

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

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

Minutes of the 4th Meeting of the 2021 Interim

September 24, 2021

Call to Order and Roll Call

The fourth 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 Friday, September 24, 2021, at 8:30 AM, in Room 131 of the Capitol Annex. Senator Michael J. Nemes, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Michael J. Nemes, Co-Chair; Representative Myron Dossett, Co-Chair; Senators Robby Mills, Adrienne Southworth, and Reginald Thomas; Representatives Kevin D. Bratcher, Jeffery Donohue, Jim Gooch Jr., Derrick Graham, Mark Hart, Adam Koenig, Michael Meredith, Suzanne Miles, Phillip Pratt, Nancy Tate, and Buddy Wheatley.

Guests: Mark Harmon, Auditor of Public Accounts (APA); Sara Beth Gregory, Chief of Staff, APA; Tim Gutman, Director of Financial Operations, APA; JC Young, Executive Director, KY Coal and Mineral County Coalition (CMCC); Steve Henry, Webster County Judge-Executive and Vice President, KY CMCC; Dan Mosley, Harlan County Judge-Executive and President, KY CMCC; David Fields, Pendleton County Judge-Executive.

LRC Staff: Emma Mills, David Talley, Joey Holt, and Spring Emerson.

Approval of Minutes

A motion was made by Representative Pratt to approve the minutes of the August 4, 2021 meeting. The motion was seconded by Representative Donohue, and the minutes were approved without objection.

Auditor of Public Accounts

Auditor Harmon and Ms. Gregory provided a brief overview of the APA and its budgetary concerns.

In response to questions from Representative Graham regarding recruitment and retention, Ms. Gregory said most employees who earn enough overtime to receive a block-50 payout would rather receive the payout than have those hours roll over to sick leave time. They would not necessarily be interested in saving their sick time for retirement benefits. There is also a legal concern regarding federal wage and hour laws. There are approximately 124 employees on staff at the APA currently, and the personnel cap is 140 full-time and about eight part-time or interim employees. Representative Graham commented that the APA is designed to protect public funding in all agencies, as well as bring in additional revenue for the Commonwealth.

In response to a question from Representative Graham regarding how their service differs when dealing with local or county governments, Ms. Gregory said the APA does not routinely audit city or county governments, as they are done by outside CPA firms. If the APA is involved with cities or counties, those are typically special examinations in fraud abuse situations, rather than audits.

Senator Thomas commended Ms. Gregory, who served in the Senate in his first year here. Auditor Harmon said Ms. Gregory started out as his colleague in the House, before going to the Senate.

Representative Koenig commented that a consideration to be made for the upcoming budget would be to look at pay raises across-the-board in all agencies. Money could be saved in the long run, and it is overdue. Counties that do not have enough resources to pay their bills should look into merging with other counties.

Chair Nemes commented that the entities paying for the audits would be paying for an outside firm anyway, and most likely the outside audit would cost more. Auditor Harmon said one major problem is the retention rate. If employees could be retained, more audits could be performed more efficiently.

KY Coal and Mineral County Coalition

Judge-Executives Henry, Mosley, and Fields, along with JC Young, provided an overview of the KY CMCC and its budgetary concerns.

Representative Graham commented that the coal industry has been a very important part of Kentucky's history, and coal-producing counties should try to attract and promote a variety of businesses to their areas.

In response to a question from Representative Graham regarding the number of counties impacted by coal and mineral rights, Mr. Young said there are 101 counties that receive some type of mineral funds, with 26 counties being active producers. He added that those numbers are consistently changing, due to the ebb and flow of production.

Representative Gooch commented that Judge Henry does a good job, and expressed his appreciation for what the Coalition does.

In response to a question from Chair Nemes regarding mineral tax on rock quarries, Mr. Young said some in-state industries are interested in making sure out-of-state industries pay the tax. He said the Coalition would be glad to work with the General Assembly to come up with a solution that is palatable for everyone.

In response to a question from Chair Nemes regarding funds for pneumoconiosis, also known as black lung disease, Judge Henry said the fund has helped some coal operators offset the costs. He added that the coal mining workforce is aging, which could have an effect going forward.

Adjournment

There being no further business before the subcommittee, the meeting was adjourned at 9:30 AM.