

A Look Into FY25 Executive Branch Spending

Kentucky Auditor of Public Accounts

Our Process

- Looked at data within eMARS.
 - Anyone with an eMARS account can do what we did.
- Notable disadvantages to examining transactions:
 - No uniform use of expenditure codes.
 - No uniform level of detail about basis and support for particular expenditures.
 - Expenditures are not recorded in real time.
 - Reporting practices sometimes raise more questions than they answer.



Advertising Expenditures: \$39,055,133.96

Every executive branch entity has some form of a communications team.

- \$2,488,789.77 total to Red7e.
 - CHFS paid \$249,950 for an ad campaign that included telling people to get a COVID vaccine.
 - Kentucky Historical Society paid \$83,500 for unspecified “digital media services” and “professional services and materials/freight/reimbursable travel costs.”
- CHFS’s Office of the Secretary and Office of Medical Cannabis paid one vendor \$339,365.90 for:
 - “Video footage assistance and consulting, editing, branding graphics/intros/lower thirds, and final formatting.”
 - “Develop and implement, social media strategy representative of the cabinet, its agencies, and larger branches.”
 - “Digital communications channel management.”
 - It appears the competitive bidding process was not used to obtain these services.



Advertising Expenditures (Continued)

- CHFS’s Department for Aging and Independent Living paid one vendor \$198,000 for a media campaign for the Senior Meals Program.
 - Recall that DAIL alleged a shortfall within the Senior Meals Program.
 - DAIL also paid \$17,275 to a vendor for: 3,000 “brain stress relievers”; 2,500 “puzzle games” (problem with these); 2,500 pens; 5,000 “Twist-N-Chill fans”; 1,000 tote bags.
- CHFS’s Department for Community Based Services paid \$45,635.20 for: 1,300 “color changing tumblers”; 1,700 “cotton canvas totes”; 1,240 “two-tone Himalayan tumblers”; 400 “stadium cushions”; 1,500 “football rockets”; 1,000 “drink sleeves (tall pint)”; 600 “sports bottles”; 1,400 “antibacterial hand sanitizers w/ clips”
- Lots of media campaigns.
 - Council for Postsecondary Education paid \$300,000 to increase public awareness of the importance of a post-secondary education.



Out-of-State Travel: \$7,438,490

- \$398,897.12 spent using agency American Express cards.
- Kentucky Department of Education spent at least \$929,947.88.
 - One entry notes \$28,179.35 in flights for some individuals who may not be state employees.
- Council of Postsecondary Education spent at least \$137,956.05.
 - \$13,082.16 paid for 10 people to attend a conference in San Francisco.
- KSP spent \$183,575.87 on out-of-state travel costs while providing security to Governor Beshear or other members of his staff.



Out-of-State Travel (Continued)

- \$12,519 for hotels in Washington, D.C.
 - \$354.64 for a dinner for four.
 - \$200 for two different traffic tickets.
- \$11,786.33 for flights to Europe.
- \$10,953.33 to stay at the Eau Palm Beach Resort.
- \$7,632.07 for a limousine in Germany.
- \$5,491.48 for a hotel in Japan.
 - \$1,016.12 for one dinner.
- \$5,192.16 for “services to navigate airport and gate services for all troopers, governor, first lady, and staff” at an airport in Switzerland.
- \$4,671.46 to rent a vehicle in Switzerland.
- \$3,946.40 for car rentals in Washington D.C. and LA.
- \$3,499.50 for the Limelight Hotel in Aspen, CO.
 - \$520.73 for meals at the Caribou Club, which appears to be a private membership club in Aspen.
- \$3,179.19 for hotels in Beverly Hills.
- \$3,013.87 for costs at the Boars Head Resort in Charlottesville, VA.
- \$2,935.89 for lodging in Florida.
- \$2,907.62 for the Hilton Hotel in Dallas, Texas.
- \$2,688.91 for the Hyatt Regency in Zurich, Switzerland.
- \$2,519.23 for hotel in San Francisco.
- \$2,179.32 for the Montage Laguna Beach hotel.
- \$1,625.17 for the Edgewater Hotel in Seattle.
- \$1,574.37 for a flight to Boston.
- \$1,527.70 for a flight to Palm Springs, California.
- \$1,437.20 for a hotel in New York.
- \$1,376.77 for meals and lodging in San Diego.
- \$1,351.67 in flight insurance costs for various flights, including to Los Angeles, Orlando, Portland, Georgia, San Francisco, and North Carolina.
- \$678.45 for meals while providing security at the Democratic National Convention in Chicago.



In-State Travel: \$23,278,869

- Department of Education
 - \$360,000 for 75 people to attend a two-day conference in either Frankfort or Lexington.
 - \$222,750 for 450 people to attend a two-day conference in Lexington.
 - \$168,000 for 35 people to attend a conference.
 - \$165,000 for 300 people to attend a two-day conference in Lexington.
 - \$107,250 for 325 people to attend a two-day conference in Lexington.
 - \$59,700 for 100 people to attend a conference.
 - \$41,950 for 255 people to attend a conference at the Galt House.
 - \$33,800 for an unspecified amount of people to attend a four-day seminar in Louisville.
 - \$33,500 for a training.
 - \$27,561.60 for 80 people to attend a seminar.
 - \$23,061.20 for 80 people to attend a seminar.
 - \$19,693 for 47 people to attend a seminar.



In-State Travel (Continued)

- Department for Community Based Services
 - \$15,339.12 for a meeting at the Natural Bridge.
- Department of Veterans Affairs
 - \$24,659.53 for an unspecified conference in Lexington with no details provided.
- Department of Corrections
 - \$23,625 in incurred catering charges for an awards lunch.
- Tourism's Office of the Secretary
 - \$16,965.33 in hotel and catering costs for the Derby.
- Department of Juvenile Justice
 - \$16,029.35 in hotel costs for over 80 people to attend a seminar in Bowling Green.
 - Five of those individuals did not show up, amounting to \$656.98 in "no-show" hotel room costs.



Trainings, Conferences, Food, and Trade Show Expenditures: \$16,693,103.32

- Tourism Cabinet and Governor's Office paid a combined \$338,452.10 for Derby Events to a non-profit company called First Saturday in May.
 - \$17,012.73 dinner at Jephtha Creed.
- The Department of Public Advocacy spent at least \$153,377.71 for its 2024 annual conference and \$189,237.52 for its 2025 annual conference.
 - During the pandemic, conferences were held virtually.
- DCBS Employee Lunches:
 - \$5,581.60 for a lunch: two fajita veggie bars for 20, spicy queso diablo, freshly sauced fajita veggies, 30 crispy corn taco shells, two chicken and steak bars for 100, choose your rice and beans, signature three-cheese queso, 150 flour tortillas, 15 chocolate brownies, 115 chocolate chunk cookies, four unsweetened iced teas, ten sweet teas, ten lemonades.
 - \$4,082 for a lunch: baked chicken, pulled pork, roasted reds, rolls, salad, dessert, tea, lemonade, water, and a delivery fee.



Trainings, Conferences, Food, and Trade Show Expenditures (Part 2)

- Council for Postsecondary Education payments for speakers:
 - \$30,000 to CoolSpeak
 - \$14,120 for two speakers to talk about “systemness.”
 - \$6,200 for “keynote speakers.”
 - \$4,000 to a speaker to talk about “Improvement Science 101.”
 - \$3,050 to a speaker to talk about “her work with departments to design their plans for QEP participation as well as planning activities to raise faculty and student awareness.”
 - \$3,000 to a speaker to talk about “strategies to cultivate Growth Mindset, Purpose, and Belonging.”
 - \$1,800 to a speaker to talk about “the latest trends and implementation of equitable access that successfully address students’ career aspirations and prepare graduates to be capable and engaged citizens.”



Trainings, Conferences, Food, and Trade Show Expenditures (Part 3)

- Department for Medicaid Services banquet totaling \$34,392.04:
 - \$8,985 for breakfast (\$29.95/person): cubed seasonal fresh fruit; variety of individual yogurts; scrambled eggs and fresh herbs; sausage links; breakfast potatoes; oatmeal with brown sugar, cranberries, and raisins; breakfast breads, muffins, assorted bagels, butter, preserves and cream cheese; coffee, tea, decaf; ice water pitchers
 - \$13,485 for lunch (\$44.95/person): chicken tortilla soup with tortilla strips; black bean salad, tossed garden green salad, ranch and vinaigrette dressings; make your own tacos or bowl, ground beef, seasoned grilled chicken, soft and hard taco shells, tortilla chips, lettuce, sour cream, diced tomatoes, shredded lettuce, salsa jalapenos, queso, guacamole, hot sauce, cilantro rice, street corn with red pepper garnish; chef's selection of desserts; coffee, tea, decaf, iced tea, and ice water
 - \$4,503.50 for break food and drink: traditional salted & cinnamon dusted pretzels served with beer cheese sauce, yellow mustard, cinnamon cream cheese, onion dip; cookies, brownies; lemonade, chilled spring waters
 - \$6,431.04 in service charges



Trainings, Conferences, Food, and Trade Show Expenditures (Part 4)

- Kentucky Department of Education:
 - \$84,061.75 in for a conference that included \$41,623.20 for food and beverage
 - \$56,763 for an out-of-state conference costing \$535.50/person.
 - \$56,875.20 for a conference:
 - \$46,240 for food
 - \$10,635.20 for service charge
 - \$10,551.93 for an event:
 - \$2,300 to rent the venue
 - \$3,220 for “technical service – AV Equipment”
 - \$5,031.93 for catering services that included CBC signature southern sweet tea, country lemonade, iced water; smoked turkey, derby city chicken salad; “The Giovanni”; service charge
 - \$7,340.64 for three KDE employees to attend a conference
 - \$1,232.90 spent on baked goods for an awards ceremony
 - \$1,019.40 in catered food for a meeting.



Other Notable Expenditures

- \$69,770,650.13 spent in “temporary manpower services.”
 - Department of Vehicle Regulation, Division of Driver Licensing spent almost \$8 million.
 - Recall that public reporting revealed an alleged black market of driver’s license sales to undocumented noncitizens that Governor Beshear said was the fault of temp workers.
- \$51,802,056.45 spent in “services not otherwise classified.”
 - \$179,692.80 paid by the Department of Revenue for 300 chairs and their installation.
 - \$70,258.62 paid by the Department of Workforce Development to Red7e for booth work for the State Fair.
 - Council for Postsecondary Education:
 - \$10,037.89 paid to the Bristol Bar and Grille
 - \$2,410.95 for five lunches at Panera
 - \$1,493.80 at Staxx BBQ for two lunches
 - \$1,037.72 at Qdoba for one lunch
 - Kentucky Historical Society paid a photographer \$625 to take photos at Kentucky History Day.
- \$118,383,223 spent in “other” expenses.
- \$3,983,338.04 spent on “travel for non-state employees.”
 - \$11,466 paid by KDE for a seminar at the Boone Tavern.



Other Notable Expenditures (Continued)

- \$3,273,091.32 spent on “subscriptions.”
 - CPE has a Shutterstock subscription for \$4,149.
 - KDE spent \$478.51 on Facebook.
- \$10,336,469.39 spent on “dues.”
 - KDE spent over \$1 million much of which went to various nonprofit education organizations.
 - \$434,081 to belong to a nonprofit called the Council of Chief State School Officers.
 - Governor’s Office spent \$113,421 for Governor Beshear to belong to the National Governors’ Association.
 - Economic Development’s Secretary’s Office paid \$2,184 for the New York Times.
- \$1,520,109.61 for “promotional entertainment.”
 - KDE spent \$49,073.87 on materials like 35 vinyl banners, 70 corrugated plastic sign kits, 875 silk screened silicone wristbands, and 3,500 small hit sports packs.
- FY22 to 25, \$908,315.06 in payments to SOVA Solutions LLC.
 - Payments were made from a \$2.1 million grant to CPE by the James Graham Brown Foundation “to create a new statewide initiative (the Kentucky Student Success Collaborative) that will help improve equity and close outcome gaps on college campuses.”
 - SOVA appears to be a DEI firm.



Department for Community Based Services

- \$915,997.89 for legal services when it already has over 50 attorneys on staff.
- \$481,523.05 paid to one vendor for “emotional injury evaluations.”
 - This was \$339,016.80 more than the next highest vendor for these same services and over \$400,000 more than all other vendors providing this service.
 - A sample invoice shows questionable billing practices, including the impossibility of spending 20 hours in one day interviewing one patient after allegedly starting that interview at 11 a.m.
- \$207,848.78 for advertising and \$38,815 for “trade shows, fairs, and expositions” expenses.
- \$87,003 to a chiropractor for “drug testing.”
- \$5,525.35 for “cable services.”
- \$6,000 to the Lexington Legends.
- \$206,008.33 for “dues.”



Department for Community Based Services (Continued)

- \$539,145 to a vendor that agreed to pay a judgment to resolve civil allegations that the vendor improperly billed services to Medicare and Kentucky Medicaid.
- \$250,362.16 for out-of-state travel and \$20,263.36 for non-state employee travel.
- \$1,360,769.99 to various vendors for benefit eligibility determinations when DCBS itself already performs these kinds of determinations.
- \$23,474.53 to Square.
- \$517,197.86 in “other” expenses.
 - An example here includes \$33,078.68 for a two-day conference, \$18,033.20 of which is for “catering” services.
- At least \$34,307,475.50 for IT-related services when CHFS has its own internal IT group (OATS) and the ability to use the Commonwealth Office of Technology.



Other Relevant Notes

- For at least two fiscal years in a row now, the Department for Medicaid Services has failed to ensure Medicaid benefits are not given to ineligible noncitizens. FY24 and 23 SSWAK II Audits.
- In FY24, the Department for Medicaid Services failed to ensure that multiple individuals could not use the same social security number to obtain Medicaid benefits. FY24 SSWAK II Audit.
- In FY23, CHFS failed to prevent a former employee from stealing hundreds of thousands of dollars of public benefits. FY23 SSWAK I Audit.
- Noncitizens are being charged in-state tuition instead of out-of-state tuition in violation of federal law.
- Our examination of the Kentucky Department of Education revealed spending on an unusually high number of political appointees (Finding 1.2), ineffective DEI programs and personnel (Finding 9.1), and unproductive and ineffective education boards, councils, and commissions (various findings).



Other Relevant Notes (Continued)

- In FY22 and 21, the Office of Unemployment Insurance overpaid thousands of Kentuckians in pandemic unemployment benefits and failed to protect against fraudulent claims.
 - The Harmon administration alerted UI to this, and UI's response was to attack the Auditor's Office about these findings.
 - Recent public reporting has shown that UI is now clawing back these overpayments to the tune of more than \$31 million.
- Since 2019, CHFS has failed to prevent at least \$836 million of Medicaid program waste resulting from the issues of (1) concurrent capitation payments across state lines and (2) the timely removal of deceased Medicaid beneficiaries.

