

Approved February 13, 1989
Date

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS

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

11:20 a.m. on FEBRUARY 8, 1989 in room 123-S of the Capitol.

All members were present except:

All members present

Committee staff present:

Research Department: Diane Duffy, Kathy Porter, Ed Ahrens

Revisor:

Committee Staff: Judy Bromich, Pam Parker

Conferees appearing before the committee:

Ed Ahrens, Kansas Legislative Research Department
Shelby Smith, Secretary, Department of Administration

Senator Gaines moved, Senator Rock seconded, the introduction of bill draft 9 RS 9834, an act relating to postsecondary education; establishing a state educational institution under the control and supervision of the state board of regents and authorizing and providing for the doing of all acts and things necessary and incidental thereto; authorizing and requiring certain tax levies and providing for disbursement thereof; affecting the provision of financial assistance to community colleges. The motion carried.

Staff reviewed the state employee pay plan and the Governor's recommended changes. (Attachment 1) There was discussion concerning who is covered under other phases of the Job Rate Study and additional information was requested from staff by a member of the Committee. During staff's review of the cost of employer contribution by fiscal year under the state health insurance plan, staff noted that for 1989 and 1990 the blended rates shown in Attachment 1 contain the portion of the state costs for family members. In building the budget for health insurance, the Budget Division did not use a blended rate. It used a rate for individuals with an add-on for people enrolled in the family plan.

Staff distributed copies of the End-Of-Month Population Count from July, 1984 to January, 1989. (Attachment 2)

Shelby Smith, Secretary of Administration, presented an overview of the Department of Administration. (Attachment 3) In answer to questions, Mr. Smith stated that he was in the process of reviewing a detailed report from Bob Molloy, Health Care Commission, and he would forward this information in the next few days.

The meeting was adjourned.

STATE EMPLOYEE PAY PLAN

Governor's Recommended Changes^a
(Millions of Dollars)

	<u>FY 1989</u>		<u>FY 1990</u>	
	<u>Supplementals</u>		<u>Expenditures</u>	
	<u>State</u>	<u>All</u>	<u>State</u>	<u>All</u>
	<u>General</u>	<u>Funds</u>	<u>General</u>	<u>All</u>
	<u>Fund</u>		<u>Fund</u>	<u>Funds</u>
<u>Phase III -- Job Rate Study</u>				
Direct Care and Other Service Workers	\$ 2.8	\$ 4.3	\$ 5.9	\$ 9.2
Security and Law Enforcement Workers	---	---	1.8	2.1
Total	\$ 2.8	\$ 4.3	\$ 7.7	\$ 11.3
<u>General Salary Increases^b</u>	--	--	\$ 19.6	\$ 30.3

- a) Data obtained from Appendix D to Volume 1 of the Governor's Budget Report for FY 1990.
- b) Recommended increase of 4 percent to salaries of classified employees and nonjudicial employees of the Judicial Branch. By general law, salaries of elected state officials and judges are tied to increases in the state pay plan. The Governor has also financed a 5.8 percent "merit pool" for unclassified executive branch employees (other than unclassified employees under the jurisdiction of the State Board of Regents).

STATE HEALTH INSURANCE PLAN^a

I. Estimated Enrollment -- CY 1989

	<u>Full-Time Employees</u>	<u>Part-Time Employees</u>	<u>Retirees</u>	<u>Total</u>
Indemnity Plans	23,311	967	6,843	31,121
HMOs	<u>9,872^b</u>	<u>386</u>	<u>169</u>	<u>10,427</u>
Total	33,183	1,353	7,012	41,548

II. Estimated Annual Costs -- CYs 1988, 1989, 1990

(Millions)

<u>CY</u>	<u>Employer Contribution</u>		<u>Employee Contribution</u>		<u>Total</u>	
	<u>Amount</u>	<u>% Incr.</u>	<u>Amount</u>	<u>% Incr.</u>	<u>Amount</u>	<u>% Incr.</u>
1988	\$ 41.6		\$ 30.3		\$ 71.9	
1989	62.6	50.6%	33.0	9.2%	95.6	33.0%
1990	75.1	20.1				

III. Cost of Employer Contribution by Fiscal Year

<u>FY</u>	<u>Annual Rate Per Employee</u>	<u>Total Fiscal Year Cost in Millions of Dollars</u>	
		<u>Amount</u>	<u>Percent Increase</u>
1988 Actual	\$ 1,173	\$ 40.4	20.9%
1989 Estimated	1,585 ^c	54.2	34.2
1990 Estimated	2,056	70.3	29.6

- a) Estimates of November 15, 1988, by Division of Accounts and Reports, Department of Administration.
- b) HMO membership of full-time employees for CY 1988 was almost 40 percent. The projected HMO participation rate is 30 percent for CY 1989.
- c) Budgets approved by 1988 Legislature were based on \$1,300 per employee.

END-OF-MONTH INMATE POPULATION COUNT

July, 1984 to January, 1989

Date	KSP	KSIR	SRDC	KCVTC	KCIL	Honor Camps	Work Release	Pre-Release Centers	NCF	WCF	OCF	FCF	TCF	ECF	HCF	SCF	Non-Doc Facilities	GRAND TOTAL	Total Male	Total Female	Net Change
July, 1984	1,843	1,249	133	212 (38)	198 (170)	116	94 (4)	123 (16)	--	--	--	--	--	--	--	--	72 (13)	4,040	3,799	241	7
Aug., 1984	1,832	1,227	135	215 (39)	194 (168)	126	73 (3)	158 (16)	--	--	--	--	--	--	--	--	81 (14)	4,041	3,801	240	1
Sept., 1984	1,870	1,231	127	214 (39)	180 (155)	116	85 (7)	161 (16)	--	--	--	--	--	--	--	--	95 (12)	4,079	3,850	229	38
Oct., 1984	1,898	1,235	110	215 (36)	171 (148)	125	96 (8)	157 (14)	--	--	--	--	--	--	--	--	100 (13)	4,107	3,888	219	28
Nov., 1984	1,886	1,242	133	209 (37)	178 (154)	114	112 (8)	180 (16)	--	--	--	--	--	--	--	--	102 (15)	4,156	3,926	230	49
Dec., 1984	1,895	1,281	137	204 (34)	182 (158)	124	112 (6)	199 (16)	--	--	--	--	--	--	--	--	104 (16)	4,238	4,008	230	82
Jan., 1985	1,935	1,337	136	213 (39)	178 (154)	125	115 (6)	201 (16)	--	--	--	--	--	--	--	--	100 (16)	4,340	4,109	231	102
Feb., 1985	1,910	1,343	137	211 (38)	185 (161)	125	116 (7)	185 (12)	--	--	--	--	--	--	--	--	142 (14)	4,354	4,122	232	14
Mar., 1985	1,913	1,375	136	215 (40)	190 (167)	127	120 (7)	192 (16)	--	--	--	--	--	--	--	--	148 (11)	4,416	4,175	241	62
Apr., 1985	1,914	1,424	140	215 (38)	198 (174)	122	121 (8)	198 (16)	--	--	--	--	--	--	--	--	156 (10)	4,488	4,242	246	72
May, 1985	1,940	1,444	129	210 (38)	187 (166)	125	120 (9)	204 (16)	--	--	--	--	--	--	--	--	158 (12)	4,517	4,276	241	29
June, 1985	1,964	1,432	138	214 (38)	190 (167)	125	117 (9)	194 (16)	--	--	--	--	--	--	--	--	164 (16)	4,538	4,292	246	21
July, 1985	2,008	1,430	131	218 (39)	194 (173)	126	121 (8)	197 (16)	--	--	--	--	--	--	--	--	163 (16)	4,588	4,336	252	50
Aug., 1985	2,054	1,473	139	219 (38)	202 (181)	125	116 (7)	192 (14)	--	--	--	--	--	--	--	--	154 (12)	4,674	4,422	252	86
Sept., 1985	2,115	1,431	137	213 (38)	201 (179)	122	119 (9)	201 (16)	--	--	--	--	--	--	--	--	149 (9)	4,688	4,437	251	14
Oct., 1985	2,130	1,393	138	211 (33)	206 (185)	137	120 (8)	202 (17)	--	--	--	--	--	--	--	--	152 (12)	4,689	4,434	255	1
Nov., 1985	2,232	1,282	134	212 (33)	216 (194)	156	124 (9)	189 (16)	--	--	--	--	--	--	--	--	154 (16)	4,699	4,431	268	10
Dec., 1985	2,262	1,279	137	203 (30)	220 (197)	157	120 (9)	195 (16)	--	--	--	--	--	--	--	--	157 (15)	4,463	4,463	267	31
Jan., 1986	2,253	1,338	126	208 (33)	211 (189)	159	121 (9)	193 (15)	--	--	--	--	--	--	--	--	152 (9)	4,761	4,506	255	31
Feb., 1986	2,297	1,346	140	197 (35)	219 (196)	156	123 (10)	187 (15)	--	--	--	--	--	--	--	--	154 (12)	4,819	4,551	268	58
Mar., 1986	2,359	1,321	140	191 (32)	223 (200)	157	124 (10)	196 (16)	--	--	--	--	--	--	--	--	154 (13)	4,865	4,594	271	46
Apr., 1986	2,321	1,365	132	207 (32)	210 (188)	162	124 (11)	201 (11)	--	--	--	--	--	--	--	--	153 (12)	4,875	4,621	254	10
May, 1986	2,303	1,431	140	212 (34)	222 (199)	166	120 (11)	191 (9)	--	--	--	--	--	--	--	--	152 (10)	4,937	4,674	263	62
June, 1986	2,314	1,458	140	222 (36)	219 (196)	164	122 (11)	195 (10)	--	--	--	--	--	--	--	--	157 (16)	4,991	4,722	269	54
July, 1986	2,286	1,499	140	234 (36)	223 (200)	171	122 (10)	201 (9)	--	--	--	--	--	--	--	--	156 (10)	5,032	4,767	265	41
Aug., 1986	2,317	1,527	140	245 (38)	231 (209)	166	121 (9)	197 (11)	--	--	--	--	--	--	--	--	146 (9)	5,090	4,814	276	58
Sept., 1986	2,410	1,510	139	244 (36)	233 (212)	162	117 (9)	203 (12)	--	--	--	--	--	--	--	--	157 (12)	5,175	4,894	281	85
Oct., 1986	2,436	1,504	139	279 (35)	232 (210)	162	121 (8)	215 (12)	--	--	--	--	--	--	--	--	149 (12)	5,237	4,960	277	62

ATTACHMENT 2-8-89
 SWAN 2-8-89

Date	KSP	KSIR	SRDC	KCVTC	KCIL	Honor Camps	Work Release	Pre-Release Centers	NCF	WCF	OCF	FCF	TCF	ECF	HCF	SCF	Non-Doc Facilities	GRAND TOTAL	Total Male	Total Female	Net Change
Nov., 1986	2,474	1,503	139	282 (33)	244 (222)	164	122 (9)	220 (10)	--	--	--	--	--	--	--	--	146 (9)	5,294	5,011	283	
Dec., 1986	2,548	1,535	141	285 (29)	256 (236)	158	120 (9)	218 (10)	--	--	--	--	--	--	--	--	145 (10)	5,406	5,112	294	
Jan., 1987	2,654	1,498	138	288 (27)	256 (235)	162	129 (9)	200 (10)	--	--	--	--	--	--	--	--	145 (10)	5,470	5,179	291	64
Feb., 1987	2,694	1,498	139	295 (32)	250 (229)	176	119 (7)	210 (9)	--	--	--	--	--	--	--	--	147 (10)	5,528	5,241	287	58
Mar., 1987	2,692	1,525	138	296 (33)	243 (223)	176	121 (7)	204 (6)	--	--	--	--	--	--	--	--	156 (7)	5,551	5,275	276	23
Apr., 1987	2,703	1,555	140	298 (27)	245 (226)	178	124 (8)	213 (7)	--	--	--	--	--	--	--	--	152 (7)	5,608	5,333	275	57
May, 1987	2,731	1,559	140	287 (29)	247 (225)	174	125 (5)	203 (8)	--	--	--	--	--	--	--	--	156 (8)	5,622	5,347	275	14
June, 1987	2,789	1,544	139	278 (30)	245 (225)	175	120 (4)	203 (8)	--	--	--	--	--	--	--	--	161 (8)	5,654	5,379	275	32
July, 1987	2,763	1,538	172	302 (35)	237 (216)	179	121 (5)	203 (5)	--	--	--	--	--	--	--	--	148 (8)	5,663	5,394	269	9
Aug., 1987	2,817	1,554	174	302 (33)	234 (213)	179	118 (5)	206 (6)	--	--	--	--	--	--	--	--	140 (9)	5,724	5,458	266	61
Sept., 1987	2,761	1,494	174	298 (30)	230 (209)	181	119 (5)	221 (9)	49	48	31	--	--	--	--	--	143 (7)	5,742	5,482	260	18
Oct., 1987	2,722	1,542	174	284 (33)	234 (214)	180	114 (6)	218 (9)	81	52	32	--	--	--	--	--	154 (7)	5,787	5,518	269	45
Nov., 1987	2,659	1,586	175	285 (32)	236 (216)	181	116 (7)	219 (8)	108	50	30	--	--	--	--	--	152 (8)	5,797	5,526	271	10
Dec., 1987	2,688	1,570	174	290 (30)	244 (222)	177	121 (5)	204 (10)	159	50	33	--	--	--	--	--	165 (8)	5,875	5,600	275	78
Jan., 1988	2,672	1,554	173	286 (30)	252 (230)	182	121 (5)	211 (10)	150	75	65	--	28	--	--	--	158 (7)	5,927	5,645	282	52
Feb., 1988	2,604	1,580	168	298 (32)	245 (223)	174	132 (6)	220 (10)	156	147	61	--	23	--	--	--	163 (8)	5,971	5,692	279	44
Mar., 1988	2,422	1,644	175	296 (30)	233 (211)	174	167 (9)	233 (10)	198	142	79	25	30	--	--	--	164 (6)	5,982	5,716	266	11
Apr., 1988	2,419	1,675	168	285 (24)	254 (234)	179	174 (9)	229 (9)	233	153	80	20	30	--	--	--	157 (3)	6,056	5,777	279	74
May, 1988	2,371	1,701	143	298 (27)	257 (234)	176	153 (6)	228 (6)	221	130	78	21	26	--	--	--	150 (4)	5,953	5,676	277	(103)
June, 1988	2,269	1,765	256	241 (105)	247 (152)	180	157 (6)	229 (11)	236	155	81	21	33	--	--	--	143 (2)	6,013	5,737	276	60
July, 1988	2,171	1,705	256	275 (157)	185 (101)	179	122 (5)	204 (10)	236	168	80	35	28	102	--	--	238 (5)	5,984	5,706	278	(29)
Aug., 1988	2,071	1,769	251	238 (166)	175 (89)	176	119 (6)	176 (10)	227	190	80	76	28	100	--	--	320 (9)	5,996	5,716	280	12
Sept., 1988	2,001	1,694	248	217 (190)	151 (70)	173	118 (6)	120 (9)	241	232	79	76	43	297	--	--	330 (8)	6,020	5,737	283	24
Oct., 1988	1,929	1,766	255	199 (199)	133 (59)	174	118 (7)	104 (0)	239	223	80	71	64	291	--	--	326 (10)	5,972	5,697	275	(48)
Nov., 1988	1,851	1,757	254	192 (192)	149 (63)	180	127 (8)	112 (0)	258	224	78	79	64	285	--	--	331 (9)	5,941	5,669	272	(31)
Dec., 1988	1,871	1,701	252	178 (178)	152 (71)	164	119 (10)	106 (0)	254	214	73	82	72	294	--	63	337 (13)	5,932	5,660	272	(9)
Jan., 1989	1,867	1,630	261	189 (189)	157 (70)	173	118 (10)	117 (0)	252	196	78	77	78	287	133	90	354 (13)	6,057	5,775	282	125

Note: A number in parentheses indicates the number of females in the population. The institutional references used in the table are as follows: Kansas State Penitentiary (KSP); Kansas State Industrial Reformatory (KSIR); State Reception and Diagnostic Center (SRDC); Kansas Correctional-Vocational Training Center (KCVTC); Kansas Correctional Institution at Lansing (KCIL); honor camps are located at Toronto and El Dorado; work release programs are located in Wichita and Hutchinson; pre-release centers are located in Topeka and Winfield; Norton Correctional Facility (NCF); Winfield Correctional Facility (WCF); Osawatomie Correctional Facility (OCF); Forbes Correctional Facility (FCF), located in Topeka; Topeka Correctional Facility (TCF), located on the grounds of Topeka State Hospital; Ellsworth Correctional Facility (ECF); Hutchinson Correctional Work Facility (HCF); and Stockton Correctional Facility (SCF). Correctional facility counts at Winfield and Topeka are separate from prerelease center population figures. Non-Department of Corrections' facilities includes inmates assigned to Larned State Hospital, contract jail placement, community residential centers, and contracted work release.

Source: Information Systems and Research Unit, Kansas Department of Corrections.
89-46/RM

PRESENTATION TO SENATE WAYS AND MEANS

February 8, 1989

Mr. Chairman, I notice that this Committee is hearing from a number of Cabinet Secretaries and I expect they find it almost impossible to share with you their problems and initiatives in the time allotted. Quite frankly, as I prepared my remarks for today, I found that they may be quite brief. While what we do is vital to the operation of state government, it is difficult to generate sustained interest in generally accepted accounting principles and similar administrative processes we perform.

I would like to call your attention to a few of the more prominent Department of Administration issues and then leave time for any questions you may have.

Our greatest growth area in the Department continues to be technology related. SRS and the Department of Revenue, in particular, continue to increase their use of central computing and voice and data network services. The number of terminals on the statewide data network has more than doubled in the past year or so, totaling over 3,600 today. Indicative of this growth is the fact that we expect DISC rates to decline again in FY 90, as they did in FY 89, despite the addition of personnel and equipment. Without considering the growth factor, I am

ATTACHMENT 3
SWAM 2-8-89

pleased to report that a planned restructuring of the voice and data network in FY 90 will reduce our transmission costs by \$800,000 to \$900,000 annually beginning in FY 91.

One of the biggest challenges facing the Department over the next few years is implementation of what we are calling the Kansas Financial Information System, or KFIS. The Legislature previously approved financing for a new personnel/payroll system and an automated purchasing system. We propose to expand the scope of that project to include an accounting component to allow a fully integrated approach to our central systems.

One of the decisions we made early on with respect to buying packaged software was that, whenever possible, we would change our process to fit the software rather than trying to modify the software to fit every unique quirk of the State's existing system. We made this decision for two reasons:

- 1) The fewer modifications we make to the software, the less expensive it is to develop and maintain the system. Fewer modifications will also allow us to more quickly implement the system and to minimize implementation problems.
- 2) We are not immune to "but that's the way we've always done it" kinds of thinking. We believe

our approach gives us an excellent opportunity to review our current procedures and perhaps improve on them.

In another area, we have been carefully investigating ways to improve our management of state-owned and leased facilities. In the past, capital improvement planning, building maintenance, space planning for agencies in Topeka, lease negotiations and related activities have suffered from a lack of coordination and long-range planning. Architectural Services, Buildings and Grounds and the Capitol Area Security Patrol each have responsibilities that, while not overlapping, are definitely related. We are looking at some organizational changes that will allow these entities to work together more efficiently and avoid unnecessary expenditures. For example, we believe a better focus on lease management can help us minimize our moving costs and maximize our ability to obtain competitively priced leased space.

On another matter related to Architectural Services, you will find the Governor has recommended a supplemental appropriation of almost \$173,000 to address a serious project backlog. The Division had kept a number of positions vacant because of shortfalls in the Architectural Services Recovery Fund and to prepare for a

permanent staff reduction made possible by greater automation. When, in addition, a number of upper level staff members departed because of retirements, deaths and promotions, the Division was simply unable to keep up with the demand. The supplemental enables the Division to fill vacant positions and hire outside architects to eliminate the backlog. We think it is critical that this funding be approved to avoid delays in capital improvement projects.

The FY 90 budget contains a number of capital improvement projects, most of which are aimed at continuing maintenance, repair and improvements in the Capitol Complex Area. There are three, in particular, I would call to your attention. One is to continue progress on the Capitol Complex Master Plan. This \$350,000 project calls for removal of the fire lane to the north of the Statehouse. We would replace that with a main drive, landscaping, lighting and a pedestrian entry court at the base of the north steps. The plan is contingent on our ability to negotiate purchase of additional parking space from KP&L at 7th and Van Buren.

The single largest project being proposed is a \$2,126,160 appropriation for elevator renovation in the Landon and Docking buildings. You may recall that considerable attention was drawn to the condition of the

elevators last year and we contracted for a comprehensive assessment. The consultants recommended a thorough reconditioning and this project would carry out most of their recommendations. The Governor felt it important to get this work underway as soon as possible and it is included in the supplemental bill.

The last project I want to mention is interior renovation of the Docking Building. We have badly neglected this building over the years, simply in terms of providing a decent working environment. The shabby appearance in many areas is made worse by the overcrowding that some agencies have experienced. As a result, we have areas that are not only unsightly, but hazardous and difficult to maintain in terms of servicing the heating, ventilating and electrical systems. We are proposing a \$2.2 million project to alleviate the worst of these problems. The money will not address overcrowding per se, which we are handling through agency moves as resources permit, but will be spent for carpeting, some partitioning, painting, lighting, window treatments and so on. In the process, a redesign of space layouts will occur so that we make the best use of the space available and eliminate safety hazards. This level of funding will not permit a total interior renovation by any means, but it will allow us to make significant improvements which

can facilitate improved morale and productivity. I should note that approximately one-half of the total cost is being financed and will be repaid from building rents over a five year period, so that the FY 90 expenditures will total \$1.4 million.

Finally, we continue to struggle with the rising cost of health insurance. As you know we have proposed state support for dependent coverage for the first time in an effort to make family coverage affordable. we are also investigating the feasibility of self-insuring, although it is not clear that this move would necessarily allow us to better contain costs. The Kansas State Employees Health Care Commission has also begun discussion as to whether its own continued existence is the best way to administer our health care benefit program.

There may be other areas you would like to discuss and I would be happy to do so. In general, our FY 90 budget reflects a continuation of current operations. The Department is committed to responding to increasing demands by looking internally for ways to improve efficiency and productivity. In the last five years, our F.T.E. has grown by less than 4 percent, not annually, but overall. We would like to continue that effort without sacrificing the level of service and support we provide to state government.

