

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS

The meeting was called to order by Senator August "Gus" Bogina at  
Chairperson

11:00 a.m./p.m. on February 26, 1986 in room 123-S of the Capitol.

All members were present except:  
Senator Harder

Committee staff present:

Research Department: Robin Hunn, Mary Galligan, Alan Conroy  
Revisor's Office: Norman Furse  
Committee Office: Judy Bromich, Doris Fager

Conferees appearing before the committee:

Dan Morgan, Associated General Contractors  
Glenn Coulter, Kansas Contractors' Association  
Mike Stapp, Attorney, AFL-CIO  
Jane Elliott, National Electrical Contractors Association  
Kathy Marney, Mechanical Contractors Association  
Bob Stack, Department of Human Resources

SB 652 - Exempting KSU coliseum from prevailing wage rates

Mr. Morgan distributed written testimony in favor of SB 652 (Attachment A).  
Committee members were given opportunity to question him following his  
presentation.

At this point, the Chairman explained that he had requested the draft of  
SB 652. He added that the KSU Coliseum is a privately funded structure, and  
there are no state dollars involved--only student fees and donations.  
Senator Bogina continued by reminding those present that, until a short  
time ago, the prevailing wage was not implemented within the Educational  
Building Fund. He said that only a few years ago there was a roofing project  
at Emporia State University which had dual funding. During the course of  
construction it came to light that there were federal funds involved, and that  
the Davis-Bacon law would apply. At the Governor's request, the Legislature  
amended the funding to delete the federal funds from the project. Prior to  
this project, the prevailing wage law had not been applied to privately funded  
projects at the Universities.

Mr. Coulter appeared as a proponent of SB 652. He said his association  
feels that K.S.A. 44-201 is not in the best interests of the citizens of  
Kansas; and that the association would appreciate passage of SB 652. He  
noted that the quality of construction will not suffer if the bill is passed.  
Mr. Coulter said a significant amount of work on the KSU coliseum will be done  
by members of the Kansas Contractors' Association. Mr. Coulter concluded by  
stating that Kansas State University and everyone in the State of Kansas will  
benefit by not being covered by an obsolete statute.

There were questions from committee members concerning an estimate on savings  
to the KSU project if prevailing wages were not mandatory. Senator Bogina  
distributed a letter dated February 6, 1986, and signed by Mr. Koplik,  
Executive Director, Kansas Board of Regents, in which he estimated the  
savings would be in the range of \$400,000 to \$500,000. (Attachment A(1))  
When asked by Senator Gaines about wage rates being reduced because of the  
sluggish economy, Mr. Coulter stated he did not think that would be the case,  
since wage rates are specifically spelled out by Labor Unions. He explained  
that there is heavy construction activity in certain areas of Kansas, and it  
is particularly heavy in Geary and Riley Counties because of Fort Riley.

When asked by Senator Werts if he felt the savings estimated by the Board  
of Regents is valid, Mr. Coulter said he felt that the savings are valid when  
considering the total project.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS

room 123-S Statehouse, at 11:00 a.m./p.m. on February 26, 1986

SB 652 - Continued

Mr. Stapp presented testimony in opposition to SB 652. (Attachment B) Following his review of his written statement, there were questions from committee members. Answering questions from Senator Bogina, Mr. Stapp said he is aware that there is no state money involved in the coliseum project, but that he does not feel that the State of Kansas should be the vehicle through which a burden should be placed upon employees at that facility. He further stated that he would favor the prevailing wage to be mandated in all private construction.

Senator Werts referred to Mr. Stapp's testimony concerning the legislative intent of K.S.A. 44-201, and asked Mr. Stapp to explain his source of information as to that intent. He added that his interpretation of the legislative intent was that the working day should be limited to eight hours. Mr. Stapp agreed that was part of it, but that the intent also was to pay the prevailing wage.

Senator Gaines said his concern about the prevailing wage statute is that contractors must call all the trades together and get agreement concerning the prevailing wage in Manhattan, Kansas, for instance. Mr. Stapp agreed that is cumbersome, but noted the prevailing wage must be paid. When Senator Gaines asked how the prevailing wage could be determined, Mr. Stapp said there could be a survey of prevailing wages in the area. He admitted that the statute is not easy to administer, and he suggested that the way to correct that is to go directly to that problem instead of using a vehicle such as SB 652.

There followed a series of questions from Senator Winter concerning application of the prevailing wage statute to private construction. He asked if Mr. Stapp's feelings would be different if the committee were considering a bill which provided that prevailing wages do not apply to projects which are privately funded. Mr. Stapp answered that his preference would be for everyone to pay the prevailing wage.

Ms. Elliott presented written testimony in opposition to SB 652 (Attachment C). There was a brief discussion following her presentation.

Ms. Marney distributed written testimony in opposition to SB 652. (See Attachment D) Following her testimony, she noted that the state may be maintaining the coliseum, even though it is being built with private funds. Senator Bogina assured her that it would be maintained by student fees, receipts from sale of athletic event tickets, etc.

Mr. Stack indicated he represented the Department of Human Resources and the Governor, and that he appeared as an opponent to SB 652. He stated that the primary concern is that a State Board of Regents institution is involved, and the state Division of Architectural Services was involved in bid letting.

Mr. Stack stated that a further concern of his department is that a precedent is being set, and that until it is determined that there are no conflicts of interest, they would remain in opposition.

No action was taken on SB 652.

SB 552 - Imprest Funds, Department of Corrections

Mr. Schultz distributed written testimony explaining the reason for the Department's request for SB 552. Committee members were given the opportunity to question him after he presented the testimony. (Attachment E)

Motion was made by Senator Gaines and seconded by Senator Winter to report SB 552 favorably for passage. The motion carried by roll call vote.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS,  
room 123-S, Statehouse, at 11:00 a.m./p.m. on February 26, 1986

SB 628 - Community Corrections; supplementary grants for certain counties

Ms. Cullerton distributed a memo from Richard Mills, Secretary of Corrections (Attachment F). She reviewed the contents of the memo for the committee. When asked by Senator Bogina about the fiscal impact of the measure, she answered that it is difficult to determine the number of counties entering the program; but that, at the present time, the amount noted in the last paragraph of Mr. Mills' memo is the Department's estimate of cost.

Several committee members questioned Ms. Cullerton about the community corrections program in general.

Motion was made by Senator Gaines and seconded by Senator Doyen to report SB 628 favorably for passage. The motion carried by roll call vote.

The meeting was adjourned by the Chairman.



## Associated General Contractors of Kansas, Inc.

200 WEST 33rd • TOPEKA, KANSAS 66611 • TELEPHONE 913-266-4015

February 26, 1986

\_\_\_\_\_  
OFFICERS

Howard T. Paul  
President

Tom Dondlinger  
Vice President

James O. Carrico  
Treasurer

Thomas E. Slattery  
Executive Vice President

TO: Senate Ways & Means Committee  
RE: Senate Bill 652, Exempting KSU Colesium From K.S.A. 44-201  
Wage Requirements

Dear Members:

This is to advise the committee of our position regarding K.S.A. 44-201, the statute addressed in Senate Bill 652. The Associated General Contractors of Kansas has been and will continue to be opposed to so-called "prevailing wage" laws at all levels of government. The Kansas statute, K.S.A. 44-201, is an example of such laws which cause construction workers in the vast majority of localities to be paid needlessly high rates, raise construction costs in general, fuel inflation and limit employment opportunities in our industry.

During the course of hearings on Senate Bill 652 you will hear a number of reasons why the state prevailing wage statute should not be applied to the new colesium project at K-State. We agree that the statute should not be applied to the project. We further submit, however, that these same reasons apply to all state funded projects and all such projects should be exempted. In short, K.S.A. 44-201 ought to be repealed. We hope that eventually it will be.

\_\_\_\_\_  
DIRECTORS

DONALD W. BALDWIN  
STAN BARNETT  
CHRIS BOLTON

BUD CARNEY  
DEAN FERRELL  
EARL W. JOHNSON

JOHN SCANLAN  
JACK FOSTER, Subcontractor  
JOHN NEUNER, Supplier

National Director  
CHARLES E. KOEHN, SR.

*S. W. M. 2/26/86*  
*A 2-26-86*



# KANSAS BOARD OF REGENTS

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

February 6, 1986

The Honorable August Bogina  
Senator, State of Kansas  
Room 123-S, Statehouse  
Topeka, Kansas 66603

Dear Gus:

I have investigated the matter of exempting the Kansas State University Coliseum project from the prevailing wage requirements and would offer the following. Based upon a project of approximately \$15.0 million and anticipating the effects of prevailing wage requirements at around 3%, it appears that project savings would total in the range of \$400,000 to \$500,000.

Obviously, this is a significant amount under any conditions but particularly in this case as we have already experienced a bid several million dollars in excess of budget.

Sincerely,

Stanley Z. Koplik  
Executive Director

SZK:rd

S. W. M. 2/26/86  
Atch. 2/26/86

A- (1) 2-26-86

Date Presented: April 23, 1985  
 Type of Construction: Building

Determination # 1-042385-RL

	<u>HOURLY RATE</u>	<u>FRINGE</u>	<u>TOTAL</u>
<u>Asbestos Worker</u>			
<u>Bricklayer - Stonemason</u>			
Carpenter	\$11.09	\$1.33	\$12.42
Drywall Hanger	\$ 9.50	\$0.00	\$ 9.50
Drywall Finisher	\$ 9.50	\$0.00	\$ 9.50
Electrician	\$ 8.00	\$1.32	\$ 9.32
Floor Layer	\$11.45	\$3.21	\$14.66
Glazier	\$13.27	\$0.30	\$13.57
Iron Worker Structural	\$ 8.00	\$0.00	\$ 8.00
<u>Laborer:</u>			
General	\$ 6.34	\$0.00	\$ 6.34
Mason Tender	\$ 9.50	\$2.05	\$11.55
<u>Millwright</u>			
Operating Engineer	\$13.50	\$4.02	\$17.52
Painter	\$13.60	\$1.25	\$14.85
Pipefitter	\$17.65	\$2.09	\$19.74
<u>Plasterer</u>			
Plumber	\$17.65	\$2.26	\$19.91
<u>Power Equipment Operator:</u>			
Crane	\$14.00	\$3.77	\$17.77
Backhoe	\$13.75	\$3.77	\$17.52
Bulldozer	\$13.75	\$3.77	\$17.52
Motor Grader	\$13.75	\$3.77	\$17.52
Roller	\$13.35	\$3.77	\$17.02
Scraper	\$13.75	\$3.77	\$17.52
Rofer	\$ 8.00	\$0.00	\$ 8.00
Sheet Metal Worker	\$13.68	\$4.57	\$18.25
<u>Truck Driver</u>			

My name is Michael Stapp and I am an attorney who practices law with firm of Blake & Uhlig, P.A. in Kansas City, Kansas. Our firm has been involved in several items of litigation concerning K.S.A. 44-201, the Kansas Prevailing Wage Law, and it has come to our attention that your committee is presently considering Senate Bill No. 652 which proposes to exempt the construction of the colosseum at Kansas State University from compliance with of K.S.A. 44-201.

I urge that this committee stop this bill at its earliest opportunity. The provisions of K.S.A. 44-201 were enacted in order to prevent the payment of wages on state projects at rates lower than rates currently being paid in the particular city or county in which the construction project is to take place. The clear purpose and intent of 44-201 is to avoid the necessarily disruptive market effects of employers on state projects who are able to underbid their competitors by virtue of paying lower wages to employees who perform the work. Because the state is required to award its contracts to the lowest, responsible bidder, a contractor could achieve the low bid by decreasing wages paid to employees on the project were it not for K.S.A. 44-201. This would force the state to award its contract to the contractor most willing to cut wages.

While I am fully cognizant of the disireability of conserving state funds and obtaining quality work for the lowest

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possible price, I strongly urge you to avoid imposing the burden of such budgetary economies on working people who are involved in performing construction projects such as the Kansas State colosseum. Clearly, the people who work on that construction project have the same interests in achieving a fair wage that any other worker in the Manhattan area has. The provisions of 44-201 were adopted specifically for the purpose of avoiding the situation where those workers are left to experience the brunt of the competitive bidding process. Such an exemption would set a precedent which would, were it to become commonplace, effectively foreclose employees from receiving fair wages for their labor. It would indeed be ironic if workers on state construction projects such as the present found themselves unable to be able to afford the already high cost of a college education for their children because their employment on state projects limited their ability to effectively provide for their families.

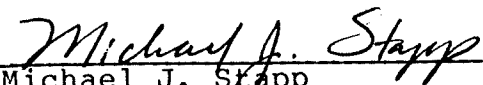
K.S.A. 44-201 was enacted, in part, to prevent the state from being a disruptive force in the local construction labor market. The effects of the bill which your committee is presently considering countenance the precise evil which the state legislature in 1891 saw fit to abolish, namely, upsetting the locally established prevailing wages.

Please stop this bill so that workers who perform labor on the Kansas State colosseum may receive a fair day's wages for



a fair day's work. Do not allow the budget constraints under which the state is compelled to operate to fall solely on the backs of those employees who will be expending their efforts in the construction of the colosseum facility. Kansas workers should not be required to suffer the entire burden, as will surely occur, should the bill currently under consideration be enacted into law.

I urge that you act fairly and equitably in the imposition of the burden of budgetary constraints and table Senate Bill No. 652.

  
Michael J. Stapp  
BLAKE & UHLIG, P.A.  
475 New Brotherhood Building  
Kansas City, Kansas 66101  
(913) 321-8884



# NECA

H. KENT PELLEGRINO  
Manager

KANSAS (TOPEKA) CHAPTER  
NATIONAL ELECTRICAL  
CONTRACTORS ASSOCIATION, INC.

TESTIMONY  
BEFORE THE  
SENATE WAYS & MEANS COMMITTEE

FEBRUARY 26, 1986

BY

S. JANE ELLIOTT

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION

**President**

James E. Mlynek  
O.K. Johnson Electric Co., Inc.  
5821 West 21st Street  
Topeka, Kansas 66604  
(913) 272-1711

**Governor**

D. L. Smith  
D. L. Smith Electrical  
Construction, Inc.  
1405 Southwest 41st Street  
Topeka, Kansas 66609  
(913) 267-4920

**Vice President**

Smitty G. Belcher  
Huxtable & Associates, Inc.  
815 East 12th  
Lawrence, Kansas 66044  
(913) 843-2910

**Treasurer**

LeRoy E. Dringmann  
Amerine Electric Co., Inc.  
P.O. Box 69  
Great Bend, Kansas 67530  
(316) 792-2123

Mr. Chairman and Members of the Committee:

My name is Jane Elliott, and I am representing the Kansas Chapters of the National Electrical Contractors Association. Our members are comprised of both union and non-union electrical contracting firms.

N.E.C.A. opposes Senate Bill No. 652, which if it passes would repeal the prevailing wage act and the provisions that apply to public works projects. K.S.A. 44-201 was enacted not for the benefit of contractors but to protect employees by fixing a floor under wages on public projects. It is an expression of public policy that payment of low wages shall not give a contractor an advantage in bidding or securing a public contract.

Our members, whether union or non-union, want to assure fair treatment of their employees. Contractors are seeking fair wages for their workers, and presently, this is possible under prevailing wage. We ask you to consider what has already been enacted.

We urge you not to pass this bill out of committee. We further urge you not to set a precedent on future public works projects by passage of this bill.

*S.W. + m 2/26/86*

*C 2-26-86*

TESTIMONY

ON S.B. 652

BEFORE

SENATE WAYS AND MEANS COMMITTEE

BY

KATHY J. MARNEY

MECHANICAL CONTRACTORS ASSOCIATION OF KANSAS

Mr. Chairman and Members of the Committee:

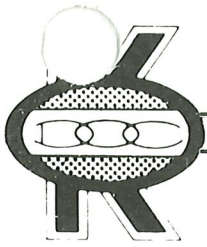
My name is Kathy J. Marney, Executive Director of the Mechanical Contractors Association of Kansas. I appear before you today to testify in opposition to S.B. 652, repealing the existing prevailing wage.

The Department of Human Resources has spent a great deal of time and effort to establish a fair wage rate in each locality from union and non-union contractors. We want to insure that the working man has a fair wage and that his wages will be guaranteed. If the prevailing wage is done away with, wages will be the first item cut in the bidding process. We must keep in mind, we want good quality work not poor workmanship at a low rate.

I urge you, members of the committee, to vote against S.B. 652. Thank you for giving me the opportunity to appear before you today.

*S. WJM 2/26/86*

*□ 2-26-86*



# KANSAS DEPARTMENT OF CORRECTIONS

JOHN CARLIN — GOVERNOR

RICHARD A. MILLS — SECRETARY

JAYHAWK TOWERS • 700 JACKSON • TOPEKA, KANSAS • 66603-3798  
913-296-3317

February 25, 1986

Senator Gus Bogina  
Chairman, Senate Ways & Means Committee  
Statehouse  
Topeka, Kansas 66612

Dear Senator Bogina:

Attached hereto is my testimony on Senate Bill #552 to be presented at 11:00 a.m. before your committee on Wednesday, February 26, 1986 in Room 123-S. I estimate my remarks will take no longer than four minutes on this bill.

Thank you for the opportunity to speak on this bill.

Respectfully,

Richard A. Schultz  
Deputy Secretary, Management Services

RAS/aka

cc: Secretary Mills  
Kirby Stegman, Div. of Budget

TESTIMONY ON SENATE BILL 552

February 26, 1986

Senate Ways & Means

Mr. Chairman and members of the Committee: The Department of Corrections requests approval of the amendments to K.S.A. 75-3058 as set in Senate Bill 552.

This bill raises the balance limitations of the imprest funds for three of our correctional facilities as follows:

Kansas State Penitentiary - From \$25,000 to \$30,000

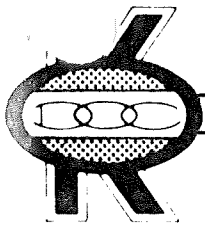
Kansas State Industrial Reformatory - From \$20,000 to \$25,000

El Dorado Honor Camp - From \$3,000 to \$4,000

These changes are needed to maintain sufficient cash balances to meet our obligations for inmate pay and gratuities, emergency travel to pick up prisoners, and statutory travel costs for inmates at the time of release. These imprest funds are reimbursed by routine voucher for the amount of the payments made for the above items. Because of our volume of business, the current fund limits are not sufficient to maintain necessary operations.

The last change in the amounts of these imprest was for KSP in 1982 when the Legislature raised the amount to \$25,000 and established the El Dorado imprest fund at \$3,000. In 1985, there were changes made to the names of institutions and in 1984 one old fund for parole services was abolished and the Pre-Release Centers were added.

The inmate population of the El Dorado Honor Camp was increased by 32 in December of 1985 to a total of 96. On June 30, 1982, there were 1,407 inmates at KSP and there are currently 2,275 inmates in the Penitentiary.



# KANSAS DEPARTMENT OF CORRECTIONS

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JAYHAWK TOWERS • 700 JACKSON • TOPEKA, KANSAS • 66603-3798  
913-296-3317

TO: SENATE COMMITTEE ON WAYS AND MEANS  
FROM: RICHARD A. MILLS, SECRETARY OF CORRECTIONS  
RE: SENATE BILL 628  
DATE: February 26, 1986

## PURPOSE:

The purpose of the amendment proposed by S.B. 628 is to change the formula for computing community corrections supplemental grants by making the supplemental grant 70% of the regular grant.

The proposed amendment also provides that any county receiving a supplemental grant prior to the change in the formula continue to have the supplemental grant computed based on the current formula.

Finally, the proposed amendment requires the county to justify the need for the supplemental grant and authorizes the Secretary of Corrections to withhold all or part of it if sufficient justification is not presented.

## BACKGROUND:

The supplemental grant formula was created in 1984. It was designed to provide mid-size counties with high prison commitment rates with sufficient operating funds to make their participation in the community corrections program feasible. Without the supplemental formula, these counties would not have sufficient operating funds to participate in community corrections unless prison commitments were reduced by 80-90%. Without such a reduction, the chargebacks assessed against the county for the commitment of Class D and E offenders would use up the grant funds, thus bankrupting the program.

The supplemental formula developed in 1984, after review, has been determined by the department to be in need of revision. The existing formula, when projected for eligible counties, results in supplemental grants higher than necessary to provide the needed operating funds. The 70% level proposed by this amendment

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Senate Committee on Ways and Means

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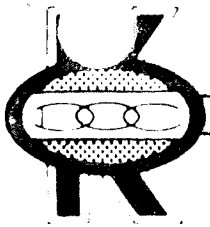
provides lower and more realistic supplemental grant figures. Also, this amendment would bring the supplemental grant under the 70% and 90% limitations established by statute for the 1st and 2nd year of operation of the program.

One county, Montgomery, currently receives a supplemental grant computed under the current formula. The amount of the supplemental grant for this county appears to be appropriate, hence our recommendation is that future grants for this county be computed pursuant to this formula.

If they had community corrections programs, the following counties would be eligible for supplemental grants (based on FY 1983 data); Allen, Atchison Butler, Cowley, Dickinson, Finney, Ford, Geary, Lyon, McPherson, Montgomery, Neosho, Osage, Saline, and Sumner.

As an example of how the new formula for supplemental grants would impact, Saline County would receive \$88,647.00 less during its first three years of operation. We do not believe this would adversely impact the incentive for Saline County to participate in the community corrections program.

RAM:CES/pa



# KANSAS DEPARTMENT OF CORRECTIONS

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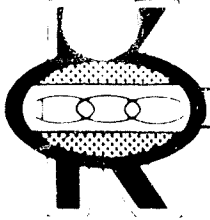
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913-296-3317

TO: SENATE COMMITTEE ON WAYS AND MEANS  
FROM: RICHARD A. MILLS, SECRETARY OF CORRECTIONS  
RE: Addendum to the 2-26-86 Testimony - S.B. 628  
DATE: February 28, 1986

In response to the committee's request for additional fiscal data, the following information is provided.

As indicated in the 2-26-86 written testimony, the \$88,647.00 figure (reference Pg. 2, final paragraph) reflects the amount of decrease in the supplemental for which the Saline County program would be eligible during its first three years of operation. This difference is based on utilizing the proposed supplemental formula as compared to the current formula. This figure does not have the average chargeback rate of 40% deducted. This figure reflects only the difference in the total amount for which Saline would be eligible during the 3 year time frame. The \$88,647.00 figure outlined above does not reflect the amount which the Community Corrections Governor's budget could be reduced in FY 1987.

Attempts to project possible future savings would be highly speculative and essentially unreliable. This is for several reasons: 1) As there are no FY86 or FY87 planning funds, there are no additional counties which could be considered for entering until at least 1989. 2) As eligibility for the supplemental can only be accurately calculated 6 months prior to the opening date, it is unknown which, if any counties would be eligible in the future. Currently, there are 15 counties eligible if a January 1, 1986, opening date was used.

Although the actual fiscal savings of this bill as compared to the current 1987 Governor's budget is not high, it is important for the reasons provided in the testimony (Pa. 1, Purpose).