

Approved February 17, 1987
Date

MINUTES OF THE SENATE COMMITTEE ON LOCAL GOVERNMENT

The meeting was called to order by Senator Don Montgomery at
Chairperson

9:09 a.m./~~p.m.~~ on February 12, 1987 in room 531-N of the Capitol.

All members were present except: Senators: Winter

Committee staff present: Mike Heim, Theresa Kiernan, Emalene Correll and Lila McClaflin

Conferees appearing before the committee:

Bernie Hayen, Assistant Director of Special Services, Kansas League of Municipalities, Ks.

Mac D. Manning, Jr., City Administrator, Valley Center, Ks.

Richard Funk, Kansas Association of School Boards, Topeka, Ks.

The hearing on S.B. 146 was opened. S. B. 146 - relates to employee benefits contribution funds of political subdivisions. The bill was introduced by Senator Daniels at the request of the City of Valley Center.

Bernie Hayen stated the League's interest in S.B. 146 is neither as an opponent or a proponent. They would encourage the language of the proposed amendment found on line 37 and reading "shall" be changed to "may". This would provide the flexibility local units of government need. (ATTACHMENT I)

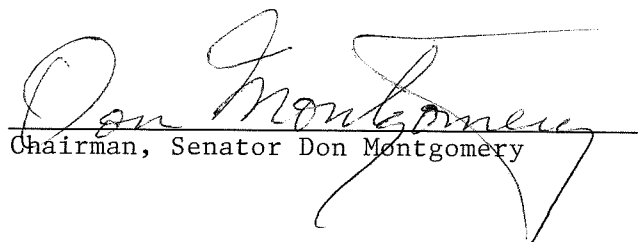
Mac Manning stated the provisions of the recently adopted constitutional amendment providing for the classification of property and the voiding in 1989, of all local ordinances which charter expenditures outside the provisions of the tax lid, this would have an impact on their general fund. (ATTACHMENT II)

The Committee discussed the issue of voiding all local charter ordinances. Staff suggested KSA 79-5028 needed to be amended and KSA 12-16, 102, employee contributions referenced.

Richard Funk testified in opposition to S.B. 146, his written testimony is attached. (ATTACHMENT III)

The Chairman instructed Staff to draw up an amendment to clarify the language in the bill. The amendment will be considered at the next meeting.

The meeting adjourned at 9:40 a.m., next meeting will be, February 13, 1987.


Chairman, Senator Don Montgomery



**League
of Kansas
Municipalities**

PUBLISHERS OF KANSAS GOVERNMENT JOURNAL/112 WEST SEVENTH ST., TOPEKA, KANSAS 66603/AREA 913-354-9565

February 12, 1987

Committee Chairman and Members of the Committee:

What is now K.S.A. 12-16,102, and related sections, was originally sponsored by the League of Kansas Municipalities in 1978 to provide local units of government an alternative method of financing the cost of employer contributions for employee benefits. The law authorizes cities, counties and certain other units to create an employee benefits contribution fund for the purpose of paying the employer's share of various benefits. In brief, it permits a single employee benefits fund, and a single tax levy, in lieu of several separate funds and tax levies for each individual benefit program. A total of 223 cities levied a special tax for employee benefits in 1984 for 1985 purposes.

The League's interest in SB 146 is neither as an opponent nor a proponent but rather as an interested party wanting to ensure that this useful legislation remains as a tool for local units of government. We would encourage however the language of the proposed amendment found on line 37 and reading "...shall..." be changed to "...may...". We believe such a change would better provide the flexibility local units of government need during these difficult economic times.

Thank you for your consideration.

Respectfully,

Bernie Hayden
Ass't. Director of
Special Services

(ATTACHMENT I) LOCAL GO 2/12/87



THE CITY OF VALLEY CENTER

116 S. PARK • VALLEY CENTER, KS 67147 • 316-755-1231

A Valley Of Progress, A Center Of Pride

DATE: February 12, 1987.

TO: Senate Committee on Local Government.
 Senator Don Montgomery, Chairman.

FROM: Mac D. Manning Jr., City Administrator, Valley Center.

SUBJECT: S.B. 146 - An Act relating to employee benefits contribution funds of political subdivisions.

The City of Valley Center, along with numerous other Kansas cities, has provided for the payment of premiums for Group Medical and Hospitalization Insurance from the Employee Benefit Fund by means of a local charter ordinance.

CITIES HAVING ADOPTED A CHARTER ORDINANCE WHICH AMENDS EMPLOYEE BENEFIT FUND TO PROVIDE PAYMENT OF HOSPITALIZATION AND MEDICAL INSURANCE PREMIUMS.

City & Population

Abilene	6,572	Lyons	4,152	Pittsburg	18,770
Anthony	2,661	Lyndon	1,132	Pratt	6,885
Burlingame	1,239	Merriam	10,794	Protection	684
Derby	9,786	Nickerson	1,292	Russell	5,427
Emporia	25,287	Norton	3,400	Seneca	2,389
Eureka	2,934	Oskaloosa	1,092	Valley Center	3,844
Hill City	2,028	Oswego	2,218	Winfield	10,736
Larned	4,811	Ottawa	11,016		
Lenora	444	Pawnee Rock	409		

Source: The League of Kansas Municipalities.

The above table clearly indicates that the use of a charter ordinance to authorize the payment of hospitalization and medical insurance from the Employee Benefit Fund is not limited to the larger cities in the state.

One of the provisions of the recently adopted Constitutional Amendment providing for the Classification of Property is the voiding in 1989, of all local ordinances which charter expenditures outside the provisions of the tax lid. In the case of Valley Center, this voiding of charter provision for the payment of group medical and hospitalization insurance from the Employee Benefit Fund would mean an impact of an additional \$34,000 from the General Fund or 4.75 Mills.

In order for Local government employers to be complete in today's private and public sector job market, they must provide hospitalization and medical insurance as a regular benefit.

In the League of Kansas Municipalities publication "Salaries and Selected Fringe Benefits of Kansas Cities for 1986", 305 cities above 300 population reported the following information concerning hospital and medical insurance.

297 cities indicated that they provided hospital and medical coverage as an employee benefit. Of those 297 cities, 50.8% paid the full cost of individual insurance and 37.0 percent paid the full cost of both the individual and family premiums.

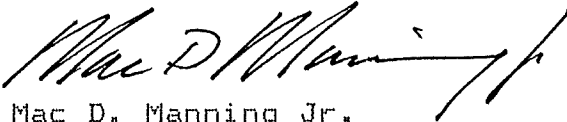
During the 1986 session, Senate Bill 504 was introduced which provided for the addition of Hospitalization and Medical Insurance as

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permitted expenditures from the Employee Benefit Fund. However, because the language of that bill provided for the payment of such items as "Accident, Accidental Death, and Dismemberment Insurance, it met strong opposition and was never passed out of committee. This opposition was mainly because of the duplication of benefits already provided for under KPERS OR KPFRS systems.

Based this information, I respectfully request this committee to report favorably on Senate Bill 146.

Respectfully submitted,



Mac D. Manning Jr.
City Administrator
Valley Center

KANSAS
ASSOCIATION



OF
SCHOOL
BOARDS



5401 S. W. 7th Avenue Topeka, Kansas 66606
913-273-3600

TESTIMONY ON S.B. 146

by

Richard Funk, Assistant Executive Director
Kansas Association of School Boards

February 11, 1987

Mr. Chairman and members of the committee, we appreciate the opportunity to testify today on behalf of the 302 members of the Kansas Association of School Boards. KASB is opposed to the provisions found in S.B. 146. Specifically we object to the word "shall" found on line 0037. Using "shall" makes it mandatory that all of the benefits enumerated in S.B. 146 be included in the employee benefits trust fund. This takes away the discretionary powers of the recreation commission. We believe that the recreation commission be allowed to create benefits for its employees as it best sees fit.

We ask you to report S.B. 146 unfavorably for passage.

(ATTACHMENT III) LOCAL GO 2/12/87