

2020 REGULAR SESSION

HOUSE BUDGET REVIEW SUBCOMMITTEE ON GENERAL GOVERNMENT of the HOUSE STANDING COMMITTEE ON APPROPRIATIONS AND REVENUE

2nd Meeting

February 18, 2020

The House Budget Review Subcommittee on General Government of the House Standing Committee on Appropriations and Revenue held its second meeting of the 2020 Regular Session on February 18, 2020, at 12:00 PM, in Room 169 of the Capitol Annex. The Chair called the meeting to order, and the secretary called the roll.

Members Present: Representative Jim Stewart III, Chair; Representatives Kevin D. Bratcher, Mark Hart, Jerry T. Miller, Patti Minter, and Wilson Stone.

Guests: Attorney General Daniel Cameron, Office of Attorney General (OAG); Barry Dunn, Deputy Attorney General, OAG; Richard Ferretti, Commissioner, Department of Criminal Investigations, OAG; Stacy Woodrum, Executive Director, Administrative Services, OAG; Rob Sanders, Deputy Attorney General and Commonwealth's Attorney, 16th Judicial Circuit; Jared Dearing, Executive Director, State Board of Elections (SBE); Katrina Beckley, Business Manager, SBE; Jenni Scutchfield, Assistant Secretary of State, Office of Secretary of State (SOS); Michelle Starkweather, Executive Staff Advisor, SOS; Keith Rogers, Chief of Staff, Department of Agriculture (KDA); and, Lee McIntosh, Office of Administrative Services, KDA.

LRC Staff: Nick Peak, Emma Mills, Dillard Collier, Jim Thornton, and Spring Emerson.

Office of Attorney General

Attorney General Daniel Cameron provided an overview of the Office of Attorney General (OAG) and its budgetary issues.

In response to a question from Representative Bratcher regarding the need for more Medicaid fraud investigators, Mr. Cameron said the additional funding request would go toward putting more investigators in more counties for more geographic diversity. Mr. Sanders added that the Commonwealth's Attorneys and County Attorneys across Kentucky are excited to work more closely with the OAG on labor-intensive criminal investigations, such as public corruption or human trafficking. The Special Prosecutions Unit also covers other jurisdictions when needed.

In response to a question from Representative Stone regarding lawsuits returning dollars to the Commonwealth, Mr. Cameron said the Consumer Protection Division brings in approximately \$1 million per attorney as an offset. Mr. Dunn added that recently a consumer protection matter was settled at over \$20 million that related to price gouging.

There was another consumer protection matter that was settled for over \$10 million. Currently there are open lawsuits relating to opioid abuse, which could be similar in scale to the Master Tobacco Settlement Agreement. Representative Stone commented that it is important that the wrongs are made right.

In response to questions from Representative Miller regarding occupancy costs, Mr. Cameron said they have tried to identify office sharing arrangements with federal attorneys to eliminate additional expense. Mr. Dunn added that Medicaid fraud officers, special prosecutors, and criminal investigators work out of local law enforcement agencies, which also helps to eliminate additional expenses. Mr. Dunn said the Department for Criminal Investigations will have a separate office in Hopkins County and there would be some initial expense for the proposed crime lab at that location. Christian and Hardin Counties have some child exploitation issues that need to be addressed.

In response to questions from Chair Stewart regarding the agency budget request, Ms. Woodrum said the Governor's recommendation includes \$36 million in each fiscal year, and the agency request is for \$46.1 million in fiscal year 2021 and \$47.4 million in fiscal year 2022. Mr. Cameron added that agency priorities are consistent with their needs.

State Board of Elections

Jared Dearing, Executive Director, State Board of Elections (SBE) provided an overview of the agency and its budgetary issues.

In response to questions from Representative Miller regarding the agency budget request versus the Governor's recommendation, Mr. Dearing said the agency requested an increase in funding and in the meantime, federal funds were made available with a 20 percent match, which created a \$1.2 million need for matching funds. In 2019, funds to the counties would be paid in 2020. Elections held in 2020 would be paid for in 2021. There is no election cycle in 2021, so the pass-through funds would be reallocated in 2022 and would be used toward the 20 percent match for federal funding.

In response to a question from Representative Miller regarding the size of precincts and number of voters, Mr. Dearing said if a precinct has no voters, the funds are not paid. He said the law which stipulates precincts would be paid \$255 each for election costs was written in 1974, and with inflation, would be the equivalent of approximately \$1,400 today. He said during the last budget cycle, they were paid \$200 per precinct, which did not even fulfill the statutory requirement.

In response to a question from Representative Bratcher regarding the discrepancy in agency federal funds versus the Governor's recommendation, Mr. Dearing said the \$8.6 million in federal funds spent in 2020 were used for the purchase of electronic poll books as well as to pay vendors and contractors for maintenance and upkeep of the voter registration database. They anticipate spending \$4 million in fiscal year 2021 and \$3 million in fiscal year 2022. The recommendation used lower numbers to allow for flexibility in spending.

In response to a question from Representative Stone regarding international interest in state elections, Mr. Dearing said misinformation and disinformation campaigns are being seen that affect even the smaller elections. Cyber-attacks are happening even at the county levels now. If the budget request is granted, a Chief Information Security Officer will be hired to assist with training county clerks with information technology resources. The SBE works with the Kentucky Department of Homeland Security on a weekly basis to review all system scans, which routinely include scans from Venezuela, North Korea, and Russia on a regular basis. With a stable funding source, the agency will continue to increase their security posture to facilitate that need.

In response to a question from Chair Stewart regarding the number of precincts, Mr. Dearing said there are approximately 3,700 precincts in Kentucky. He said the cost of a precinct should be balanced with the access level and convenience to voters, as well as cost savings within precincts.

In response to a question from Representative Bratcher regarding the possible loss of power while using e-poll books, Mr. Dearing said battery backup is required.

Approval of Minutes

Chair Stewart called for a motion to approve the minutes of the February 11, 2020 meeting. Motion was made by Representative Miller, seconded by Representative Minter, and the minutes were approved without objection.

Secretary of State

Jenni Scutchfield, Assistant Secretary of State, Office of the Secretary of State (SOS), provided an overview of the agency and its budgetary issues.

In response to a question from Representative Miller, Ms. Scutchfield said the consent decree was signed by U.S. District Judge Gregory Van Tatenhove on July 3, 2018.

Department of Agriculture

Keith Rogers, Chief of Staff, Kentucky Department of Agriculture (KDA), provided an overview of the agency and its budgetary issues.

In response to questions from Representative Stone regarding inspection fees, Mr. Rogers said the rates changed for the grain program last year, but that was the only program that has had a rate change during Commissioner Quarles' term. He added that statutory pesticide fees have not been adjusted since 1972.

In response to a question from Representative Miller regarding the agency budget request versus the Governor's recommendation, Mr. Rogers said the difference is in the defined calculations for salaries and retirement benefits for 220 employees. He added that 19 percent of KDA employees are paid under \$30,000 per year, and 41 percent are paid under \$35,000 per year.

In response to a question from Representative Stone, Mr. Rogers said the Governor's recommendation does not mention county fund grants. He said it had been added as a line-item in the last two budgets by the General Assembly.

In response to a question from Chair Stewart regarding the Hunters for the Hungry program, Mr. Rogers said no funds were included in the last budget for that program. He added that some of the funds for the Farms to Food Banks program had been shared with the Hunters for the Hungry program in the past, but there had been some concern with USDA grading and logistics issues. Chair Stewart commented that something to consider would be sowing ginseng seeds in state and national parks throughout Kentucky.

Adjournment

There being no further questions, the meeting was adjourned at 1:33 PM.