



Frankfort, KY
305 Ann Street, Suite 308
Frankfort, KY 40601
502.875-1176

Washington, D.C.
1431 G. Street, N.W., Suite 700
Washington D.C. 20005
202.585.6347

Kentucky Legislative Report
Sine Die
Monday, March 7 – Wednesday, March 9, 2011

Moments after the Kentucky State Senate adjourned the 2011 legislative session Sine Die on Wednesday, Gov. Steve Beshear recalled state lawmakers back to Frankfort next Monday for a Special Session to address a hole in the Medicaid budget and consider a bill to raise the school dropout age to 18. In the closing hours of the session, House Democrats and Senate Republicans were unable to agree on a resolution to the Medicaid budget shortfall, sending the two sides into a political, partisan deadlock.

Earlier in the day, the Republican-led Senate – acting unilaterally without consent of the Democrat-controlled House – gaveled into session Wednesday morning, exhausting the 30th and final legislative day of the 2011 Regular Session and forgoing the traditional 10-day veto recess period (See the email below that was sent last night). The House was prepared to adjourn for the 10-day veto period until Monday, March 21, and had proposed working over the next 10 days through the planned veto recess in hopes of reaching agreement on fixing the Medicaid shortfall and returning on the 21st to pass the bill and override any gubernatorial vetoes that may be issued on other matters.

The Senate rejected that plan, preferring to adjourn sooner and save taxpayers about \$700,000 in daily legislative costs that would have been incurred had the adopted calendar been followed. The Democratic House and Governor decried the last minute move by the Senate, and warned that forgoing the veto days sets a bad precedent. The Senate proposes that the Governor call the Legislature into a 5-day special session only after an agreement is reached on how to patch the budget rather than immediately.

When the Senate gaveled in today and used the 30th and final legislative day, the 2011 Regular Session concluded Wednesday with 101 bills and 7 resolutions passing both chambers and being delivered to the Governor. All other bills from the regular session that did not pass both chambers now die, and cannot be carried forward into the special session. In addition, the Governor has indicated that he will likely veto some of these passed bills, leaving the Legislature no ability to override his veto.

Meanwhile, the Special Session will convene at 2 p.m. Monday, March 14. The Governor controls the agenda in a Special Session and Beshear has crafted a call for only three specific items: 1) legislation to balance the state Medicaid program, which serves more than 800,000 poor and disabled Kentuckians; 2) legislation to adjust the postsecondary education funding to meet the “maintenance of effort” requirements for federal stimulus funding received for P-12 schools; and 3) consider the Graduation Bill, which raises the legal dropout age to 18, and enhances alternative education programs to assist students who may be at risk of dropping out.

Because of past, failed special law-making sessions, House and Senate leaders generally insist on having an agreement on pending legislation before going into a special legislative session, a move that minimizes the number of days the legislature is in session, which costs around \$60,000 per day. But



Governor Beshear said he didn't have time to wait for an agreement to be worked out because providers need to know if their Medicaid payments are going to be cut; there is a limited timeframe to solve the problem or make drastic cuts to balance the program by June 30th (end of fiscal year).

Governor Beshear said he must send notices this week to Medicaid health care providers that cuts in payments to them would begin April 1 if legislators do not have a fix for the Medicaid budget. He said hospitals and other providers will be facing 30 percent cuts to their Medicaid payments.

The Republican Senate has proposed across-the-board cuts to all agencies to make up for the shortfall in Medicaid, including cuts to primary and secondary education in the second year of the budget. That option may not be available to legislators because the Governor has indicated that he will limit the special session call to proposing solutions to fix the Medicaid shortfall with solutions that are within the Medicaid budget. Governor Beshear also added the Graduation bill to the call, a proposal that the Democratic House passed but the Republican Senate did not call for a vote both this session and in the 2010 session.