legal Division.
- 4 (b) Kentucky Claims Commission.
- 5 (c) Kentucky Boxing and Wrestling Commission.
- 6 (d) Kentucky Horse Racing Commission.
- 7 1. Office of Executive Director.
- 8 a. Division of Pari-mutuel Wagering and Compliance.
- 9 b. Division of Stewards.
- 10 c. Division of Licensing.
- 11 d. Division of Enforcement.
- 12 e. Division of Incentives and Development.
- 13 f. Division of Veterinary Services.
- 14 (e) Department of Alcoholic Beverage Control.
- 15 1. Division of Distilled Spirits.
- 16 2. Division of Malt Beverages.
- 17 3. Division of Enforcement.
- 18 (f) Department of Charitable Gaming.
- 19 1. Division of Licensing and Compliance.
- 20 2. Division of Enforcement.
- 21 (g) Department of Financial Institutions.
- 22 1. Division of Depository Institutions.
- 23 2. Division of Non-Depository Institutions.
- 24 3. Division of Securities.
- 25 (h) Department of Housing, Buildings and Construction.
- 26 1. Division of Fire Prevention.
- 27 2. Division of Plumbing.

- 1 3. Division of Heating, Ventilation, and Air Conditioning.
- 2 4. Division of Building Code Enforcement.
- 3 (i) Department of Insurance.
- 4 1. Division of Insurance Product Regulation.
- 5 2. Division of Administrative Services.
- 6 3. Division of Financial Standards and Examination.
- 7 4. Division of Agent Licensing.
- 8 5. Division of Insurance Fraud Investigation.
- 9 6. Division of Consumer Protection.
- 10 7. Division of Kentucky Access.
- 11 (j) Department of Professional Licensing.
- 12 1. Real Estate Authority.
- 13 (5) Labor Cabinet.
- 14 (a) Office of the Secretary.
- 15 1. Division of Management Services.
- 16 2. Office of General Counsel.
- 17 a. Workplace Standards Legal Division.
- 18 b. Workers' Claims Legal Division.
- 19 (b) Office of General Administration and Program Support for Shared
- 20 Services.
- 21 1. Division of Human Resource Management.
- 22 2. Division of Fiscal Management.
- 23 3. Division of Budgets.
- 24 4. Division of Information Services.
- 25 (c) Office of Inspector General for Shared Services.
- 26 (d) Department of Workplace Standards.
- 27 1. Division of Apprenticeship.

- 1 2. Division of Occupational Safety and Health Compliance.
- 2 3. Division of Occupational Safety and Health Education and
- 3 Training.
- 4 4. Division of Wages and Hours.
- 5 (e) Department of Workers' Claims.
- 6 1. Division of Workers' Compensation Funds.
- 7 2. Office of Administrative Law Judges.
- 8 3. Division of Claims Processing.
- 9 4. Division of Security and Compliance.
- 10 5. Division of Information Services.
- 11 6. Division of Ombudsman and Workers' Compensation Specialist
- 12 Services.
- 13 7. Workers' Compensation Board.
- 14 (f) Workers' Compensation Funding Commission.
- 15 (g) Occupational Safety and Health Standards Board.
- 16 (h) Apprenticeship and Training Council.
- 17 (i) State Labor Relations Board.
- 18 (j) Employers' Mutual Insurance Authority.
- 19 (k) Kentucky Occupational Safety and Health Review Commission.
- 20 (l) Workers' Compensation Nominating Committee.
- 21 (6) Transportation Cabinet:
- 22 (a) Department of Highways.
- 23 1. Office of Project Development.
- 24 2. Office of Project Delivery and Preservation.
- 25 3. Office of Highway Safety.
- 26 4. Highway District Offices One through Twelve.
- 27 (b) Department of Vehicle Regulation.

- 1 (c) Department of Aviation.
- 2 (d) Department of Rural and Municipal Aid.
- 3 1. Office of Local Programs.
- 4 2. Office of Rural and Secondary Roads.
- 5 (e) Office of the Secretary.
- 6 1. Office of Public Affairs.
- 7 2. Office for Civil Rights and Small Business Development.
- 8 3. Office of Budget and Fiscal Management.
- 9 4. Office of Inspector General.
- 10 (f) Office of Support Services.
- 11 (g) Office of Transportation Delivery.
- 12 (h) Office of Audits.
- 13 (i) Office of Human Resource Management.
- 14 (j) Office of Information Technology.
- 15 (k) Office of Legal Services.
- 16 (7) Cabinet for Economic Development:
- 17 (a) Office of the Secretary.
- 18 1. Office of Legal Services.
- 19 2. Department for Business Development.
- 20 a. Office of Entrepreneurship.
- 21 i. Commission on Small Business Advocacy.
- 22 b. Office of Research and Public Affairs.
- 23 c. Bluegrass State Skills Corporation.
- 24 3. Office of Financial Services.
- 25 a. Kentucky Economic Development Finance Authority.
- 26 b. Division of Finance and Personnel.
- 27 c. Division of Network Administration.

- 1 d. Compliance Division.
- 2 e. Incentive Assistance Division.
- 3 (8) Cabinet for Health and Family Services:
- 4 (a) Office of the Secretary.
- 5 (b) Office of Health Policy.
- 6 (c) Office of Legal Services.
- 7 (d) Office of Inspector General.
- 8 (e) Office of Communications and Administrative Review.
- 9 (f) Office of the Ombudsman.
- 10 (g) Office of Finance and Budget.
- 11 (h) Office of Human Resource Management.
- 12 (i) Office of Administrative and Technology Services.
- 13 (j) Department for Public Health.
- 14 (k) Department for Medicaid Services.
- 15 (l) Department for Behavioral Health, Developmental and Intellectual
- 16 Disabilities.
- 17 (m) Department for Aging and Independent Living.
- 18 (n) Department for Community Based Services.
- 19 (o) Department for Income Support.
- 20 (p) Department for Family Resource Centers and Volunteer Services.
- 21 (q) Kentucky Commission on Community Volunteerism and Service.
- 22 (r) Kentucky Commission for Children with Special Health Care Needs.
- 23 (s) Governor's Office of Electronic Health Information.
- 24 (t) Office of Legislative and Regulatory Affairs.
- 25 (9) Finance and Administration Cabinet:
- 26 (a) Office of the Secretary.
- 27 (b) Office of the Inspector General.

- 1 (c) Office of Legislative and Intergovernmental Affairs.
- 2 (d) Office of General Counsel.
- 3 (e) Office of the Controller.
- 4 (f) Office of Administrative Services.
- 5 (g) Office of Policy and Audit.
- 6 (h) Department for Facilities and Support Services.
- 7 (i) Department of Revenue.
- 8 (j) Commonwealth Office of Technology.
- 9 (k) State Property and Buildings Commission.
- 10 (l) Office of Equal Employment Opportunity and Contract Compliance.
- 11 (m) Kentucky Employees Retirement Systems.
- 12 (n) Commonwealth Credit Union.
- 13 (o) State Investment Commission.
- 14 (p) Kentucky Housing Corporation.
- 15 (q) Kentucky Local Correctional Facilities Construction Authority.
- 16 (r) Kentucky Turnpike Authority.
- 17 (s) Historic Properties Advisory Commission.
- 18 (t) Kentucky Tobacco Settlement Trust Corporation.
- 19 (u) Kentucky Higher Education Assistance Authority.
- 20 (v) Kentucky River Authority.
- 21 (w) Kentucky Teachers' Retirement System Board of Trustees.
- 22 (x) Executive Branch Ethics Commission.
- 23 (10) Tourism, Arts and Heritage Cabinet:
 - 24 (a) Kentucky Department of Tourism.
 - 25 1. Division of Tourism Services.
 - 26 2. Division of Marketing and Administration.
 - 27 3. Division of Communications and Promotions.

- 1 (b) Kentucky Department of Parks.
- 2 1. Division of Information Technology.
- 3 2. Division of Human Resources.
- 4 3. Division of Financial Operations.
- 5 4. Division of Facilities Management.
- 6 5. Division of Facilities Maintenance.
- 7 6. Division of Customer Services.
- 8 7. Division of Recreation.
- 9 8. Division of Golf Courses.
- 10 9. Division of Food Services.
- 11 10. Division of Rangers.
- 12 11. Division of Resort Parks.
- 13 12. Division of Recreational Parks and Historic Sites.
- 14 (c) Department of Fish and Wildlife Resources.
- 15 1. Division of Law Enforcement.
- 16 2. Division of Administrative Services.
- 17 3. Division of Engineering, Infrastructure, and Technology.
- 18 4. Division of Fisheries.
- 19 5. Division of Information and Education.
- 20 6. Division of Wildlife.
- 21 7. Division of Marketing.
- 22 (d) Kentucky Horse Park.
- 23 1. Division of Support Services.
- 24 2. Division of Buildings and Grounds.
- 25 3. Division of Operational Services.
- 26 (e) Kentucky State Fair Board.
- 27 1. Office of Administrative and Information Technology Services.

- 1 2. Office of Human Resources and Access Control.
- 2 3. Division of Expositions.
- 3 4. Division of Kentucky Exposition Center Operations.
- 4 5. Division of Kentucky International Convention Center.
- 5 6. Division of Public Relations and Media.
- 6 7. Division of Venue Services.
- 7 8. Division of Personnel Management and Staff Development.
- 8 9. Division of Sales.
- 9 10. Division of Security and Traffic Control.
- 10 11. Division of Information Technology.
- 11 12. Division of the Louisville Arena.
- 12 13. Division of Fiscal and Contract Management.
- 13 14. Division of Access Control.
- 14 (f) Office of the Secretary.
 - 15 1. Office of Finance.
 - 16 2. Office of Government Relations and Administration.
 - 17 3. Office of Film and Tourism Development.
 - 18 4. Kentucky Sports Authority.
- 19 (g) Office of Legal Affairs.
- 20 (h) Office of Human Resources.
- 21 (i) Office of Public Affairs and Constituent Services.
- 22 (j) Office of Creative Services.
- 23 (k) Office of Capital Plaza Operations.
- 24 (l) Office of Arts and Cultural Heritage.
- 25 (m) Kentucky African-American Heritage Commission.
- 26 (n) Kentucky Foundation for the Arts.
- 27 (o) Kentucky Humanities Council.

- 1 (p) Kentucky Heritage Council.
- 2 (q) Kentucky Arts Council.
- 3 (r) Kentucky Historical Society.
- 4 1. Division of Museums.
- 5 2. Division of Oral History and Educational Outreach.
- 6 3. Division of Research and Publications.
- 7 4. Division of Administration.
- 8 (s) Kentucky Center for the Arts.
- 9 1. Division of Governor's School for the Arts.
- 10 (t) Kentucky Artisans Center at Berea.
- 11 (u) Northern Kentucky Convention Center.
- 12 (v) Eastern Kentucky Exposition Center.
- 13 (11) Personnel Cabinet:
- 14 (a) Office of the Secretary.
- 15 (b) Department of Human Resources Administration.
- 16 (c) Office of Employee Relations.
- 17 (d) Kentucky Public Employees Deferred Compensation Authority.
- 18 (e) Office of Administrative Services.
- 19 (f) Office of Legal Services.
- 20 (g) Governmental Services Center.
- 21 (h) Department of Employee Insurance.
- 22 (i) Office of Diversity, Equality, and Training.
- 23 (j) Office of Public Affairs.
- 24 III. Other departments headed by appointed officers:
- 25 (1) Council on Postsecondary Education.
- 26 (2) Department of Military Affairs.
- 27 (3) Department for Local Government.

- 1 (4) Kentucky Commission on Human Rights.
- 2 (5) Kentucky Commission on Women.
- 3 (6) Department of Veterans' Affairs.
- 4 (7) Kentucky Commission on Military Affairs.
- 5 (8) Office of Minority Empowerment.
- 6 (9) Governor's Council on Wellness and Physical Activity.
- 7 (10) Kentucky Communications Network Authority.

8 ➔Section 10. KRS 12.023 is amended to read as follows:

9 The following organizational units and administrative bodies shall be attached to the
10 Office of the Governor:

- 11 (1) Council on Postsecondary Education;
- 12 ~~[(a) Foundation for Adult Education;]~~
- 13 (2) Department of Military Affairs;
- 14 (3) Department for Local Government;
- 15 (4) Early Childhood Advisory Council;
- 16 (5) Kentucky Commission on Human Rights;
- 17 (6) Kentucky Commission on Women;
- 18 (7) Kentucky Commission on Military Affairs;
- 19 (8) Agricultural Development Board;
- 20 (9) Kentucky Agricultural Finance Corporation;
- 21 (10) Office of Minority Empowerment;
- 22 (a) The Martin Luther King Commission;
- 23 (11) Office of Homeland Security; and
- 24 (12) Kentucky Communications Network Authority.

25 ➔Section 11. KRS 18A.115 is amended to read as follows:

- 26 (1) The classified service to which KRS 18A.005 to 18A.200 shall apply shall comprise
27 all positions in the state service now existing or hereafter established, except the

1 following:

- 2 (a) The General Assembly and employees of the General Assembly, including the
3 employees of the Legislative Research Commission;
- 4 (b) Officers elected by popular vote and persons appointed to fill vacancies in
5 elective offices;
- 6 (c) Members of boards and commissions;
- 7 (d) Officers and employees on the staff of the Governor, the Lieutenant Governor,
8 the Office of the Secretary of the Governor's Cabinet, and the Office of
9 Program Administration;
- 10 (e) Cabinet secretaries, commissioners, office heads, and the administrative heads
11 of all boards and commissions, including the executive director of Kentucky
12 Educational Television and the executive director and deputy executive
13 director of the Education Professional Standards Board;
- 14 (f) Employees of Kentucky Educational Television who have been determined to
15 be exempt from classified service by the Kentucky Authority for Educational
16 Television, which shall have sole authority over such exempt employees for
17 employment, dismissal, and setting of compensation, up to the maximum
18 established for the executive director and his principal assistants;
- 19 (g) One (1) principal assistant or deputy for each person exempted under
20 subsection (1)(e) of this section;
- 21 (h) One (1) additional principal assistant or deputy as may be necessary for
22 making and carrying out policy for each person exempted under subsection
23 (1)(e) of this section in those instances in which the nature of the functions,
24 size, or complexity of the unit involved are such that the secretary approves
25 such an addition on petition of the relevant cabinet secretary or department
26 head and such other principal assistants, deputies, or other major assistants as
27 may be necessary for making and carrying out policy for each person

1 exempted under subsection (1)(e) of this section in those instances in which
2 the nature of the functions, size, or complexity of the unit involved are such
3 that the board may approve such an addition or additions on petition of the
4 department head approved by the secretary. Effective August 1, 2010:

- 5 1. All positions approved under this paragraph prior to August 1, 2010,
6 shall be abolished effective December 31, 2010, unless reapproved
7 under subparagraph 2. of this paragraph; and
- 8 2. A position approved under this paragraph on or after August 1, 2010,
9 shall be approved for a period of five (5) years, after which time the
10 position shall be abolished unless reapproved under this subparagraph
11 for an additional five (5) year period;
- 12 (i) Division directors subject to the provisions of KRS 18A.170. Division
13 directors in the classified service as of January 1, 1980, shall remain in the
14 classified service;
- 15 (j) Physicians employed as such;
- 16 (k) One (1) private secretary for each person exempted under subsection (1)(e),
17 (g), and (h) of this section;
- 18 (l) The judicial department, referees, receivers, jurors, and notaries public;
- 19 (m) Officers and members of the staffs of state universities and colleges and
20 student employees of such institutions; officers and employees of the
21 Teachers' Retirement System; and officers, teachers, and employees of local
22 boards of education;
- 23 (n) Patients or inmates employed in state institutions;
- 24 (o) Persons employed in a professional or scientific capacity to make or conduct a
25 temporary or special inquiry, investigation, or examination on behalf of the
26 General Assembly, or a committee thereof, or by authority of the Governor,
27 and persons employed by state agencies for a specified, limited period to

- 1 provide professional, technical, scientific, or artistic services under the
2 provisions of KRS 45A.690 to 45A.725;
- 3 (p) Interim employees;
- 4 (q) Officers and members of the state militia;
- 5 (r) Department of Kentucky State Police troopers;
- 6 (s) University or college engineering students or other students employed part-
7 time or part-year by the state through special personnel recruitment programs;
8 provided that while so employed such aides shall be under contract to work
9 full-time for the state after graduation for a period of time approved by the
10 commissioner or shall be participants in a cooperative education program
11 approved by the commissioner;
- 12 (t) Superintendents of state mental institutions, including heads of centers for
13 individuals with an intellectual disability, and penal and correctional
14 institutions as referred to in KRS 196.180(2);
- 15 (u) Staff members of the Kentucky Historical Society, if they are hired in
16 accordance with KRS 171.311;
- 17 (v) County and Commonwealth's attorneys and their respective appointees;
- 18 (w) Chief district engineers and the state highway engineer;
- 19 (x) Veterinarians employed as such by the Kentucky Horse Racing Commission;
- 20 (y) Employees of the Kentucky Peace Corps;
- 21 (z) Employees of the Council on Postsecondary Education;
- 22 (aa) Executive director of the Commonwealth Office of Technology;
- 23 (ab) Employees of the Kentucky Commission on Community Volunteerism and
24 Service;
- 25 (ac) Persons employed in certified teaching positions at the Kentucky School for
26 the Blind and the Kentucky School for the Deaf; ~~and~~
- 27 (ad) Federally funded time-limited employees as defined in KRS 18A.005; **and**

1 *(ae) Employees who are transferred, upon the effective date of this Act, from the*
2 *Council on Postsecondary Education, Kentucky Adult Education Program,*
3 *to the Education and Workforce Development Cabinet, Department of*
4 *Workforce Investment, Office of Adult Education.*

5 (2) Nothing in KRS 18A.005 to 18A.200 is intended, or shall be construed, to alter or
6 amend the provisions of KRS 150.022 and 150.061.

7 (3) Nothing in KRS 18A.005 to 18A.200 is intended or shall be construed to affect any
8 nonmanagement, nonpolicy-making position which must be included in the
9 classified service as a prerequisite to the grant of federal funds to a state agency.

10 (4) Career employees within the classified service promoted to positions exempted
11 from classified service shall, upon termination of their employment in the exempted
12 service, revert to a position in that class in the agency from which they were
13 terminated if a vacancy in that class exists. If no such vacancy exists, they shall be
14 considered for employment in any vacant position for which they were qualified
15 pursuant to KRS 18A.130 and 18A.135.

16 (5) Nothing in KRS 18A.005 to 18A.200 shall be construed as precluding appointing
17 officers from filling unclassified positions in the manner in which positions in the
18 classified service are filled except as otherwise provided in KRS 18A.005 to
19 18A.200.

20 (6) The positions of employees who are transferred, effective July 1, 1998, from the
21 Cabinet for Workforce Development to the Kentucky Community and Technical
22 College System shall be abolished and the employees' names removed from the
23 roster of state employees. Employees that are transferred, effective July 1, 1998, to
24 the Kentucky Community and Technical College System under KRS Chapter 164
25 shall have the same benefits and rights as they had under KRS Chapter 18A and
26 have under KRS 164.5805; however, they shall have no guaranteed reemployment
27 rights in the KRS Chapter 151B or KRS Chapter 18A personnel systems. An

1 employee who seeks reemployment in a state position under KRS Chapter 151B or
2 KRS Chapter 18A shall have years of service in the Kentucky Community and
3 Technical College System counted towards years of experience for calculating
4 benefits and compensation.

5 (7) On August 15, 2000, all certified and equivalent personnel, all unclassified
6 personnel, and all certified and equivalent and unclassified vacant positions in the
7 Department for Adult Education and Literacy shall be transferred from the
8 personnel system under KRS Chapter 151B to the personnel system under KRS
9 Chapter 18A. The positions shall be deleted from the KRS Chapter 151B personnel
10 system. All records shall be transferred including accumulated annual leave, sick
11 leave, compensatory time, and service credit for each affected employee. The
12 personnel officers who administer the personnel systems under KRS Chapter 151B
13 and KRS Chapter 18A shall exercise the necessary administrative procedures to
14 effect the change in personnel authority. No certified or equivalent employee in the
15 Department for Adult Education and Literacy shall suffer any penalty in the
16 transfer.

17 (8) On August 15, 2000, secretaries and assistants attached to policymaking positions
18 in the Department for Technical Education and the Department for Adult Education
19 and Literacy shall be transferred from the personnel system under KRS Chapter
20 151B to the personnel system under KRS Chapter 18A. The positions shall be
21 deleted from the KRS Chapter 151B system. All records shall be transferred
22 including accumulated annual leave, sick leave, compensatory time, and service
23 credit for each affected employee. No employee shall suffer any penalty in the
24 transfer.

25 (9) On May 1, 2017, all contract employees of Eastern Kentucky University who are
26 engaged in providing instructional and support services to the Department of
27 Criminal Justice Training shall be transferred to the personnel system under KRS

1 Chapter 18A. All records shall be transferred, including accumulated annual leave,
2 sick leave, compensatory time, and service credit for each affected employee. The
3 personnel officers who administer the personnel systems for Eastern Kentucky
4 University and under KRS Chapter 18A shall exercise the necessary administrative
5 procedures to effect the change in personnel authority. No employee shall suffer any
6 penalty in the transfer.

7 ➔Section 12. KRS 141.0205 is amended to read as follows:

8 If a taxpayer is entitled to more than one (1) of the tax credits allowed against the tax
9 imposed by KRS 141.020, 141.040, and 141.0401, the priority of application and use of
10 the credits shall be determined as follows:

11 (1) The nonrefundable business incentive credits against the tax imposed by KRS
12 141.020 shall be taken in the following order:

13 (a) 1. For taxable years beginning after December 31, 2004, and before
14 January 1, 2007, the corporation income tax credit permitted by KRS
15 141.420(3)(a);

16 2. For taxable years beginning after December 31, 2006, the limited
17 liability entity tax credit permitted by KRS 141.0401;

18 (b) The economic development credits computed under KRS 141.347, 141.381,
19 141.384, 141.400, 141.401, 141.402, 141.403, 141.407, 141.415, 154.12-
20 2088, and 154.27-080;

21 (c) The qualified farming operation credit permitted by KRS 141.412;

22 (d) The certified rehabilitation credit permitted by KRS 171.397(1)(a);

23 (e) The health insurance credit permitted by KRS 141.062;

24 (f) The tax paid to other states credit permitted by KRS 141.070;

25 (g) The credit for hiring the unemployed permitted by KRS 141.065;

26 (h) The recycling or composting equipment credit permitted by KRS 141.390;

27 (i) The tax credit for cash contributions in investment funds permitted by KRS

- 1 154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS
2 154.20-258;
- 3 (j) The coal incentive credit permitted under KRS 141.0405;
- 4 (k) The research facilities credit permitted under KRS 141.395;
- 5 (l) The employer High School Equivalency Diploma program incentive credit
6 permitted under Section 2 of this Act [~~KRS 164.0062~~];
- 7 (m) The voluntary environmental remediation credit permitted by KRS 141.418;
- 8 (n) The biodiesel and renewable diesel credit permitted by KRS 141.423;
- 9 (o) The environmental stewardship credit permitted by KRS 154.48-025;
- 10 (p) The clean coal incentive credit permitted by KRS 141.428;
- 11 (q) The ethanol credit permitted by KRS 141.4242;
- 12 (r) The cellulosic ethanol credit permitted by KRS 141.4244;
- 13 (s) The energy efficiency credits permitted by KRS 141.436;
- 14 (t) The railroad maintenance and improvement credit permitted by KRS 141.385;
- 15 (u) The Endow Kentucky credit permitted by KRS 141.438;
- 16 (v) The New Markets Development Program credit permitted by KRS 141.434;
- 17 (w) The food donation credit permitted by KRS 141.392;
- 18 (x) The distilled spirits credit permitted by KRS 141.389; and
- 19 (y) The angel investor credit permitted by KRS 141.396.
- 20 (2) After the application of the nonrefundable credits in subsection (1) of this section,
21 the nonrefundable personal tax credits against the tax imposed by KRS 141.020
22 shall be taken in the following order:
- 23 (a) The individual credits permitted by KRS 141.020(3);
- 24 (b) The credit permitted by KRS 141.066;
- 25 (c) The tuition credit permitted by KRS 141.069;
- 26 (d) The household and dependent care credit permitted by KRS 141.067; and
- 27 (e) The new home credit permitted by KRS 141.388.

- 1 (3) After the application of the nonrefundable credits provided for in subsection (2) of
2 this section, the refundable credits against the tax imposed by KRS 141.020 shall be
3 taken in the following order:
- 4 (a) The individual withholding tax credit permitted by KRS 141.350;
 - 5 (b) The individual estimated tax payment credit permitted by KRS 141.305;
 - 6 (c) For taxable years beginning after December 31, 2004, and before January 1,
7 2007, the corporation income tax credit permitted by KRS 141.420(3)(c);
 - 8 (d) The certified rehabilitation credit permitted by KRS 171.3961 and
9 171.397(1)(b); and
 - 10 (e) The film industry tax credit allowed by KRS 141.383.
- 11 (4) The nonrefundable credit permitted by KRS 141.0401 shall be applied against the
12 tax imposed by KRS 141.040.
- 13 (5) The following nonrefundable credits shall be applied against the sum of the tax
14 imposed by KRS 141.040 after subtracting the credit provided for in subsection (4)
15 of this section, and the tax imposed by KRS 141.0401 in the following order:
- 16 (a) The economic development credits computed under KRS 141.347, 141.381,
17 141.384, 141.400, 141.401, 141.402, 141.403, 141.407, 141.415, 154.12-
18 2088, and 154.27-080;
 - 19 (b) The qualified farming operation credit permitted by KRS 141.412;
 - 20 (c) The certified rehabilitation credit permitted by KRS 171.397(1)(a);
 - 21 (d) The health insurance credit permitted by KRS 141.062;
 - 22 (e) The unemployment credit permitted by KRS 141.065;
 - 23 (f) The recycling or composting equipment credit permitted by KRS 141.390;
 - 24 (g) The coal conversion credit permitted by KRS 141.041;
 - 25 (h) The enterprise zone credit permitted by KRS 154.45-090, for taxable periods
26 ending prior to January 1, 2008;
 - 27 (i) The tax credit for cash contributions to investment funds permitted by KRS

- 1 154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS
2 154.20-258;
- 3 (j) The coal incentive credit permitted under KRS 141.0405;
- 4 (k) The research facilities credit permitted under KRS 141.395;
- 5 (l) The employer High School Equivalency Diploma program incentive credit
6 permitted under Section 2 of this Act [~~KRS 164.0062~~];
- 7 (m) The voluntary environmental remediation credit permitted by KRS 141.418;
- 8 (n) The biodiesel and renewable diesel credit permitted by KRS 141.423;
- 9 (o) The environmental stewardship credit permitted by KRS 154.48-025;
- 10 (p) The clean coal incentive credit permitted by KRS 141.428;
- 11 (q) The ethanol credit permitted by KRS 141.4242;
- 12 (r) The cellulosic ethanol credit permitted by KRS 141.4244;
- 13 (s) The energy efficiency credits permitted by KRS 141.436;
- 14 (t) The ENERGY STAR home or ENERGY STAR manufactured home credit
15 permitted by KRS 141.437;
- 16 (u) The railroad maintenance and improvement credit permitted by KRS 141.385;
- 17 (v) The railroad expansion credit permitted by KRS 141.386;
- 18 (w) The Endow Kentucky credit permitted by KRS 141.438;
- 19 (x) The New Markets Development Program credit permitted by KRS 141.434;
- 20 (y) The food donation credit permitted by KRS 141.392; and
- 21 (z) The distilled spirits credit permitted by KRS 141.389.
- 22 (6) After the application of the nonrefundable credits in subsection (5) of this section,
23 the refundable credits shall be taken in the following order:
- 24 (a) The corporation estimated tax payment credit permitted by KRS 141.044;
- 25 (b) The certified rehabilitation credit permitted by KRS 171.3961 and
26 171.397(1)(b); and
- 27 (c) The film industry tax credit allowed in KRS 141.383.

1 ➔Section 13. KRS 151B.020 is amended to read as follows:

- 2 (1) The Education and Workforce Development Cabinet is hereby created, which shall
 3 constitute a cabinet of the state government within the meaning of KRS Chapter 12.
 4 The cabinet shall consist of a secretary and those administrative bodies and
 5 employees as provided by law.
- 6 (2) The cabinet, subject to the provisions of KRS Chapter 12, shall be composed of the
 7 major organizational units listed below, units listed in KRS 12.020, and other
 8 departments, divisions, and sections as are from time to time deemed necessary for
 9 the proper and efficient operation of the cabinet:
- 10 (a) The Department of Workforce Investment, which is hereby created and
 11 established within the Education and Workforce Development Cabinet. The
 12 department shall be directed and managed by a commissioner who shall be
 13 appointed by the Governor under the provisions of KRS 12.040, and who shall
 14 report to the secretary of the Education and Workforce Development Cabinet.
 15 The department shall be composed of the following offices:
- 16 1. The Office of Vocational Rehabilitation, which is created by KRS
 17 151B.185;
- 18 2. The Office for the Blind established by KRS 163.470;~~and~~
- 19 3. The Office of Employment and Training, which is created by KRS
 20 151B.280; *and*
- 21 **4. The Office of Adult Education, which is created by Section 5 of this**
 22 **Act; and**~~and~~
- 23 (b) The Unemployment Insurance Commission established by KRS 341.110.
- 24 (3) The executive officer of the cabinet shall be the secretary of the Education and
 25 Workforce Development Cabinet. The secretary shall be appointed by the Governor
 26 pursuant to KRS 12.255 and shall serve at the pleasure of the Governor. The
 27 secretary shall have general supervision and direction over all activities and

1 functions of the cabinet and its employees and shall be responsible for carrying out
2 the programs and policies of the cabinet. The secretary shall be the chief executive
3 officer of the cabinet and shall have authority to enter into contracts, subject to the
4 approval of the secretary of the Finance and Administration Cabinet, when the
5 contracts are deemed necessary to implement and carry out the programs of the
6 cabinet. The secretary shall have the authority to require coordination and
7 nonduplication of services provided under the Federal Workforce Investment Act of
8 1998, 20 U.S.C. secs. 9201 et seq. The secretary shall have the authority to mandate
9 fiscal responsibility dispute resolution procedures among state organizational units
10 for services provided under the Federal Workforce Investment Act of 1998, 20
11 U.S.C. secs. 9201 et seq.

12 (4) The secretary of the Education and Workforce Development Cabinet and the
13 secretary's designated representatives, in the discharge of the duties of the secretary,
14 may administer oaths and affirmations, take depositions, certify official acts, and
15 issue subpoenas to compel the attendance of witnesses and production of books,
16 papers, correspondence, memoranda, and other records considered necessary and
17 relevant as evidence at hearings held in connection with the administration of the
18 cabinet.

19 (5) The secretary of the Education and Workforce Development Cabinet may delegate
20 any duties of the secretary's office to employees of the cabinet as he or she deems
21 necessary and appropriate, unless otherwise prohibited by statute.

22 (6) The secretary of the Education and Workforce Development Cabinet shall
23 promulgate, administer, and enforce administrative regulations that are necessary to
24 implement programs mandated by federal law, or to qualify for the receipt of federal
25 funds, and that are necessary to cooperate with other state and federal agencies for
26 the proper administration of the cabinet and its programs except for programs and
27 federal funds within the authority of the Department of Education, the Kentucky

1 Board of Education, and the Education Professional Standards Board.

2 ➔Section 14. KRS 156.848 is amended to read as follows:

3 (1) The *executive director of the Office of Adult Education within the Department of*
 4 *Workforce Investment in the Education and Workforce Development*
 5 *Cabinet*~~[vice president of the Kentucky Adult Education Program in the Council on~~
 6 ~~Postsecondary Education]~~ and the commissioner of education may enter into
 7 agreements to train workers for new manufacturing jobs in new or expanding
 8 industries characterized by one (1) or more of the following criteria: a high average
 9 skill, a high average wage, rapid national growth, or jobs feasible and desirable for
 10 location in rural regions. Such agreements shall not be subject to the requirements
 11 of KRS 45A.045 and KRS 45A.690 to 45A.725 when awarded on the basis of a
 12 detailed training plan approved by the appropriate agency head. Reimbursement to
 13 the industry shall be made upon submission of documents validating actual training
 14 expenditure not to exceed the amount approved by the training plan.

15 (2) The *executive director*~~[vice president]~~ and the commissioner of education may
 16 approve authorization for his or her agency to enter into agreements with industries
 17 whereby the industry may be reimbursed directly for the following services:

- 18 (a) The cost of instructors' salaries when the instructor is an employee of the
 19 industry to be served;
- 20 (b) Cost of only those supplies, materials, and equipment used exclusively in the
 21 training program; and
- 22 (c) Cost of leasing a training facility should a vocational education school or the
 23 industrial plant not be available.

24 ➔Section 15. KRS 158.146 is amended to read as follows:

25 (1) No later than December 30, 2000, the Kentucky Department of Education shall
 26 establish and implement a comprehensive statewide strategy to provide assistance to
 27 local districts and schools to address the student dropout problem in Kentucky

1 public schools. In the development of the statewide strategy, the department shall
2 engage private and public representatives who have an interest in the discussion.
3 The statewide strategy shall build upon the existing programs and initiatives that
4 have proven successful. The department shall also take into consideration the
5 following:

6 (a) Analyses of annual district and school dropout data as submitted under KRS
7 158.148 and 158.6453;

8 (b) State and federal resources and programs, including, but not limited to,
9 extended school services; early learning centers; family resource and youth
10 service centers; alternative education services; preschool; service learning;
11 drug and alcohol prevention programs; School-to-Careers; High Schools that
12 Work; school safety grants; and other relevant programs and services that
13 could be used in a multidimensional strategy;

14 (c) Comprehensive student programs and services that include, but are not limited
15 to, identification, counseling, mentoring, and other educational strategies for
16 elementary, middle, and high school students who are demonstrating little or
17 no success in school, who have poor school attendance, or who possess other
18 risk factors that contribute to the likelihood of their dropping out of school;
19 and

20 (d) Evaluation procedures to measure progress within school districts, schools,
21 and statewide.

22 (2) No state or federal funds for adult education and literacy, including but not limited
23 to funds appropriated under Section 8 of this Act ~~[KRS 164.041]~~ or 20 U.S.C. secs.
24 9201 et seq., shall be used to pay for a high school student enrolled in an alternative
25 program operated or contracted by a school district leading to a certificate of
26 completion or a High School Equivalency Diploma.

27 (3) The department, with assistance from appropriate agencies, shall provide technical

1 assistance to districts requesting assistance with dropout prevention strategies and
2 the development of district and schoolwide plans.

3 (4) The department shall award grants to local school districts for dropout prevention
4 programs based upon available appropriations from the General Assembly and in
5 compliance with administrative regulations promulgated by the Kentucky Board of
6 Education for this purpose. Seventy-five percent (75%) of the available dropout
7 funds shall be directed to services for at-risk elementary and middle school students,
8 including, but not limited to, identification, counseling, home visitations, parental
9 training, and other strategies to improve school attendance, school achievement, and
10 to minimize at-risk factors. Twenty-five percent (25%) of the funds shall be directed
11 to services for high school students identified as likely to drop out of school,
12 including, but not limited to, counseling, tutoring, extra instructional support,
13 alternative programming, and other appropriate strategies. Priority for grants shall
14 be awarded to districts that average, over a three (3) year period, an annual dropout
15 rate exceeding five percent (5%).

16 (5) The department shall disseminate information on best practices in dropout
17 prevention in order to advance the knowledge for district and school level personnel
18 to address the dropout problem effectively.

19 ➔Section 16. KRS 158.360 is amended to read as follows:

20 (1) The ***Office of Adult Education***~~[Kentucky Adult Education Program]~~ shall provide
21 technical assistance to providers to develop family literacy services. The technical
22 assistance shall be evaluated on a regular basis by contracted evaluators outside the
23 program.

24 (2) The services shall:

25 (a) Provide parents with instruction in basic academic skills, life skills which
26 include parenting skills, and employability skills;

27 (b) Provide the children with developmentally appropriate educational activities;

- 1 (c) Provide planned high-quality educational experiences requiring interaction
2 between parents and their children;
- 3 (d) Be of sufficient intensity and duration to help move families to self-
4 sufficiency and break the cycle of under education and poverty; and
- 5 (e) Be designed to reduce duplication with other educational providers to ensure
6 high quality and efficient services.

7 ➔Section 17. KRS 161.011 is amended to read as follows:

- 8 (1) (a) "Classified employee" means an employee of a local district who is not
9 required to have certification for his position as provided in KRS 161.020; and
- 10 (b) "Seniority" means total continuous months of service in the local school
11 district, including all approved paid and unpaid leave.
- 12 (2) The commissioner of education shall establish by January, 1992, job classifications
13 and minimum qualifications for local district classified employment positions which
14 shall be effective July 1, 1992. After June 30, 1992, no person shall be eligible to be
15 a classified employee or receive salary for services rendered in that position unless
16 he holds the qualifications for the position as established by the commissioner of
17 education.
- 18 (3) No person who is initially hired after July 13, 1990, shall be eligible to hold the
19 position of a classified employee or receive salary for services rendered in such
20 position, unless he holds at least a high school diploma or high school certificate of
21 completion or High School Equivalency Diploma, or he shows progress toward
22 obtaining a High School Equivalency Diploma. To show progress toward obtaining
23 a High School Equivalency Diploma, a person shall be enrolled in a High School
24 Equivalency Diploma program and be progressing satisfactorily through the
25 program, as defined by administrative regulations promulgated by the Education
26 and Workforce Development Cabinet~~[Council on Postsecondary Education]~~.
- 27 (4) Local school districts shall encourage classified employees who were initially hired

1 before July 13, 1990, and who do not have a high school diploma or a High School
2 Equivalency Diploma to enroll in a program to obtain a High School Equivalency
3 Diploma.

4 (5) Local districts shall enter into written contracts with classified employees. Contracts
5 with classified employees shall be renewed annually except contracts with the
6 following employees:

7 (a) An employee who has not completed four (4) years of continuous active
8 service, upon written notice which is provided or mailed to the employee by
9 the superintendent, no later than May 15, that the contract will not be renewed
10 for the subsequent school year. Upon written request by the employee, within
11 ten (10) days of the receipt of the notice of nonrenewal, the superintendent
12 shall provide, in a timely manner, written reasons for the nonrenewal.

13 (b) An employee who has completed four (4) years of continuous active service,
14 upon written notice which is provided or mailed to the employee by the
15 superintendent, no later than May 15, that the contract is not being renewed
16 due to one (1) or more of the reasons described in subsection (7) of this
17 section. Upon written request within ten (10) days of the receipt of the notice
18 of nonrenewal, the employee shall be provided with a specific and complete
19 written statement of the grounds upon which the nonrenewal is based. The
20 employee shall have ten (10) days to respond in writing to the grounds for
21 nonrenewal.

22 (6) Local districts shall provide in contracts with classified employees of family
23 resource and youth services centers the same rate of salary adjustment as provided
24 for other local board of education employees in the same classification.

25 (7) Nothing in this section shall prevent a superintendent from terminating a classified
26 employee for incompetency, neglect of duty, insubordination, inefficiency,
27 misconduct, immorality, or other reasonable grounds which are specifically

1 contained in board policy.

2 (8) The superintendent shall have full authority to make a reduction in force due to
3 reductions in funding, enrollment, or changes in the district or school boundaries, or
4 other compelling reasons as determined by the superintendent.

5 (a) When a reduction of force is necessary, the superintendent shall, within each
6 job classification affected, reduce classified employees on the basis of
7 seniority and qualifications with those employees who have less than four (4)
8 years of continuous active service being reduced first.

9 (b) If it becomes necessary to reduce employees who have more than four (4)
10 years of continuous active service, the superintendent shall make reductions
11 based upon seniority and qualifications within each job classification affected.

12 (c) Employees with more than four (4) years of continuous active service shall
13 have the right of recall positions if positions become available for which they
14 are qualified. Recall shall be done according to seniority with restoration of
15 primary benefits, including all accumulated sick leave and appropriate rank
16 and step on the current salary schedule based on the total number of years of
17 service in the district.

18 (9) Local school boards shall develop and provide to all classified employees written
19 policies which shall include but not be limited to:

20 (a) Terms and conditions of employment;

21 (b) Identification and documentation of fringe benefits, employee rights, and
22 procedures for the reduction or laying off of employees; and

23 (c) Discipline guidelines and procedures that satisfy due process requirements.

24 (10) Local school boards shall maintain a registry of all vacant classified employee
25 positions that is available for public inspection in a location determined by the
26 superintendent and make copies available at cost to interested parties. If financially
27 feasible, local school boards may provide training opportunities for classified

1 employees focusing on topics to include but not be limited to suicide prevention,
2 abuse recognition, and cardiopulmonary resuscitation (CPR). If suicide prevention
3 training is offered it may be accomplished through self-study review of suicide
4 prevention materials.

5 (11) The evaluation of the local board policies required for classified personnel as set out
6 in this section shall be subject to review by the Department of Education while it is
7 conducting district management audits pursuant to KRS 158.785.

8 ➔Section 18. KRS 161.220 is amended to read as follows:

9 As used in KRS 161.220 to 161.716 and 161.990:

10 (1) "Retirement system" means the arrangement provided for in KRS 161.220 to
11 161.716 and 161.990 for payment of allowances to members;

12 (2) "Retirement allowance" means the amount annually payable during the course of his
13 natural life to a member who has been retired by reason of service;

14 (3) "Disability allowance" means the amount annually payable to a member retired by
15 reason of disability;

16 (4) "Member" means the commissioner of education, deputy commissioners, associate
17 commissioners, and all division directors in the State Department of Education,
18 employees participating in the system pursuant to KRS 196.167(3)(b)1., and any
19 full-time teacher or professional occupying a position requiring certification or
20 graduation from a four (4) year college or university, as a condition of employment,
21 and who is employed by public boards, institutions, or agencies as follows:

22 (a) Local boards of education;

23 (b) Eastern Kentucky University, Kentucky State University, Morehead State
24 University, Murray State University, Western Kentucky University, and any
25 community colleges established under the control of these universities;

26 (c) State-operated secondary area vocational education or area technology centers,
27 Kentucky School for the Blind, and Kentucky School for the Deaf;

- 1 (d) The Education Professional Standards Board, other public education agencies
2 as created by the General Assembly, and those members of the administrative
3 staff of the Teachers' Retirement System of the State of Kentucky whom the
4 board of trustees may designate by administrative regulation;
- 5 (e) Regional cooperative organizations formed by local boards of education or
6 other public educational institutions listed in this subsection, for the purpose
7 of providing educational services to the participating organizations;
- 8 (f) All full-time members of the staffs of the Kentucky Association of School
9 Administrators, Kentucky Education Association, Kentucky Vocational
10 Association, Kentucky High School Athletic Association, Kentucky Academic
11 Association, and the Kentucky School Boards Association who were members
12 of the Kentucky Teachers' Retirement System or were qualified for a position
13 covered by the system at the time of employment by the association in the
14 event that the board of directors of the respective association petitions to be
15 included. The board of trustees of the Kentucky Teachers' Retirement System
16 may designate by resolution whether part-time employees of the petitioning
17 association are to be included. The state shall make no contributions on
18 account of these employees, either full-time or part-time. The association shall
19 make the employer's contributions, including any contribution that is specified
20 under KRS 161.550. The provisions of this paragraph shall be applicable to
21 persons in the employ of the associations on or subsequent to July 1, 1972;
- 22 (g) Employees of the Council on Postsecondary Education who were employees
23 of the Department for Adult Education and Literacy and who were members
24 of the Kentucky Teachers' Retirement System at the time the department was
25 transferred to the council pursuant to Executive Order 2003-600;
- 26 (h) The Office of Career and Technical Education, except that the executive
27 director shall not be a member;

- 1 (i) The Office of Vocational Rehabilitation;
- 2 (j) The Kentucky Educational Collaborative for State Agency Children;
- 3 (k) The Governor's Scholars Program;
- 4 (l) Any person who is retired for service from the retirement system and is
- 5 reemployed by an employer identified in this subsection in a position that the
- 6 board of trustees deems to be a member;
- 7 (m) Employees of the former Cabinet for Workforce Development who are
- 8 transferred to the Kentucky Community and Technical College System and
- 9 who occupy positions covered by the Kentucky Teachers' Retirement System
- 10 shall remain in the Teachers' Retirement System. New employees occupying
- 11 these positions, as well as newly created positions qualifying for Teachers'
- 12 Retirement System coverage that would have previously been included in the
- 13 former Cabinet for Workforce Development, shall be members of the
- 14 Teachers' Retirement System;
- 15 (n) Effective January 1, 1998, employees of state community colleges who are
- 16 transferred to the Kentucky Community and Technical College System shall
- 17 continue to participate in federal old age, survivors, disability, and hospital
- 18 insurance, and a retirement plan other than the Kentucky Teachers' Retirement
- 19 System offered by Kentucky Community and Technical College System. New
- 20 employees occupying positions in the Kentucky Community and Technical
- 21 College System as referenced in KRS 164.5807(5) that would not have
- 22 previously been included in the former Cabinet for Workforce Development,
- 23 shall participate in federal old age, survivors, disability, and hospital insurance
- 24 and have a choice at the time of employment of participating in a retirement
- 25 plan provided by the Kentucky Community and Technical College System,
- 26 including participation in the Kentucky Teachers' Retirement System, on the
- 27 same basis as faculty of the state universities as provided in KRS 161.540 and

1 161.620;

2 (o) Employees of the Office of General Counsel, the Office of Budget and
3 Administrative Services, and the Office of Quality and Human Resources
4 within the Office of the Secretary of the former Cabinet for Workforce
5 Development and the commissioners of the former Department for Adult
6 Education and Literacy and the former Department for Technical Education
7 who were contributing to the Kentucky Teachers' Retirement System as of
8 July 15, 2000;

9 (p) Employees of the Kentucky Department of Education only who are graduates
10 of a four (4) year college or university, notwithstanding a substitution clause
11 within a job classification, and who are serving in a professional job
12 classification as defined by the department;~~and~~

13 (q) The Governor's School for Entrepreneurs Program; and

14 (r) Employees of the Office of Adult Education within the Department of
15 Workforce Investment in the Education and Workforce Development
16 Cabinet who were employees of the Council on Postsecondary Education,
17 Kentucky Adult Education Program and who were members of the
18 Kentucky Teachers' Retirement System at the time the program was
19 transferred to the cabinet on the effective date of this Act;~~and~~

20 (5) "Present teacher" means any teacher who was a teacher on or before July 1, 1940,
21 and became a member of the retirement system created by 1938 (1st Extra. Sess.)
22 Ky. Acts ch. 1, on the date of the inauguration of the system or within one (1) year
23 after that date, and any teacher who was a member of a local teacher retirement
24 system in the public elementary or secondary schools of the state on or before July
25 1, 1940, and continued to be a member of the system until he, with the membership
26 of the local retirement system, became a member of the state Teachers' Retirement
27 System or who becomes a member under the provisions of KRS 161.470(4);

- 1 (6) "New teacher" means any member not a present teacher;
- 2 (7) "Prior service" means the number of years during which the member was a teacher
3 in Kentucky prior to July 1, 1941, except that not more than thirty (30) years' prior
4 service shall be allowed or credited to any teacher;
- 5 (8) "Subsequent service" means the number of years during which the teacher is a
6 member of the Teachers' Retirement System after July 1, 1941;
- 7 (9) "Final average salary" means the average of the five (5) highest annual salaries
8 which the member has received for service in a covered position and on which the
9 member has made contributions, or on which the public board, institution, or
10 agency has picked-up member contributions pursuant to KRS 161.540(2), or the
11 average of the five (5) years of highest salaries as defined in KRS 61.680(2)(a),
12 which shall include picked-up member contributions. Additionally, the board of
13 trustees may approve a final average salary based upon the average of the three (3)
14 highest salaries for members who are at least fifty-five (55) years of age and have a
15 minimum of twenty-seven (27) years of Kentucky service credit. However, if any of
16 the five (5) or three (3) highest annual salaries used to calculate the final average
17 salary was paid within the three (3) years immediately prior to the date of the
18 member's retirement, the amount of salary to be included for each of those three (3)
19 years for the purpose of calculating the final average salary shall be limited to the
20 lesser of:
- 21 (a) The member's actual salary; or
- 22 (b) The member's annual salary that was used for retirement purposes during each
23 of the prior three (3) years, plus a percentage increase equal to the percentage
24 increase received by all other members employed by the public board,
25 institution, or agency, or for members of school districts, the highest
26 percentage increase received by members on any one (1) rank and step of the
27 salary schedule of the school district. The increase shall be computed on the

1 salary that was used for retirement purposes.

2 This limitation shall not apply if the member receives an increase in salary in a
3 percentage exceeding that received by the other members, and this increase was
4 accompanied by a corresponding change in position or in length of employment.

5 This limitation shall also not apply to the payment to a member for accrued annual
6 leave if the individual becomes a member before July 1, 2008, or accrued sick leave
7 which is authorized by statute and which shall be included as part of a retiring
8 member's annual compensation for the member's last year of active service;

9 (10) "Annual compensation" means the total salary received by a member as
10 compensation for all services performed in employment covered by the retirement
11 system during a fiscal year. Annual compensation shall not include payment for any
12 benefit or salary adjustments made by the public board, institution, or agency to the
13 member or on behalf of the member which is not available as a benefit or salary
14 adjustment to other members employed by that public board, institution, or agency.
15 Annual compensation shall not include the salary supplement received by a member
16 under KRS 157.197(2)(c), 158.6455, or 158.782 on or after July 1, 1996. Under no
17 circumstances shall annual compensation include compensation that is earned by a
18 member while on assignment to an organization or agency that is not a public board,
19 institution, or agency listed in subsection (4) of this section. In the event that federal
20 law requires that a member continue membership in the retirement system even
21 though the member is on assignment to an organization or agency that is not a
22 public board, institution, or agency listed in subsection (4) of this section, the
23 member's annual compensation for retirement purposes shall be deemed to be the
24 annual compensation, as limited by subsection (9) of this section, last earned by the
25 member while still employed solely by and providing services directly to a public
26 board, institution, or agency listed in subsection (4) of this section. The board of
27 trustees shall determine if any benefit or salary adjustment qualifies as annual

- 1 compensation. For an individual who becomes a member on or after July 1, 2008,
2 annual compensation shall not include lump-sum payments upon termination of
3 employment for accumulated annual or compensatory leave;
- 4 (11) "Age of member" means the age attained on the first day of the month immediately
5 following the birthdate of the member. This definition is limited to retirement
6 eligibility and does not apply to tenure of members;
- 7 (12) "Employ," and derivatives thereof, means relationships under which an individual
8 provides services to an employer as an employee, as an independent contractor, as
9 an employee of a third party, or under any other arrangement as long as the services
10 provided to the employer are provided in a position that would otherwise be covered
11 by the Kentucky Teachers' Retirement System and as long as the services are being
12 provided to a public board, institution, or agency listed in subsection (4) of this
13 section;
- 14 (13) "Regular interest" means interest at three percent (3%) per annum, except for an
15 individual who becomes a member on or after July 1, 2008, "regular interest" means
16 interest at two and one-half percent (2.5%) per annum for purposes of crediting
17 interest to the teacher savings account or any other contributions made by the
18 employee that are refundable to the employee upon termination of employment;
- 19 (14) "Accumulated contributions" means the contributions of a member to the teachers'
20 savings fund, including picked-up member contributions as described in KRS
21 161.540(2), plus accrued regular interest;
- 22 (15) "Annuitant" means a person who receives a retirement allowance or a disability
23 allowance;
- 24 (16) "Local retirement system" means any teacher retirement or annuity system created
25 in any public school district in Kentucky in accordance with the laws of Kentucky;
- 26 (17) "Fiscal year" means the twelve (12) month period from July 1 to June 30. The
27 retirement plan year is concurrent with this fiscal year. A contract for a member

- 1 employed by a local board of education may not exceed two hundred sixty-one
2 (261) days in the fiscal year;
- 3 (18) "Public schools" means the schools and other institutions mentioned in subsection
4 (4) of this section;
- 5 (19) "Dependent" as used in KRS 161.520 and 161.525 means a person who was
6 receiving, at the time of death of the member, at least one-half (1/2) of the support
7 from the member for maintenance, including board, lodging, medical care, and
8 related costs;
- 9 (20) "Active contributing member" means a member currently making contributions to
10 the Teachers' Retirement System, who made contributions in the next preceding
11 fiscal year, for whom picked-up member contributions are currently being made, or
12 for whom these contributions were made in the next preceding fiscal year;
- 13 (21) "Full-time" means employment in a position that requires services on a continuing
14 basis equal to at least seven-tenths (7/10) of normal full-time service on a fiscal year
15 basis;
- 16 (22) "Full actuarial cost," when used to determine the payment that a member must pay
17 for service credit means the actuarial value of all costs associated with the
18 enhancement of a member's benefits or eligibility for benefit enhancements,
19 including health insurance supplement payments made by the retirement system.
20 The actuary for the retirement system shall determine the full actuarial value costs
21 and actuarial cost factor tables as provided in KRS 161.400;
- 22 (23) "Last annual compensation" means the annual compensation, as defined by
23 subsection (10) of this section and as limited by subsection (9) of this section,
24 earned by the member during the most recent period of contributing service, either
25 consecutive or nonconsecutive, that is sufficient to provide the member with one (1)
26 full year of service credit in the Kentucky Teachers' Retirement System, and which
27 compensation is used in calculating the member's initial retirement allowance,

1 excluding bonuses, retirement incentives, payments for accumulated sick, annual,
2 personal and compensatory leave, and any other lump-sum payment. For an
3 individual who becomes a member on or after July 1, 2008, payments for annual or
4 compensatory leave shall not be included in determining the member's last annual
5 compensation;

6 (24) "Participant" means a member, as defined by subsection (4) of this section, or an
7 annuitant, as defined by subsection (15) of this section;

8 (25) "Qualified domestic relations order" means any judgment, decree, or order,
9 including approval of a property settlement agreement, that:

10 (a) Is issued by a court or administrative agency; and

11 (b) Relates to the provision of child support, alimony payments, or marital
12 property rights to an alternate payee; and

13 (26) "Alternate payee" means a spouse, former spouse, child, or other dependent of a
14 participant, who is designated to be paid retirement benefits in a qualified domestic
15 relations order.

16 ➔Section 19. KRS 164.020 is amended to read as follows:

17 The Council on Postsecondary Education in Kentucky shall:

18 (1) Develop and implement the strategic agenda with the advice and counsel of the
19 Strategic Committee on Postsecondary Education. The council shall provide for and
20 direct the planning process and subsequent strategic implementation plans based on
21 the strategic agenda as provided in KRS 164.0203;

22 (2) Revise the strategic agenda and strategic implementation plan with the advice and
23 counsel of the committee as set forth in KRS 164.004;

24 (3) Develop a system of public accountability related to the strategic agenda by
25 evaluating the performance and effectiveness of the state's postsecondary system.
26 The council shall prepare a report in conjunction with the accountability reporting
27 described in KRS 164.095, which shall be submitted to the committee, the

- 1 Governor, and the General Assembly by December 1 annually. This report shall
2 include a description of contributions by postsecondary institutions to the quality of
3 elementary and secondary education in the Commonwealth;
- 4 (4) Review, revise, and approve the missions of the state's universities and the
5 Kentucky Community and Technical College System. The Council on
6 Postsecondary Education shall have the final authority to determine the compliance
7 of postsecondary institutions with their academic, service, and research missions;
- 8 (5) Establish and ensure that all postsecondary institutions in Kentucky cooperatively
9 provide for an integrated system of postsecondary education. The council shall
10 guard against inappropriate and unnecessary conflict and duplication by promoting
11 transferability of credits and easy access of information among institutions;
- 12 (6) Engage in analyses and research to determine the overall needs of postsecondary
13 education and adult education in the Commonwealth;
- 14 (7) Develop plans that may be required by federal legislation. The council shall for all
15 purposes of federal legislation relating to planning be considered the "single state
16 agency" as that term may be used in federal legislation. When federal legislation
17 requires additional representation on any "single state agency," the Council on
18 Postsecondary Education shall establish advisory groups necessary to satisfy federal
19 legislative or regulatory guidelines;
- 20 (8) Determine tuition and approve the minimum qualifications for admission to the
21 state postsecondary educational system. In defining residency, the council shall
22 classify a student as having Kentucky residency if the student met the residency
23 requirements at the beginning of his or her last year in high school and enters a
24 Kentucky postsecondary education institution within two (2) years of high school
25 graduation. In determining the tuition for non-Kentucky residents, the council shall
26 consider the fees required of Kentucky students by institutions in adjoining states,
27 the resident fees charged by other states, the total actual per student cost of training

1 in the institutions for which the fees are being determined, and the ratios of
2 Kentucky students to non-Kentucky students comprising the enrollments of the
3 respective institutions, and other factors the council may in its sole discretion deem
4 pertinent;

5 (9) Devise, establish, and periodically review and revise policies to be used in making
6 recommendations to the Governor for consideration in developing
7 recommendations to the General Assembly for appropriations to the universities,
8 the Kentucky Community and Technical College System, and to support strategies
9 for persons to maintain necessary levels of literacy throughout their lifetimes~~]~~
10 ~~including but not limited to appropriations to the Kentucky Adult Education~~
11 ~~Program].~~ The council has sole discretion, with advice of the Strategic Committee
12 on Postsecondary Education and the executive officers of the postsecondary
13 education system, to devise policies that provide for allocation of funds among the
14 universities and the Kentucky Community and Technical College System;

15 (10) Lead and provide staff support for the biennial budget process as provided under
16 KRS Chapter 48, in cooperation with the committee;

17 (11) (a) Except as provided in paragraph (b) of this subsection, review and approve all
18 capital construction projects covered by KRS 45.750(1)(f), including real
19 property acquisitions, and regardless of the source of funding for projects or
20 acquisitions. Approval of capital projects and real property acquisitions shall
21 be on a basis consistent with the strategic agenda and the mission of the
22 respective universities and the Kentucky Community and Technical College
23 System.

24 (b) The organized groups that are establishing community college satellites as
25 branches of existing community colleges in the counties of Laurel, Leslie, and
26 Muhlenberg, and that have substantially obtained cash, pledges, real property,
27 or other commitments to build the satellite at no cost to the Commonwealth,

- 1 other than operating costs that shall be paid as part of the operating budget of
2 the main community college of which the satellite is a branch, are authorized
3 to begin construction of the satellite on or after January 1, 1998;
- 4 (12) Require reports from the executive officer of each institution it deems necessary for
5 the effectual performance of its duties;
- 6 (13) Ensure that the state postsecondary system does not unnecessarily duplicate services
7 and programs provided by private postsecondary institutions and shall promote
8 maximum cooperation between the state postsecondary system and private
9 postsecondary institutions. Receive and consider an annual report prepared by the
10 Association of Independent Kentucky Colleges and Universities stating the
11 condition of independent institutions, listing opportunities for more collaboration
12 between the state and independent institutions and other information as appropriate;
- 13 (14) Establish course credit, transfer, and degree components as required in KRS
14 164.2951;
- 15 (15) Define and approve the offering of all postsecondary education technical, associate,
16 baccalaureate, graduate, and professional degree, certificate, or diploma programs in
17 the public postsecondary education institutions. The council shall expedite wherever
18 possible the approval of requests from the Kentucky Community and Technical
19 College System board of regents relating to new certificate, diploma, technical, or
20 associate degree programs of a vocational-technical and occupational nature.
21 Without the consent of the General Assembly, the council shall not abolish or limit
22 the total enrollment of the general program offered at any community college to
23 meet the goal of reasonable access throughout the Commonwealth to a two (2) year
24 course of general studies designed for transfer to a baccalaureate program. This
25 does not restrict or limit the authority of the council, as set forth in this section, to
26 eliminate or make changes in individual programs within that general program;
- 27 (16) Eliminate, in its discretion, existing programs or make any changes in existing

- 1 academic programs at the state's postsecondary educational institutions, taking into
2 consideration these criteria:
- 3 (a) Consistency with the institution's mission and the strategic agenda;
 - 4 (b) Alignment with the priorities in the strategic implementation plan for
5 achieving the strategic agenda;
 - 6 (c) Elimination of unnecessary duplication of programs within and among
7 institutions; and
 - 8 (d) Efforts to create cooperative programs with other institutions through
9 traditional means, or by use of distance learning technology and electronic
10 resources, to achieve effective and efficient program delivery;
- 11 (17) Ensure the governing board and faculty of all postsecondary education institutions
12 are committed to providing instruction free of discrimination against students who
13 hold political views and opinions contrary to those of the governing board and
14 faculty;
- 15 (18) Review proposals and make recommendations to the Governor regarding the
16 establishment of new public community colleges, technical institutions, and new
17 four (4) year colleges;
- 18 (19) Postpone the approval of any new program at a state postsecondary educational
19 institution, unless the institution has met its equal educational opportunity goals, as
20 established by the council. In accordance with administrative regulations
21 promulgated by the council, those institutions not meeting the goals shall be able to
22 obtain a temporary waiver, if the institution has made substantial progress toward
23 meeting its equal educational opportunity goals;
- 24 (20) Ensure the coordination, transferability, and connectivity of technology among
25 postsecondary institutions in the Commonwealth including the development and
26 implementation of a technology plan as a component of the strategic agenda;
- 27 (21) Approve the teacher education programs in the public institutions that comply with

1 standards established by the Education Professional Standards Board pursuant to
2 KRS 161.028;

3 (22) Constitute the representative agency of the Commonwealth in all matters of
4 postsecondary education of a general and statewide nature which are not otherwise
5 delegated to one (1) or more institutions of postsecondary learning. The
6 responsibility may be exercised through appropriate contractual relationships with
7 individuals or agencies located within or without the Commonwealth. The authority
8 includes but is not limited to contractual arrangements for programs of research,
9 specialized training, and cultural enrichment;

10 (23) Maintain procedures for the approval of a designated receiver to provide for the
11 maintenance of student records of the public institutions of higher education and the
12 colleges as defined in KRS 164.945, and institutions operating pursuant to KRS
13 165A.310 which offer collegiate level courses for academic credit, which cease to
14 operate. Procedures shall include assurances that, upon proper request, subject to
15 federal and state laws and regulations, copies of student records shall be made
16 available within a reasonable length of time for a minimum fee;

17 (24) Monitor and transmit a report on compliance with KRS 164.351 to the director of
18 the Legislative Research Commission for distribution to the Health and Welfare
19 Committee;

20 (25) (a) Develop in cooperation with each public university and the Kentucky
21 Community and Technical College System a comprehensive orientation and
22 education program for new members of the council and the governing boards
23 and continuing education opportunities for all council and board members.
24 For new members of the council and institutional governing boards, the
25 council shall:

26 1. Ensure that the orientation and education program comprises six (6)
27 hours of instruction time and includes but is not limited to information

- 1 concerning the roles of the council and governing board members, the
2 strategic agenda and the strategic implementation plan, and the
3 respective institution's mission, budget and finances, strategic plans and
4 priorities, institutional policies and procedures, board fiduciary
5 responsibilities, legal considerations including open records and open
6 meetings requirements, ethical considerations arising from board
7 membership, and the board member removal and replacement provisions
8 of KRS 63.080;
- 9 2. Establish delivery methods by which the orientation and education
10 program can be completed in person or electronically by new members
11 within one (1) year of their appointment or election;
- 12 3. Provide an annual report to the Governor and Legislative Research
13 Commission of those new board members who do not complete the
14 required orientation and education program; and
- 15 4. Invite governing board members of private colleges and universities
16 licensed by the Council on Postsecondary Education to participate in the
17 orientation and education program described in this subsection;
- 18 (b) Offer, in cooperation with the public universities and the Kentucky
19 Community and Technical College System, continuing education
20 opportunities for all council and governing board members; and
- 21 (c) Review and approve the orientation programs of each public university and
22 the Kentucky Community and Technical College System for their governing
23 board members to ensure that all programs and information adhere to this
24 subsection;
- 25 (26) Develop a financial reporting procedure to be used by all state postsecondary
26 education institutions to ensure uniformity of financial information available to state
27 agencies and the public;

- 1 (27) Select and appoint a president of the council under KRS 164.013;
- 2 (28) Employ consultants and other persons and employees as may be required for the
3 council's operations, functions, and responsibilities;
- 4 (29) Promulgate administrative regulations, in accordance with KRS Chapter 13A,
5 governing its powers, duties, and responsibilities as described in this section;
- 6 (30) Prepare and present by January 31 of each year an annual status report on
7 postsecondary education in the Commonwealth to the Governor, the Strategic
8 Committee on Postsecondary Education, and the Legislative Research Commission;
- 9 (31) Consider the role, function, and capacity of independent institutions of
10 postsecondary education in developing policies to meet the immediate and future
11 needs of the state. When it is found that independent institutions can meet state
12 needs effectively, state resources may be used to contract with or otherwise assist
13 independent institutions in meeting these needs;
- 14 (32) Create advisory groups representing the presidents, faculty, nonteaching staff, and
15 students of the public postsecondary education system and the independent colleges
16 and universities;
- 17 (33) Develop a statewide policy to promote employee and faculty development in all
18 postsecondary institutions and in state and locally operated secondary area
19 technology centers through the waiver of tuition for college credit coursework in the
20 public postsecondary education system. Any regular full-time employee of a
21 postsecondary public institution or a state or locally operated secondary area
22 technology center may, with prior administrative approval of the course offering
23 institution, take a maximum of six (6) credit hours per term at any public
24 postsecondary institution. The institution shall waive the tuition up to a maximum
25 of six (6) credit hours per term;
- 26 (34) ~~Establish a statewide mission for adult education and develop a twenty (20) year~~
27 ~~strategy, in partnership with the Kentucky Adult Education Program, under the~~

1 provisions of KRS 164.0203 for raising the knowledge and skills of the state's adult
2 population. The council shall:

3 (a) ~~Promote coordination of programs and responsibilities linked to the issue of~~
4 ~~adult education with the Kentucky Adult Education Program and with other~~
5 ~~agencies and institutions;~~

6 (b) ~~Facilitate the development of strategies to increase the knowledge and skills~~
7 ~~of adults in all counties by promoting the efficient and effective coordination~~
8 ~~of all available education and training resources;~~

9 (c) ~~Lead a statewide public information and marketing campaign to convey the~~
10 ~~critical nature of Kentucky's adult literacy challenge and to reach adults and~~
11 ~~employers with practical information about available education and training~~
12 ~~opportunities;~~

13 (d) ~~Establish standards for adult literacy and monitor progress in achieving the~~
14 ~~state's adult literacy goals, including existing standards that may have been~~
15 ~~developed to meet requirements of federal law in conjunction with the~~
16 ~~Collaborative Center for Literacy Development: Early Childhood through~~
17 ~~Adulthood; and~~

18 (e) ~~Administer the adult education and literacy initiative fund created under KRS~~
19 ~~164.041;~~

20 (35) ~~Participate with the Kentucky Department of Education, the Kentucky Board of~~
21 ~~Education, and postsecondary education institutions to ensure that academic content~~
22 ~~requirements for successful entry into postsecondary education programs are~~
23 ~~aligned with high school content standards and that students who master the high~~
24 ~~school academic content standards shall not need remedial courses. The council~~
25 ~~shall monitor the results on an ongoing basis;~~

26 (35)~~(36)~~ Cooperate with the Kentucky Department of Education and the Education
27 Professional Standards Board in providing information sessions to selected

1 postsecondary education content faculty and teacher educators of the high school
2 academic content standards as required under KRS 158.6453(2)(1);

3 ~~(36)~~~~(37)~~ Cooperate with the Office for Education and Workforce Statistics and ensure
4 the participation of the public institutions as required in KRS 151B.133;

5 ~~(37)~~~~(38)~~ Pursuant to KRS 63.080, review written notices from the Governor or from a
6 board of trustees or board of regents concerning removal of a board member or the
7 entire appointed membership of a board, investigate the member or board and the
8 conduct alleged to support removal, and make written recommendations to the
9 Governor and the Legislative Research Commission as to whether the member or
10 board should be removed; and

11 ~~(38)~~~~(39)~~ Exercise any other powers, duties, and responsibilities necessary to carry out
12 the purposes of this chapter. Nothing in this chapter shall be construed to grant the
13 Council on Postsecondary Education authority to disestablish or eliminate any
14 college of law which became a part of the state system of higher education through
15 merger with a state college.

16 ➔Section 20. KRS 164.0203 is amended to read as follows:

17 (1) The Council on Postsecondary Education shall adopt a strategic agenda that
18 identifies specific short-term objectives in furtherance of the long-term goals
19 established in KRS 164.003(2).

20 (2) (a) The purpose of the strategic agenda is to further the public purposes under
21 KRS 164.003 by creating high-quality, relevant, postsecondary education and
22 adult education opportunities in the Commonwealth. The strategic agenda
23 shall:

24 1. Serve as the public agenda for postsecondary education and adult
25 education for the citizens of the Commonwealth, providing statewide
26 priorities and a vision for long-term economic growth;

27 2. State those important issues and aspirations of the Commonwealth's

- 1 students, employers, and workforce reflecting high expectations for their
2 performance and the performance of the educational institutions and
3 providers that serve them; and
- 4 3. Sustain a long-term commitment for constant improvement, while
5 valuing market-driven responsiveness, accountability to the public,
6 technology-based strategies, and incentive-based motivation.
- 7 (b) The council shall develop a strategic implementation plan, which may be
8 periodically revised, to achieve the strategic agenda. The strategic agenda
9 shall serve as a guide for institutional plans and missions.
- 10 (3) The framework for the strategic implementation plan of the strategic agenda shall
11 include the following elements:
- 12 (a) A mission statement;
- 13 (b) Goals;
- 14 (c) Principles;
- 15 (d) Strategies and objectives;
- 16 (e) Benchmarks; and
- 17 (f) Incentives to achieve desired results.
- 18 (4) The implementation plan for the strategic agenda shall take into consideration the
19 value to society of a quality liberal arts education and the needs and concerns of
20 Kentucky's employers.
- 21 (5) The council shall develop benchmarks using criteria that shall include but not be
22 limited to:
- 23 (a) Use of the statistical information commonly provided by governmental and
24 regulatory agencies or specific data gathered by authorization of the council;
- 25 (b) Comparison of regions and areas within the Commonwealth and comparisons
26 of the Commonwealth to other states and the nation; and
- 27 (c) Measures of educational attainment, effectiveness, and efficiency, including

1 but not limited to those set forth in KRS 164.095.

2 (6) The council shall review the goals established by KRS 164.003(2) at least every
3 four (4) years and shall review its implementation plan at least every two (2) years.

4 (7) In developing the strategic agenda, the council shall actively seek input from the
5 Department of Education and local school districts to create necessary linkages to
6 assure a smooth and effective transition for students from the elementary and
7 secondary education system to the postsecondary education system. Upon
8 completion of the strategic agenda and strategic implementation plan, the council
9 shall distribute copies to each local school district.

10 (8) The strategic agenda shall include a long-term strategy, developed in partnership
11 with the Office of Adult Education~~[Kentucky Adult Education Program]~~, for
12 raising the knowledge and skills of Kentucky's adult population, and ensuring
13 lifelong learning opportunities for all Kentucky adults, drawing on the resources of
14 all state government cabinets and agencies, business and civic leadership, and
15 voluntary organizations.

16 ➔Section 21. KRS 164.0207 is amended to read as follows:

17 (1) The Collaborative Center for Literacy Development: Early Childhood through
18 Adulthood is created to make available professional development for educators in
19 reliable, replicable research-based reading programs, and to promote literacy
20 development, including cooperating with other entities that provide family literacy
21 services. The center shall be responsible for:

22 (a) Developing and implementing a clearinghouse for information about
23 programs addressing reading and literacy from early childhood and the
24 elementary grades (P-5) through adult education;

25 (b) Providing advice to the Kentucky Board of Education regarding the Reading
26 Diagnostic and Intervention Grant Program established in KRS 158.792 and
27 in other matters relating to reading;

- 1 (c) Collaborating with public and private institutions of postsecondary education
2 and adult education providers to provide for teachers and administrators
3 quality preservice and professional development relating to reading diagnostic
4 assessments and intervention and to the essential components of successful
5 reading: phonemic awareness, phonics, fluency, vocabulary, comprehension,
6 and the connections between writing and reading acquisition and motivation
7 to read;
- 8 (d) Collaborating with the Kentucky Department of Education to assist districts
9 with students functioning at low levels of reading skills to assess and address
10 identified literacy needs;
- 11 (e) Providing professional development and coaching for early childhood
12 educators and classroom teachers, including adult education teachers,
13 implementing selected reliable, replicable research-based reading programs.
14 The professional development shall utilize technology when appropriate;
- 15 (f) Developing and implementing a comprehensive research agenda evaluating
16 the early reading models implemented in Kentucky under KRS 158.792;
- 17 (g) Maintaining a demonstration and training site for early literacy located at each
18 of the public universities;
- 19 (h) Assisting middle and high schools in the development of comprehensive
20 adolescent reading plans and maintaining a repository of instructional
21 materials or summary materials that identify comprehension best practices in
22 the teaching of each subject area and a list of classroom-based diagnostic
23 reading comprehension assessments that measure student progress in
24 developing students' reading comprehension skills; and
- 25 (i) Evaluating the reading and literacy components of the model adult education
26 programs funded under the adult education and literacy initiative fund created
27 under **Section 8 of this Act**~~[KRS 164.041]~~.

- 1 (2) The center shall review national research and disseminate appropriate research
2 abstracts, when appropriate, as well as conduct ongoing research of reading
3 programs throughout the state. Research activities undertaken by the center shall
4 consist of descriptive as well as empirical studies.
- 5 (a) The center may contract for research studies to be conducted on its behalf.
- 6 (b) The research agenda should, at a minimum, consider the impact of various
7 reading and intervention programs:
- 8 1. In eliminating academic achievement gaps among students with
9 differing characteristics, including subpopulations of students with
10 disabilities, students with low socioeconomic status, students from racial
11 minority groups, students with limited English proficiency, and students
12 of different gender;
 - 13 2. In schools with differing characteristics, such as urban versus rural
14 schools, poverty versus nonpoverty schools, schools with strong library
15 media center programs versus schools with weak library media center
16 programs, and schools in different geographic regions of the state;
 - 17 3. In terms of their costs and effectiveness; and
 - 18 4. In maintaining positive student progress over a sustained period of time.
- 19 (3) The center shall submit an annual report of its activities to the Kentucky
20 Department of Education, the Governor, and the Legislative Research Commission
21 no later than September 1 of each year.
- 22 (4) With advice from the Department of Education, the Council on Postsecondary
23 Education shall develop a process to solicit, review, and approve a proposal for
24 locating the Collaborative Center for Literacy Development at a public institution of
25 postsecondary education. The Council on Postsecondary Education shall approve
26 the location. The center, in conjunction with the council, shall establish goals and
27 performance objectives related to the functions described in this section.

1 ➔Section 22. KRS 164.035 is amended to read as follows:

2 The Council on Postsecondary Education, in consultation with the *Office of Adult*
3 *Education*~~[Kentucky Adult Education Program]~~ and the Collaborative Center for
4 Literacy Development: Early Childhood through Adulthood, shall assess the need for
5 technical assistance, training, and other support to assist in the development of adult
6 education and workforce development that support the state strategic agenda and that
7 include a comprehensive coordinated approach to education and training services. The
8 council shall promote the involvement of universities; colleges; technical institutions;
9 elementary and secondary educational agencies; labor, business, and industry
10 representatives; community-based organizations; citizens' groups; and other policymakers
11 in the development of the regional strategies.

12 ➔Section 23. KRS 342.732 is amended to read as follows:

13 (1) Notwithstanding any other provision of this chapter, income benefits and retraining
14 incentive benefits for occupational pneumoconiosis resulting from exposure to coal
15 dust in the severance or processing of coal shall be paid as follows:

16 (a) 1. If an employee has a radiographic classification of category 1/0, 1/1 or
17 1/2, coal workers' pneumoconiosis and spirometric test values of eighty
18 percent (80%) or more, the employee shall be awarded a one (1) time
19 only retraining incentive benefit which shall be an amount equal to
20 sixty-six and two-thirds percent (66-2/3%) of the employee's average
21 weekly wage as determined by KRS 342.740, but not more than seventy-
22 five percent (75%) of the state average weekly wage, payable
23 semimonthly for a period not to exceed one hundred four (104) weeks,
24 except as provided in subparagraph 3. of this paragraph.

25 2. Except as provided in subparagraph 3. of this paragraph, these benefits
26 shall be paid only while the employee is enrolled and actively and
27 successfully participating as a full-time student taking the equivalent of

1 twelve (12) or more credit hours per week in a bona fide training or
2 education program that if successfully completed will qualify the person
3 completing the course for a trade, occupation, or profession and which
4 program can be completed within the period benefits are payable under
5 this subsection. The program must be approved under administrative
6 regulations to be promulgated by the commissioner. These benefits shall
7 also be paid to an employee who is a part-time student taking not less
8 than the equivalent of six (6) nor more than eleven (11) credit hours per
9 week, except that benefits shall be an amount equal to thirty-three and
10 one-third percent (33-1/3%) of the employee's average weekly wage as
11 determined by KRS 342.740, but not more than thirty-seven and one-
12 half percent (37-1/2%) of the state average weekly wage, payable
13 biweekly for a period not to exceed two hundred eight (208) weeks.

14 3. These benefits shall also be paid biweekly while an employee is actively
15 and successfully pursuing a High School Equivalency Diploma in
16 accordance with administrative regulations promulgated by the
17 commissioner. These benefits shall be paid in the amount of sixty-six
18 and two-thirds percent (66-2/3%) of the employee's average weekly
19 wage not to exceed seventy-five percent (75%) of the state average
20 weekly wage for a maximum period not to exceed seventeen (17) weeks.
21 These income benefits shall be in addition to the maximum amount of
22 retraining incentive benefits payable under this paragraph.

23 4. The employer shall also pay, directly to the institution conducting the
24 training or education program, instruction, tuition, and material costs not
25 to exceed five thousand dollars (\$5,000).

26 5. The period of weeks during which this benefit is payable shall begin no
27 later than the thirtieth day after the administrative law judge's order

1 awarding the benefit becomes final, except that an employee may elect
2 to defer the beginning of such benefits up to the three hundred sixty-fifth
3 day following the thirtieth day the order becomes final. Unless the
4 employee has requested deferral of income benefits, those income
5 benefits payable under subparagraphs 1. and 2. of this paragraph shall
6 begin no later than thirty (30) days following conclusion of income
7 benefits paid under subparagraph 3. if such benefits were paid.

8 6. If an employee who is awarded retraining incentive benefits under this
9 paragraph successfully completes a bona fide training or education
10 program approved by the commissioner, upon completion of the training
11 or education program, the employer shall pay to that employee the sum
12 of five thousand dollars (\$5,000) for successful completion of a program
13 that requires a course of study of not less than twelve (12) months nor
14 more than eighteen (18) months, or the sum of ten thousand dollars
15 (\$10,000) for successful completion of a program that requires a course
16 of study of more than eighteen (18) months. This amount shall be in
17 addition to retraining incentive benefits awarded under this paragraph,
18 and tuition expenses paid by the employer.

19 7. An employee who is age fifty-seven (57) years or older on the date of
20 last exposure and who is awarded retraining incentive benefits under
21 subparagraphs 1. to 4. of this paragraph, may elect to receive in lieu of
22 retraining incentive benefits, an amount equal to sixty-six and two-thirds
23 percent (66-2/3%) of the employee's average weekly wage, not to exceed
24 seventy-five percent (75%) of the state average weekly wage as
25 determined by KRS 342.740 multiplied by the disability rating of
26 twenty-five percent (25%) for a period not to exceed four hundred
27 twenty-five (425) weeks, or until the employee reaches sixty-five (65)

- 1 years of age, whichever occurs first, KRS 342.730(4) notwithstanding.
- 2 8. A claim for retraining incentive benefits provided under this section may
- 3 be filed, but benefits shall not be payable, while an employee is
- 4 employed in the severance or processing of coal as defined in KRS
- 5 342.0011(23).
- 6 9. If an employer appeals an award of retraining incentive benefits, upon an
- 7 employee's motion, an administrative law judge may grant retraining
- 8 incentive benefits pending appeal as interlocutory relief.
- 9 10. If an employee elects to defer payment of retraining incentive benefits
- 10 for a period of retraining longer than three hundred sixty-five (365) days,
- 11 benefits otherwise payable shall be reduced week-for-week for each
- 12 week retraining benefits are further deferred;
- 13 (b) 1. If an employee has a radiographic classification of category 1/0, 1/1, or
- 14 1/2 coal workers' pneumoconiosis and respiratory impairment evidenced
- 15 by spirometric test values of fifty-five percent (55%) or more but less
- 16 than eighty percent (80%) of the predicted normal values, or category
- 17 2/1, 2/2, or 2/3 coal workers' pneumoconiosis and spirometric test values
- 18 of eighty percent (80%) or more of the predicted normal values, there
- 19 shall be an irrebuttable presumption that the employee has a disability
- 20 rating of twenty-five percent (25%) resulting from exposure to coal dust,
- 21 and the employee shall be awarded an income benefit which shall be an
- 22 amount equal to sixty-six and two-thirds percent (66-2/3%) of the
- 23 employee's average weekly wage, but not to exceed seventy-five percent
- 24 (75%) of the state average weekly wage as determined by KRS 342.740
- 25 multiplied by the disability rating of twenty-five percent (25%). The
- 26 award shall be payable for a period not to exceed four hundred twenty-
- 27 five (425) weeks.

- 1 2. An employee who is awarded benefits under this paragraph may, at the
2 time of the award or before benefit payments begin, elect to receive
3 retraining incentive benefits provided under paragraph (a)1. to 6. of this
4 subsection, in lieu of income benefits awarded under this paragraph,
5 provided that such option is available one (1) time only and is not
6 revocable, and provided that in no event shall income benefits payable
7 under this paragraph be stacked or added to retraining incentive income
8 benefits paid or payable under subparagraphs 1. to 6. of paragraph (a)1.
9 to 6. of this subsection to extend the period of disability;
- 10 (c) If it is determined that an employee has a radiographic classification of
11 category 1/0, 1/1, or 1/2, and respiratory impairment resulting from exposure
12 to coal dust as evidenced by spirometric test values of less than fifty-five
13 percent (55%) of the predicted normal values, or category 2/1, 2/2, or 2/3 coal
14 workers' pneumoconiosis and respiratory impairment evidenced by
15 spirometric test values of fifty-five percent (55%) or more but less than eighty
16 percent (80%) of the predicted normal values, or category 3/2 or 3/3 coal
17 workers' pneumoconiosis and spirometric test values of eighty percent (80%)
18 or more, there shall be an irrebuttable presumption that the employee has a
19 disability rating of fifty percent (50%) resulting from exposure to coal dust,
20 and the employee shall be awarded an income benefit which shall be an
21 amount equal to sixty-six and two-thirds percent (66-2/3%) of the employee's
22 average weekly wage but not to exceed seventy-five percent (75%) of the state
23 average weekly wage as determined by KRS 342.740 multiplied by the
24 disability rating of fifty percent (50%). The award shall be payable for a
25 period not to exceed four hundred twenty-five (425) weeks;
- 26 (d) If it is determined that an employee has a radiographic classification of
27 category 2/1, 2/2, or 2/3 coal workers' pneumoconiosis, based on the latest

1 ILO International Classification of Radiographics, and respiratory impairment
2 as evidenced by spirometric test values of less than fifty-five percent (55%) of
3 the predicted normal values or category 3/2 or 3/3 pneumoconiosis and
4 respiratory impairment evidenced by spirometric test values of fifty-five
5 percent (55%) or more but less than eighty percent (80%) of the predicted
6 normal values, there shall be an irrebuttable presumption that the employee
7 has a seventy-five percent (75%) disability rating resulting from exposure to
8 coal dust and the employee shall be awarded income benefits which shall be
9 equal to sixty-six and two-thirds percent (66-2/3%) of the employee's average
10 weekly wage but not to exceed seventy-five percent (75%) of the state average
11 weekly wage as determined by KRS 342.740 multiplied by the disability
12 rating of seventy-five percent (75%). The award shall be payable for a period
13 not to exceed five hundred twenty (520) weeks. Income benefits awarded
14 under this paragraph shall be payable to the employee during the disability;
15 and

- 16 (e) If it is determined that an employee has radiographic classification of 3/2 or
17 3/3 occupational pneumoconiosis and respiratory impairment evidenced by
18 spirometric test values of less than fifty-five percent (55%) of the predicted
19 normal values, or complicated pneumoconiosis (large opacities category A, B,
20 or C progressive massive fibrosis), there shall be an irrebuttable presumption
21 that the employee is totally disabled resulting from exposure to coal dust, and
22 the employee shall be awarded income benefits equal to sixty-six and two-
23 thirds percent (66-2/3%) of the employee's average weekly wage but not more
24 than one hundred percent (100%) of the state average weekly wage and not
25 less than twenty percent (20%) of the average weekly wage of the state as
26 determined by KRS 342.740. Income benefits awarded under this paragraph
27 shall be payable to the employee during such disability.

- 1 (2) The presence of respiratory impairment resulting from exposure to coal dust shall
2 be established by using the largest forced vital capacity (FVC) value or the largest
3 forced expiratory volume in one second (FEV1) value determined from the totality
4 of all such spirometric testing performed in compliance with accepted medical
5 standards.
- 6 (3) When valid spirometric tests are not provided and a physician certifies to the
7 administrative law judge that spirometric testing is not medically indicated because
8 of the permanent physical condition of the employee, the administrative law judge
9 shall make his or her decision on the basis of evidence admitted which establishes
10 the existence of a diagnosis of occupational pneumoconiosis and respiratory
11 impairment due to the occupational pneumoconiosis. The evidence submitted by the
12 employee shall include one (1) or more arterial blood gas studies performed in
13 accordance with accepted medical standards. Income benefits shall not be awarded
14 in the absence of valid spirometric tests if the claimant's PO₂ arterial blood gas
15 value is equal to or higher than one (1) standard deviation from the normal value
16 obtained by the formula $(103.5 - 0.42X)$, where X equals the claimant's age at the
17 time of the arterial blood gas study.
- 18 (4) Upon request, the commissioner shall refer an employee who has been awarded
19 retraining incentive benefits under subsection (1)(a) of this section to the Office of
20 Vocational Rehabilitation for evaluation and assessment of the training, education,
21 or other services necessary to prepare the employee for a trade, occupation, or
22 profession that will return the employee to remunerative employment, or services
23 necessary and appropriate to prepare and enable the employee to successfully
24 complete a bona fide training or education program approved by the commissioner.
25 The commissioner shall contract with the Office of Vocational Rehabilitation to
26 provide vocational rehabilitation or education services commensurate with the skill
27 levels and abilities of the employee. Services provided under this subsection shall

1 be funded by the coal workers' pneumoconiosis fund, KRS 342. 1242
2 notwithstanding, for claims filed on or before June 30, 2017, and by the employer
3 for claims filed after June 30, 2017.

4 (5) The commissioner shall promulgate administrative regulations sufficient to
5 effectuate the provisions relating to retraining incentive benefits provided under
6 subsection (1)(a) of this section. The administrative regulations shall:

7 (a) Define a "bona fide training or education program" to mean a postsecondary
8 education or training program, including but not limited to the postsecondary
9 programs registered with the Higher Education Assistance Authority, and
10 successful completion of which will qualify the person completing the course
11 for a trade, occupation, or profession, and which program can be completed
12 within the period benefits are payable under subsection (1)(a) of this section;

13 (b) Establish requirements for approval and certification of a bona fide training or
14 education program;

15 (c) Provide that funds paid to the training or education program by the employer
16 as required under subsection (1)(a)4. of this section shall be applied only to
17 instruction, tuition, material costs, and any fees necessary for the completion
18 of the program;

19 (d) Establish requirements for successful participation in and completion of an
20 approved and certified bona fide training or education program, and eligibility
21 standards that must be satisfied to receive sums to be paid by the employer
22 pursuant to subsection (1)(a)6. of this section; and

23 (e) Establish attendance, performance and progress standards, and reporting
24 requirements in consultation with the Office of Adult Education within the
25 Department of Workforce Investment in the Education and Workforce
26 Development Cabinet~~[Kentucky Adult Education Program within the Council~~
27 ~~on Postsecondary Education]~~ as conditions that must be satisfied to receive

1 retraining incentive income benefits pursuant to subsection (1)(a)3. of this
2 section.

3 (6) In no event shall income benefits awarded under this section be stacked or added to
4 income benefits awarded under KRS 342.730 to extend the period of disability and
5 in no event shall income or retraining incentive benefits be paid to the employee
6 while the employee is working in the mining industry in the severance or processing
7 of coal as defined in KRS 342.0011(23)(a).

8 ➔Section 24. KRS 533.210 is amended to read as follows:

- 9 (1) The program described in KRS 533.200 shall be administered by the Office of
10 Adult Education within the Department of Workforce Investment in the
11 Education and Workforce Development Cabinet~~[Kentucky Adult Education~~
12 ~~Program within the Council on Postsecondary Education]~~, which shall promulgate
13 administrative regulations, pursuant to KRS Chapter 13A, relative to the conduct of
14 the program, including but not limited to the costs of participation in the program
15 by persons sentenced to the program.
- 16 (2) The Office of Adult Education~~[Kentucky Adult Education Program]~~ shall license
17 qualified persons or organizations to conduct the program described in KRS
18 533.200 on behalf of the agency. Qualifications, the manner of licensing, and all
19 other matters shall be set by administrative regulation.