

HOUSE BUDGET REVIEW SUBCOMMITTEE ON PRIMARY AND SECONDARY EDUCATION AND WORKFORCE DEVELOPMENT

Minutes of the 2nd Meeting of the 2023 Regular Session

February 21, 2023

Call to Order and Roll Call

The 2nd meeting of the House Budget Review Subcommittee on Primary and Secondary Education and Workforce Development was held on February 21, 2023, at 12:00 PM in Room 171 of the Capitol Annex. Representative Kim Banta, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Kim Banta, Chair; Representative Shane Baker, Representative Tina Bojanowski, Representative Scott Lewis, Representative Josie Raymond, and Representative Steve Riley.

Guests: Shelby Lewis, Legislative Director, Education and Labor Cabinet; Sam Flynn, Chief of Staff and General Counsel, Education and Labor Cabinet; Scott Wilhoit, Commissioner, Department of Workers' Claims; Dale Hamblin, Deputy General Counsel, Department of Workers' Claims.

LRC Staff: Sara Rome, Ethan Williams, and Amie Elam.

The minutes from the February 14, 2023 meeting were approved.

Overview of the Workers' Compensation Program

Staff from the Kentucky Education and Labor Cabinet testified before the subcommittee. The presentation included information on benefit determinations, a history of the Special Fund, and the Workers' Compensation Funding Commission.

In response to a question from Representative Lewis, Mr. Wilhoit said that the self-insured group fund could be insolvent by October of 2023. He said that the Department of Workers' Claims has no pool of money by statute that can be transferred to the self-insured group fund. Mr. Hamblin stated that one option to cover the fund's shortfall is to seek an appropriation from the General Assembly. Mr. Wilhoit said the fund will need between \$550,000 to \$1.4 million to get to July 2024.

In response to a question from Representative Bojanowski, Mr. Hamblin said that guaranty funds are not for profit. They are for self-insured employers in case they default, then a security can be called and used to pay claims. If the security is insufficient, the members can be assessed to pay remaining claims. Mr. Wilhoit said two of the groups (the Self-Insured Individual Fund and Coal Employers Self-Insurance Fund) are operating well and have sufficient funds. The third group, the Kentucky Group Self-Insurance Fund, is where the problem remains. Regulation for this group is different for the other two groups and additional oversight would be helpful, however, only two self-insured groups remain.

In response to a question from Chair Banta, Mr. Wilhoit said that when an employee who has received workers' compensation benefits dies, they may substitute the party of the claim to a beneficiary. A widow or any dependents under the age of 18 would receive half of the benefits of the expected life expectancy.

There being no further business before the subcommittee, the meeting adjourned at 12:48 PM.