

# INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

## Minutes of the 6th Meeting of the 2025 Interim

November 5, 2025

### Call to Order and Roll Call

The sixth meeting of the Interim Joint Committee on Appropriations and Revenue was held on November 5, 2025, at 1:00 PM in Room 149 of the Capitol Annex.

Representative Jason Petrie, Chair, called the meeting to order, and the secretary called the roll.

### Present were:

Members: Senator Christian McDaniel, Co-Chair; Representative Jason Petrie, Co-Chair; Senators Gary Boswell, Shelley Funke Frommeyer, David P. Givens, Scott Madon, Amanda Mays Bledsoe, Matt Nunn, Steve Rawlings, Craig Richardson, and Robin L. Webb; and Representatives Kim Banta, Tina Bojanowski, Adam Bowling, Josh Bray, Randy Bridges, George Brown Jr., Stephanie Dietz, Ken Fleming, Chris Freeland, Chris Fugate, Al Gentry, Matt Lockett, Shawn McPherson, Steve Riley, Pamela Stevenson, Walker Thomas, Timmy Truett, and Wade Williams.

Guests: Robert Long, Deputy Secretary, Personnel Cabinet; Christopher Chamness, Commissioner, Department of Employee Insurance, Personnel Cabinet; John Hicks, State Budget Director, Secretary of the Governor's Executive Cabinet; Steven J. Stack, Secretary, Cabinet for Health and Family Services (CHFS); and Beth Hertweck, Executive Advisor, Department of Revenue (DOR).

LRC Staff: Cynthia Brown, Katy Jenkins, Sarah Watts, and Heather Hamilton.

Representative Bray asked for a moment of silence for the victims and family members of the UPS airplane crash at the Louisville airport.

### Approval of Minutes

A motion was made by Senator Funke Frommeyer and seconded by a committee member to approve the minutes of the October 15, 2025, meeting. Minutes were approved by voice vote without objection.

## **State Health Insurance Plans**

Christopher Chamness, Commissioner, Department of Employee Insurance, Personnel Cabinet, provided an overview of the Kentucky Employee Health Plan (KEHP) claims, premiums, and expenditures, and projected healthcare trends.

Responding to Chair Petrie, Commissioner Chamness stated approximately 300,000 individuals are covered across all benefit offerings. For active health and pharmacy benefits, around 265,000 individuals are covered. More than half of KEHP members are school board employees. KEHP population growth has been relatively stable over the years.

Responding to Senator Boswell, Commissioner Chamness stated there are deductibles and out-of-pocket maximum amounts for all plan options. Minor increases were made to those amounts for the 2026 plan year. Preventative health visits do not have any cost share applied to the member.

Responding to Representative Bojanowski, Commissioner Chamness explained the reasons for the change in the glucagon-like peptide-1 (GLP-1) deductibles.

Responding to Representative Lockett, Commissioner Chamness discussed the increase in high-cost claims, cost of advanced therapies, and members utilizing more benefits.

Responding to Senator Funke Frommeyer, Commissioner Chamness discussed the multi-tiered claims integrity approach and the use of outside vendors to ensure claim accuracy.

Responding to Representative Bray, Commissioner Chamness explained the reasons for the higher increase in premiums for employers in 2023 and 2024. John Hicks, State Budget Director, Secretary of the Governor's Executive Cabinet, discussed the decision to increase employer premiums and not increase employee premiums in order to enhance the pay increase for employees.

Responding to Chair Petrie, Commissioner Chamness stated the employee and employer premium increase for 2025 is zero percent. Secretary Hicks stated the projected premium increase for the next two years is 10 percent for the employer and three percent for the employee. There are no projected changes for coverage or scope, but there are increased adjustments to deductibles and out of pocket maximums for 2026.

## **Executive Branch Salary Schedule**

Robert Long, Deputy Secretary, Personnel Cabinet, and Secretary Hicks, discussed the executive order to adjust the salary schedule to match the percentage of the annual increment. The adjustment is intended to help prevent future salary compression issues among senior employees.

Responding to Chair Petrie, Secretary Hicks stated there is not an increase in cost when adjusting the salary schedule, and while the adjustment does not improve the salary compression issue, it keeps the problem from getting worse. Mr. Long stated the request for proposal on the salary compression issue was unsuccessful because the only bidder could not meet the requirements.

Senator Boswell and Chair Petrie commented on the seriousness and complexity of the salary compression issue.

## **Nutrition Program for the Elderly**

Steven J. Stack, Secretary, CHFS, and Secretary Hicks, provided an overview of federal, state, and regional senior meal operations. Senior meal programs and eligibility were highlighted and data for meals provided and funding sources were discussed. Seniors age 60 or older and their spouses of any age are eligible to receive meals at a senior citizen center. Home-delivered meals are available to homebound seniors. In FY 2025, there were 3.1 million meals served, 75 percent were delivered and 25 percent were served at a senior citizen center.

Responding to Chair Petrie, Secretary Stack restated, aside from the age 60 or older requirement, there is no other criteria for receiving meals at a senior center. Eligibility for the home-delivered meal program includes an age and disability requirement.

Representative Thomas commented on the positive impact of the senior meal program in his district.

Responding to Chair Petrie, Secretary Hicks stated the FY 2025 shortfall in funding for the senior meals program totaled \$5.7 million. To cover the shortfall, funds were repurposed and approximately \$1.1 million in vacancy credits were used. Secretary Stack stated the significant growth of the program surpassed projections, which added to the shortfall of funds. Secretary Hicks noted prior to Covid, the program was not fully funded and had a waiting list. In recent years, additional funding allowed for expansion

of the program. What is now referred to as a shortfall, historically, was referred to as a waiting list.

Chair Petrie commented on the timing and how the shortfall was handled.

Responding to Co-Chair McDaniel, Secretary Stack stated area development districts (ADDs) are allowed an apportionment for the cost of administration. The committee requested a breakdown of the amounts used for program administration, by ADD and by year. Secretary Stack stated the Governor has asked the Finance and Administration Cabinet to perform an audit of the program.

Co-Chair McDaniel commented on the expectations of seniors who participate in the program and the significant growth of the program over the last few years.

Chair Petrie mentioned the state allows more people to participate in the program than the federal government requires.

Responding to Senator Funk Frommeyer, Secretary Stack stated there was not a change in the proportion of home delivered meals to in-person meals over time.

Chair Petrie requested from Secretary Hicks a list of executive branch vacancy credits in FY 2025 that were liquidated, when they were liquidated, how much, and what they were applied towards.

Responding to Chair Petrie, Secretary Stack testified his cabinet has submitted its reduction plan to the Office of State Budget Director (OSBD). Secretary Hicks stated all cabinets have complied and submitted draft plans. He refused to provide copies of the plans to the committee. He explained the preliminary status of the plans and the process in which the plans are taken into consideration for the Governor's recommendations. Chair Petrie expressed the need for collaboration between the executive and legislative branches regarding the budget process.

## **Update on DORIS**

Beth Hertweck, Executive Advisor, DOR, presented an overview of DOR's integrated tax system (DORIS), provided an update and review of the project, and discussed its implementation schedule. Release 2A is planned for late summer 2026, release 2B for fall of 2027, and then release 2C and 3 released in stages through 2031.

Responding to Chair Petrie, Ms. Hertweck stated the project began in 2019 and implementation is contracted through 2031. Reconciliation had been delayed by the new system, but DOR is now closing books within three days of the end of the month.

Responding to Senator Boswell, Ms. Hertweck replied there is a special investigations division within the DOR that is tasked with investigating and auditing.

Responding to Senator Nunn, Ms. Hertweck stated planned maintenance is every other Thursday from 7:00 to 9:00 PM, and she would investigate if they could do maintenance at non-peak times.

### **Correspondence Received**

Correspondence received included Interim Budget Allotment Adjustments for FY 2026 and Interim Emergency Appropriation Increases for FY 2026 from Jenny Bannister, Deputy Director, Office of Budget Review, Legislative Research Commission (LRC).

### **Reports Received**

Reports received in October 2025 from Katy Jenkins, Committee Analyst, Appropriations and Revenue Committee, LRC.

### **Adjournment**

There being no further business to come before the committee, the committee adjourned at 2:20 PM.