

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

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

Minutes of the 5th Meeting of the 2020 Interim

November 10, 2020

Call to Order and Roll Call

The fifth 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, November 10, 2020, at 8:30 AM, in Room 129 of the Capitol Annex. Senator Robby Mills, 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, Co-Chair; Senators Christian McDaniel, Reginald Thomas, and Phillip Wheeler; Representatives Kevin D. Bratcher, Jim Gooch Jr., Joe Graviss, Mark Hart, Adam Koenig, Michael Meredith, Suzanne Miles, Jerry T. Miller, Patti Minter, Phillip Pratt, Wilson Stone, and Nancy Tate.

Guests: Holly Johnson, Secretary, Finance and Administration Cabinet (FAC); Tina Howard, Executive Assistant, Office of Administrative Services, FAC; Gerina Whethers, Secretary, Personnel Cabinet (PC); Reina Diaz-Dempsey, Commissioner, Department for Employee Insurance, PC; Jana Smith, Executive Director, Office of Administrative Services, FAC; Kenny Hobbs, Budget Specialist, Office of the Governor; Billie Johnson, Executive Director, Federal and State Grants, Department for Local Government (DLG); Laura Redmon, Budget Director, DLG; Aaron Jones, Local Government Advisor, Office of State Grants, DLG; Daniel Cameron, Attorney General; Stacy Woodrum, Executive Director, Office of Administrative Services, OAG; Allison Ball, State Treasurer; Lesley Bilby, Assistant State Treasurer; Rebecca Comley, Assistant Director, Office of State Treasurer; Joe Bilby, General Counsel, Department of Agriculture (DOA); Lee McIntosh, Director, Office of Budget and Fiscal Management, DOA; Jamie Link, Executive Director, Kentucky Communications Network Authority (KCNA); Steve Murphy, Chief Financial Officer, KCNA; David Eager, Executive Director, Kentucky Retirement Systems (KRS); Rebecca Adkins, Executive Director of Operations, KRS; and, Beau Barnes, Deputy Executive Secretary and General Counsel, Kentucky Teachers' Retirement System (TRS).

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

Approval of Minutes

A motion was made by Representative Miles to approve the minutes of the October 21, 2020 meeting. The motion was seconded by Representative Miller, and the minutes were approved without objection.

Finance and Administration Cabinet

Secretary Johnson provided a brief overview of the FAC and its budgetary needs.

In response to a question from Representative Koenig regarding unfilled vacancies, Secretary Johnson said those revenue generating positions were included in the Governor's requested budget until the pandemic, then were dropped.

In response to a question from Senator Thomas regarding the greatest need, Secretary Johnson said John Hicks, State Budget Director, will address those questions at the meeting of the Interim Joint Committee on Appropriations and Revenue today at 1:00 PM.

Personnel Cabinet

Secretary Whethers provided a brief overview of the Personnel Cabinet and its budgetary needs. There were no questions.

General Government Cabinet – Office of the Governor

Tina Howard and Kenny Hobbs provided a brief overview of the Office of the Governor, its budgetary needs, and any effects of COVID-19.

In response to a question from Senator McDaniel regarding information for the 2022 budget, Ms. Howard said that would be covered by State Budget Director John Hicks at the meeting of the Interim Joint Committee on Appropriations and Revenue today at 1:00 PM. Senator McDaniel expressed his disappointment in the cabinet and requested cooperation as budget timelines approach.

In response to a question from Representative Miller regarding federal funds, Ms. Howard said the \$900,000 was a grant through the Kentucky Commission on Military Affairs for cyber security. Mr. Hobbs added that it was a two-year \$2 million grant through the Department of Defense and a sub grant through the University of Louisville, to assist military personnel and their spouses to obtain cyber security certifications.

In response to a question from Representative Graviss regarding the health fund balance, Ms. Howard said that is not in the Personnel Cabinet budget. Chair Mills asked that the information be provided at a later date.

General Government Cabinet – Department for Local Government

Billie Johnson provided an overview of the Department for Local Government, its budgetary needs, and effects of COVID-19.

In response to a question from Representative Miles regarding any balance outstanding, Ms. Johnson said a recent update showed approximately \$175 million.

General Government Cabinet – Office of Attorney General

General Cameron provided an overview of that office, its budgetary needs, and any effects of COVID-19.

Senator McDaniel requested that information be provided at a later date on the Department of Criminal Investigations (DCI) and number of complaints, as well as the Office of Senior Protection (OSP), and nursing homes in particular.

General Government Cabinet – Department of the Treasury

State Treasurer Allison Ball provided a brief overview of the office, its budgetary needs, and any effects of COVID-19. There were no questions.

General Government Cabinet – Department of Agriculture

Joe Bilby provided a brief overview of the Department, its budgetary needs, and any effects of COVID-19. There were no questions.

General Government Cabinet – Kentucky Communications Network Authority

Jamie Link provided a brief overview of the KCNA, its budgetary needs, and any effects of COVID-19.

In response to a question from Senator McDaniel regarding availability payments in 2022, Mr. Link said that was around \$32 million. Mr. Murphy confirmed the amount to be \$31.9 million. Senator McDaniel requested that more information be provided on assessments to state agencies.

In response to a question from Senator Thomas, Mr. Link said broadband is an essential infrastructure and vital to everyday life, and mentioned that there could be statutory regulatory issues such as that of utilities.

General Government Cabinet – Kentucky Retirement Systems

Mr. Eager provided a brief overview of the KRS, its budget, and any effects of the pandemic. There were no questions.

General Government Cabinet – Teachers' Retirement System

Mr. Barnes provided an overview of the TRS, its budgetary needs, and any effects of the pandemic.

In response to a question from Representative Graviss, Mr. Barnes said additional contributions helped with cash flow, and any negative cash flow is now manageable.

In response to a question from Senator McDaniel regarding the experience study, Mr. Barnes said it will impact future budgets.

In response to a question from Representative Gooch regarding negative cash flow, Mr. Barnes said the cash flow is manageable now.

In response to a question from Senator Thomas, Mr. Barnes said the cash flow shows incoming contributions versus outgoing payments and does not account for investment earnings. He will share more information at a later date.

Adjournment

There being no further business before the subcommittee, the meeting was adjourned at 10:05 AM.