

Approved 1-29-86
Date

MINUTES OF THE House COMMITTEE ON Ways and Means

The meeting was called to order by Bill Bunten at
Chairperson

1:35 ~~am~~/p.m. on Thursday, January 23, 1986 in room 514-S of the Capitol.

All members were present except: Representative Solbach (excused)

Committee staff present:
Gloria Timmer, Legislative Research
Laura Howard, Legislative Research
Ray Hauke, Legislative Research
Jim Wilson, Revisor's Office
Sharon Schwartz, Administrative Aide
Sue Krische, Acting Committee Secretary

Conferees appearing before the committee:

Jerry Powell, Department of Human Resources
Rep. Vern Williams
Roger Hetrick, Director of Human Resources, Coleman Co.,
Wichita
John Allen, Associated Students of Kansas
Jim Edwards, Kansas Chamber of Commerce and Industry
Bill Kaufman, Kansas Board of Regents, Legal Counsel
Jamie Schwartz, Ks. Dept. of Economic Development
Eldon Fastrup, Director of International and Domestic
Marketing, Kansas Board of Agriculture
Susan Irza, Director of Personnel Services, Dept. of
Administration
Chas. Dodson, Executive Director, Kansas Association
of Public Employees
Dr. Bob Harder, Secretary of SRS
Others Present (Attachment I)

Chairman Bunten called the meeting to order at 1:35 p.m.

Chairman asked for a motion to report adversely the following bills:

- HB 2014 - Salary increases for certain state officers
- HB 2245 - KPERS death benefits for retirants
- HB 2274 - Governor's State Employee Pay Plan
- HB 2359 - Cheyenne Bottoms Feasibility Study
- HCR 5009 - Cheyenne Bottoms Wildlife Area Feasibility Study
- HB 2567 - Salaries of District Magistrate Judges
- SB 32 - Cigarette Tax Rate Increase
- SB 41 - City owned natural gas production well regulation exemption
- SB 174 - Compensation for Chairman of Kansas Adult Authority

Representative Duncan moved that HB 2014, HB 2245, HB 2274, HB 2359, HB 2567, HCR 5009, SB 32, SB 41, and SB 174 be reported adversely. Seconded by Representative Dyck. Motion carried.

SB 352 - An Act concerning payment of wages; concerning the definition of employer; relating to assignment of claims; amending K.S.A. 44-313 and 44-324 and repealing the existing sections.

Jerry Powell, Chief Administrative Officer of the Labor Relations and Employment Standards Section of the Department of Human Resources, testified before the committee in support of SB 352 and provided written testimony (Attachment II). He noted that this bill makes two amendments to the existing Wage Payment Act: (1) amends the definition of employer to include public employer under the act, and (2) provides discretion to the Department of Human Resources in accepting assignment of a claim of \$10,000.00 or more in order to pursue a judgment in district court.

HB 2679 - An act concerning state educational institutions under the control and supervision of the state board of regents; relating to residence requirements for fee purposes.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Ways and Means,
room 514-S, Statehouse, at 1:35 ~~am~~/p.m. on Thursday, January 23, 1986

Representative Vern Williams testified in support of HB 2679 and offered written testimony (Attachment III). He explained that Kansas is perceived as penalizing new residents recruited to Kansas by present employers in requiring twelve months to establish residency in order to qualify for in-state tuition. This bill lowers that requirement to six months. The bill also has a provision to allow the Board of Regents to except from the six months requirement a person who has established a "domiciliary residence" in Kansas for the purpose of accepting or retaining a position of employment. Representative Shriver questioned if the language of this provision was not too loose in that anyone with a part-time job might qualify for this exemption.

Roger Hetrick testified in support of this bill and submitted written testimony (Attachment IV). He is a member of the business community who was adversely affected by the law this bill seeks to amend.

John Allen testified in support of this bill on behalf of the Associated Students of Kansas emphasizing that the one-year residency requirement puts the state's universities at a disadvantage with the community colleges and Washburn University, where the residency requirement is already six months. Written testimony submitted (Attachment IV-A).

Jim Edwards testified in support of the bill on behalf of the Kansas Chamber of Commerce and Industry and submitted written testimony (Attachment V). He believes the favorable passage of this bill would enhance Kansas' marketability when it comes to bringing in new and keeping existing industry.

Bill Kauffman testified in support of the bill on behalf of the Kansas Board of Regents and submitted written testimony (Attachment VI). He noted that the Board had on five occasions since 1979 requested a reduction in the duration of residency requirements from twelve months to six months.

Jamie Schwartz appeared on behalf of the Department of Economic Development and the Governor's administration in support of HB 2679.

Chairman Bunten requested that Representative Vern Williams, Representative Duncan and Representative Shriver confer on the bill and see if the language needs to be tightened up so that the committee might address the bill on Monday, January 27, 1986.

HCR 5025 - A Concurrent Resolution memorializing the Congress of the United States of America to fully consider and exercise caution in enacting any protectionist foreign trade legislation.

Jim Wilson explained that this resolution was recommended by the Special Committee on Ways and Means under their study of Proposal #56, which was studying the respective roles of the various state agency programs in the marketing and promotion of Kansas Agricultural products.

Eldon Fastrup testified on behalf of the Kansas Board of Agriculture in support of HCR 5025. He emphasized that agriculture is extremely vulnerable to reactions of importing countries to U.S. protectionist measures and stated that whatever actions are to be deliberated in the future, it is imperative that the impacts on the agricultural sector be fully considered before implementation rather than after. Written testimony provided (Att. VII).

HB 2670 - An Act concerning the Kansas civil service act; relating to job classification and layoff procedures.

Ray Hauke of Legislative Research explained the bill. This bill was the result of interim committee work on Proposal #58. The bill has two major changes--one dealing with the reclassification of employees and the other dealing with layoff procedures. Section 1 relating to reclassification specifies that the Department of Administration would be prohibited from delegating authority to other state agencies to assign positions to a classification and each classification to a range. Section 2 would prohibit any bumping in a class other than the class presently held by the employee.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Ways and Means,
room 514-S, Statehouse, at 1:35 ~~a.m.~~/p.m. on Thursday, January 23, 1986

Susan Irza, Director of Personnel Services of the Department of Administration testified in opposition to this bill and submitted written testimony (Attachment VIII). She stated that the Department of Administration is aware of the Legislature's concerns about decentralized classification authority; so action has been taken to review the criteria for delegation of this authority and oversight procedures have been strengthened as explained in a memorandum to the Special Committee on Ways and Means dated January 6, 1986 and submitted with her testimony. The Dept. of Administration does not support HB 2670 because they feel the various agencies need the flexibility to be able to respond to their own environment and to organize themselves in the light of mandates from the Legislature, federal actions, and technological changes. Regarding bumping procedures, the Division of Personnel Services proposes to develop layoff information plans for all State agencies as prescribed presently under K.A.R. 1-14-6.

Dr. Robert Harder testified in opposition to HB 2670 and provided written testimony (Attachment IX). He opposes the first section of the bill limiting classification authority, but favors the section of the bill that would prohibit bumping out of class.

Charles Dodson testified in opposition to the bill on behalf of KAPE and submitted written testimony (Attachment X). KAPE is opposed to the bill primarily because of the proposed changes in bumping procedures.

Harley Duncan, Secretary of the Department of Revenue, provided written testimony in opposition to the bill but did not appear before the committee in person (Attachment XI).

Meeting adjourned at 3:00 p.m.

The next meeting is scheduled on Monday, January 27, 1986 at 1:30 p.m.

Date 1-23-86

| Name | Address | Representing |
|-------------------|---------|------------------------------|
| Eldon R Fastrop | Topoka | K.S. State Board of Agri. |
| W. Lietzow | KCK | VISITOR |
| Kristen Ludwig | Topoka | Rep. Solbach |
| Mike Walker | " | K.S. Dept. Revenue |
| Bob Jacke | Topoka | D.H.R. |
| H.B. Dillen | Topoka | Division of Budget |
| Frank Duma | Topoka | Division of Budget |
| K. D. Thompson | Topoka | D.H.R. |
| Robin Bradley | TOP | KCC |
| (Kulpa State) | Topoka | Supreme Court |
| Jimmy Howell | Topoka | D.H.R. |
| Bill Rupp | Topoka | D.H.R. |
| Carolina J. Evans | Topoka | DPS |
| Susan Treat | Topoka | DPS |
| Gromy Stotts | TOPEKA | Budget + |
| Daniel Schwartz | Topoka | KDED |
| Bill Kaufman | Topoka | Board of Regents |
| Tom Gachis | Topoka | Budget |
| Walt Williams | Topoka | KOR |

SB 352

Mr. Chairman and members of the committee, I want to thank you for the opportunity to appear. My name is Jerry Powell and I am the Chief Administrative Officer of the Labor Relations and Employment Standards Section of the Department of Human Resources. This section is responsible for the administration of the Kansas Wage Payment Act (K.S.A. 44-313 et seq).

The Kansas Wage Payment Act basically consists of two major provisions. First, the law provides that an employer must pay his employees whatever the employer promised to pay on a regularly scheduled payday at least once a month. Secondly, the law provides that an employer cannot withhold or deduct from an employees "earned" wages unless one of two situations exists:

1. The employer is required to withhold from an employees wages by state or federal law.
2. The employee has signed an authorization for a deduction which is of a benefit to the employee.

I would like to take just a very few minutes of your time to provide you with some statistics concerning the annual number of wage claims processed by our group. Our wage claim case load has increased significantly in the thirteen years this statute has been in effect. During calendar year 1985, 1844 cases were filed with the Employment Standards Section of the Department of Human Resources. Two thousand one hundred and one (2101) cases were resolved by our staff during that year and \$561,870 dollars were returned to Kansas citizens. Two hundred fifty eight (258) were referred for administrative hearing during that period and our hearing officers conducted hearings and issued administrative orders in those cases. Our section currently employs two hearing officers, one full-time (Attorney I) and one part-time administrative officer. State general

J. Powell
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fund money is budgeted for all administrative procedures up to this point in the process.

Once the administrative order has been issued by our hearing officer, either party to the proceedings may file an appeal in district court. There is also the possibility that a respondent who has been ordered to pay earned wages may simply refuse to make payment. The Department is then required by statute to seek judgment against the individual in district court. These are the two types of legal proceedings which require departmental participation.

During 1985, the Employment Standards Section referred 140 cases to our legal section for action. Nine of those cases were appeals for judicial review of our administrative orders and one hundred and thirty one (131) cases were for enforcement of our orders. A breakdown of the dollar amount of those one hundred and forty (140) cases is as follows:

| | |
|------------------------|------------|
| Under \$500.00 | - 70 cases |
| \$500.00 to \$1000.00 | - 36 cases |
| \$1000.00 to \$3000.00 | - 21 cases |
| \$3000.00 to \$5000.00 | - 8 cases |
| \$5000.00 and Over | - 5 cases |

There were four (4) cases that were appealed in which the Department of Human Resources had no involvement since the litigants were represented by attorneys that they had retained for appeal or enforcement purposes.

Over 75% of the cases which were litigated by the Department during 1985 were claims for \$1000.00 or less. Fifty percent (50%) of the cases were for five hundred dollars (\$500.00) or less. Only nine percent (9%) of the cases were above three thousand dollars (\$3000.00).

SB 352, as amended, provides two changes in K.S.A. 44-313 et seq. First, the bill amends the definition of employer to extend coverage of the act to public employees. Secondly, the bill provides discretion to the Department in accepting assignment of a claim of Ten Thousand Dollars (\$10,000.00) or more in order to pursue a judgement in district court.

The Attorney General has opined that K.S.A. 44-313 et seq. is not applicable to public employers since the statute does not specifically define them to be employers. We receive approximately three to five telephone calls or letters per month asking our assistance in obtaining earned wages from public employers. Under existing statute, we must reject those requests and advise the claimants to seek legal recourse through the judicial system. Oftentime, the claims are in the one hundred dollar to three hundred dollar (\$100 to \$300) range thus a private attorney will not accept the case. In those cases, the Kansas citizen is left with no vehicle for recovering his earned wages.

The statute currently provides that the Department pursue legal action in District Court in all claims when a respondent refuses or neglects to pay wages we have found due to an employee. SB 352 would amend the law to afford us the discretion to require a claimant to seek outside counsel to file an action in District Court in the event the wage claim exceeds Ten Thousand Dollars (\$10,000). As you can guess, we receive very few claims of Ten Thousand Dollars (\$10,000) and above.

Those of us in the Department believe that public employees deserve the same rights as private sector employees. Therefore, we support the bill as amended and ask that this committee report the bill for passage.

Thank you for giving me this time to appear.

Testimony of REPRESENTATIVE VERN WILLIAMS of Sedgwick County before House Ways and Means Committee regarding HB 2679 pertaining to residence requirements for fee purposes at Regents' Schools. Thursday, January 23, 1986 @ 1:30 p.m., Room 516S.

The need for changes in K.S.A. 76-729 pertaining to residence requirements for tuition purposes at Regents' Schools was brought to my attention when my replacement at the Coleman Company was recruited and moved, with his wife and his two daughters, to Wichita from Ohio a year ago this month.

His name is Roger Hetrick and he has driven up from Wichita today to appear on his own behalf in favor of HB 2679. I'll let him tell his own story.

I would point out to you that, aside from some clean-up language, the bill contains a new definition of "domiciliary resident" and two substantive changes:

First, the current twelve months requirement to establish residency in order to qualify for in-state tuition has been lowered to six months. This change has been made at the suggestion of the State Board of Regents.

Secondly, a provision has been added to allow the Board to except from the six months requirement a person who has established a "domiciliary residence" in Kansas for the purpose of accepting or retaining a position of employment. Such a person or members of his immediate family could then pay in-state rather than out-of-state tuition.

Evidence submitted to the Board as proof that the person is actually domiciled in Kansas must include written certification of that fact by the person's employer.

The reason for these changes, so far as I'm concerned, is to encourage economic development and job creation. It's part of the

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old "image problem. Kansas is presently perceived as penalizing new residents recruited to Kansas by present employers (or being brought into Kansas by employers who themselves are being recruited to Kansas) by making them pay out-of-state or non-resident tuition if they attend a state university.

The monetary difference in resident and non-resident fees at our various state universities can be as much as \$900 per semester or \$1800 a school year. This dollar difference is quite significant to the person, especially one who has two or three members of the family who wish to matriculate. The cost difference may be an encouragement, or in some cases a financial necessity, to simply delay college enrollment.

I don't know how many new citizens would be affected. I don't know, at this time, what it might cost our universities to do this. But, whatever the cost, it would surely be offset by the taxes paid by newly-acquired residents and companies. It's probably a small item in the arsenal needed to lure companies to Kansas but every little bit of encouragement helps. As we all know, the competition for business and industry is fierce among the states.

Here are basic tuition (general fees) per semester as provided to me by the regents' office:

| | <u>Resident</u> | <u>Non-Resident</u> | <u>Extra Cost of non- Resident</u> |
|----------------------|-----------------|---------------------|--|
| University of Kansas | \$495 | \$1397 | \$902 |
| Kansas State | \$495 | \$1397 | \$902 |
| Wichita State | \$495 | \$1397 | \$902 |
| Emporia State | \$415 | \$1003 | \$588 |
| Hays State | \$415 | \$1003 | \$588 |
| Pittsburg State | \$415 | \$1003 | \$588 |



BEFORE WAYS AND MEANS COMMITTEE
ROOM 516-S
STATE CAPITOL BUILDING, TOPEKA, KS

Thursday, January 23, 1985, 1:30 p.m.

Roger Hetrick
Corporate Director of Human Resources
The Coleman Company, Inc.
940 N. Waco
P. O. Box 1762
Wichita, KS 67201-1762

Good afternoon. Thank you for inviting me here to discuss with you a concern I have that has impacted me personally as a parent and could impact me personally in my profession as a recruiter attempting to convince potential employees to relocate to Kansas.

My concern and the purpose of my being here is to discuss my frustration and my experience with the current law that requires one year residency in the state of Kansas before a student can be considered a resident and enjoy the privilege of not paying non-resident fees (approximately \$900 per semester).

Some background information to explain my personal situation, I believe, is necessary. I was recruited by The Coleman Company; in January of 1985 I joined the Company and began work in Wichita. A family decision was to leave my wife and younger daughter in Ohio so she could complete her high school education and graduate with her senior class. Following graduation in June, the rest of the family joined me in Wichita.

During the course of our daughter's senior year, she looked at a number of colleges, considering them all for her four-year college education. She, of course, considered colleges in Ohio, which had been our home for a number of years, had applied and was accepted. After my relocation to Kansas, our daughter, Wendy, began looking at universities here in Kansas, and, much to our delight, she opted to go to college here in our new home state.

As the time approached to begin school and pay fees, it came to my attention that she would not qualify, under the current law, for residency status because of the one year requirement. I appealed that consideration with every

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IV

person I could to seek relief, and, to my disappointment, relief was not available. I wrote a letter to the Chancellor of the University of Kansas asking for his consideration, and personally went to visit the Chancellor. I was referred to the Associate Dean of the University, Dr. William Kelley, who very politely referred me to the law, and advised that there just aren't any exceptions granted--despite the residency of several months, despite the fact that I'd been paying taxes, despite the fact that I was registered to vote; nothing short of one year's actual residence would qualify her. He suggested that we might go before the residency committee for their consideration and, in search of opportunity to have reconsideration, I decided that we would appeal to the residency committee. The residency committee also turned down our request.

Not being easily discouraged, my next alternative was to seek review of the Board of Regents and made my request to the Chairman of the Board of Regents, Larry Jones. Larry Jones has reported to me that it was reviewed by the Board of Regents and they were unable to grant any exceptional status under the law.

Since that time, I have written to the general counsel for the Board of Regents asking for consideration and review and he has responded. A copy of his letter is attached, indicating that relief can only come through a change in the law. I've had personal discussions with the former Chancellor of the University of Kansas, with Dr. William Kelley, with admissions people and educators at Wichita State University and find, to a person, that all very much disagree with the Law and would like to see some discretion in the Law or a reduction in the rigid requirements of residency.

As I try to understand the purpose of the law, it seems to me it must be to prevent an individual student from moving into an apartment near a university, quickly establishing residency, and then having the advantage of the quality education of a Kansas university without being a taxpayer.

I agree that should be prevented, but it seems to me a family household relocated to Kansas as a taxpayer and contributor to the economy and well-being of the business community should be considered a resident for purposes of their dependent children. It also seems to me that any study that the head

of a household or spouse would take at a university to improve job skills should be considered on the basis of residency status. I am suggesting there is a significant difference between a person attempting to dodge the non-resident fee as compared to the permanent move of a family household.

There is a second role, as I mentioned above, in which this residency requirement affects me--and that is my role as a recruiter attempting to convince a potential employee to relocate to Kansas. If that potential employee has dependent children or a spouse who wants to attend a state university, they would have the same reaction that I did. Also as the State attempts to attract new business and industry, and the managers of those businesses relocate to Kansas, it would be advantageous (a recruiting plus) if the issue of residency for dependents and spouses of the head of household be considered as residents for tuition-paying purposes at our State universities.

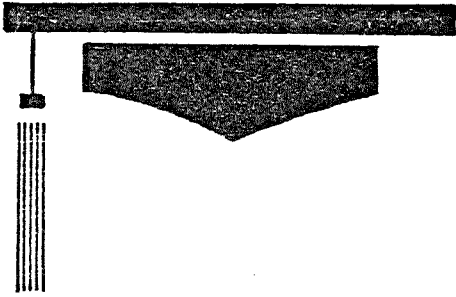
Another thing that I have learned from different educators at State universities is that the Kansas law is not consistent with the requirements of junior colleges. The junior college requirements are far less restrictive than the state law. I am not fully aware of the difference, but I am told they are less.

In summary, my conclusion is that the existing Law seems to be unpopular with educators and you can believe it's personally unpopular with me, but I can testify that the Law is being rigidly enforced by the State universities here in Kansas. Any relief that you can provide will be appreciated not only by parents but also by educators.

Thank you again very much for inviting me. I hope the information above will be useful and helpful to you in reviewing this proposed revision.

Roger H. H. H.

Attachments



KANSAS BOARD OF REGENTS

Suite 609 Capitol Tower 400 S.W. Eighth
Topeka, Kansas 66603 Telephone (913) 296-3421

October 15, 1985

Mr. Roger L. Hetrick
Corporate Director of Human Resources
The Coleman Company, Inc.
P.O. Box 1762
Wichita, Kansas 67201

Dear Mr. Hetrick:

I am writing to acknowledge the receipt of your October 7, 1985, letter concerning the residency regulations of the Board of Regents for tuition purposes at the state educational institutions.

While I am sympathetic to the problem that you raised, I must advise that the difficulty lies in the Kansas statute (K.S.A. 76-729) providing for a durational residency requirement, rather than the regulations of the Board of Regents. That statute specifically provides that a person enrolling in a state educational institution under the Board of Regents must be a resident of the state of Kansas for 12 months prior to enrollment for any term or semester. Over the course of the last 8 years the Board of Regents has on numerous occasions sought to reduce that durational residency requirement from 12 months to 6 months in an effort to lessen the burdens imposed on individuals such as yourself. Unfortunately, the Legislature has not seen fit to reduce the residency requirement to 6 months and thereby bring our requirement in line with that of Washburn University of Topeka and the community colleges. Notwithstanding this fact, the Board of Regents acting at its September 1985 meeting has once again authorized a legislative request to reduce the residency requirement from 12 months to 6 months. It is my judgment that such a reduction is more appropriate than attempting to define a classification of individuals who come to the state for the purpose of taking employment.

Thank you very much for taking the time to express your concerns and please know that the Board of Regents is not only understanding, but is desirous of providing a modification in the durational residency requirement for just the reasons cited in your letter.

Very truly yours,

William R. Kauffman
General Counsel

cc: Mr. Lawrence M. Jones
Dr. Stanley Z. Koplik



The

COLEMAN COMPANY, INC.

General Offices

P.O. BOX 1762
WICHITA, KANSAS 67201
Area Code 316 261 3211

ROGER L. HETRICK
Corporate Director of
Human Resources

August 14, 1985

Dr. Gene A. Budig, Chancellor
University of Kansas
223 Strong Hall
Lawrence, Kansas 66045

Wendy 372 371

Dear Dr. Budig:

In January of this year, I joined the Coleman Company in Wichita. I am pleased and proud to be a new Kansas resident; my family has found the same level of satisfaction and comfort in our new home in Wichita. I am also pleased that our daughter has elected to attend the University of Kansas as a Freshman this fall. We are very happy that she has elected to get her college education here in our home state of Kansas.

However, I have learned that, because I have been here only since January and she has been here only since her high school graduation in June, we do not meet the Kansas one-year residency requirement and the privilege of paying resident fees. I have read the residency requirements; they clearly specify one year's residence regardless of many other considerations. I spoke yesterday to Larry Jones, the Chairman of the Coleman Executive Committee, as well as the Chairman of the Kansas Board of Regents. Larry advised me to direct my appeal to your attention for consideration.

I believe the logic of the rule must be to prevent persons from another state from quickly establishing residency and getting the advantage of an education at KU without having been a long term tax payer and without the intentions of becoming a long term Kansas resident. This is not my (our) situation. I was recruited by the Coleman Company to come to Kansas to assume a very responsible position within the company. It is my intention and expectation to remain in Kansas for at least the duration of my working career (20+ years). We are not here on a transient basis; Kansas is home and is expected to be our home for years to come. The obligation to pay non-resident fees for our daughter to attend a State University in our home state, in my view, is an unjust penalty.

I respectfully request your consideration of our daughter's enrollment at the University of Kansas as a resident student.

Very truly yours,

Roger L. Hetrick

MEMORANDUM

TO: Larry Jones

August 29, 1985

FROM: Roger Hetrick

SUBJECT: Residence Status at Kansas State Supported Universities

Following our meeting two weeks ago, based on your advice, I wrote to Chancellor Budig requesting consideration of in-state residence status for our daughter, Wendy.

The following Monday when I took Wendy to K.U. I went to Chancellor Budig's office to seek his response. I was escorted by Dr. Budig's secretary to Associate Dean William Kelley's office for disposition. In summary, Dr. Keller very politely reminded me of the law, gave his empathy for my situation but advised he could not help me because of the law. He offered me the forms to appeal to the Residence Committee but suggested it would not be successful.

Dr. Keller gave me the impression that he would like to have the latitude to make an exception but he does not have the authority. He mentioned other states that are not as restrictive, ie Missouri, but didn't specify their rules.

Dr. Keller also mentioned that the current Kansas law is equally "unfriendly" when the parents transfer from Kansas causing their dependent resident student children to become non residents.

Larry, I seek your further advice. Selfishly, this law has a financial impact on me as a parent. In the future this law could affect me, the Coleman Company and other companies adversely as we seek to recruit persons to Kansas who have college student children.

*Roger
nh*

RH:nh
Attachment



The

COLEMAN COMPANY, INC.

General Offices

P.O. BOX 1752
WICHITA, KANSAS 67201
AREA CODE 316 261-3211

ROGER L. HETRICK
Corporate Director of
Human Resources

October 7, 1985

William R. Kauffman, Esquire
General Counsel
State Board of Regents
400 S.W. 8th, Suite 609
Topeka, Kansas 66603

Dear Mr. Kauffman:

I am respectfully requesting that the Board of Regents consider revising the residency requirements to include the children (students) of parents who, due to employment changes, are transferred and have relocated their residence to the state of Kansas.

The State of Kansas is currently attempting to woo several companies to relocate their business to Kansas to bring new jobs and new tax revenue. I expect the recruiters want to establish a total environment that will be "friendly" to all suitors they entertain. Under the current regulations, the residency requirement for students causes a one year, \$2,000 penalty (the payment of non-resident fees), to any person whose child elects to go to school in their new home state!

As a parent, I have personally experienced the penalty. As a personnel professional, I could experience a similar problem in recruiting potential employees to Kansas who have college-age children.

I expect that the business recruiters would welcome a revision that is in concert with establishing an environment that is "friendly" to companies and the people who will relocate to Kansas to manage their companies.

Thank you for your attention.

Sincerely,

Roger L. Hetrick

cc: Gene A. Budig
Roger Christianson
Larry Jones
William Keller
Charles Krider
Vern Williams

Quest for Business

Kansas Has Steadily Lost Manufacturing Jobs Since 1980

By Forrest S. Gossett
Staff Writer

General Motors Corp.'s quest earlier this year for a place to build the most technologically advanced car factory in the world turned into nationwide sweepstakes, focusing attention on how businesses big and small go about choosing industrial sites.

Thirty-eight of the lower 48 states threw themselves at GM, bidding to be the home of a \$6 billion Saturn complex capable of

Cover Story

pumping new life into the winning state's economy. Spring Hill, Tenn., a small town of 1,100 near Nashville, eventually won

the prize. But Kansas was in the running all the way, GM officials said.

Now, Wichita and three other Kansas cities — Kansas City, Leavenworth and Topeka, are competing for another prize — Toyota Motor Corp.'s first U.S. assembly plant, a facility expected to build 200,000 cars a year starting in 1988. About 30 sites in 22 states are under consideration.

TOYOTA OFFICIALS are expected to pick a site by the end of the year. And Wait Riker, Sen. Bob Dole's press secretary, believes Kansas is still a prime contender.

While GM's decision has no bearing on where Toyota will locate, it does give insight into the process of industrial site selection and underscores the high stakes involved in recruiting.

"The kinds of things that companies are always looking at are markets — that's probably No. 1 — and taxes, availability and the costs of transportation and labor," said Roger Christianson, director of the economic development division of the Kansas Department of Economic Development. "Those items never really change that much, though obviously some are driven more by one of those items more than others."

For GM, location to its primary markets turned out to be a major reason Tennessee was selected. William Hoglund, president of GM's Saturn Corp., said after the announcement that the nation's population shift to the Sun Belt was a crucial factor.

"THE MATTER of the population shift out of the Northeast to the Southwest changes distribution patterns and moves the geographic center for shipping automobiles down toward the Southwest," Hoglund said. Kansas officials believe that while the state is not part of the growing Sun Belt, the state can still benefit from the population shift. Christianson said that Kansas is near enough to major population centers in the Southwest to be attractive to businesses targeting those markets.

The state's location was important to Michigan-based Valassis Color Graphics when it sought a midcontinent production site last year, said Richard Anderson, manager of the company's new Wichita operation.

Valassis prints glossy advertising inserts for Sunday newspapers for a variety of clients and ships them to newspaper plants nationwide.

AFTER NARROWING the contenders to more than cities, the company selected Wichita and Austin, Texas, as finalists. Wichita's location near major trucking routes and the availability of a stable work



Charles Rollins/Staff Photographer

Location was important to Michigan-based Valassis Color Graphics, when it chose Wichita for a plant in 1984. At left, Dale Clemens adjusts press color, while George Marko checks press proofs.

force were key factors in its favor, Anderson said.

"We needed good availability of rail transportation and trucking routes," said Anderson. "We also had a town where we could recruit people to do what we wanted them to do."

Kansas also won a GM victory earlier this year, when the company confirmed plans to spend \$750 million to rebuild its Fairfax plant in Kansas City, Kan. The new facility will be one of five building GM's "W" cars — a project that industry observers say darts the Saturn car.

"GM's plans means that we are keeping jobs, too, and that's very important," said Christianson.

Nonetheless, the victories are rare for Kansas business recruiters these days, a fact most of them readily admit.

IN AN ANNUAL survey conducted by Alexander Grant & Co., a national accounting firm, Kansas ranks as the 13th most attractive state for manufacturing locations. Six years ago Kansas was fourth.

The survey ranks such factors as taxes, energy costs, wages, union activity, education of the work force, population changes and state spending on education.

Grant studies manufacturing because it is the key sector of the U.S. economy, says a staff member of the Chicago-based accounting firm.

"All the states are trying to attract business, whether it be manufacturing or banking... but manufacturing is really the core industry," said Tim Cekal, an Alexander Grant project manager. "It has been about 25 percent of our gross national product since the '40s."

KANSAS HAS been steadily losing manufacturing jobs since 1980, according to statistics compiled by the Kansas Department of Human Resources.

In 1980, 190,500 were employed in manufacturing. Manufacturing jobs dropped to 164,700 in 1983. In 1984, there was a gain to an average of 176,500. This year, the average has been 174,900 jobs through the end of August.

"On the whole, there has not been a recovery in the state's manufacturing industries," said Fred Rice, director of research for the Human Resources Department. The problem for Kansas is, more, said Charles Krider, a professor of business administration and director of business research for the Institute of Public Policy and Business Research at the University of Kansas. Krider said Kansas is viewed as an unexciting place to locate.

Moreover, unlike Christianson of the Economic Development Department, Krider said Kansas' location is not an asset. The state, he said, is too far from major metropolitan areas to immediately attract industrial attention.

"WE DO NOT have the advantage in Kansas of being located within 500 miles of half the country's population," Krider said.

Lack of venture capital also is a problem, he said, noting that until the state can attract money for start-up business ventures, it will lag behind the rest of the nation in economic development.

"Traditionally, Kansas has been a state with a large number of small banks... meaning that it has been difficult to put together large pools of capital," Krider said.

Kansas' new multibank holding company law is allowing larger banks and is expected to increase the size of loan packages banks can offer. But just having a multibank holding company law is not enough, because Kansas banks have been "very conserva-

tive" in lending to start-up businesses, Krider said.

Krider and others believe Kansas has a selling job to do. One of the positive factors cited in the Grant survey is the cost of energy in Kansas. The state was the 10th cheapest for overall energy costs. Kansas also ranked high in the education of its workers and in its business tax structure.

Cekal of Alexander Grant said energy costs still rank high on many manufacturers' shopping lists.

ANDERSON OF Valassis said that for his company, Kansas is attractive in terms of energy costs — even with a recently approved four-year, 38 percent rate increase to finance Kansas Gas and Electric Co.'s operations at the Wolf Creek nuclear generating plant.

"We were fully aware of the potential for electric rate increases when we located here and they are important to us," said Anderson. "But compared to where we were, we are still more than comfortable... When you take into account other parts of the country, your rate here is exceedingly low."

But energy costs alone won't attract business to Kansas, Krider said. He believes Kansas must identify target industries and spend money to attract new business and industry.

Kansas has neglected economic development for many years and trails others in the region in attracting new business, he said.

THE GRANT study noted that Nebraska created 2,200 new jobs in 1984 when it landed two major telecommunications firms.

● STATE, 15D, Col. 1

State Has Bad Image, Some Say

● STATE, From 7D

Krider says Kansas needs to create a game plan for economic development and identify potential growth industries — both in the manufacturing and service sectors — and then devote resources to attracting the targeted businesses.

"Kansas has not put a high pri-

ority on economic development in the past," said Krider. "Kansas needs to take the initiative."

Added Larry Danielson, director of development for the Wichita Area Chamber of Commerce: "We need to have a state plan to attract business; that's something we don't have now."

KRIDER IS helping direct a

study to identify industries that Kansas can attract. Danielson is a member of the study group.

The group's goal is to have recommendations prepared for the Legislature by early December, with a full report in late December.

From there, the state should be able to develop a plan, Danielson said.

But a coordinated game plan isn't necessarily a guarantee of success. Before Valassis selected Wichita, the company received thousands of pages of material from the areas it was considering, Anderson said.

"The chamber here did an excellent job... but what it (recruiters' efforts) does is important mostly in the initial stages," he said.

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State of Kansas
LEGISLATIVE DIVISION OF POST AUDIT
INVITATION FOR BIDS

Sealed bid proposals on seven Legislative Division of Post Audit invitations for bids for financial-compliance audit work will be received until November 1, 1985. These invitations cover the following audit work:

Kansas Adjutant General's Department
 Kansas Department on Aging
 Kansas Board of Agriculture
 Kansas Department of Education
 Kansas Department of Health and Environment
 Kansas Department of Transportation
 Kansas Attorney General's Office

Copies of the invitations for bids may be obtained from the Legislative Division of Post Audit, 109 W. 9th, Suite 301, Topeka, KS 66612, (913) 296-3792.

MEREDITH WILLIAMS
 Legislative Post Auditor

Doc. No. 003555

State of Kansas
BOARD OF REGENTS
NOTICE OF HEARING
ON PROPOSED
ADMINISTRATIVE REGULATIONS

A hearing will be conducted at 10 a.m. Monday, October 14, in the Board of Regents Conference Room, Suite 609, Capitol Tower, 400 S.W. 8th, Topeka, to consider the adoption of temporary rules and regulations and amendments to permanent rules and regulations of the State Board of Regents.

All interested parties may submit written comments at any time prior to the hearing by addressing them to William R. Kauffman, General Counsel, State Board of Regents, 400 S.W. 8th, Suite 609, Topeka, KS 66603. All interested parties will be given a reasonable opportunity at the hearing to present their views, orally, in regard to the adoption of the proposed regulations and amendments. In order to give all parties an opportunity to present their views, it may be necessary to request each participant to limit oral presentation to not more than five minutes.

All written and oral comments submitted by interested parties will be considered in assessing the merits of the adoption of the proposed regulations and amendments.

A copy of the regulations and the fiscal impact statement may be obtained by writing the Board of Regents at the address above.

The following is a summary of the proposed temporary regulations and amendments to the permanent regulations:

K.A.R. 88-3-1 relates to information available to a student when questions arise concerning residence classification for fee purposes. The proposed changes

substitute the phrase "the student" for the phrase "he or she."

K.A.R. 88-3-2 defines "residence" for fee purposes, and lists the factors which will be given probative value in support of a claim for resident status as well as the factors which, standing alone, will not constitute sufficient evidence of a change to Kansas residence. In addition to certain stylistic changes, the proposed amendment would add a statement that the factors to be given probative value are not limited to those listed in the regulation, and would add continued enrollment in a postsecondary educational institution in Kansas to those circumstances which, standing alone, ordinarily would not constitute sufficient evidence of a change to Kansas residence.

K.A.R. 88-3-4 relates to the residence of persons under 18 years of age. The proposed change would allow a residency determination to be made for the child of divorced parents on the basis of either the person's custodial parent or the parent providing the preponderance of the student's support.

K.A.R. 88-3-8 concerns the extension of the resident fee privilege to certain military personnel and their dependent spouses and children. The proposed changes are intended to clarify the circumstances under which military personnel exception applies.

K.A.R. 88-13-1 contains definitions of the terms used in the rules and regulations pertaining to student assistance programs. In addition to stylistic changes, the proposed amendments would expand the definition of "student resources" to include loans coming directly to a student from non-college sources, and would increase the amount of the state scholarship from \$500 to \$1,000 in compliance with the action of the 1985 Kansas Legislature.

K.A.R. 88-13-4 concerns applicant eligibility for tuition grants or state scholarships. In addition to stylistic changes, the proposed amendment would update the form adopted as the Board's family financial statement, and would raise the cumulative grade point average required to maintain a state scholarship from 3.0 to 3.3.

K.A.R. 88-13-11 relates to certification to the Board by participating colleges and each grantee attending its institution who applies for student assistance. In addition to a stylistic change, the amendment would adopt by reference the criteria of 34 C.F.R. 690.77 as an alternative form of income verification.

K.A.R. 88-16-1a defines the terms used in the article on authorization of non-public institutions of postsecondary education to confer degrees. In addition to certain stylistic changes, the proposed amendment would expand the definitions of master's degree and intermediate or specialist degree to include those granted to individuals who successfully complete an educational program in a professional field.

WILLIAM R. KAUFFMAN
 General Counsel

Doc. No. 003553



ASSOCIATED STUDENTS OF KANSAS

Suite 608, Capitol Tower 400 W. 8th
Topeka, Kansas 66603
(913) 354-1394

RESIDENCY REQUIREMENTS AT THE STATE UNIVERSITIES

TESTIMONY OF
JOHN L. ALLEN, JR.
DIRECTOR OF LEGISLATIVE AFFAIRS

ON
HOUSE BILL 2679

BEFORE THE
HOUSE WAYS AND MEANS COMMITTEE
JANUARY 23, 1986

J. Williams
1/23/86

IV-A

Representing the Students of:

Emporia State • Fort Hays State • Kansas State • Pittsburg State • University of Kansas • Washburn University • Wichita State

Good afternoon. My name is John Allen, and I am the Director of Legislative Affairs for the Associated Students of Kansas. We appear before you today to express our student's support of HB2679, which has the effect of lowering the residency requirements for the payment of in-state tuition at our Board of Regent's Universities from 1 year to six months. This bill has our **strong support**.

A.S.K. has historically taken the position that current residency requirements are unfairly lengthy. This is a perennial legislative issue, and we recognize that given the state's financial condition it may be a difficult thing to address during this session. We suggest, however, that it would be in the state's best interest to approve this legislation for several reasons.

Perhaps most significantly, the one-year residency requirement puts the state's universities at a disadvantage with the community colleges and Washburn University, where the residency requirement is already six months. For those institutions, it is much easier to attract out-of-state students than for an institution handicapped with a one-year waiting period. It is interesting to note that legislation to increase the residency requirement at Washburn and the community colleges was defeated two years ago on precisely the same grounds that we suggest that same requirement ought to be lowered for the Regent's institutions.

Further, in K.S.A. 76-729 and 76-730, the criteria by which residency may be determined are set out, and none, save the

one-year requirement itself, require one year to complete.

Indeed, most are possible in considerably shorter time spans. Thus, the one-year period is "artificial," and not tied to any specific policy objective except, of course, saving money.

This is particularly true when you examine the effect of the current policy. Because of the difference between academic years and calendar years, six months already amounts to one year in terms of residency. Under a six months requirement, to qualify for in-state tuition for a semester beginning January 15, a student would have to establish residency in the state beginning July 15, yet most students do not begin living in the state until late August. Thus "six months" and "one semester" are not equivalent terms, and little is gained by the one-year requirement if the goal is to make it difficult for a student to gain in-state rates after one semester. By the same token, "one year" is not a "year" in an academic sense, and some students must wait three semesters before being eligible for in-state status.

✓ The current residency policy also amounts to a barrier, if not effective discrimination, against out-of-state scholars, at a time when the state's goals for economic development call for the importation of more and better people from other areas. If we are to have the kind of skilled minds necessary to be our managers, planners and executors, then we must create a climate in which they are likely to choose Kansas as the place to utilize those skills. Our universities are the first step, and we must make them accessible to out-of-state scholars, which we believe this bill accomplishes.

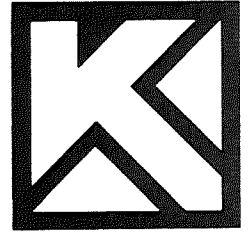
Finally, it is at least somewhat inequitable to delay a student's in-state status for a year while their support of the state through sales taxes, property taxes, etc., is expected to commence immediately. Student support of the state's higher education system, directly through tuition and indirectly through taxation, is not "waived" for a year; neither should their in-state status be.

Thank you, Mr. Chairman, and I will be happy to respond to any questions members of the committee might have.

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LEGISLATIVE TESTIMONY

Kansas Chamber of Commerce and Industry



500 First National Tower One Townsite Plaza Topeka, KS 66603-3460 (913) 357-6321

A consolidation of the
Kansas State Chamber
of Commerce,
Associated Industries
of Kansas,
Kansas Retail Council

HR 2679

January 22, 1986

KANSAS CHAMBER OF COMMERCE AND INDUSTRY

Testimony Before the
House Ways & Means Committee

by

Jim Edwards
Public Affairs Director

Mr. Chairman, members of the committee. My name is Jim Edwards, Director of Public Affairs for the Kansas Chamber of Commerce and Industry, and I am here today to support the concept of HR 2679.

The Kansas Chamber of Commerce and Industry (KCCI) is a statewide organization dedicated to the promotion of economic growth and job creation within Kansas, and to the protection and support of the private competitive enterprise system.

KCCI is comprised of more than 3,000 businesses which includes 200 local and regional chambers of commerce and trade organizations which represent over 161,000 business men and women. The organization represents both large and small employers in Kansas, with 55% of KCCI's members having less than 25 employees, and 86% having less than 100 employees. KCCI receives no government funding.

The KCCI Board of Directors establishes policies through the work of hundreds of the organization's members who make up its various committees. These policies are the guiding principles of the organization and translate into views such as those expressed here.

Kansas is currently at a crossroad when it comes to economic development and the state's future. The Governor, you as legislators, state institutions, business and

J. Edwards
1/23/86

V

the citizens of Kansas are all facing decisions which will enhance Kansas' market-ability when it comes to bringing in new and keeping existing industry.

You have in front of you today a proposal which, if implemented, could assist greatly in bringing in new industry by making available, at in-state tuition levels, courses at our regents institutions for new state residents who are employees of the firm. Also, it would be a great asset for any existing in-state firm, which is trying to bring in new employees to be able to offer this as a state incentive.

We believe you should strongly consider this issue and support its concept.

BEFORE THE HOUSE WAYS AND MEANS COMMITTEE
TESTIMONY OF WILLIAM R. KAUFFMAN, GENERAL COUNSEL,
KANSAS BOARD OF REGENTS
IN SUPPORT OF HOUSE BILL 2679
January 23, 1986

Mr. Chairman and members of the committee, I am Bill Kauffman, General Counsel of the Kansas Board of Regents. I appear before you today in support of House Bill 2679 -- a measure, which if enacted, would reduce the durational residency requirement for persons enrolling at the Regents institutions from 12 months to 6 months. Additionally, it would establish a fifth exception to the residency requirement by permitting immediate residency for fee purposes for persons who establish their domicile in Kansas for the purpose of accepting or retaining a position of employment.

On at least five occasions since 1979 the Kansas Legislature has been asked by the Kansas Board of Regents to reduce the durational residency requirement for fee purposes at the Regents institutions from 12 months to 6 months. These requests have been made for two primary reasons. The first is to bring the residency requirement for the Regents institutions into line with the six month durational residency requirement for Kansas community colleges (K.S.A. 71-401) and Washburn University of Topeka (K.S.A. 72-6504), and thereby provide consistency among state-owned and state-aided institutions. Secondly, and most importantly, our objective has been to accommodate the interests of many individuals who moved to the state of Kansas for the purpose of accepting full-time employment and who, while

W.R.K.
1/23/86

VI

residents of the state for practically every other purpose, are required to pay non-resident fees for at least one year. While our previous efforts to secure such a reduction have been unsuccessful, the Board of Regents remains convinced of the merits of reducing the durational residency requirements from 12 months to 6 months and has formally acted to again request the 1986 Legislature to make such an amendment.

The measure before you today would provide for such a reduction and provides a more direct accommodation for the situation where individuals move to the state of Kansas for the purpose of accepting employment.

While the Board of Regents has historically questioned the wisdom of the addition of a fifth exception concerning relocation to Kansas for the purpose of accepting employment (S.B. 718, 1978) and thereby advocated the six month durational residency requirement as a reasonable accommodation of competing interest, we support House Bill 2679 in its entirety, because it is the judgment of the Board that it will eliminate one more barrier to the economic development of our state. In the past the Legislature has received testimony from representatives of Boeing Military Airplane Company and Beech Aircraft in support of the Regents efforts to reduce the residency requirement and today you received additional testimony concerning the importance of this measure to eliminating barriers to economic development.

On behalf of the Board of Regents and the Regents institutions, I urge this committee's favorable action on House Bill 2679.

Testimony Before the
House Ways and Means Committee

Presented by
Eldon R. Fastrup
Marketing Division Director

January 23, 1986

E. R. Fastrup
1/23/86

VII

Mr. Chairman and members of the Committee, I appreciate the opportunity to present the following comments relating to "protectionist legislation" and its potential impact on agriculture.

The year is not starting well any where. In Europe, unemployment remains persistently high despite a slightly improved outlook for growth. Among the developing countries the debt problems continue. The U.S. trade deficit has grown and some sections of our economy are being squeezed by imports.

So political solutions are now being sought for economic problems. Protectionist bills flourish, foreigners are blamed, and the U.S. trade policies are receiving great attention.

It is within this framework that we can expect continued interest and actions in the area of "protectionist legislation". A key question then follows: "What will be the impact on agriculture?"

Agricultural exports, although down from a record value of 43.8 billion dollars in 1981 to 30 billion dollars in 1985, still represent a major positive contribution to the U.S. balance of trade. The production from two of every five acres of U.S. farmland is destined for export. The agricultural industry provides employment for approximately 23 million people and contributes some 20 percent of the U.S. total gross product.

In short, agriculture is a critically important sector of the national economy and is also very dependent on export markets. It is this

combination of factors which make it extremely vulnerable to reactions of importing countries to U.S. protectionist measures. A prime example, familiar to all of us, is the embargo of grain sales to the U.S.S.R. of 1980. The U.S. provided approximately 77 percent of the agricultural products imported by Russia, at the time of the embargo. Now we have about a 40 percent market share. Economic analyses indicate the U.S. lost 11.4 billion dollars in overall national output, lost 310 thousand jobs, and 3.1 billion dollars of personal income. A similar scenario describes the embargo placed on Japan.

I believe both cases represent examples of impacts on agriculture from protectionist actions. Both cases proving ineffective to national policy yet placing an inordinate burden on the agricultural industry.

Secretary of Agriculture Harland Priddle presented testimony to the Senate last October in which he described the possible impact of the Textile and Apparel Trade Enforcement Act and bill to impose a 25 percent surcharge on Japan, Brazil, South Korea, Taiwan, Indonesia, Thailand, Hong Kong, and China. It was pointed out that: (1) These eight countries represent a 12 billion dollar market for U.S. farm products with future growth potential; (2) the actions of the legislation would save 72 thousand jobs in the textile industry; (3) the retail industry would lose 62 thousand jobs; (4) consumer costs would rise by 14 billion dollars; (5) reduced imports of U.S. agricultural products by the eight countries projected at 2-5 billion dollars; (6) potential loss of 125 thousand jobs in the agriculture industry. Again, this is an example of the potential impact on agriculture resulting from protectionist actions.

International trade is imperfect; unfair trading practices do exist, and there are many points of view as to what appropriate actions should be employed to improve the situation.

Whatever actions are to be deliberated, it is imperative that the impacts to the agriculture industry be fully considered.

Testimony to
House Ways and Means
on House Bill 2670
by
Susan Irza, Director of Personnel Services
January 23, 1986

Mr. Chairman and members of the Committee, thank you for the opportunity to present the views of the Department of Administration and the Division of Personnel Services on House Bill 2670.

The recent history attached to consideration of classification authority and bumping began with the Secretary of Administration's request for a Special Committee to consider with him difficult issues with which he was struggling. The focus of his attention and of the Legislature has revolved around the authority necessary for agencies to manage effectively, efficiently and in a timely manner. At the same time the Legislature and the Secretary shared concern about perceived inconsistencies in delegated classification authority. The Secretary noted in his August 23, 1985, testimony about bumping that "perhaps we shall decide to retain our present procedure." In the past several months I have had the benefit of direct knowledge of these areas and I have great respect for the Legislature's and the Secretary's identification and thought in these problem areas.

Regarding decentralized classification authority, we are keenly aware of the concerns of the Legislature regarding perceived inconsistencies which have existed. Action has been taken to review the criteria for delegation of this authority,

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VII

oversight procedures have been strengthened and sanctions for inappropriate use of decentralized classification authority have been enumerated. Revised procedures are outlined in detail in a memorandum to the Special Committee on Ways and Means dated January 6, 1986. A copy of that report is attached to this testimony.

Regarding bumping procedures for State employees in layoff situations, House Bill 2670 recommends that K.S.A. 75-2948 be amended to preclude any regulations that would allow bumping into a classification other than that which the employee holds at the time of a layoff. The concern is that bumping into other classes and lower classes may disrupt efficient agency operations.

The chart below gives a perspective on the number of agency layoffs, the number of positions in those agencies and the number of employees laid off in the last five fiscal years.

| <u>Fiscal Year</u> | <u>Number of Agency Layoffs</u> | <u>Number of Positions in Layoff Agencies</u> | <u>Number of Employees Laid Off</u> |
|--------------------|---------------------------------|---|-------------------------------------|
| 1981 | 3 | 3,941 | 4 |
| 1982 | 10 | 19,516 | 182 |
| 1983 | 10 | 18,254 | 31 |
| 1984 | 12 | 10,308 | 44 |
| 1985 | 8 | 5,124 | 15 |

The Division of Personnel Services has reviewed the regulations that established the bumping procedures and concludes that the most effective way to address the Legislature's concern is through the development of layoff informational plans for all State agencies as prescribed presently under K.A.R. 1-14-6. We

conclude that the responsibility should continue to rest with the agencies to define in the layoff plan the classes in which bumping may occur as well as to set layoff boundaries in terms of organizational and geographic units. The responsibility for oversight and approval should continue to rest with the Secretary of Administration and the Director of Personnel Services.

The management function to provide effective and efficient agency operations appears to be balanced thoughtfully with humane concern for permanent employees in the event of layoff situations. We note the fact that in Fiscal Year 1985 eight agencies (comprising 5,124 positions) laid off only 15 employees.

Prudent management indicates that the time to develop an agency layoff plan is before it is needed. Legislators and employees alike must have confidence that great care and thought has been invested in such plans. While regulation requires that a plan be filed 90 days before the date of a scheduled layoff, the Division has requested that agencies develop and file layoff plans, even though there are no layoffs pending, to give greater confidence to Legislators and employees that such proactive planning has taken place.

Plans that have been filed with the Division and approved by the Secretary of Administration are available, in the event of need. They can be updated rapidly. Further, each plan will be reviewed on an annual basis. We believe that this proactive stance responds to the concern of the Legislature. We will continue to review and monitor agency layoff plans in the event of need and on an annual basis. A listing of agencies with a layoff plan on file with the Division is attached.

We will respond to your areas of concern in whatever manner you direct. However, the complexity of the issues leads me to suggest that emphasis be given to implementation of authority given to the Division of Personnel Services.



DEPARTMENT OF ADMINISTRATION
Division of Personnel Services

JOHN CARLIN,
Governor
SUSAN IRZA,
Director of Personnel Services

Room 129-South
State Office Building
Topeka, Kansas 66612-1595
(913) 296-4278

M E M O R A N D U M

DATE: January 6, 1986
TO: Special Committee on Ways and Means
FROM: Susan Irza, Director *SIrza*
Division of Personnel Services
SUBJECT: Decentralized Classification Authority

The Secretary of Administration has asked me to provide this report to members of the Special Committee on Ways and Means.

This report is in response to the recommendation of the Special Committee on Ways and Means to rescind the authority of the Secretary of Administration to delegate to agencies the authority to classify new positions, to reclassify existing ones and to maintain effective position management programs. Department of Administration and the Division of Personnel Services does not support that proposed action. It would recentralize all classification actions in the Division of Personnel Services at a time when agencies need maximum flexibility to organize and reorganize themselves in response to changing environmental conditions such as legislative and executive mandates, federal actions, technological advances, environmental shifts and fiscal constraints.

Background. From 1975 to 1984 classification authority was granted by the Secretary of Administration to 14 agencies. They are:

- Board of Agriculture
- Corporation Commission
- Department of Administration
- Department of Corrections
- Department of Health and Environment
- Department of Human Resources
- Department of Revenue
- Department of Social and Rehabilitation Services
- Department of Transportation
- Kansas Highway Patrol
- Kansas State University
- University of Kansas
- University of Kansas Medical Center
- Wichita State University

Criteria. If the criteria listed below were met, a contract for delegation of classification authority was signed by the agency director and the Secretary of Administration.

- The agency had to have at least 12 classification actions per year.
- The agency classification analyst had to be trained by the Division of Personnel Services and demonstrate competence in classification.
- Monthly reports of classification actions had to be submitted to the Division of Personnel Services.
- The agency had to agree to periodic audits of its classification actions by the Division of Personnel Services.

The only sanction in the contracts dealt with suspending classification authority if the approved agency classification analyst left. Authority was restored as soon as another employee was trained and approved by the Division of Personnel Services.

The Present Dilemma. The Legislature requires assurance 1) that decentralized classification authority is being used appropriately by agencies and 2) that budget line items for reclassification are both necessary and sufficient. Classification authority may be delegated but responsibility for its wise and appropriate use cannot be abdicated.

Report of Actions Taken.

1. Strengthened procedures and sanctions have been adopted and implemented to deal with any real or perceived abuses of delegated classification authority.
 - A. Revised criteria for delegated classification authority:
 - The agency head must accept responsibility for the integrity of agency classification actions.
 - The agency must have a minimum of 12 classification actions per year to receive or retain delegated authority.
 - Agency classification analysts must be trained by the Division of Personnel Services, participate in classification studies, salary surveys and attend supplemental training at the request of the Division of Personnel Services.
 - If a trained agency classification analyst leaves, the agency must notify the Division of Personnel Services and supply another employee to be trained. (Classification authority may be suspended during the training period if there is only one classification analyst position in the agency.)

- Monthly reports of agency classification actions must be submitted to the Division of Personnel Services in a timely manner and in the format requested by the Division of Personnel Services.
- The agency must maintain and have available for review original copies of current position descriptions, organization charts, classification worksheets and supporting materials.
- The Division of Personnel Services will conduct quarterly audits of agency classification actions.
- The Division of Personnel Services will conduct a yearly onsite audit of classifications, reclassifications and other positions which have not been reclassified.

B. Sanctions for inappropriate use of classification authority:

- If a position is inappropriately classified by the agency, the Division of Personnel Services will reclassify it or require the agency to restructure the duties prior to the end of the payroll period.
- If more than 10% of an agency's classification actions in a quarter are inappropriate, the agency classification analyst will be required to attend further training provided by the Division of Personnel Services and the Division of Personnel Services will assume continuous oversight and approval of agency classification actions for three months.
- If subsequent quarterly reviews of agency classification actions show inappropriate actions above the 10% level, the Division of Personnel Services will recommend to the Secretary of Administration that the agency's classification authority be suspended until conditions specified by the Division of Personnel Services have been met.
- The Division of Personnel Services will recommend to the Secretary of Administration immediate revocation of agency classification authority if any apparently deliberate misclassification of an agency position is found. In such an instance, classification authority could be restored only after one year had elapsed, the agency head had reaffirmed a commitment to maintain the integrity of classification actions, agency classification analysts had undergone intensive training by the Division of Personnel Services and the Secretary of Administration agreed to grant the authority.

2. The procedure for review of agency classification and reclassification actions that have fiscal implications has been changed.

- The agency agrees to submit copies of position descriptions and documentation for positions receiving classification action to the Division for review prior to submission in budget documents.

Summary. The Division of Personnel Services believes that the revised criteria, sanctions and procedures which have been implemented will provide the Legislature with confidence in the appropriate use of delegated classification authority and in budgeted amounts for classification action.

SI:sj

cc: Mr. Bill Buntten
Secretary Marvin Harder

Layoff Informational Plans Submitted By Agencies
(As Of January 21, 1986)

Adjutant General
Animal Health Department
Banking Commissioner
Board of Agriculture
Board of Nursing
Corporation Commission
Department of Administration
Department on Aging
Department of Economic Development
Department of Education
Department of Revenue
Fish and Game Commission
Fort Hays State University
Grain Inspection Department
Highway Patrol
Historical Society
Human Resources, Department of
Kansas School for the Visually Handicapped
Kansas State School for the Deaf
Kansas State University
Kansas Technical Institute
Library, State
Park and Resources Authority
Pittsburg State University
Real Estate Commission
Regents, Kansas Board of
Social and Rehabilitation Services, Department of
State Fair Board
State Fire Marshal
State Treasurer's Office
University of Kansas
University of Kansas Medical Center
Wichita State University

STATE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

Testimony Concerning House Bill 2670

Relating to Job Classification and Layoff Procedures

I appear today in opposition to that portion of H.B. 2670 that would limit classification authority to the Division of Personnel Services instead of allowing that authority to be delegated to state agencies.

Since SRS was given full classification authority in May 1983, it has done 1,746 position allocations or reallocations. We have been audited by the Division of Personnel Services and not a single decision has been found in error.

While 1,746 classifications in 2-1/2 fiscal years may seem large, it needs to be remembered that these include a significant number of new positions in the state retardation facilities and large numbers of part-time intermittent homemakers. It should also be noted that SRS has 7,889 full-time budgeted positions plus approximately 1,600 part-time positions.

SRS believes it needs the flexibility and speed of classification available only from its own classifications staff of 2.5 full-time positions. SRS believes it is essential that reallocations be made when substantial changes occur in work assignments. Those substantial changes often are brought about by federal changes that do not necessarily coincide with the state fiscal year.

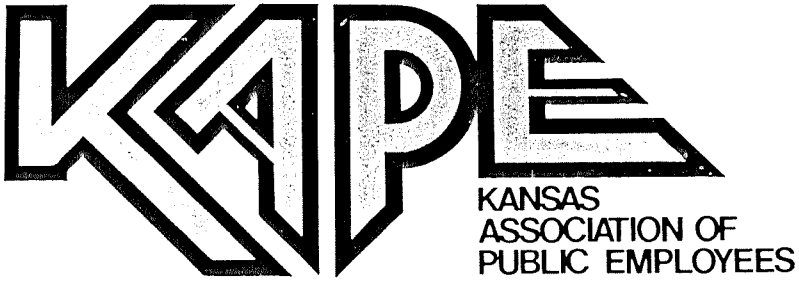
We believe it is necessary for classification to be done by an individual who is intimately acquainted with the agency. While an outside agency can certainly audit positions, they must spend extra time because they are not familiar with the overall agency operation.

SRS does favor the portion of this bill that would prohibit bumping out of class. We believe the bumping process is very disruptive to overall agency operations and is not cost effective.

Robert C. Harder, Secretary
Office of the Secretary
Social and Rehabilitation Services
January 23, 1986

R. C. Harder
1/23/86

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Presentation of Charles Dodson,
executive director of the
Kansas Association of Public Employees,
to the House Ways and Means Committee

Jan. 23, 1986

Our opposition to HB2670 is based on the proposed change in section 1 of K.S.A. 75-2948.

The proposed language would bar an employee, who is facing layoff because of lack of work or lack of funding within an agency, from displacing any other employee from another job class.

The existing regulations allow employees who are to be laid off for reasons other than merit to return to a job in a class in which they had previously held permanent civil service status or for which they were qualified. This provision is the primary protection for employees who have been promoted to a new class in the event a layoff is necessary.

The existing regulations do not allow infinite bumping. They require agencies to draw up a list that identifies employees to be laid off according to a score that is determined by the employee's annual evaluations and length of service.

D. J. + m
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Although career ladders are often misused because of patronage, favoritism and other non-merit factors, they still exist and do work many times for the benefit of the employees of the state. Many positions require a year or more of experience in a given field before appointment to a position within that class, or an employee may be required to pass certain tests before promotion or appointment to a job.

To understand how this proposed change would serve to damage these opportunities, I would like to establish a hypothetical situation. Suppose the following clerical positions exist within an agency:

| <u>Number</u> | <u>Position</u> | <u>Salary</u> <u>Range</u> | <u>Years of</u> <u>Service</u> |
|---------------|-----------------|-------------------------------|-----------------------------------|
| one | Secretary II | 13 | ready to retire |
| one | Secretary I | 10 | 10 |
| one | Clerk Typist II | 7 | 5 |

On the retirement of the Secretary II, the Clerk Typist II is the only person in that office to seek the promotion and receives the promotion to Secretary II. A new employee is hired as a Clerk Typist II.

As the present regulations allow, if the Secretary II position is then abolished, the incumbent could bump back to the Clerk Typist II position. Under the proposed change in Section 2 of this bill, the five-year employee in the Secretary II position would be laid off and the new Clerk Typist II with less than a year of experience would remain on the job.

It's important to remember that existing regulations do not allow indiscriminate bumping rights. The regulation requires that agencies draw up a list of eligibles within a class, and that those lowest on the list be laid off first. The regulations further state that employees may bump back only to positions where they previously held permanent status or were otherwise qualified, and where the incumbent is in a probationary or conditional status.

Bumping already is serverely limited. Any further limitations would serve no real purpose except in instances where the motivation for a layoff was not to save the state tax dollars or to provide for more efficient delivery of services, but was instead motivated by a desire to get rid of an employee for reasons other than his or her performance.

Some work agreements providing for bumping to other than a position held by a conditional or probationary employee may exist. KAPE has no such agreements in force.

We believe this proposal is an unnecessary limitation on the rights of employees and would serve to further damage initiative to succeed and make state government a career.

Thank you for this opportunity to speak on this important issue.

January 23, 1986

Honorable William Bunten
Chairperson, House Ways and Means Committee
State Capitol Building
Topeka, Kansas 66612

Dear Representative Bunten:

House Bill 2670 was recently referred to the House Ways and Means Committee for hearings. House Bill 2670 would centralize the classification of positions within the Division of Personnel Services, Department of Administration, and would nullify classification authority agreements that division currently has with individual state agencies.

I endorse efforts which seek to create accountability in governmental bodies. Accountability, pragmatism and efficiency are goals I strive to employ within the Department of Revenue. I believe that my capacity as the appointing authority of a major agency would be severely constrained by H.B. 2670. The organizational changes I have directed could not have been accomplished, in the successful manner they have, without the classification authority vested in this agency.

The classification authority allows the departments's personnel services bureau to plan and react to agency needs. The department's effectiveness in managing personnel problems would be hindered should we be required to rely on an outside source for this function. I do not believe that the quality of classification decisions would improve should other professional classifiers, who are unfamiliar with the agency, be responsible for this function.

I ask that agencies be allowed to retain their classification authority, it is necessary for the effective functioning of an agency. If your concern is the information you receive on classification actions and their budgetary impact, please address that matter directly.

Sincerely,



Harley T. Duncan
Secretary of Revenue

W. A. M.
1/23/86

XI

REPORTS OF STANDING COMMITTEES

MR. SPEAKER:

Your Committee on Ways and Means

Recommends that House Concurrent Resolution No. 5009

A CONCURRENT RESOLUTION concerning the Cheyenne Bottoms wildlife area; recommending appropriation of moneys to finance a feasibility study."

Be not adopted.

Bill Hunter

Chairperson

REPORTS OF STANDING COMMITTEES

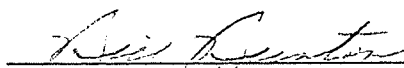
MR. SPEAKER:

Your Committee on Ways and Means

Recommends that House Bill No. 2014

"AN ACT relating to salaries and compensation of certain state officers; authorizing and providing certain increases; amending K.S.A. 46-137b, 75-3101, 75-3104, 75-3108 and 75-3110 and K.S.A. 1984 Supp. 40-102 and repealing the existing sections."

Be not passed.



Chairperson

REPORTS OF STANDING COMMITTEES

MR. SPEAKER:

Your Committee on Ways and Means

Recommends that House Bill No. 2245, As Amended by House
Committee

"AN ACT concerning the Kansas public employees retirement system;
relating to death benefits for retirants; amending K.S.A.
1984 Supp. 74-4989 and repealing the existing section."

Be not passed.

Lee Denton

Chairperson

REPORTS OF STANDING COMMITTEES

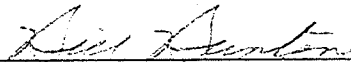
MR. SPEAKER:

Your Committee on Ways and Means

Recommends that House Bill No. 2274

"AN ACT relating to salaries and compensation of certain state officers and employees; authorizing and providing for certain increases; making appropriations for the fiscal year ending June 30, 1986, and authorizing certain transfers and adjustments in expenditure limitations therefor."

Be not passed.



Chairperson

REPORTS OF STANDING COMMITTEES

MR. SPEAKER:

Your Committee on Ways and Means

Recommends that House Bill No. 2359

"AN ACT concerning the Kansas fish and game commission; relating to a feasibility study of the Cheyenne Bottoms wildlife area; making appropriations for the fiscal year ending June 30, 1985, for the Kansas fish and and game commission."

Be not passed.

Bill Henton

Chairperson

REPORTS OF STANDING COMMITTEES

MR. SPEAKER:

Your Committee on Ways and Means

Recommends that House Bill No. 2567

"AN ACT concerning salaries of district magistrate judges; amending K.S.A. 75-3120k and repealing the existing section."

Be not passed.

Luis Hunter

Chairperson

REPORTS OF STANDING COMMITTEES

MR. SPEAKER:

Your Committee on Ways and Means

Recommends that Senate Bill No. 174

"AN ACT concerning the Kansas adult authority; relating to compensation; amending K.S.A. 22-3708 and repealing the existing section."

Be not passed.

Bill Lester

Chairperson

REPORTS OF STANDING COMMITTEES

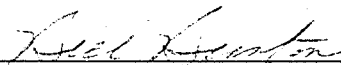
MR. SPEAKER:

Your Committee on Ways and Means

Recommends that Senate Bill No. 32, As Amended by Senate
Committee

"AN ACT relating to taxation of cigarettes; concerning the rate
imposed; amending K.S.A. 79-3310, 79-3310b, 79-3311 and
79-3312 and repealing the existing sections."

Be not passed.



Chairperson

REPORTS OF STANDING COMMITTEES

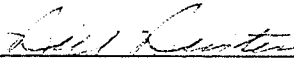
MR. SPEAKER:

Your Committee on Ways and Means

Recommends that Senate Bill No. 41, As Amended by Senate
Committee of the Whole

"AN ACT relating to natural gas; concerning the regulation of
production from certain common sources of supply; amending
K.S.A. 55-703 and repealing the existing section."

Be not passed.



Chairperson