

BUDGET REVIEW SUBCOMMITTEE ON GENERAL GOVERNMENT, FINANCE, PERSONNEL, AND PUBLIC RETIREMENT

Minutes of the 1st Meeting of the 2025 Interim

August 20, 2025

Call to Order and Roll Call

The second meeting of the Budget Review Subcommittee on General Government, Finance, Personnel, and Public Retirement was held on August 20, 2025, at 9:00 AM in Room 131 of the Capitol Annex. Representative Walker Thomas, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representatives Walker Thomas, Co-Chair; Chris Freeland, Co-Chair; Senators Michael J. Nemes and Reginald L. Thomas; Representatives Patrick Flannery, Erika Hancock, Mark Hart, Kevin Jackson, Matt Lockett, and Joshua Watkins.

Guests: Robert Long, Deputy Secretary; Chris Chamness, Commissioner; Personnel Cabinet; Whitney Allen, Jr., Commissioner; Mark Bowman, Executive Director, Office of Kentucky Veterans Affairs; Department of Veterans Affairs; Allison Ball, Kentucky Auditor of Public Accounts; Lorrان Ferguson, Chief of Staff; Jon Grate, Ombudsman, Commonwealth Office of the Ombudsman; Auditor of Public Accounts; and Mark Metcalf, State Treasurer; Russell Webber, Deputy State Treasurer; Jordyn Pennington, Deputy Communications Director; Office of the State Treasurer.

LRC Staff: Joseph Holt, Heather Keene, Emma Mills, and Jennifer Luttrell.

Approval of Minutes (July 15, 2025)

Representative Lockett moved to approve the minutes from July 15, 2025. Representative

Freeland seconded the motion, and the minutes were approved unanimously.

Personnel Cabinet

Commissioner Chamness provided a brief overview of the Local District Health Insurance

Plan as outlined in House Bill 6, which was passed during the 2025 Regular Session.

In response to Representative Jackson's question, Mr. Chamness explained that employees would enjoy a lower premium while still having access to the entire network of providers and pharmacy benefits offered through Anthem.

In response to questions from Senator Thomas, Mr. Chamness and Mr. Long clarified that it is typically selected by young, healthy employees who prefer a lower premium while still being covered for major health events. The deductible is set at \$8,000 per individual and \$16,000 per family.

In response to Chair Thomas's question, Mr. Chamness said that the cabinet provided information about the new plan in the benefits guide and during open enrollment, and will highlight the option in other communications to the employees.

In response to questions from Representative Lockett, Mr. Chamness responded that a

chart is provided to highlight the plan options in comparison to other plans.

Department of Veterans Affairs

Mr. Bowman provided an update on the Bowling Green Veterans Center and reviewed the upcoming budget.

In response to Representative Lockett's questions, Mr. Bowman explained that the \$7 million not spent in fiscal year 2025 was due to delays in opening the center, which will impact the budget request for 2026.

In response to questions from Representative Watkins, Mr. Bowman stated that the annual operations cost was just over \$15 million.

Auditor of Public Accounts

Ms. Ball provided an update on the Constitutional Officer's upcoming budget requests.

Ms. Ball said that she would provide follow-up to Chair Thomas on raising thresholds for specific boards.

In response to Representative Watkins' questions, Ms. Ball stated that the office is authorized to conduct performance auditing, so no statute change is needed. However, it is not required at this time, and people trained to do this would need to be hired. Ms. Ball said she would provide a follow-up to Representative Watkins.

In response to Senator Thomas's question, Ms. Ball explained that the fee structure is

determined by a formula based on the audit type and has not been updated in many years.

As a result, the fees are lower than those in peer states. Mr. Grate said the fees are outlined in KRS 43.050 to reflect the office's cost for doing business.

In response to Representative Lockett's questions, Ms. Ball stated that they had received letters expressing disagreement with the investigations and that she believed the strong language of KRS 43 might be the reason the office is currently in litigation.

State Treasurer

Mr. Metcalf followed up on the Constitutional Officer's upcoming budget requests.

In response to questions from Representative Freeland, Mr. Metcalf agreed on the need for increased investment in cybersecurity for the state.

In response to Senator Nemes, Mr. Metcalf clarified that the total budget reserve included the amount that had already been allocated.

Adjournment

There being no further business, the meeting adjourned at 9:52.