

Approved 2-1-84  
Date

MINUTES OF THE House COMMITTEE ON Ways and Means

The meeting was called to order by Bill Bunten at  
Chairperson

1:30 ~~am~~/p.m. on Thursday, January 26, 1984 in room 514-S of the Capitol.

All members were present except:

Committee staff present: Lyn Goering, Legislative Research  
Gloria Timmer, Legislative Research  
Jim Wilson, Office of the Revisor  
Dave Hanzlick, Administrative Assistant  
Nadine Young, Committee Secretary

Conferees appearing before the committee:

Lynn Muchmore, Director of Budget-Department of Administration

Others Present (Attachment I)

Lynn Muchmore, Director of Budget for the Department of Administration addressed the committee on the Governor's proposed budget plan. He introduced Gary Stotts, Dick Koerth, Dana Ferrell, Dennis Williams and Dave Dallam, all members of his staff who assisted in answering questions from the committee.

Mr. Muchmore basically gave an overview of some of the major characteristics of the budget and talked about the cash balance situation. Charts were used in his presentation to illustrate budget breakdown.

Chart I showed the three levels of proposed spending. Level "A" equals \$1 Billion 592 Million which is a 5% increase; Level "B" amounts to \$1 Billion, 647 Million which is a 9% increase; and Level "C" equals \$1 Billion, 800 Million which is a 19% increase. He pointed out that the 19% increase is so high because it does include capital improvement.

Moving on was a breakdown of the major budget decisions. One being of much interest is the decision about salaries and wage policies. He stated that this year the Governor recommended a 5% across the board increase for employees plus \$17 a month. He explained that this amount changes the percentage increase for a specific employee depending on where he falls on the wage scale. Governor also recommended for faculty salaries a 6% increase as well as \$2 million to the Regents for distribution to campuses for special needs in an effort to make them more competitive with private sectors.

Chairman asked about merit pay, the question being, has the Governor decided to forgo the merit pay situation in lieu of the \$17 per month. Mr. Muchmore replied that the Governor's theme this year is expressed consistently for the school teachers and state employees where he feels in both cases, there is a means to improve base level salaries.

Representative Duncan asked what percent are we talking about if we convert the \$17 per month to merit pay. He replied that it amounts to about 1%.

Representative Solbach asked about the possibility of funding merit pay. The answer to this was that it would affect the cost of living increase. Asked what should we do with the merit pay plan, Mr. Muchmore replied that there are two options, one is to impose a quota on the percentage of those outstanding; and the other is to revise the rules and regulations - that is rank the employees and give merit raises to the top ranking employees.

Representative Luzzati mentioned that some of the legislators are disturbed that we are degrading the philosophy of merit pay, saying employees are harmed in future careers because they can't leave with a good record. There was some discussion regarding the "bell shaped" curve and it was stated that most employees resent the predetermined quota system.

There was brief discussion regarding the funding for Department of Corrections touching on the areas of the Wichita and Larned work release centers and the

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Ways and Means,  
room 514-S, Statehouse, at 1:30 ~~xx~~/p.m. on Thursday, January 26, 1984

proposed honor camps to serve Clinton, Perry and Pomona. Chairman asked if it has ever been considered to increase the mil levy for the institutional building fund. His reply was that he doesn't think the Governor would be in favor of additional property tax for this purpose.

In summary, there was an explanation of the cash flow problem, describing some of the reasons it occurred. Mr. Muchmore stated that in order to go through FY85 safely without additional borrowing, his department would need a beginning balance of somewhere in the neighborhood of \$115 million--"so looking at these numbers, we are almost sure that in FY 85 and perhaps yet in FY 84, we will be forced to issue additional certificates of indebtedness".

His department has asked for passage of SB 503 which would allow for retiming of payments and give the department flexibility, thereby diminishing the cash flow problem. SB 505 would cause the payments to come in quicker and could be applied to the liabilities earlier to give the department a big boost. He stated that the combination of these two bills would take us out of this era we just went through.

Meeting adjourned at 3:00 p.m.

GUESTS -- 1984

1-26-84

Name

Address

Representing

1.	D.B. DALLAM		D. of Budget
2.	PAT SCHAFER	TOPEKA	BUDGET
3.	Dwight Bartch	Hesston	"
4.	Maryann Cawson	Salstad	"
5.	Don Full	Topeka	Budget
6.	Dennis Williams	Topeka	Budget
7.	Byron Muehler	Topeka	Budget
8.	David Buhler	Topeka	Rep. Ruth Lewis
9.			
10.			
11.			
12.			
13.			
14.			
15.			
16.			
17.			
18.			
19.			
20.			
21.			
22.			
23.			
24.			
25.			