

## MINUTES

## LEGISLATIVE BUDGET COMMITTEE

August 31-September 1, 1977August 31

The Legislative Budget Committee convened at 9:00 a.m. on August 31, 1977, in Room 510 of the State House. All members were present, except Representative Hurley who attended the afternoon session. Staff in attendance all or part of the time were Phill Jones, Richard Ryan, and Marlin Rein of the Legislative Research Department; Arden Ensley and Norman Furse of the Revisor of Statutes Office; and James Bibb and Ed Ahrens of the Division of the Budget. John Wilhm, administrative assistant to Speaker Carlin, also attended.

Minutes of the Last Meeting

The minutes of the meeting held on July 28 were approved without change.

Proposal No. 49 - State Personnel System

Conferees were Keith Weltmer, Secretary of Administration; Lowell Long, Personnel Director; Norman Hanson, Deborah High, and Bill Kipp of Mr. Weltmer's "Study Group" on the personnel system; and Tom Pitner, chief counsel of the Corporation Commission and formerly attorney for the Department of Administration.

Mr. Furse and Mr. Hanson discussed and answered questions concerning pages 6 through 22 of the memorandum relating to policy issues involved in 1977 S.B. 445. (The memo is in the Committee notebook. Pages 1 through 5, concerning 1977 S.B. 444, were considered at the meeting held on July 28.) Copies of statutes that would be repealed by S.B. 445 were distributed by Mr. Furse.

445: Following are Committee instructions to staff for additional information and amendments to S.B.

1. Prepare a list of the "heads of agencies" who were intended to have one personal secretary and one special assistant in the unclassified service (page 6 of the memo) and determine whether lines 0266 and 0267 of the bill should be revised for purposes of clarification.
2. Find out how many classified, unclassified, and classified-exempt employees there are in the offices headed by an elective state official (excluding the governor) and solicit the opinion of such officials as to the number and types of their employees who should be classified and unclassified (page 7 of the memo).
3. Amend the bill, line 0386, to provide that a copy of the annual wage and salary survey shall be submitted to the legislature (page 8 of memo).
4. Revise sections 18 and 19 of the bill to permit (rather than require) the civil service board to appoint one or more hearing officers and to establish quasi-judicial procedures relating to appeals along the line of the procedures applicable to the Corporation Commission (page 14 of the memo).

In this connection, Mr. Long reported that the present Civil Service Commission heard 14 appeals in FY 1977. Mr. Pitner said that, while he was attorney for the Department of Administration, he was concerned that the quality of decisions of the Commission regarding evidentiary matters was not adequate. Making provision for a hearing officer would improve the situation in that he or she would have experience in civil service laws and rules, hearings could be held on a more timely basis, and the officer would be more accessible to employees who are not stationed in Topeka, Pitner said.

5. Prepare a recommendation to cover a problem raised by Mr. Long concerning appeals by employees of local agencies covered by federal merit standards. It was reported that the Attorney General ruled that the Civil Service Commission has no authority to hear appeals of such employees because they are not members of the state classified service (page 17 of the memo).
6. Revise lines 0351-0354 of the bill to clarify the intent re authority of the Personnel Director and Secretary of Administration (page 19 of the memo).
7. Check all statutes relating to mandatory retirement age of state employees (including Highway Patrol and KPERS), list the pros and cons of eliminating mandatory retirement at a specified age, and indicate the fiscal effects of such elimination to the extent possible (page 21 of the memo).

In connection with the policy issue relating to changing veterans preference (page 16 of the memo), Mr. Hanson said that officials of the Kansas Veterans Commission and of the American Legion had no objections to the amendments proposed in S.B. 445.

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

Ray Rathert of the Insurance Department and E. A. Mosher of the League of Kansas Municipalities were in attendance during the discussion of Proposal No. 53.

Mr. Ensley distributed a folder containing a summary comparison of 1976 H.B. 2684 with the federal tort claims law and with 1973 S.B. 463, selected material from a 1976 report of the Governor of Maryland's Commission to Study Sovereign Immunity, and the laws of Colorado, Minnesota, Montana, and Nebraska, which illustrate some of the many different approaches taken by states in tort claims legislation.

Mr. Rathert commented on the practices of several states with respect to purchase of liability insurance and self-insurance. A copy of the memorandum dated 8/31/77 from the Insurance Department is in the Committee notebook.

Further consideration of Proposal No. 53 was postponed until the next day.

#### September 1

All Committee members were present except for Representative Hurley in the morning and Senator Winter in the afternoon. Fred Carman, the Revisor of Statutes, attended the morning session. Otherwise, staffing was essentially the same as on the preceding day.

#### Proposal No. 51 - Contracting for Computer Services

Conferees were Keith Weltmer, Secretary of Administration; Virgil Basgall, Director of the Computer Services Division; and James Cobler, Director of the Accounts and Reports Division.

Marlin Rein distributed and summarized a report entitled "Utilization of Computing by State Agencies," which was prepared by the Legislative Research Department in 1976. Next, Mr. Basgall presented "A Briefing on Computer Services Problems," copies of which were given to the Committee and staff.

Mr. Weltmer then discussed 1977 S.B. 465, the main purposes of which are to allow the Secretary of Administration to contract for facilities management of the state's computer services and to vest in the Secretary the authority to determine the amount of computer services for other agencies that would be provided by the Secretary. He said that four facilities management firms were screened and one of them, Computer Sciences Corporation (CSC), submitted a comprehensive proposal. Mr. Basgall distributed and reviewed a summary of that proposal. A spokesman for CSC said that his firm has 21 facilities management contracts with local governments and the federal government, but none with a state government.

With respect to S.B. 465, as passed by the Senate, Mr. Basgall expressed disagreement with the amendment by the Senate Ways and Means Committee in lines 0111-0114 which placed a limit on specifications for a management contract. He said the state should be allowed to negotiate for the management services and should not be restricted to accepting the services of a low bidder, because it is extremely important to contract with a highly competent firm that state officials have confidence in. Mr. Carman noted that Section 4 of the bill or K.S.A. 46-155 should be revised in order to accommodate any multiple year contracts, and appropriations therefor, extending beyond three years.

Finally, Mr. Basgall presented a document entitled, "A Conceptual Approach to Data Management," dated 8/30/77, which was prepared for the Data Processing Policy and Review Board. Copies were given to the Committee and staff. The document had not been approved by all members of the Board. Therefore, the Committee requested that Mr. Weltmer and Mr. Basgall meet with the Committee in October to submit their recommendations for improving the management and delivery of data processing services.

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

Conferees were Glen Deitcher, Assistant State Treasurer, and James Cobler, Director of the Division of Accounts and Reports. Secretary Weltmer also was present. Mr. Deitcher presented a report on the status of the warrant reconciliation efforts and the contracts let for that purpose. A copy is in the Committee notebook. No comments were made by Mr. Cobler or Secretary Weltmer.

#### Proposal No. 49 - State Personnel System

Conferees were Secretary Weltmer and Lowell Long and Jane Weeden of the Personnel Division. They distributed materials relating to the study of the state salary plan being conducted by the Personnel Division. Most of the discussion focused on the proposed three salary schedules (labor and trades service, general service, and professional and managerial service), consideration of a salary differential or premium pay for employees in the Kansas City area, and changes in the longevity system. As to the latter, Mr. Long noted that about 7,500 employees, or roughly one-third of the employees in the classified service, are now receiving longevity pay.

Mr. Long said that his Division hopes to have the study completed and submitted to Mr. Weltmer by October 1. The report will contain specific, not general, recommendations for a new salary plan and will include data on the cost of implementing the plan.

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

The consensus of the Committee seemed to be that it should not recommend enactment of a tort claims bill, although no formal action to that effect was taken. Members noted that the Kansas Supreme Court has upheld the state governmental immunity statute (K.S.A. 46-901) and that the costs resulting from passage of a tort claims bill are very difficult to estimate, but they could be substantial.

It was agreed, however, that serious consideration should be given to revising the procedures for processing claims against the state. Discussion centered around retention of the present legislative Joint Committee on Claims Against the State, with its procedures formalized and expanded, or creation of a claims commission or board composed of nonlegislators. Mr. Ensley gave the Committee a list of 17 states which have a nonlegislative claims agency and a copy of the Colorado law which establishes a claims commission. Mr. Ryan reviewed a memorandum that sets forth some options relating to changes in the procedures for processing claims against the state (a copy is in the Committee notebook).

The staff was requested to determine which states have legislative claims committees and the procedures they follow and to assemble information for the Committee on the statutory guidelines governing the claims board in states which have a nonlegislative agency. (After the meeting, the chairman suggested that the staff prepare tentative drafts which would (1) retain the present Joint Committee but formalize and improve its procedures and (2) create a nonlegislative claims board.)

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

Mr. Ryan reported that in the first two months of FY 1978 receipts to the general fund from all taxes and interest, i.e., excluding transfers and agency earnings, were \$640,000, or 0.5 percent, above the budget estimate. (A few days after the meeting it was discovered that an error was made in the Department of Revenue's compilation of tax receipts in August. The correct figures, as reported by the Division of Accounts and Reports, show that general fund receipts in the first two months of FY 1978 were nearly \$2.3 million, or 1.8 percent, above the budget estimate.)

Architectural Services Advisory Committee

Myron Reed of the Division of Architectural Services appeared at the meeting to request a change order of \$42,609 in the electrical contract for the clinical facility at the KU Medical Center. He said this change order was requested because different radiology equipment, which already has been purchased, will be installed instead of the equipment originally contemplated. The change order was approved, but Mr. Reed was told that the Committee should be given more information about the necessity for each change order and the information should be provided sufficiently in advance of the Committee meeting in order to allow time for consideration and for response to any questions that may arise.

Next Meeting

The next meeting of the Committee was scheduled on October 5 and 6, beginning at 9:00 a.m. both days.

Prepared by Richard Ryan

Approved by Committee on:

10/6/77  
Date