

## MINUTES

## LEGISLATIVE BUDGET COMMITTEE

June 30, 1977

The Legislative Budget Committee commenced at 9:00 a.m. on June 30, 1977, in Room 510 of the State House. All members were present in the morning except Senator Steineger, who attended the afternoon session. Staff members in attendance all or part of the time were Phill Jones, Richard Ryan and Marlin Rein of the Legislative Research Department; Fred Carman, Arden Ensley, and Norman Furse of the Revisor of Statutes Office; and James Bibb, Director of the Budget Division. John Wilhm, aide to the Speaker of the House, also was present.

Morning SessionMinutes of Previous Meetings

The minutes of the meetings held on March 17 and June 2 were approved without change.

Proposal No. 49 - State Personnel System

Conferees were Keith Weltmer, Secretary of Administration; Lowell Long, Director of the Personnel Division; Norman Hanson, director of the 1976 "Study Group" on the personnel system; and Deborah High, a research analyst on Mr. Hanson's staff.

Following introductory remarks by Mr. Weltmer relating to the background and staffing of the personnel study made under his supervision last year, Mr. Hanson generally reviewed the methods employed in the study and the findings and recommendations of the study group, as presented in "A Study of Policies and Procedures Governing Personnel Management in the State of Kansas," January 1977. (A copy of this report is in each Committee member's notebook.) The recommendations involved changes in Kansas statutes and rules and regulations, new administrative directives, and further study in particular areas.

The proposed statutory changes were introduced in 1977 as SB 444 and SB 445, which are in the Senate Ways and Means Committee and have been reviewed by a subcommittee thereof. Mr. Weltmer said that revised rules and regulations are being drafted and, with regard to administrative directives, he reported on the status of the 16 he set forth in a memo dated April 4, 1977, to Mr. Long. (A copy is in the Committee notebook.) As to further study of particular matters, Mr. Hanson reported that activity is underway in most of them, especially the study of the pay plan and related topics.

There was some discussion of employee evaluation and problems related thereto. Representative Lady stressed the importance of having a good evaluation system, recognizing that it is a difficult and time consuming job. Mr. Weltmer responded that he and Mr. Hanson are working on improving the system and that the subject of evaluation is on the list of directives to Mr. Long. In this connection, it was noted by Mr. Long that the new personnel-computer data base includes employee evaluation information, thus permitting monitoring thereof.

At the Committee's request, Mr. Hanson discussed how the 1976 Study Group's recommendations compared with the proposals of the Governor's Task Force Steering Committee on Personnel, which consisted of two persons from SW Bell and one from TecTank. Perhaps the major difference was that the Steering Committee suggested changing the "Rule of 5" to a "Rule of 15" in order to provide more flexibility in recruiting state employees, while the Study Group did not recommend changing the "Rule of 5." Both Mr. Hanson and Mr. Long said the federal government would not agree to expansion of the rule insofar as federal grant-in-aid agencies are concerned, because such expansion would diminish the principle of hiring on the basis of merit. Otherwise, there were many similarities between the two sets of recommendations, which were arrived at independently, although Mr. Hanson pointed out that the Study Group spoke to a number of issues not addressed by the Steering Committee.

Next, Mr. Long reported on the status of the study of the state salary plan. This study is being made by employees of the Personnel Division, who temporarily have been relieved of their regular duties, with the periodic assistance of a private consultant who has had wide experience with state and local government salary plans. The Personnel Division has been accumulating pay data relating to 75 benchmark jobs from 450 employers having 50 or more employees. The Division also will review other pay plans, other studies, and data from the U.S. Bureau of Labor Statistics and U.S. Civil Service Commission. To be considered as part of the study are such related issues as longevity pay, geographical pay differences, and overtime and shift differentials.

The feasibility of replacing the present single pay schedule with a multiple schedule is being given some thought. The latter type might include separate schedules for labor and trade employees, general service employees, and management and professional employees. October 1 is the target date for completion of the study.

Speaker Carlin and Representative Lady both suggested that, in preparation of a new salary plan, the Department of Administration should be mindful of the problems and options facing the legislature when it considers possible adjustments to the plan, either at the outset or in the years ahead.

The last part of the morning session was devoted to a presentation by Norman Furse of S.B. 445, as proposed to be amended by the subcommittee of the Senate Ways and Means Committee. The first 20 sections of the bill were reviewed before the Committee recessed at noon. Questions were raised as to whether Section 6 should be revised or deleted entirely and whether Section 7(e) was sufficiently inclusive with regard to legislative-branch employees. It also was noted that the Committee should give further consideration to Section 8, which related to change of status from classified-exempt to either classified or unclassified services.

#### Afternoon Session

##### Proposal No. 52 - State Warrants Reconciliation

Conferees were Glen Deitche, Assistant State Treasurer, and James Cobler, Director of the Accounts and Reports Division. Mr. Deitche distributed a letter dated June 30 in which he reported on the progress of the warrants reconciliation effort in terms of Phase I, which involves the \$40,000 contract with Arthur Anderson and Company, and Phase II, which will be let for bid on July 14.

Mr. Cobler expressed two concerns: (1) that there has been no reconciliation of all funds or each separate fund with cash in bank since the middle of 1976 and (2) what will happen after July 1, 1977, i.e., going into Phase II, with regard to reconciliation of each fund and cash in bank. Mr. Deitche said that he would have a recommendation on the latter concern when the Committee meets on July 28.

Data submitted by Mr. Cobler indicated that 46 warrants have been purchased in error by the State Treasurer's office. These warrants totaled \$5,204, of which \$1,269 on 12 warrants has been recovered.

##### Proposal No. 53 - Tort Claims Act

Mr. Ensley discussed an outline, which is in the Committee notebook, relating to the historical basis of governmental immunity, recent Kansas court cases, legislative studies and action, and possible alternatives. It was noted that the immunity law (KSA 46-901) was held invalid by a 4 to 3 decision of the Supreme Court in the first Wichita State case, but on rehearing the Court, in another 4 to 3 decision, said the law is constitutional.

Senator Steineger suggested that the legislature now has two basic options: do nothing until a final ruling of the Supreme Court requires that some action be taken or prepare a tort claims act if it is believed that the Court will hold the present law invalid. Another suggestion was to improve the process and structure relating to claims filed with the Joint Committee on Claims Against the State.

After discussion of various issues and alternatives, the Committee decided that conferees be invited to present testimony on the subject of governmental immunity at the next meeting.

##### Proposal No. 47 - State General Fund

The staff reported that incomplete data available by mid-afternoon indicated receipts to the state general fund in FY 1977 would exceed the revised "consensus" budget estimate by about 2 percent. Mr. Ryan said that the staff would send the Committee a memo on July 1 based on preliminary figures.

Architectural Services Advisory Committee

Speaker Carlin told the Committee that a change order of \$35,153 relating to the visual arts facility at KU was received late on June 29. Because it appeared that the correspondence on this matter took place in March and earlier and that the change order had already been agreed to by the Division of Architectural Services, no action was taken by the Committee.

The staff was instructed to ask the Division why this order had not been called to the Committee's attention at an earlier date and why the order was agreed to before it was presented to the Committee.

Next Meeting

The next meeting of the Committee is scheduled on July 28 at 9:00 a.m.

Prepared by Richard W. Ryan

Approved by Committee on:

7/28/77

(Date)