

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Budget Review Subcommittee on General Government, Finance, Personnel, and Public Retirement

Minutes of the 3rd Meeting of the 2019 Interim

September 10, 2019

Call to Order and Roll Call

The third meeting of the Budget Review Subcommittee on General Government, Finance, Personnel, and Public Retirement of the Interim Joint Committee on Appropriations and Revenue was held on Tuesday, September 10, 2019, at 8:30 AM, in Room 131 of the Capitol Annex. Representative Myron Dossett, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Robby Mills, Co-Chair; Representatives Jim Stewart III, Co-Chair, and Myron Dossett, Chair; Senators Dennis Parrett, Reginald Thomas, and Phillip Wheeler; Representatives Kevin D. Bratcher, Joe Graviss, Mark Hart, Michael Meredith, Russ A. Meyer, Suzanne Miles, Phillip Pratt, Wilson Stone, and Nancy Tate.

Guests: T.J. Gilpin, President, KY Transportation Employees Association (KTEA); Tony McGaha, President, KY Association of Transportation Engineers (KATE); and Brent Sweger, P.E, former President of both KTEA and KATE.

LRC Staff: Liz Columbia, Emma Mills, Nick Peak, and Spring Emerson.

Approval of Minutes

Chair Dossett called for a motion to approve the minutes of the July 9, 2019 meeting. A motion was made by Representative Pratt, seconded by Senator Wheeler, and the minutes were approved without objection.

COLA Proposal for KRS Ch. 18A State Employees

Mr. Gilpin, Mr. McGaha, and Mr. Sweger provided an overview of a proposed cost of living adjustment (COLA) for state employees.

In response to a question from Representative Tate, Mr. Gilpin said most people consider retirement and health insurance as the main benefits of employment with state government.

In response to a question from Representative Stone regarding transportation engineers, Mr. McGaha said the KYTC has lost nine engineers in the past five years within one office. As a result, an Engineer-in-Training (EIT) with only eight months of experience was required to administer a \$60 million project, due to there being no licensed Professional Engineer (PE) available.

Co-Chair Mills commented that businesses and industries are all struggling, and the issue cannot be solved overnight. He said needs vary by area, and it is a balancing act.

Representative Meyer commented that employment with government is no longer considered a good career move as it once was, due to the depletion of pension benefits. He said that personnel turnover is costly, and increasing revenues is one solution.

In response to a question from Representative Graviss regarding personnel data from other states, Mr. Gilpin said that he does not currently have that information. Mr. McGaha added that the information may be available from the American Association of State Highway and Transportation Officials (AASHTO). Chair Dossett requested that the information be provided to staff at a later date.

In response to a question from Representative Graviss regarding the amount required for the proposed COLA, Mr. Gilpin said that over the past eleven to fifteen years, the inflation rate has averaged about two percent. That would equal approximately \$25 million per year for all state employees.

In response to questions from Representative Bratcher, Mr. McGaha said EITs have a four-year degree, and must work four years before becoming a licensed PE. Mr. Gilpin added that there are many positions within the KYTC that require these credentials. Entry level Highway Technicians are required to have a high school diploma as well as a Class A CDL license. He added that the average Consumer Price Index (CPI) over the past several years is approximately two percent.

In response to a question from Co-Chair Mills, Mr. Gilpin said the CPI information was provided by US Department of Labor statistics per state.

In response to a question from Representative Pratt, Mr. Gilpin said the five percent annual increment language was written in 1983.

Chair Dossett commented that the information provided today is important to know, not only for transportation engineers, but for every state employee.

In response to questions from Representative Graviss, Mr. Gilpin said government employment in the past was more desirable due to the pension benefits, in spite of low pay.

Mr. McGaha said government pension benefits now are seen as just another 401(k)-type of portable savings account. Mr. Gilpin added that the Tier 3 group does not value it as a benefit, since it is no better than what is available in the private sector.

Representative Meredith commented that there is a transition happening with employment in general, due to generational changes, as well as changes in the workforce.

Chair Dossett commented that this issue is relevant all across the state.

Adjournment

There being no further business before the subcommittee, a motion to adjourn was made by Representative Pratt, seconded by Co-Chair Mills, and the meeting was adjourned at 9:28 AM.