

Approved February 16, 1988
Date

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS

The meeting was called to order by SENATOR AUGUST "GUS" BOGINA at
Chairperson

11:10 a.m. ~~pm~~ on February 8, 1988 in room 123-S of the Capitol.

All members were present except:

Committee staff present:

Research Department: Scott Rothe, Russ Mills, Ed Ahrens

Revisor's Office: Norman Furse

Committee Staff: Judy Bromich, Pam Parker

Conferees appearing before the committee:

Bob Gottschalk, Executive Secretary, Kansas State Fair Board

Art Griggs, Department of Administration

Charles Dodson, KAPE

Jerry Sloan, Budget & Fiscal Officer, Judicial Branch

John Brothers, President, University of Kansas Classified Senate

A motion was offered by Senator Doyen and seconded by Senator Werts
to report adversely the following bills:

- SB 2 State educational institutions, waiver of residence
requirements for persons born in Kansas.
- SB 30 General Frederick Funston memorial park, termination
as state historical property, reconveyance; Re
Proposal No. 35.
- SB 82 Reduction in salaries of certain state officers
and employees.
- SB 223 Prohibiting expenditures during fiscal year 1988
for the acquisition of motor vehicles.
- SB 224 Limitation on expenditures and demand transfers
from state general fund.
- SB 365 Amendment to ERO 22, relating to authority of advisory
commission.
- HCR 5021 Requesting Kansas Water Authority to prioritize Water
Plan budget requests.

The motion carried on a roll call vote.

SB 482 - State fair special cash fund increased to \$200,000

Senator David Kerr briefly explained SB 482 and introduced Bob Gottschalk,
Executive Secretary, Kansas State Fair Board. (Attachment 1)

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

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS,
room 123-S, Statehouse, at 11:10 a.m./~~noon~~ February 8, 1988

Senator Kerr moved, Senator Gannon seconded, to recommend SB 482 favorably for passage. The motion carried on a roll call vote.

Senator Winter moved, Senator Feleciano seconded, the introduction of a bill which would authorize the participation in KP&F for those on the police force for the Regents campuses. The motion carried on voice vote.

SB 521 - Longevity pay for classified employees.

Staff presented a brief overview of SB 521. Art Griggs was the first conferee to appear. (Attachment 2) In answer to a question, the Chairman stated that he requested this bill.

Charles Dodson was the next conferee. (Attachment 3) In answer to questions, Mr. Dodson stated that he felt that reasonable guidelines, either established in the bill or by the Department of Administration, should be set to account for breaks in service. He stated that as an ongoing proposal KAPE would prefer to have a cap on the payments after years of service. KAPE has strong feelings on what the long term benefits should be. If a cap is absent costs are escalated so high adjustments would not be possible. He stated that KAPE's highest priorities for salary enhancement were cost of living increases and pay matrix funding.

Appearing next was Jerry Sloan. He pointed out that neither SB 521 nor the Governor's proposed longevity plan include non-judicial personnel in the Judicial Branch. He requested any longevity plan considered for classified civil service also include the non-judicial personnel due to the fact that the Judicial Branch pay plan parallels closely that of the the state civil service. In answer to questions, Mr. Sloan stated that there are approximately 1400 non-judicial employees and he would request an amendment to SB 521 to include them. He stated that the Judicial Branch personnel rules are established by the Supreme Court.

John Brothers was the last scheduled conferee. (Attachment 4) Following discussion, it was stated by Mr. Griggs that the Governor's proposed longevity plan will be introduced in the House.

Other conferees speaking in favor of SB 521 included William Johnson, a twenty-year state employee, Jeff Wagamen, a four-year state employee, and Jackie McClain from KUMC.

The meeting was adjourned.

GUEST LIST

COMMITTEE: SENATE WAYS AND MEANS

DATE: 2/8/88

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Darlie R. McClain	Lawrence	KUMC
Luda Tuttle	Lawrence	KDOT
SAM YOWELL	TOPEKA	SRS
Keith Houston	Topeka	KAPE
Samuel G. Grant	Topeka	KHP
Pat Meyers	Topeka	KDOT
Luda Book	Topeka	KDOT
Bill Pollard	"	"
Margie Boggs	Topeka	KDOT
Ron Balsters	TOPEKA	KDOT
Ann Doyle	Topeka	KDOT
John Brittes	Lawrence	KU Classified Sec
M. K. Fairburn	LAWRENCE	
Dolores Douglas	Topeka	K.C.C.
Ken Delouante	Lawrence	---
William J. Jones	Topeka	D. D. R. S.
Tom Waggoner	Topeka	"
Muse Ward	TK	d/KS
Elmwood Dinning	HUTCHINSON	Ks. ST FAIR
Bob Gottschalk	Hickman	Ks. State Fair
Art Craig	Topeka	Dept. of Adm.
BILL PERDUE	TOPEKA	KAPE
Jerry Sloan	"	OJA
Charles Dodson	TOPEKA	KAPE
Sam Bob Burt	TOPEKA	KHP
Sabrina Wells	Topeka	Budget Division
Bill Nolting	Topeka	KAPE
Gerald R. Taylor	Lawrence	Col of Nursing
Jan Johnson	Topeka	Budget Division
John Conard	Topeka	Governor
Jim de Hoff	Topeka	Ks. AFL-IO
W. Lynn Maichel	TOP	Ks. AFL-CIO
Anne Brunt	Topeka	IPS
Gene Rice	Topeka	KAPE

SWAN 2-8-88

Starting the first Friday
after Labor Day.

2000 North Poplar
Hutchinson, Kansas 67502
(316) 662-6611

ROBERT A. GOTTSCHALK
Executive Secretary

ELMER K. DENNING
Assistant Secretary



*The Great Kansas
Get Together!*

February 8, 1988

Senator Gus Bogina
Senate Ways and Means Committee
State Capitol Building
Topeka, KS 66612

RE: S.B. 482
Special Cash Fund Increase for Kansas State Fair

Dear Senator Bogina:

Enclosed is some background material on Senate Bill 482 that might be helpful to you.

The Kansas State Fair has been working with the maximum change fund allowed under the existing law \$100,000.00. This amount is no longer adequate. The Fair uses this cash fund for the following activities:

1. Supplies change funds to the outside gate ticket sellers, parking ticket sellers, and the grandstand tickets sellers. This amounts to approximately \$40,000.00 per day.
2. Supplies change for fairgoers to cash checks. We use a guarantee check system (Telecheck) with a limit of \$200.00.
3. Supplies change for concessionaires. It is difficult for them to leave the grounds and drive to a local bank, and banks refuse to make large change orders as such demand is not normally in their inventory.
4. Supplies change to cash entertainers' checks. Many entertainer contracts specify that the entertainer must be able to receive a cash settlement upon completion of performance. (See attached Willie Nelson contract).

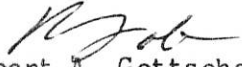
The Fair has a problem in that we operate over two weekends when the local banks are not open for use to get change. We must have sufficient cash in our vaults by noon Saturday to last until Monday. The current \$100,000 does not suffice.

Senator Gus Bogina
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February 8, 1988

The Fair takes in receipts of \$50,000.00 to \$210,000.00 daily during the Fair, but this money is deposited daily in our local bank account and transferred to the State Treasurer, per guidelines in KSA 2-205. These receipts cannot be used for change.

We appreciate your consideration of this bill.

Sincerely,


Robert A. Gottschalk
Executive Secretary

jb
Enclosures: FY89 Issue Paper
Letter from Accounting Control and Services
Copy of Grandstand Entertainer Contract

KANSAS STATE FAIR
ISSUE PAPER #3
SPECIAL CASH FUND INCREASE
FY 1989

I. ISSUE DEFINITION

Amend KSA 2-220(b) as reads "No such transfer from the state general fund shall exceed one hundred thousand dollars (\$100,000)" to read "No such transfer from the state general fund shall exceed two hundred thousand dollars (\$200,000)."

II. BACKGROUND

February 1978 the Legislative Post Audit Committee recommended that an authorized change fund be created for the Kansas State Fair. The 1979 Legislature created the State Fair Special Cash Fund and authorized certain transfers from the state general fund to such fund. The director of accounts and reports was authorized to establish such a change fund and establish a maximum amount of such change fund of not to exceed one hundred thousand dollars (\$100,000) in accordance with the need therefor.

III. OPTIONS

To continue the change fund at one hundred thousand dollars (100,000).

IV. RECOMMENDATIONS

That the change fund be increased from one hundred thousand dollars (\$100,000) to two hundred thousand dollars (\$200,000). The reasons for this increase are: Over the years the need for more change has increased. (A) Entertainer contracts often call for full payment in cash on the day of their performance. In order to have a good audit trail the State Fair first prepares the checks for the entertainer, then allows the entertainer to cash the check. When payment ranges from \$15,000 to \$100,000 the change fund is immediately depleted. (B) The daily amount of transactions in the State Fair Banking department are such that on some of the busiest days the banking department turns over nearly \$100,000. In the past two years there have been times when making change for State Fair departments and State Fair vendors has been almost impossible.

The Kansas State Fair has over 100 concessionaires selling on the Fairgrounds. We must have change available to them at all times in order for them to conduct business. An increase to two hundred thousand \$200,000, would relieve this situation. If we are holding fifty thousand (\$50,000) for an entertainer that leaves only fifty thousand dollars (\$50,000) for change. (C) Added to this burden is the fact that each morning change is checked out to begin the day's business. This can amount to another thirty-five thousand dollars (35,000.00). Departments that use this change are the outside gate ticket sellers, the Old Mill ticket sellers, the State Fair ticket office and parking lot ticket sellers. (D) Many days, particularly on weekdays, the manager of the State Fair banking department has had to make numerous trips to local banks to obtain sufficient change. This is neither practical from a security standpoint

nor good management of resources.

V. FISCAL IMPACT

NONE. This money is borrowed from the State General Fund prior to the annual Kansas State Fair and returned to the State General Fund within three days following the close of the Fair.

VI. LEGISLATIVE IMPLICATIONS

This will require an amendment of KSA 2-220.

VII. IMPACT ON OTHER AGENCIES (STATE, FEDERAL, LOCAL OR OTHER)

NONE

VIII. SUPPORTING DOCUMENTS

KSA 2-220 and House Bill no 2325 1979 Legislative Session.



AUDIT REPORT

KANSAS STATE FAIR

A Report to the Legislative Post Audit Committee,
the Governor, the Director of Accounts and Reports,
the Director of the Budget, and
the Audited Agency

LEGISLATIVE DIVISION OF POST AUDIT

State of Kansas

Topeka

Audit Report No. 78-AA-4

February 1978

Summary of Matters for Legislative Attention

Audit Findings and Conclusions

The audit found several problems relating both to activities during Fair Week and to administrative operations. These problems centered on the use of change funds and the control over receipts, expenditures, and inventory.

The Kansas State Fair has not established an authorized change fund for its operations during Fair Week. Currently, an employee obtains a personal loan to establish an unauthorized change fund of over \$50,000 during the week of the Fair. The loan is repaid and a new change fund is established by withholding receipts from Fair activities. The State Fair should discontinue this practice, determine the amount of change needed during Fair Week, and then request an Attorney General's Opinion to determine whether it should establish an authorized change fund from its fee fund or from an imprest fund. This will allow the agency to deposit all receipts on a more timely basis.

*In Review
of Statute
books -*

The State Fair has historically experienced low fee fund balances just before Fair Week. To increase the amount of funds available before the Fair begins, the State Fair should exercise an option in its ticket sales agreement to receive a deposit on its advance ticket sales from the grocery store chain that sells them. The audit also found that all fees received by the Horse Show Department should be deposited immediately upon receipt, and that refunds by the Department should be made through the agency's bank account. In addition, the audit found that the agency should deposit receipts to its bank account on a timely basis even after Fair Week, that property numbers should be affixed to inventory items, that controls over bulk gasoline needed to be improved, and that the statute requiring a biennial report should be repealed.

*Billions
now done -*

Except for problems with the Fair's control over horse show fees and with the need for more timely deposits of receipts, procedures are adequate to ensure that the State's receipts have been properly accounted for and deposited. In all material respects, expenditures have been made for the purposes the Legislature authorized, and, with the exception of the Fair's unauthorized change fund, the requirements of law have been met in such areas as accounting systems, records, and agency rules and regulations.

Audit Recommendations

Establishing an Authorized Change Fund

To properly establish the State Fair's change fund, to help ensure that all receipts are deposited on a more timely basis, to reduce the risk of loss, and to minimize the size of the Fair's change fund, the Board of State Fair Managers should:

1. Discontinue the practice of having an employee obtain a personal loan to establish a change fund.
2. Systematically review the State Fair's change fund activity to determine the amount needed during Fair Week.
3. Request an Attorney General's Opinion to determine whether the State Fair's change fund should be established from its fee fund according to K.S.A. 1976 Supp. 2-205 or from an imprest fund under K.S.A. 1976 Supp. 75-3078, as amended.
4. Establish a change fund in accordance with the requirements of law as stated in the Attorney General's Opinion.

Receiving a Deposit on Advance Ticket Sales

To alleviate the potential cash flow problems of the State Fair before Fair Week, the Board of State Fair Managers should exercise the option in its ticket sales agreement to receive a deposit on its advance ticket sales.

Providing Greater Control Over Horse Show Fees

To help reduce the risk of the loss of undeposited receipts and to provide for easier accounting and control of fees collected for horse shows, the State Fair should:

1. Deposit moneys it receives for entry fees, stall rents, and other fees, including amounts collected for horse associations, immediately upon receipt.
2. Make refunds to entrants and remittances to horse associations through the prize and show money bank account using normal disbursement procedures.

CHG FUND
~~CHG FUND~~
CH FUND

F 7 28
D.K.

HOUSE BILL No. 2325

AN ACT concerning the board of state fair managers; authorizing a change fund and prescribing procedures therefor; creating the state fair special cash fund and authorizing certain transfers from the state general fund to such fund; requiring certain sureties; creating the state fair fee fund; repealing the requirement of biennial reports to the governor; amending K.S.A. 74-525a and K.S.A. 1978 Supp. 2-205 and repealing the existing sections and also repealing K.S.A. 74-527.

Be it enacted by the Legislature of the State of Kansas:

New Section 1. (a) The state fair special cash fund is hereby created in the state treasury. The board of state fair managers may apply annually to the director of accounts and reports to establish a change fund for use during the period of the state fair which shall be maintained in the form of cash from the moneys of the state fair special cash fund which shall be transferred from the state treasury to a separate account of the board of state fair managers in a bank in Reno county, Kansas, in accordance with subsection (c). The director of accounts and reports shall authorize the establishment of such change fund and shall establish a maximum amount for such change fund of not to exceed one hundred thousand dollars (\$100,000) in accordance with the need therefor.

(b) After establishing the maximum amount for a change fund under subsection (a) and not less than ten (10) days prior to the date fixed for the commencement of the state fair, the director of accounts and reports shall transfer an amount of money equal to such maximum amount from the state general fund to the state fair special cash fund. No such transfer from the state general fund shall exceed one hundred thousand dollars (\$100,000).

(c) For the purposes of a change fund authorized under this section, the moneys in the state fair special cash fund may be transferred by warrant, upon vouchers of the board of state fair managers, from the state treasury to a separate account of such board in a bank in Reno county, Kansas. This bank account shall be awarded to a bank in Reno county, Kansas, by the pooled money investment board under a written agreement in accordance with procedures for state bank accounts under K.S.A. 75-4217 and shall be secured by pledge of securities in the manner prescribed for state bank accounts under K.S.A. 75-4218 and in the amount prescribed for fee agency accounts under that statute. The state treasurer and the director of accounts and reports shall honor all such vouchers and make such transfers as directed in accordance with this subsection, except that no such transfer shall be made more than ten (10) days prior to the date fixed for the commencement of the state fair.

(d) The change fund authorized under this section may be established by the board of state fair managers not more than five days preceding the date fixed for the commencement of the state fair. Such change fund shall be maintained in the daily amounts necessary for the operation of the state fair as directed by the board of state fair managers except that no such amount shall exceed the maximum amount established by the director of accounts and reports under subsection (a). Prior to the sixth day after the conclusion of the state fair each year, such change fund shall be finally reconciled and all the moneys in such change fund shall be deposited in the bank account of the board of state fair managers from which the change fund was established. Upon such deposit, all such moneys shall be remitted to the state treasurer. Upon receipt of such remittance, the state treasurer shall deposit the entire amount thereof in the state treasury and the same shall be credited to the state fair special cash fund. Each year upon the crediting of such moneys to the state fair special cash fund and after the conclusion of the state fair, the director of accounts and reports shall transfer all moneys in the state fair special cash fund to the state general fund.

(e) The moneys in the change fund authorized under this section shall be used exclusively for the making of change in operating and conducting the state fair during the period of the state fair. No advance or expenditure shall be made from such change fund.

(f) Except as otherwise provided in this section, the change fund authorized by this section shall be administered in the same manner as change funds authorized in accordance with K.S.A. 75-3078 and shall be subject to such procedures and reporting requirements as may be prescribed by the director of accounts and reports under that statute. The director of accounts and reports may authorize a reconciling entry in any reconciliation statement for the change fund authorized by this section in an amount of not to exceed the maximum authorized by K.S.A. 75-3078 for change funds authorized in accordance with that statute.

(g) All officers and employees of the board of state fair managers having custody of moneys of the change fund authorized by this section shall be covered by a blanket surety contract purchased by the committee on surety bonds and insurance in such amount or amounts and upon such terms and conditions as the committee on surety bonds and insurance deems necessary and proper in accordance with the provisions of K.S.A. 75-4103, 75-4104 and 75-4105.

Sec. 2. K.S.A. 1978 Supp. 2-205 is hereby amended to read as follows: 2-205. (a) (1) All moneys received by the board of state fair managers through the operation of the state fair and from any and all other sources directly related to the operation of the state fair shall be remitted to the state treasurer by the board of state fair managers at least monthly. Upon receipt of each such remittance the state treasurer shall deposit the entire amount thereof in the state treasury and the same shall be credited by the state treasurer to a fund known as the state fair revolving fee fund, which is hereby created. As soon after the effective date of this act as possible, the director of accounts and reports shall transfer all moneys in the state fair revolving fee fund to the state fair fee fund created under this section. On the effective date of such transfer, all liabilities of the state fair revolving fee fund are hereby transferred to and imposed upon the state fair fee fund. On the effective date of such transfer, the state fair revolving fee fund is hereby abolished.

(2) During the period beginning July 1, and extending to November 1 December 31, of each year, moneys in the state fair revolving fee fund, and appropriations for the operation of the state fair from the state general fund made to for the state fair, or its the board of state fair managers, may be transferred from the state treasurer treasury to a bank in Reno county, Kansas, to the account of said the board of state fair managers, upon vouchers of the said board of state fair managers, for its use in operating and conducting a state fair, including but not by way of limitations limitation, the payment of labor, salaries of part-time employees, prizes and awards. The state treasurer and the director of accounts and reports are authorized and directed to honor all such vouchers and orders of the board of state fair managers, and to make such transfers as directed. During the period beginning July 1, and extending to November 1 December 31, of each year, the board of state fair managers, is authorized to expend moneys on deposit to its credit in any Reno county, Kansas, bank, by approved vouchers directed to the treasurer of the board of state fair managers, and by the issuance of checks by the treasurer of said the board to the persons entitled thereto as shown upon said such vouchers, and all such expenditures may be made without compliance with any of the provisions of any act contained in article 37 of chapter 75 of the Kansas Statutes Annotated, or acts amendatory or supplemental thereto.

(2) (3) During the period beginning July 1, and extending to November 1 December 31, of each year, the board of state fair managers, may employ labor and personnel in conjunction with the current operation of the state fair, without compliance with the provisions of any act contained in article 29 of chapter 75 of the Kansas Statutes Annotated, or acts amendatory or supplemental thereto. This authority to employ shall not be construed as authorizing said the board to employ its normal classified service

the use of the state board of state fair managers for the purpose of paying the expenses and costs of the state fair, when moneys available to said the board in the state fair revolving fee fund, and in other direct appropriation funds of said the board, are insufficient for such purposes and such insufficiency results from lack of attendance at any state fair caused by inclement weather, epidemic or other unforeseen occurrence.

Sec. 4. K.S.A. 74-525a and 74-527 and K.S.A. 1978 Supp. 2-205 are hereby repealed.

Sec. 5. This act shall take effect and be in force from and after its publication in the statute book.

I hereby certify that the above BILL originated in the House, and passed that body.

March 16, 1979

Speaker of the House.

Chief Clerk of the House.

Passed the SENATE

April 2, 1979

President of the Senate.

Secretary of the Senate.

APPROVED _____

9912 h 2325

H 2325

DATE 04/03/79 TIME 16:30:56

Bill by Ways & Means

(By request of Legislative Post Audit Committee) Board of state fair managers; state fair special cash fund and change fund; biennial reports. Effective date: 07/01/79.

- 02/02/79 H Introduced -HJ 00166
- 02/05/79 H Referred to Ways & Means -HJ 00172
- 03/13/79 H CR: Be passed as am. by Ways & Means -HJ 00461
- 03/16/79 H COW: CR be adptd; be passed as am. -HJ 00492; Engrossed -HJ 00506
- 03/19/79 H FA: Passed as am.; Yeas 122 Nays 0 -HJ 00497
- 03/19/79 S Received and introduced -SJ 00377
- 03/20/79 S Referred to Ways & Means -SJ 00380
- 03/30/79 S CR: Be passed by Ways & Means -SJ 00508
- 04/02/79 S EFA, art. & debate: Passed; Yeas 33 Nays 0 -SJ 00515
- 04/03/79 H Enrolled and presented to gov.

due 4/13/79

employees on a different basis for all or any part of said four-month ~~that~~ six-month period.

(d) All unencumbered moneys on deposit to the credit of the board of state fair managers in a Reno county, Kansas, bank, on November ~~±~~ December 31, of each year, shall be transferred (back) to the state treasurer treasury to the credit of the state fair revolving fee fund or appropriation from the state general fund according as each may be entitled. All moneys in the state fair revolving fee fund may be used for the payment of checks drawn against the same upon vouchers drawn by the board of state fair managers. It shall be the duty of the board of state fair managers to submit on or before November ~~30~~ December 31, of each year a full and complete object classification report on all moneys collected by and expended by ~~said~~ the board of state fair managers to the director of accounts and reports.

(b) (1) All moneys received by the board of state fair managers through the operation and promotion of events held on the state fairgrounds on those days which have not been designated as official state fair days, herein referred to as non-fair days events, shall be deposited in a separate account established in a bank in Reno county, Kansas, for each non-fair days event by the board of state fair managers. All expenses incurred in the operation and promotion of each non-fair days event shall be paid from the separate bank account established for such non-fair days event by issuance of checks by the treasurer of the board of state fair managers or a person designated by such treasurer and the balance of the money in such account after payment of all such expenses shall be remitted to the state treasurer by the board of state fair managers. Upon receipt of each such remittance the state treasurer shall deposit the entire amount thereof in the state treasury and the same shall be credited by the state treasurer to a fund known as the non-fair days activities fee fund. Moneys in the non-fair days activities fee fund may be transferred from the state treasurer treasury to a bank in Reno county, Kansas, to a separate account established for each non-fair days event, by the board of state fair managers, upon vouchers of the said board of state fair managers, for its use in the operation and promotion of events held on the state fairgrounds on those days which have not been designated as official state fair days. The state treasurer and the director of accounts and reports are authorized and directed to honor all such vouchers and orders of the board of state fair managers, and to make such transfers as directed. The board of state fair managers is authorized to expend moneys on deposit to its credit in any of the non-fair days event accounts in any Reno county, Kansas, bank, by approved vouchers directed to the treasurer of the board of state fair managers, and by the issuance of checks by the treasurer of ~~said~~ the board to the persons entitled thereto as shown upon ~~said~~ such vouchers, and all such expenditures may be made without compliance with any of the provisions of any act contained in article 37 of chapter 75 of the Kansas Statutes Annotated, or acts amendatory or supplemental thereto.

(2) On or before April 1 of each year, the board of state fair managers shall make a full and complete report of all moneys expended from all such non-fair days event accounts in the previous year to the director of accounts and reports.

(c) Each bank account required for use in operating and conducting a state fair under subsection (a) or a non-fair days event under subsection (b) shall be awarded to a bank in Reno county, Kansas, by the pooled money investment board under a written agreement in accordance with procedures for state bank accounts under K.S.A. 75-4217 and shall be secured by pledge of securities in the manner prescribed for state bank accounts under K.S.A. 75-4218 and in the amount prescribed for fee agency accounts under that statute.

Sec. 3. K.S.A. 74-525a is hereby amended to read as follows: 74-525a. There is hereby created in the state treasury a special fund which shall be known as the state fair emergency fund for



DEPARTMENT OF ADMINISTRATION
DIVISION OF ACCOUNTS AND REPORTS

MIKE HAYDEN
Governor

JAMES R. COBLER
Director of Accounts and Reports

November 6, 1987

Landon State Office Building
Topeka, Kansas 66612-1220
(913) 296-2311

Mr. Robert A. Gottschalk
Executive Secretary
Kansas State Fair
20th & Poplar
Hutchinson, Kansas 67502

Attention: Joanne Brown

Dear Mr. Gottschalk:

After reviewing transactions affecting the State of Kansas Financial Report, the Financial Reporting Unit of this office has made several recommendations. This letter is intended to provide written guidelines that will be used to implement their recommendations.

Guidelines to be used for creation of the \$100,000.00 change fund authorized by K.S.A. 2-220 are as follows:

1. The State Fair Board mails a letter to the Accounting Control and Services Section of the Division of Accounts and Reports requesting the \$100,000.00 cash transfer from the State General Fund to the State Fair Special Cash Fund. A copy of the completed DA-74 (Application to Establish Change Fund) should be attached to this request.
2. The Accounting Control and Services Section will transfer the amount requested from the State General Fund (000-00-1000-FY-0000) to the State Fair Special Cash Fund (373-00-9088-FY-9999) using source code 6600 (Transfers).
3. The State Fair Board will then process a voucher using object code 725 (Advances for Imprest Funds) to obtain a warrant to establish the change fund.
4. Prior to the sixth day after conclusion of the State Fair, the State Fair Board will reimburse the State Fair Special Cash Fund by depositing on a DA-3 (Receipts Voucher) the amount originally advanced. The source code to be used is 6222 (Refunds of Advances for Imprest Funds).

NOV - 9 1987

Mr. Robert A. Gottschalk
November 6, 1987
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5. The Accounting Control and Services Section will then process a revenue transfer document to transfer the balance in the State Fair Special Cash Fund (373-00-9088-FY-9999) to the State General Fund (373-00-1000-FY-9999) using source code 6600 (Transfers).

Advances of moneys from the State Treasury to the State Fair Board for operations during the State Fair.

1. The State Fair Board will process vouchers on a periodic basis against the State Fair Fee Fund using object code 721 (Advances).
2. Returns of advances will be deposited into the State Treasury on a DA-3 (Receipts Voucher) using source code 6224 (Other Refunds of Advances Not Elsewhere Classified).
3. Periodically the State Fair Board will request the Accounting Control and Services Section to process a journal voucher to reverse object code 721 charges and charge actual object codes via detailed information provided by the State Fair Board.

Advances of moneys from the State Treasury to the State Fair Board for Non-Fair Days Events should be handled in a manner similar to the State Fair Fee Fund.

If you should have any questions or problems associated with these guidelines, please contact this office.

Very truly yours,

James R. Cobler, Director
Division of Accounts and Reports

By: W. F. Wachs
W. F. Wachs, Chief
Accounting Control & Services

WFW:JS:db

cc: Administrative Audit Section
Financial Reporting Unit

BUDDY LEE ATTRACTIONS, INC.

APR 15 1986



(As Agent for the Leader and other Employees below identified)

PHONE AREA CODE 615-244-4336 38 MUSIC SQ. EAST, SUITE 300

NASHVILLE, TENNESSEE 37203

AMERICAN FEDERATION OF MUSICIANS OF THE UNITED STATES AND CANADA

LICENSE #1706

LOCAL #257

THIS CONTRACT For the personal services of musicians, made this 11th day of March, 1986 between the undersigned purchaser (hereinafter called the "purchaser") and Seven (7) musicians (hereinafter called "employees") (including the Leader)

WITNESSETH, That the purchaser hires the employees as musicians severally on the terms and conditions below. The leader represents that the employees already designated have agreed to be bound by said terms and conditions. Each employee yet to be chosen shall be bound by said terms and conditions upon agreeing to accept his employment. Each employee may enforce this agreement. The employees severally agree to render collectively to the purchaser services as musicians in the orchestra under the

leadership of WILLIE NELSON & FAMILY as follows:

Name and Address of Venue: Kansas State Fair
Hutchinson, Kansas

Date(s) of Employment Monday
September 8, 1986

Hours of Employment One (1) show
Showtime: 7:30 PM. (Central Time Zone)

**19A. Report time: 12:00 Noon

STIPULATIONS:

No. 1 PLEASE FILL IN EXACT LOCATION, TIME(S) OF SHOW. Artist Is Not Liable If Time & Location are Not Inserted On Contract When Fully Signed. Include time zone and, if daylight savings time, please note on day of show.

SEE AND SIGN ATTACHED RIDER WHICH IS A PART OF THIS CONTRACT. RIDER AND CATERING REQUIREMENTS ARE PAID BY BUYER AT NO COST TO ARTIST. BUYER IS NOT TO ADVERTISE OR PRINT TICKETS UNTIL CONTRACT IS SIGNED BY BOTH PARTIES, OR WRITTEN CONSENT FROM ARTIST MANAGER.

**14. CAPACITY: 10,070 TIX: \$8.00, \$10.00 and \$12.00 GP: \$95,000.00 After state sales tax

**19B. Radius Clause: See Addendum Item 19B. is deducted. See Addendum Item 14.

Type of Engagement (specify whether dance, dance and show combinations, T.V., radio, stage show, banquet, private engagement, festival, fair, etc...) Concert

WAGE AGREED UPON IN U.S. DOLLARS \$51,000.00 (FIFTY ONE THOUSAND DOLLARS) PLUS 75% (SEVENTY FIVE PERCENT) OVER \$65,000.00 (SIXTY FIVE THOUSAND DOLLARS)
(Terms and Amount)

To be paid in U.S. DOLLARS BY CASH, MONEY ORDER OR CASHIER'S CHECK \$51,000.00 (FIFTY ONE THOUSAND DOLLARS) PLUS APPLISABLE PERCENTAGE demand day of show to: Willie Nelson

~~XXXXXX~~ DUE FEE GUARANTEED.
to be received on or before RAIN OR SHINE

DEPOSIT
\$ NONE
Rec. _____
By _____

BINDERS AND DEPOSIT PAYABLE TO THE EMPLOYEES' AGENT, BUDDY LEE ATTRACTIONS, INC. BY MONEY ORDER OR CERTIFIED CHECK
NO PAYMENT WILL BE MADE BY ANY PERSONAL CHECK, UNLESS APPROVED BY THE ARTIST OR AGENCY IN WRITING PRIOR TO THIS DATE.
THIS ENGAGEMENT IS NOT TO BE ADVERTISED OR PUBLICIZED IN ANY MANNER OR FORM UNTIL THIS CONTRACT IS FULLY PROCESSED AND SIGNED BY BOTH PARTIES.
THIS CONTRACT CANNOT BE ASSIGNED TO ANY OTHER PERSON

LOCAL 110 COLLECTING AGENT OF LOCAL Roland S. Gunn
ADDRESS 322 N. Main CITY Hutchinson, STATE Kansas 67501

NAMES OF EMPLOYEES (LEADER)	LOCAL NUMBER	S.S. NUMBER	WAGES \$
<u>Willie Nelson, Leader</u>	<u>#433</u>		
<u>Plus Six (6) Musicians</u>			

THIS CONTRACT BECOMES VOID IF PURCHASER FAILS TO SIGN AND RETURN SAME WITHIN 10 DAYS OF DATE ISSUED.

Purchaser Name: Bob Gottschalk/Kansas State Fair, Exec. Secy. Signature of Purchaser: [Signature]
 Address: 20th and Poplar City: Hutchinson, Kansas 67502 Phone: 816/454-0839
 Signature of Leader: Willie Nelson #433
 Address: 38 Music Square East, Suite #300 City: Nashville, Tennessee 37203
 Booking Agent Contact: Joan Saltel st

If this contract is made by a licensed booking agent, there must be on this contract the name, address and telephone number of the collecting agent of the local in whose jurisdiction the engagement is to be performed.
THE ADDITIONAL PROVISIONS ON THE REVERSE SIDE HEREOF (AND ANY RIDERS ATTACHED HERETO) ARE PART OF THIS CONTRACT AND ARE DEEMED INCORPORATED HEREIN.

DO NOT SIGN UNTIL YOU HAVE READ BOTH SIDES AND ALL RIDERS,



DEPARTMENT OF ADMINISTRATION

LEGAL SECTION

107 Landon State Office Building

900 Jackson

Topeka, Kansas 66612-1214

(913) 296-6000

H. Edward Flentje
Secretary of AdministrationArthur H. Griggs
Chief AttorneyMEMORANDUM

TO: Senate Ways and Means Committee

FROM: Arthur H. Griggs *AG*
Chief Attorney

DATE: February 8, 1988

SUBJECT: Longevity Bonus Payments and the
Governor's proposal and, S.B. 521

Both S.B. 521 and the Governor's budget provide for longevity bonuses for state classified employees. Like the Governor's proposal, S.B. 521 bases the longevity pay on \$25 per year of service. S.B. 521 varies from the Governor's proposal as follows:

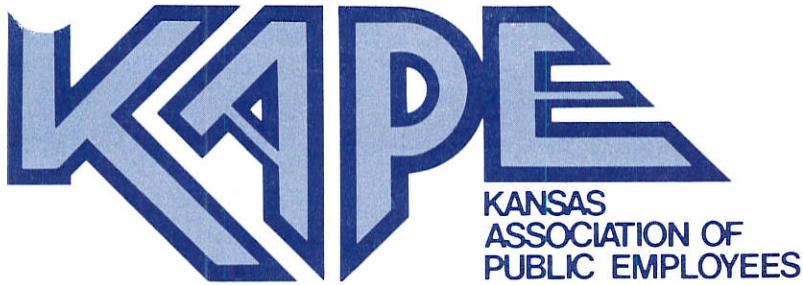
1. Under S.B. 521 the employment length of service must be continuous. This requirement will disqualify some employees with over ten years of service in cases where employees have breaks in service for child rearing, medical or other reasons.
2. Under S.B. 521 there is a 20 year cap on the payments; the Governor's proposal has no cap. The payments start after ten years of service under both S.B. 521 and the Governor's proposal.
3. The payments under S.B. 521 would count as compensation for the purposes of KPERS but would not under the Governor's proposal.
4. S.B. 521 is not limited to one year as is the Governor's proposal.

H. Edward Flentje
February 8, 1988
Page Two

5. Under S.B. 521 the bonus is paid on an employees service anniversary date. Under the Governor's proposal one-half of the bonus would be paid June 1, 1988, and one-half would be paid December 1, 1988.

6. The estimated fiscal impact is \$4,002,211 for FY 89 under S.B. 521, and \$4.4 million for the aggregate of the two CY 1988 bonus payment dates under the Governor's proposal.

AHG:dp
5080A



Presentation of
Charles Dodson
Kansas Association of Public Employees
to the Committee on
Ways and Means
February 8, 1988

Mr. Chairman, members of the committee, on behalf of the members of the Kansas Association of Public Employees, I wish to thank you for giving us the opportunity to speak in support of Senate Bill 521.

We were extremely pleased that Governor Hayden advanced the concept of longevity pay in his budget proposal to you for the fiscal year 1989. Long term career employees became even more excited when this committee approved the introduction of the longevity concept and that now SB 521 is given such a speedy hearing by this committee.

The concept of longevity pay is not new in this state. Prior to 1986, there was longevity pay incorporated as a part of the total pay plan for state workers. Today, according to the report of Workplace Economics, twenty-four states have a system of longevity pay or bonuses. The proposal as presented to you in SB 521 is unique to only one state at this time. Perhaps if I may give you the history of that single state you could appreciate the acceptability of this type program to the employees, the Executive and the Legislature. In that state the longevity proposal was passed by the legislature in 1980. It was to pay all employees, with 36 months or more service, \$30 for each year of service. In 1981, that was increased to \$60 for each year, with a cap of 15 years maximum payment. In 1982 the payment was increased to \$75 for each year. It remained at that level until 1984 when a process was started to increase the payment by \$5 each year and to add one year to the maximum. Today, that state pays \$100 for each year of service with a maximum payment of \$2,000. Further, the Governor of that state has informed the employees that it is his intention to continue the increases to a maximum \$2,400.

These are large increases. The employees view that longevity pay program as the best feature of their benefit package. As a matter of fact, the largest state university created a brochure to send to recruits for their faculty informing them that, at that university, employees could build their own bonus, and

incorporated a large graphic showing how the longevity pay program worked. This was the only benefit mentioned in this particular brochure.

It would be difficult to imagine how a program could grow at such a pace if the program was not working or if it was not cost effective. The facts are, it does work, it is the most popular benefit program offered to employees, and it is extremely cost effective.

The longevity program you have before you is one of the few benefit packages you can offer to employees which do not have built-in cost increases. Since this type of longevity pay, as opposed to that we had prior to 1986, is not a part of the base pay matrix, it is not affected by COLAs, by reclassifications, or by promotions. There are, generally, only three things which can cause the annual cost of this longevity program to increase.

1. Legislative action which changes the distribution formula.
2. An increase in the average tenure of state employees.
3. An increase in the number of state workers.

Of these three, only number two is not controlled by the appropriation process. The same dollars spent on any other benefit or pay program would have built in escalators which would cause cost increases.

How does this program work? On the completion of 120 months of service an employee would be eligible to receive \$25 for each year of service. The first payment would be for \$250. The next year that payment would be \$275, the next \$300, and this progression would continue until the employee completed 20 years of service. On the completion of 20 years, the employee would receive \$500. That amount would be paid to the employee each year thereafter unless the maximum payment was increased. Table 1 shows the number of employees and the amount each employee would receive under SB 521.

In the past there have been times when this legislature has decided that a dollar salary increase needed to be given instead of a percent increase. To do so now would totally destroy the pay matrix established in 1986. This longevity program does much the same thing as a dollar salary increase. That is, for any employees with a given number of years of service, it pays the same amount. A \$50,000 a year employee with 15 years of service gets the same longevity pay as a \$15,000 per year employee with 15 years.

The concept of giving part of employees pay increases in the form of bonuses whether based on longevity or other factors is

growing in the private sector because of the money illusion incorporated into the concept. A lump-sum payment of any size appears to have more utility because of the nature of the payment. \$400 in your hand that is not built into your budget appears to have more value than \$7.50 a week added to the paycheck.

There is validity in the notion that the earliest time an employee should begin receiving a longevity bonus under the Kansas system is at the end of 72 months rather than at the end of 120 months. It is at the end of 72 months when an employee becomes ineligible to receive annual salary increases under the existing pay matrix. Actually, from a benefit perspective, it should begin even earlier. The program is a benefit and should be designed to encourage career employment and be useful as a recruiting tool. If the beginning stage is too far down the road, new employees will not perceive it as having any value at all. To start the program at 72 months rather than 120 months would cost about \$400,000 more than the total funding recommended by the Governor.

Another suggestion which might serve to improve the proposal would be to insist that an employee must have a satisfactory or better performance evaluation to be eligible to receive the longevity payment. This would insure that employees who were just filling a position and not contributing to the work of the unit would not receive the payment for that year.

Another consideration which will be important to many would be to include all employees into the program including unclassified employees. This should include employees of the Legislative, Executive and Judicial Branches of state government. This will add substantially to the costs of the program, but adjustments to the appropriations scheduled for those employees would be available to keep the total dollar figure within the anticipated budget limits.

I thank you for this opportunity to speak to the committee, and will be happy to answer any questions you may have.

LENGTH OF SERVICE OF CLASSIFIED EMPLOYEES
AUGUST 24, 1987

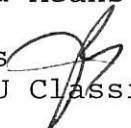
<u>YEARS SERVICE</u>	<u>CLASSIFIED</u>	<u>AMOUNT OF LONGEVITY PAY</u>
0	2365	0
1	2172	0
2	2014	0
3	1719	0
4	1173	0
5	1271	0
6	1353	0
7	1688	0
8	1463	0
9	1282	0
10	1130	250
11	779	275
12	757	300
13	762	325
14	699	350
15	578	375
16	472	400
17	534	425
18	480	450
19	422	475
20	399	500
21	434	500
22	275	500
23	314	500
24	239	500
25	211	500
26	173	500
27	154	500
28	187	500
29	190	500
30	158	500
31	177	500
32	120	500
33	88	500
34	86	500
35	61	500
36	67	500
37	32	500
38	43	500
39	38	500
40	43	500
41	17	500
42	6	500
43	57	500
	<u>26682</u>	

ATTACHMENT 4
SWAM 2-8-88

The University of Kansas

Classified Senate

Classified Executive Council

To: Senate Ways and Means Committee
From: John Brothers 
President, KU Classified Senate
Date: February 8, 1988
Re: Senate Bill 521

The University of Kansas Classified Employee Senate represents approximately twelve hundred of the over sixteen hundred civil service employees at the university. The Classified Senate, having long supported the concept of a longevity service award for long term, career classified employees, strongly supports S.B. 521 establishing longevity pay.

Permanent implementation of a longevity pay system is important because traditionally the cost of living adjustment given to state civil services falls short of actual cost of living increases. This does not have a great impact upon short term employees who in recent years have also been able to count upon step increases on the pay matrix in addition to COLA. However, long term employees who have reached the end of their respective pay ranges receive no such supplement to their COLA; and they are thus lagging behind actual cost of living increases. Implementation of longevity pay will help to ameliorate this problem.

Implementation of a permanent longevity pay system for career employees should also have a very positive influence upon the morale of long term employees. Such a system sends a strong message to career employees, a message which says that the state recognizes that their years of service have an intrinsic value to state government.

The Classified Senate supports Governor Hayden's proposed compensation package for classified employees. The longevity service award is an integral part of that package, its significance underscored by the fact that Classified Senate and other state employee groups have pushed for longevity pay since the adoption of the present pay matrix compensation system. Accordingly, the Classified Senate urges both quick and forceful legislative action in favor of Senate Bill 521.

ATTACHMENT 4
SWAM 2-8-88

UNIVERSITY OF KANSAS CLASSIFIED SENATE
1988 LEGISLATIVE AGENDA

COMPENSATION

1. Continued full funding of the current pay matrix.
2. Cost-of living increase of a percentage which (a) when combined with pay matrix funding equals percentages appropriated for faculty unclassified and teachers, and (b) is adequate to insure no reduction in buying power vis a vis Consumer Price Index increases when considered independently of the pay matrix.
3. Longevity service awards/career compensation for long-term employees.
4. Continued funding for study and implementation of the Comprehensive Classification and Job Rate Study.

RETIREMENT

1. Authorization and funding for Regents classified employees to participate in unclassified faculty retirement systems, with funding for classified employee retirement increased to match the percentage contributed to unclassified faculty.
2. KPERS--Full retirement allowed at age fifty-five without regard for years of service, without an actuarial reduction, and employing a participating service percentage high enough to allow a twenty-year employee to retire at at least half-salary exclusive of Social Security.
3. State payment of health care premiums for retired state employees.
4. Transfer of State Police Officers employed at Regents institutions from KPERS to KP&F.

HEALTH CARE/BENEFITS

1. State funding adequate to provide the full cost of single coverage (including dental), either traditional indemnity or HMO, at present benefit levels.
2. Implementation of a true full service cafeteria style benefit program, allowing benefit plans to be tailored to specific employee needs.
3. Implementation of a centralized employee benefits office through DPS to handle all benefits.
4. Increase annual leave benefits to equal amount given to faculty unclassified.