

Presentation to the Interim Joint Committee on Appropriations and Revenue

October 27, 2016

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Costs Associated with Services Required by Agencies

- Board of Election – Cost of Elections
- Attorney General – Expert Witness Fees
- Appropriations Not Otherwise Classified (ANOC)
- Finance and Administration – County Costs
- Justice and Public Safety – Jail Per Diem and Jail Design Fees

What do they have in common?

- All are Necessary Government Expenses (NGEs)
- The authority to spend funds on certain expenses is provided in the enacted budget without a sum-specific appropriation amount.
- Funds come from the General Fund Surplus Account or the Budget Reserve Trust Fund

Board of Elections – Cost of Elections

- The State Board of Elections reimburses each county the state share of election expenses for the following:
 - Each precinct with a voting machine (KRS 117.345(2))
 - Cost of employing office personnel necessary for the conduct of elections including registration and purgation of voters in the county (KRS 117.343)
 - New voter registration (KRS 116.145)
- The state currently has 3,731 precincts with over 3 million registered voters

Board of Elections – Budget Language

- Since 2008, the budget bill has included language allowing the State Board of Elections to establish a different reimbursement rate based on available appropriated resources.

Statute	Expenses	Statutory Rate	Per	FY 2017 BOE Rate
KRS 117.345(2)	State Share County Election	\$255	Precinct	\$199
KRS 117.343	State Share Voter Registration	\$0.50	Voter	\$0.36
KRS 116.145	State Share of New Voter Registration	\$0.25	Voter	\$0.25

Board of Elections – Budget Language (cont.)

- Under HB 303, costs associated with special elections are necessary government expenses.
 - Reimbursement rates for special elections are the same as the rates set for regular elections
 - Expenses are paid from the General Funds Surplus Account or Budget Reserve Trust Fund Account
- Circumstance resulting in a special election (e.g. death or resignations of an official) cannot be forecasted, therefore, each special election has been an NGE

Attorney General – Expert Witnesses

- Expert witnesses play a critical role in prosecutions on behalf of the Commonwealth and its citizens.
- Expert witnesses are utilized for cases ranging from utility rate intervention to Medicaid fraud, criminal investigations and other consumer protection interests.
- Majority of expenditures for expert witnesses are for rate intervention activities and are responsible for representing the Kentucky ratepayers' interests before federal, state and local governmental rate-setting agencies, KRS 367.150(8).
- When possible the Office of the Attorney General works with other Attorneys General to share the cost of expert witness.

Attorney General – Expert Witnesses

Fiscal Year	AG's Budgeted Amount	Budget Bill Caps NGE Amount	Total Expenditures	NGE Amount Distributed	Amount Absorbed within AG Appropriation
06-08 Biennium	\$350,000	\$275,000	\$623,115	\$182,400	\$90,715
08-10 Biennium	350,000	275,000	679,454	275,000	54,454
10-12 Biennium	350,000	275,000	363,525	33,400	
12-14 Biennium	350,000	275,000	774,847	275,000	149,847
14-16 Biennium	\$350,000	\$275,000	\$783,820	\$275,000	\$158,820

Appropriations Not Otherwise Classified

Selected ANOC Expenses

- Attorney General's Expenses
- Guardian Ad Litem
- Involuntary Commitments Ordered by the Courts
- Budget Language - Any expenditure above the appropriation for ANOC is paid
 - First from the General Fund Surplus Account,
 - If available from the Judgments budget, or
 - The Budget Reserve Trust Fund Account

Appropriations Not Otherwise Classified Attorney General's Expenses

- KRS 12.215 – Expenses incurred by the Attorney General in defending current and former employees of the Commonwealth shall be paid as a necessary governmental expense
- Type of expenses – Salaried attorneys of the Attorney General's office, contract attorneys, court reporters, and cost of trial preparation and investigation

Actual Expenditure History:

FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
184,058	171,363	351,056	425,147	603,138	393,689	305,948	486,765	446,251	404,098

Appropriations Not Otherwise Classified Attorney General's Expenses

- Importance of Defending State Employees
- The Department of Corrections and its Commissioner are commonly sued by inmates in federal and state court to be released from prison under a “writ of habeas corpus.” The Office of the Attorney General, Office of Criminal Appeals, has represented the Commonwealth and the Department of Corrections in many of these cases. These cases include convicted murderers and rapists where there is a public interest in upholding the conviction and ensuring that justice is served.
- State employees who are sued for acts or omissions made in the scope and course of his/her employment with state government are defended pursuant to KRS 12.111 to KRS 12.215. The Office of the Attorney General, pursuant to these statutes, has represented numerous state employees in these actions. If left without representation, these employees would be subject to a default judgment in Court, and the Commonwealth would be responsible for paying these judgments.

Appropriations Not Otherwise Classified Guardian Ad Litem

- KRS 387.305 and KRS 311.732 – Attorneys appointed by the court to represent minors
- KRS 620.100 – Attorney fee set in statute not to exceed
 - \$500 in Circuit Court
 - \$250 in District Court
- In 2006, \$7.5 million was budgeted from ANOC for Guardian Ad Litem. No funds were allocated in the FY 2007 and FY 2008 budget.
- Amounts budgeted in ANOC appropriation for this purpose covers only 15-20% of the actual costs from FY 2009 and forward.

Actual Expenditure History:

FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
7,600,000	8,797,827	9,416,839	9,599,972	11,046,785	11,558,102	11,108,141	11,466,670	12,703,623	14,066,537

Appropriations Not Otherwise Classified Involuntary Commitments

- KRS 202B.210 – Court appointed attorney to represent those with intellectual disabilities
- KRS 620.100 – Attorney fee set in statute not to exceed
 - \$500 in Circuit Court
 - \$250 in District Court
- Amounts historically allotted have been fairly consistent with actual expenditures

Actual Expenditure History:

FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
35,295	39,732	35,320	43,694	40,248	39,095	47,541	59,945	63,825	60,537

Finance and Administration County Costs

- Public Defender
- Witnesses
- Board of Assessment Appeals

Finance and Administration

County Costs- Public Defender

- KRS 31.185 – To pay any court ordered expenses (excluding attorney fees) for needy defendants if the funds required to be set aside by local governments are not sufficient
- Local government submits 12.5¢ per capita of the county population to finance special account to pay these court orders
- Amounts historically allotted have been fairly consistent with actual expenditures
- Actual costs from FY 2007 to FY 2016 have increased from \$1.2 million to nearly \$3 million
- Budget language – Additional funds *may* be allotted from
 - General Fund Surplus Account, or
 - Budget Reserve Trust Fund Account

Finance and Administration

County Costs- Witnesses

- KRS 421.015, KRS 421.250 – Mileage reimbursement and per diem for witnesses in Circuit and District Court
 - 10¢ per mile to and from court
 - \$5.00 per each day of required attendance
- Amounts historically allotted have been fairly consistent with actual expenditures, approximately \$100,000 per year.
- Budget language – Additional funds *may* be allotted from
 - General Fund Surplus Account, or
 - Budget Reserve Trust Fund Account

Finance and Administration

County Costs- Board of Assessment Appeals

- KRS 133.030 –Per diem for board members to hear property tax appeals
 - \$100 per day – half paid from county levy and half from the State Treasury
- Historical expenditures range from \$20,000-\$50,000 per year. Amounts budgeted have been sufficient to cover these costs.
- Budget language – Additional funds *may* be allotted from
 - General Fund Surplus Account, or
 - Budget Reserve Trust Fund Account

Justice and Public Safety Cabinet

Department of Corrections Expenses

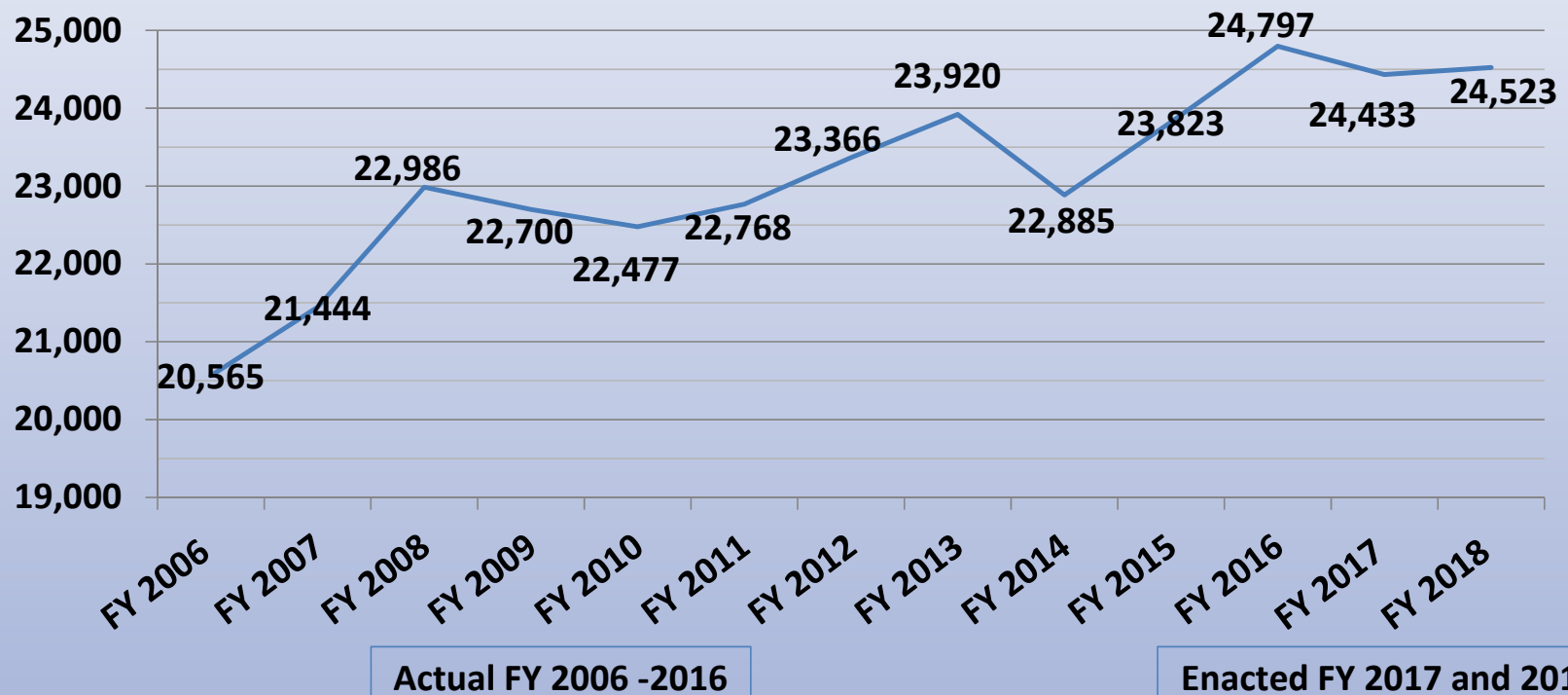
- Payments to County Jails for state felons in excess of amount budgeted
- Local Correctional Facilities – Design Fees

Justice and Public Safety Cabinet

Department of Corrections Expenses – Budget Language

- Payments to County Jails for state felons in excess of amount budgeted shall be deemed necessary government expense paid from the
 - General Fund Surplus Account, or
 - Budget Reserve Trust Fund Account

Justice and Public Safety Cabinet Corrections Average Daily Population



Justice and Public Safety Cabinet

Corrections Population Expenses in Excess of Budget



Justice and Public Safety Cabinet

Local Correctional Facilities – Design Fees

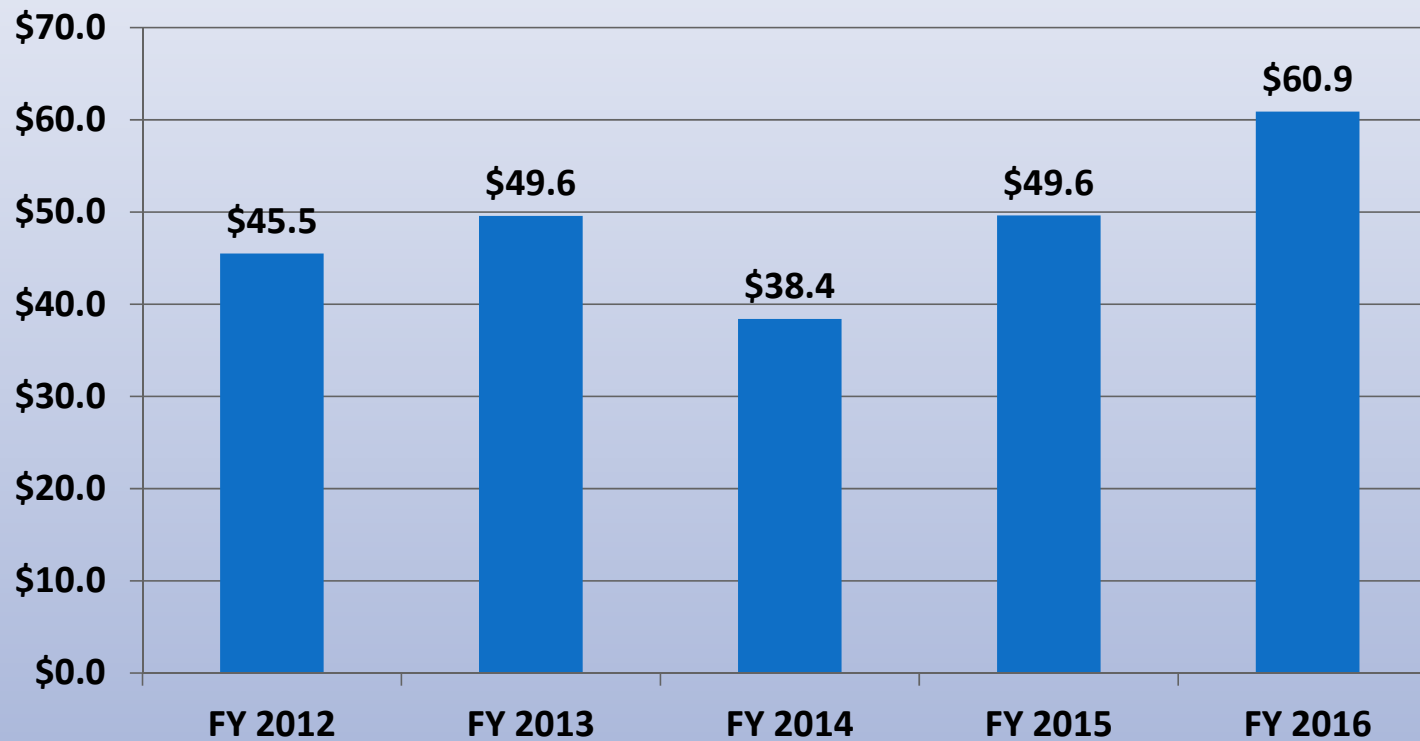
- Local Correctional Facilities – Design Fees for architectural and engineering services associated with any new jail approved by the Local Correctional Facilities Construction Authority on or before January 1, 2016 is deemed a necessary government expense to be paid from General Fund Surplus Account or Budget Reserve Trust Fund Account
- NGE request will be made by the Department of Corrections closer to fiscal year end 2017 when final expenditures are known
- Rowan County Lawsuit – County Attorney moving toward dismissal due to budget language

Justice and Public Safety Cabinet

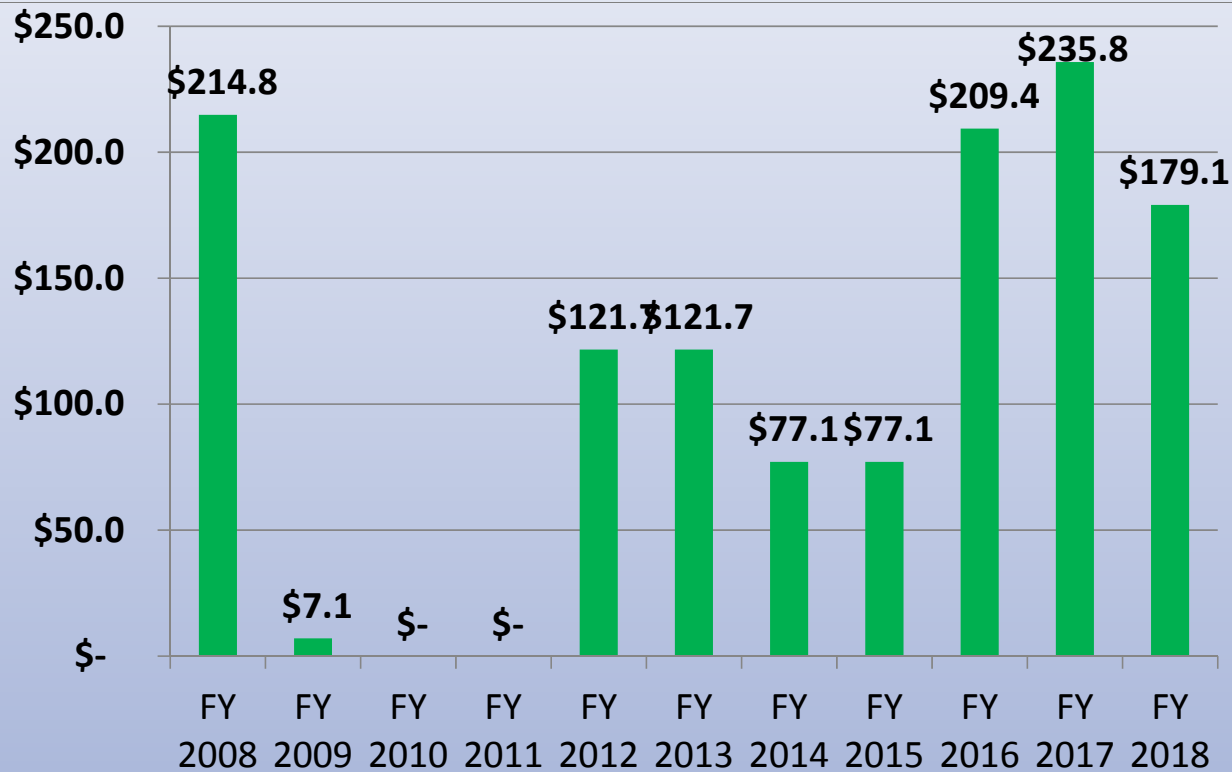
Local Correctional Facilities – Design Fees

County Jail	NGE	Notes:
Oldham	\$1,223,097.20	Final. No additional requests expected.
Rowen	\$931,771.00	Final. No additional requests expected.
Laurel	\$768,000.00	\$468,000 paid to date. Estimate \$300,000 remaining.
Knox	?	TBD
YTD Total Estimate	\$2,922,868.20	

Necessary Government Expense FY 2012 - 2016



Budget Reserve Trust Fund FY 2008 – FY 2018



Questions

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