

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Senator August "Gus" Bogina, Chairperson, at 11:10 a.m. on February 4, 1992 in Room 123-S of the Capitol.

All members were present except:

Senator Winter, who was excused

Conferees appearing before the committee:

John Collins, Division of Personnel Services, Department of Administration

Marlin Rein, Associate University Director, University of Kansas Medical Center

INTRODUCTION OF BILLS

The Chairman announced that the Governor's office had requested introduction of bill draft 1 RS 2100 - An act relating to state finances; concerning limitations on expenditures and demand transfers from the state general fund. Senator Harder moved, Senator Doyen seconded, the introduction of bill draft 1 RS 2100. The motion carried on a voice vote.

Senator Gaines moved, Senator Feleciano seconded, that the minutes of the January 16, 21, 22, 23, 27, 28 and 29, 1992 meetings be approved. The motion carried on a voice vote.

"Distribution of State Gaming Revenues Fund," a memorandum prepared by the Kansas Legislative Research Department, was distributed to Committee members (Attachment 1).

SB 475 - State suggestion award program, Kansas residents eligible.

John Collins appeared before the Committee and reviewed Attachment 2. In answer to a question, he noted that response letters to those who have submitted suggestions come from his office but may paraphrase or quote the review agency.

Chairman Bogina informed the Committee that testimony during the interim indicated that the Employee Suggestion Award Program had returned \$9. of efficiencies for every dollar spent, but an expansion of the review board had not been discussed. Senator Feleciano expressed concern that some agencies in the past had not sufficiently awarded innovative employees.

HB 2626 - Health care employees at medical center placed in unclassified service

Marlin Rein appeared before the Committee and introduced Glen Potter, the Vice-Chancellor of the medical center, and Rick Robards, Director of Human Resources at KUMC. He distributed and reviewed Attachment 3.

In answer to a question regarding the recruitment of those classified health care workers listed on Attachment 3-6, Mr. Rein acknowledged that the medical center has the authority to appoint above Step A, but doing so causes salary compaction and creates morale problems among employees who have been employed for some time but have not advanced much on the salary scale. He noted that 106 employees would be affected by this bill.

Senator Gaines asked what justification could be made for unclassifying health care employees at the medical center but not those at other state institutions. Mr. Rein conceded that the institutions might also have similar difficulties with recruitment and retention, but noted that the medical center is expected to make a profit.

In discussing indigent clients, the Chairman read from testimony presented by Secretary of the Department of Social and Rehabilitation Services on January 21, 1992 (Attachment 2-7). The fact that KUMC receives more disproportionate share monies (with the exception of the state hospitals) than any other hospital in the state is an indication that it provides more services to indigent clientele.

Chairman Bogina distributed copies of written testimony from Nancy Echols, Director of Personnel Services, Attachment 4, and noted her support of an amendment that would delete new Sections 2 and 3. In answer to a concern about tenured employees losing benefits, Rick Robards explained that the annual amount in benefits that employees were eligible for was factored into their base salary when they were moved to the unclassified health care service.

Senator Gaines moved, Senator Kerr seconded, that HB 2626 be amended by deleting Section 2 and new Section 3 and by allowing technical amendments to the bill. The motion carried.

It was moved by Senator Gaines and seconded by Senator Harder that HB 2626 as amended be recommended favorable for passage. The motion carried on a roll call vote. Senator Feleciano voted no on HB 2626 and requested that information be provided to illustrate that employee benefits are not adversely impacted by the changeover from classified to unclassified status.

The Chairman announced that SB 475 would be taken up at a later date.

Senator Gaines moved, Senator Harder seconded, that SB 28, SB 106, SB 158, SB 200, SB 218, SB 433, SB 444, HB 2058, HB 2404, and HB 2643 be not passed. The motion carried on a roll call vote.

The Chairman adjourned the meeting at 12:05 p.m.

MEMORANDUM

Kansas Legislative Research Department

Room 545-N – Statehouse
Topeka, Kansas 66612-1586
(913) 296-3181

January 28, 1992

Re: Distribution of State Gaming Revenues Fund

Current law (K.S.A. 79-4801, *et seq.*) provides that 90 percent of the resources of the state gaming revenues are credited to the State Economic Development Initiative Fund (EDIF) and 10 percent credited to the Correctional Institutions Building Fund (CIBF), with a portion of the latter credited to the Juvenile Detention Facilities Funds if appropriated for that purpose. The EDIF is appropriated by the Legislature to fund numerous state programs, with the largest amount traditionally being appropriated to support programs under the Department of Commerce and the Kansas Technology Enterprise Corporation. In addition, there is an annual demand transfer of \$2,000,000 from the EDIF to the State Water Plan Fund. The CIBF is appropriated to finance capital improvement projects at Department of Corrections' facilities. Effective in FY 1993, the Governor recommends that the distribution be changed to 65 percent for the EDIF, 20 percent for the CIBF, and 15 percent for a proposed General Facilities Building Fund (GFBF). The proposed fund would be available for appropriations to finance capital improvement projects, with the intent that it be used for projects at state agencies which do not have access to one of the state's other dedicated building funds.

The following table compares the distribution of the State Gaming Revenues Fund under current law and the Governor's proposal, based on the Governor's FY 1993 estimate of State Gaming Revenue Fund receipts of \$28,171,759. Also included for comparison is the distribution of the fund as proposed in H.B. 2648, as amended by the House Committee of the Whole. H.B. 2648, as amended, proposes an FY 1993 distribution of 70 percent to the EDIF, 15 percent to the CIBF, and 15 percent to the GFBF. (In its current form, the bill would also divert one-third of the CIBF receipts to the Juvenile Detention Facilities Fund in FY 1992 only.) The House of Representatives passed H.B. 2648 during the 1991 Legislative Session, and it has been referred to the Senate Ways and Means Committee.

SWAM

February 4, 1992

Attachment 1

STATE GAMING REVENUES FUND
FY 1993 Distribution

	<u>Current Law</u>	<u>Governor's Recommendation</u>	<u>H.B. 2648 (as Amended)</u>
Transfers In:			
Lottery	\$ 21,600,000	\$ 21,600,000	\$ 21,600,000
Racing	6,571,759	6,571,759	6,571,759
Total Available	<u>\$ 28,171,759</u>	<u>\$ 28,171,759</u>	<u>\$ 28,171,759</u>
Transfers Out:			
EDIF	\$ 25,354,583	\$ 18,311,643	\$ 19,720,931
CIBF	2,817,176	5,634,352	4,225,764
GFBB	--	4,225,764	4,225,764
Total	<u>\$ 28,171,759</u>	<u>\$ 28,171,759</u>	<u>\$ 28,172,459</u>

Attachment I summarizes the receipts and demands on the EDIF. It should be noted that agencies and programs which received EDIF financing in FY 1991 or FY 1992 may be supported by other funding sources in the Governor's recommended FY 1993 budget. Attachment II is an excerpt from Volume 1 of *The Governor's Budget Report*, which summarizes proposed CIBF and GFBB financial capital improvement projects.

Economic Development Initiatives Fund

Summary -- FY 1991-FY 1993

	<u>Actual FY 1991</u>	<u>Gov. Rec. FY 1992</u>	<u>Gov. Rec. FY 1993</u>
Receipts:			
Beginning Balance	\$ 3,470,447	\$ 3,860,831	\$ 4,884,380
Lottery Proceeds	17,508,122	20,970,000	14,040,000
Racing Proceeds	6,819,900	6,604,029	4,271,643
Interest Earnings	337,026	204,000	145,000
Lapsed Encumbrances	714,227	--	--
Other	1,172	--	--
Total Available	<u>\$ 28,850,894</u>	<u>\$ 31,638,860</u>	<u>\$ 23,341,023</u>
Demands:*			
Department of Commerce	\$ 7,980,629	\$ 8,020,504	\$ 8,026,502
KTEC	5,850,904	7,671,780	7,641,938
Department of Education	1,675,000	3,104,000	2,000,000
Department of Revenue	5,000,000	3,000,000	3,000,000
State Water Plan Fund	2,000,000	2,000,000	2,000,000
Kansas State University	--	1,000,000	--
Department of Wildlife and Parks	565,500	650,000	--
Kansas Arts Commission	450,000	620,734	--
Department of Agriculture	180,000	225,000	225,000
State Historical Society	454,530	145,000	--
State Fair Board	100,000	100,000	--
Kansas, Inc.	--	99,462	100,874
Broadcasting Commission	50,000	68,000	--
Animal Health Department	--	50,000	--
School for the Visually Handicapped	75,000	--	--
Wichita State University	105,000	--	--
Board of Regents	253,500	--	--
University of Kansas Medical Center	250,000	--	--
Total Demands	<u>\$ 24,990,063</u>	<u>\$ 26,754,480</u>	<u>\$ 22,994,314</u>
Ending Balance	<u>\$ 3,860,831</u>	<u>\$ 4,884,380</u>	<u>\$ 346,709</u>

* Does not include expenditures from prior year allocations which remain in individual agency accounts.

The Governor's

Budget
Report

Volume 1

Recommendations
and
Budget Schedules

highways through the statutory transfer, new correctional facilities, and the debt service on other small projects.

Energy Conservation Improvements Program. Bonds totaling \$4.4 million were issued by the Kansas Development Finance Authority in November 1990 to begin the Energy Conservation Improvements Program authorized by the 1990 Legislature. The bonds will be retired by utility cost savings realized from the energy conservation improvements undertaken. An amount of \$5,000 was appropriated from the State General Fund to

the Department of Administration, the paying agent, for FY 1992 to begin retirement of the debt service on the bonds. For FY 1993, the debt service totals \$571,925 from the State General Fund, \$340,000 of principal and \$231,925 of interest.

In February of 1992, a second series of bonds under the Energy Conservation Improvements Program is anticipated. The bonds are expected to total \$4.9 million. Projects to be financed with the bond proceeds will consist of improvements at five state universities.

Status of the State Building Funds

	<u>FY 1992</u>	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
Educational Building Fund						
Beginning Balance	\$6,360,071	\$706,782	\$499,748	\$542,724	\$568,814	\$8,036,308
Second Payment of Tax Levy	4,689,125	4,764,151	4,840,377	4,917,823	4,996,509	5,076,453
First Payment of Tax Levy	9,224,720	9,372,316	9,522,273	9,674,629	9,829,423	9,986,694
Motor Vehicle Taxes	2,173,219	2,281,880	2,395,974	2,515,773	2,641,562	2,773,640
Resources Available	\$22,447,135	\$17,125,129	\$17,258,372	\$17,650,949	\$18,036,308	\$25,873,095
Estimated Expenditures	\$21,740,353	\$16,625,381	\$16,715,648	\$17,082,135	\$10,000,000	\$10,000,000
Correctional Institutions Building Fund *						
Beginning Balance	\$5,216,794	\$689,963	\$445,614	\$761,147	\$2,095,499	\$3,429,851
Second Payment of Tax Levy	1,166,837	—	—	—	—	—
Gaming Revenues	3,063,781	5,634,352	5,634,352	5,634,352	5,634,352	5,634,352
Resources Available	\$9,447,412	\$6,324,315	\$6,079,966	\$6,395,499	\$7,729,851	\$9,064,203
Estimated Expenditures	\$8,757,449	\$5,878,701	\$5,318,819	\$4,300,000	\$4,300,000	\$4,300,000
State Institutions Building Fund						
Beginning Balance	\$2,527,497	\$1,302,786	\$725,295	\$1,820,607	\$2,724,720	\$4,240,466
Second Payment of Tax Levy	1,168,771	2,382,076	2,420,189	2,458,912	2,498,254	2,538,226
First Payment of Tax Levy	4,612,360	4,686,158	4,761,136	4,837,314	4,914,711	4,993,347
Motor Vehicle Taxes	1,086,610	1,140,940	1,197,987	1,257,887	1,320,781	1,386,820
Resources Available	\$9,395,238	\$9,511,960	\$9,104,607	\$10,374,720	\$11,458,466	\$13,158,859
Estimated Expenditures	\$8,092,452	\$8,786,665	\$7,284,000	\$7,650,000	\$7,218,000	\$7,736,000
General Facilities Building Fund *						
Beginning Balance	—	—	\$1,018,976	\$3,075,175	\$5,107,209	\$7,125,078
Gaming Revenues	—	4,225,764	4,225,764	4,225,764	4,225,764	4,225,764
Resources Available	—	\$4,225,764	\$5,244,740	\$7,300,939	\$9,332,973	\$11,350,842
Estimated Expenditures	—	\$3,206,788	\$2,169,565	\$2,193,730	\$2,207,895	\$2,093,225

Schedule 6.3—Expenditures for Capital Improvements by Project

	<u>FY 1992</u> <u>Estimate</u>	<u>FY 1993</u> <u>Recommended</u>	<u>FY 1994</u> <u>Estimated</u>
Correctional Institutions Building Fund			
Department of Corrections			
Rehabilitation and Repair	\$2,920,357	\$4,275,000	\$4,300,000
Larned Correctional Facility Construction	550,000	--	--
Lansing Correctional Facility			
Rehabilitation and Repair	452,464	--	--
New Steam Generating Plant	3,017,613	271,900	--
Electrical System for Maximum Security	57,472	--	--
Cellhouse A Renovation	4,787	--	--
Inmate Housing Improvements	1,215,365	--	--
Wastewater Treatment Improvements	--	236,884	--
Install Cell Fronts in D Cellhouse	--	606,656	206,656
Topeka Correctional Facility			
Rehabilitation and Repair	143,322	--	--
Ellsworth Correctional Facility			
Rehabilitation and Repair	16,646	--	--
Hutchinson Correctional Facility			
Locking System Replacements	119,913	--	--
Expansion of South Unit Facilities	182,641	--	--
Rehabilitation and Repair	76,869	--	--
Upgrade Water and Sewer Systems	--	488,261	812,163
Subtotal -- Correctional Institutions Building Fund	\$8,757,449	\$5,878,701	\$5,318,819
 State Institutions Building Fund			
Social and Rehabilitation Services			
Rehabilitation and Repair	\$6,128,990	\$6,087,900	\$6,334,000
Rainbow Mental Health Facility			
Rehabilitation and Repair	10,174	--	--
Special School Addition and Renovation	83,411	--	--
Osawatomie State Hospital			
Rehabilitation and Repair	93,952	--	--
Raze Main Building	11,045	--	--
Outdoor Activity Areas	--	67,400	--
Biddle Cafeteria Remodeling	45,800	--	--
Larned State Hospital			
Rehabilitation and Repair	382,828	--	--
New Treatment Facility	62,968	--	--
Pave Outdoor Recreation Areas	--	59,800	--
Renovate Dietary Facilities and Equipment	--	630,000	750,000
Raze Hospital Buildings	--	50,000	--
Topeka State Hospital			
Rehabilitation and Repair	277	--	--
Air Conditioning--Southard Kitchen	--	90,500	--

Schedule 6.3—Expenditures for Capital Improvements by Project

	<u>FY 1992</u> <u>Estimate</u>	<u>FY 1993</u> <u>Recommended</u>	<u>FY 1994</u> <u>Estimated</u>
Hutchinson Correctional Facility			
Rehabilitation and Repair	2,302	--	--
Topeka Correctional Facility			
Rehabilitation and Repair	13,079	--	--
Ellsworth Correctional Facility			
Rehabilitation and Repair	3,287	--	--
Social and Rehabilitation Services			
Wichita Office Building Debt Service	123,625	135,125	135,125
Adjutant General			
Rehabilitation and Repair	103,343	--	--
Board of Agriculture			
Window Replacement	18,514	--	--
Kansas Bureau of Investigation			
Headquarters Building Debt Service	90,000	--	--
Department of Administration			
Energy Conservation Improvements	5,000	340,000	380,000
Cage Elevator Renovation	99,000	--	--
Rehabilitation and Repair	271,980	--	--
Interior Repairs-Capitol	38,800	--	--
Rotunda Lighting Improvements-Capitol	33,587	--	--
New Maintenance Building-Cedar Crest	38,907	--	--
Restoration and Repairs	109,836	--	--
Heating and AC Renovation-Cedar Crest	35,640	--	--
Kansas Historical Society			
New Research Center-Construction	49,614	--	--
Emergency Repairs	15,000	--	--
Wildlife and Parks			
Cheyenne Bottoms Renovation	146,150	--	--
Glen Elder Shelter	8,923	--	--
Enclosed Shelters--Pomona/El Dorado	71,074	--	--
Campground Development	72,989	--	--
Lovewell Tornado Repair	114,686	--	--
State Fair			
Capital Improvement Statutory Match	148,281	102,594	102,594
Department of Transportation			
Construction Contracts	77,796,000	81,900,000	84,821,000
Subtotal -- State General Fund	\$82,573,893	\$85,916,769	\$89,103,165
General Facilities Building Fund			
Adjutant General			
Rehabilitation and Repair	\$ --	\$461,506	\$ --
Kansas Bureau of Investigation			
Headquarters Building Debt Service	--	95,000	100,000
Rehabilitation and Repair	--	15,000	15,000

Schedule 6.3—Expenditures for Capital Improvements by Project

	FY 1992 <u>Estimate</u>	FY 1993 <u>Recommended</u>	FY 1994 <u>Estimated</u>
Department of Administration			
Rehabilitation and Repair	--	275,000	275,000
Exterior Repairs	--	300,000	--
Statehouse Parking Reconstruction	--	123,000	123,000
Kansas Historical Society			
Historic Properties	--	225,000	225,000
Rehabilitation and Repair	--	50,000	50,000
Flood Plain Improvements—Museum	--	228,682	--
Social and Rehabilitation Services			
Electrical Renovation—Topeka State Hospital	--	206,200	--
Wildlife and Parks			
Hillsdale State Park Development	--	750,000	1,000,000
Rehabilitation and Repair	--	316,255	316,255
Crawford State Lake Dam Repair	--	100,000	--
Insurance Department			
Building Acquisition Debt Service	--	54,145	58,310
Rehabilitation and Repair	--	7,000	7,000
Subtotal -- General Facilities Building Fund	\$ --	\$3,206,788	\$2,169,565

Regents Restricted and Hospital Funds

Kansas State University			
Plant Sciences—Federal/Gifts/Bonds	\$4,657,918	\$5,172,000	\$5,172,000
Dormitory Rehabilitation and Repair	214,408	87,300	1,500,000
Parking Improvements	664,446	766,215	700,000
Housing Improvements	2,670,237	1,690,142	670,237
Parking Facility Debt Service	615,383	328,415	175,000
Student Fee Project Debt Service	923,825	922,825	820,000
Energy Conservation	456,128	--	--
Restricted Use Projects	165,000	--	--
KSU--Salina, College of Technology			
Site Improvements	325,000	375,000	300,000
Construct Residence Hall	--	1,750,000	--
Technology Center Expansion	--	700,000	--
Construct College Center	--	2,400,000	--
Construct Campus Entrance	85,000	--	--
Campus Improvements	18,000	--	--
Emporia State University			
Parking Improvements	170,293	60,000	60,000
Student Union Renovation Debt Service	180,889	180,889	180,889
Energy Conservation Bonds	312,406	--	--
University of Kansas			
Parking Improvements	595,500	100,000	100,000
Housing System Repair and Replacement	3,140,000	1,295,000	1,295,000
Construct Human Development Center	214,508	--	--
Student Health Facility Repair	92,532	--	--
Construct Biosciences Research Center	--	6,953,000	--
Restricted Use Projects	158,972	--	--

Testimony To The
SENATE WAYS AND MEANS COMMITTEE

By
John Collins
Division of Personnel Services
Department of Administration

Tuesday, February 4, 1992
Re: SB 475

Mr. Chairperson, members of the Committee, thank you for the opportunity to provide comments on Senate Bill 475. My name is John Collins. I am employed by the Department of Administration's Division of Personnel Services. One of my duties is to assist the State Employee Award Board in their administration of the Employee Suggestion Award Program.

Today before the Senate Ways and Means Committee for review is Senate Bill 475, which would change the state suggestion program, now open only to the state's employees and retirees, to allow participation by any resident of Kansas. No modifications are proposed to the processing, governing board, amounts of awards or sources of award funding.

Senate Bill 475, if adopted, could substantially increase the number of persons eligible to participate in the suggestion program and, correspondingly, increase the number of suggestions submitted for adoption, reviewed by state agencies and ruled upon for merit by the employee award board.

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Attachment 2

The employee award board may have trouble handling the added workload. The composition of the board might need to change. Currently the board meets once a month and is made up of five state employees who are volunteers. Their agency of employment pays for travel when necessary. Changing the board's composition and volunteer status should be considered if it has to convene more often and consider additional suggestions. It is conceivable that citizens should also be members of the board and that they should receive per diem compensation and travel expenses.

The Division of Personnel Services, Department of Administration, provides two persons, part-time, to staff the current employee suggestion award program. Except for cash awards specifically paid by agencies, all expenses for the suggestion program are borne by the Division of Personnel Services from the state general fund.

Additional staff and office equipment may be required to process the additional suggestions and to respond to inquiries. Mailing and all other processing-related expenses for the Division of Personnel Services may also increase. Each person submitting a suggestion receives a written acknowledgement of submission, information about the review process and the results of the review.

Funds appropriated to the Division of Personnel Services for cash awards could be expended quickly. Under current policy, awards for adopted suggestions that benefit many state agencies or produce intangible benefits, such as improved safety or services, are paid for out of these central funds. Justification could be made to increase the funds appropriated if the program became open to all Kansas residents. Passage could raise public expectations that awards will be funded. The funds appropriated for awards should be increased proportional to the additional number of suggestions received.

State agencies may not be able to handle the workload involved with receiving more suggestions without hiring additional personnel or shifting job responsibilities. Many suggestions require detailed and technical reviews. Justification of responses is critical because of public relations factors. Further, the average citizen may not be aware of the different agencies' internal processes and procedures, and thus, agencies may receive numerous suggestions that cannot be adopted due to fiscal constraints or lack of enabling legislation or that are already being done by the agency. Still, these meritless suggestions would require the same attention as ones with merit.

Consideration should be given to the state's ability to

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John Collins
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provide the public an efficient and successful suggestion program. Although suggestions submitted from the public will vary in merit, each constituent who enters an idea for consideration must receive timely, accurate and courteous information from the state about her or his suggestion.

Although the division supports the concept, the division would want to make certain the program, if passed, is adequately funded to ensure a successful program.

Thank you for allowing me this time. I would be happy to answer any questions you may have.

February 4, 1992

TESTIMONY BEFORE THE SENATE WAYS AND MEANS COMMITTEE

HOUSE BILL 2626

House Bill 2626 is a carryover bill from last session. This committee heard the bill on April 27, 1991 during the last hours of the 1991 Legislative Session. The committee amended HB 2626 by striking sections two and three removing the House floor amendments to the bill. On final action, the motion to report the bill as amended failed on a roll call vote of six in favor and two against. We sincerely appreciate the opportunity to speak to this bill again and would hope that the committee will report the bill favorably.

House Bill 2626 was introduced in response to a recommendation contained in the report of the 1990 Special Interim Committee on Ways and Means/Appropriations on Proposal 39. One component of the study on Regents System Issues was the University of Kansas Hospital. In its report, the interim committee supported a series of long-range goals for improving hospital operations. One of the goals was to broaden the authority to move health care personnel from the classified to the unclassified service. House bill 2626 would accomplish that objective.

HB 2626 is the third in a series of bills the Legislature has considered over the past several sessions. Some of you may remember 1989 Senate Bill 350. That bill created a new class of unclassified employee at the University of Kansas Medical Center titled a Health Care employee. As introduced, that bill would have permitted the institution to move from the classified service to this new unclassified title any health care employees it felt was necessary.

Since Senate Bill 350 was, in effect, the beginning of this continuing saga, it is perhaps important to review some of that testimony offered three years ago. Members of appropriations committees had become accustomed to annual requests from the University for upgrading salary ranges for selected classified positions, most notably, registered nurses, among others. With each year, the institution's competitive position was becoming worse. These requests created for the Legislature a dilemma of how to justify moving classified titles at the University Hospital to higher salary ranges if there were employees at other institutions, though they be few in number, who were in the same or similar class titles. While the Legislature struggled with

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Attachment 3

this continual problem, the institution found itself waging a losing battle of trying to remain competitive with salaries offered in the metropolitan area.

When salary range upgrades were approved, they typically were funded on a least-cost method of implementation which raised the starting salary but did little to benefit existing employees of the institution. As a result, newly-hired employees were making nearly the same as employees with several years of experience. While the institution's entry level salary was extremely competitive, often among the highest in the metropolitan area, the fact that employees were not able to advance salary-wise resulted in a severe retention problem.

As early as 1982, the Legislature suggested to the institution that one approach to this problem was to move any health care personnel it chose from the classified to the unclassified service. However, aside from cost implications, there were other concerns that prohibited any wide-scale use of this authority. For example, Regents' unclassified employees were not eligible for overtime, shift differential, etc. As a consequence, during the subsequent years very little use was made of the latitude the institution had been given. It was in the 1989 session that the proposal to create this new unclassified group of employees was first presented to the Legislature. In effect, these employees are unclassified only as regards the establishment of salary plans. With regards to all other fringe benefits, including sick leave, overtime, holiday pay, shift differential, vacation, etc., they receive the same benefits as classified employees. The advantage to the institution is that it is able to structure a salary plan in a manner that is comparable to that offered by other institutions and to adjust salaries as needed to maintain an adequate work force.

Senate Bill 350 was enacted by the 1989 Legislature in a somewhat restrictive form. Essentially, it limited the use of this new authority to medical technologists and respiratory therapists.

In the 1990 Session, Senate Bill 464 was enacted by the Legislature broadening this authority to include all registered and licensed nurses employed at the institution. House Bill 2626 is similar to the original Senate Bill 350 in that it provides the institution with the authority to transfer unspecified other health care provider classes of positions to the unclassified health care employee category.

It would be our hope that with three years of experience with this new authority, our track record will confirm that the decisions of the past sessions were wise ones, and that the proposal before this committee today has merit. Additionally, I believe the material that we can present will demonstrate clearly

to the Committee that the institution has utilized this authority in a very responsible manner; that is, we have not increased salaries beyond levels that were absolutely warranted.

When we appeared before the Legislature in 1989, we reported that we had 18 vacant medical technologists and technician positions vacant; a year ago we had three positions vacant, and today we still have only 3 of 81 positions vacant. With regard to respiratory therapists, in the 1989 session we reported 8 vacant positions; a year ago we had six and today, 2 out of 54 positions are vacant.

Our situation with nurses was even more serious. Three years ago when we appeared on behalf of Senate Bill 350, we reported 70 vacant positions. By the following year, that number had risen to 81. Last year, we reported 48 nursing positions vacant, and today that number is 35 out of 364 positions.

Our improved ability to recruit and retain health care professionals in a very competitive market is not because we have irresponsibly increased salaries of University employees. In fact, as the attachment to the testimony would indicate, we continue to lag behind the Kansas City market for most of the classes that we have previously unclassified. What this new legislative authority has granted to us is the ability to structure a pay plan which enables us to target particular problems or particular employee populations. In other words, we don't have to throw money at an entire population in order to address a problem that is unique to only a small portion of that population. Let me cite an example, as regards nursing employees and others as well. We have had a terrible time recruiting and maintaining adequate staff on the 11:00 p.m. to 7:00 p.m. shift. We were authorized to provide shift differentials but even with that differential, it was not sufficient. However, with the authority to establish our own pay plan we have been able to design premium pay provisions for that particular shift, as well as weekend shifts for employees willing to commit to only those shifts enabling us to meet our staffing needs at a relatively modest cost. By meeting our staffing needs in those undesirable shifts, we have been able to lessen the mandatory rotation of shifts which has assisted greatly in our staffing the more desirable work shifts without having to resort to significant salary enrichments. Additionally, as the market changes we have the means to move in and out of specific problem areas and adjust our pay plan in whatever manner we feel is necessary to be competitive.

The second attachment to this testimony includes a list of additional classified titles that we believe we will have to unclassify eventually, if not immediately. We continue to have significant problems in recruiting and retaining employees into these classes even though we have the authority to hire above

step "A". Hiring above the entry step creates severe compression problems in that longer-term employees are making relatively little more than new hires. These are the same classes that we discussed with the committee a year ago and, with one exception, our situation is not significantly different. A year ago we reported for x-ray technologists that we were slightly above the going salary rate in the Kansas City area but expected that situation to turn around rapidly. I can report to you today that it has done so and we are running behind the market and are experiencing real problems in the retention of personnel. In particular, those persons who are in "radiologic specialty tech classes" are of major concern, with specific problems existing in ultra sound and nuclear medicine. We need to address those problems. Our rates of vacancy are higher than we can afford and still sustain the patient load that we are experiencing. Adjusting our pay structure for these classes of positions will have relatively limited costs since the number of positions involved is relatively few.

With the past legislative consideration, we have class by class obtained the authority to move from the classified to the unclassified service increasing numbers of personnel. House Bill 2626 in effect says that we have already moved most such people and it really makes little sense to continue to identify specific classes and come back each session seeking to broaden this authority. If enacted, the bill would give the Chancellor authority to designate those classes and positions that would be moved from classified to unclassified.

In conclusion, I would be remiss if I did not express our appreciation for the support the Kansas Legislature has given the University Hospital in the past. Much of the success we have achieved is directly attributable to your support.

I would be pleased to respond to any questions.

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Attachment 1

HEALTH CARE CLASSES
(Hourly Rates of Pay)

<u>Class Title</u>	<u>Market Starting Rate</u>	<u>KUMC Starting Rate</u>	<u>Market Avg. Salary</u>	<u>KUMC Avg. Salary</u>
RN	\$13.18	\$13.26 + .6%	\$16.65	\$16.60 - .3%
LPN	\$ 8.56	\$ 8.75 +2.2%	\$10.93	\$11.33 +3.7%
Medical Technologist	\$14.10	\$13.00 -8.5%	\$18.82	\$16.14 -16.6%
Repiratory Therapists	\$11.35	\$11.50 +1.3%	\$14.08	\$12.55 -12.2%

Attachment 2

CLASSIFIED CLASSES
(Critical Problem Areas)

<u>Class Title</u>	<u>Market Starting Rate</u>	<u>KUMC Starting Rate</u>	<u>Market Avg. Salary</u>	<u>KUMC Avg. Salary</u>
Histo- technologist	\$9.90	\$8.66 -14.3%	\$12.18	\$11.49 -6.0%
Occupational Therapist	\$12.75	\$12.18 -4.7%	\$14.42	\$13.60 -6.0%
Physical Therapist	\$13.71	\$12.80 -7.1%	\$16.48	\$14.53 -13.4%
X-Ray Technologist	\$11.14	\$10.03 -11.0%	\$12.93	\$12.34 -4.8%
Radiologic Spec.Tech.	\$12.30	\$11.05 -11.3%	\$15.18	\$13.62 -11.5%

STATE OF KANSAS



DEPARTMENT OF ADMINISTRATION
Division of Personnel Services

JOAN FINNEY,
Governor

NANCY M. ECHOLS,
Director of Personnel Services

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February 4, 1992

The Honorable August Bogina
Chairperson, Ways and Means
Kansas Senate
Room 120-S, Capitol Building
Topeka, Kansas 66612

Dear Senator Bogina:

House Bill 2626 is before the Senate Ways and Means Committee for review. I am writing to express my support of that bill as amended.

House Bill 2626 would amend K.S.A. 1990 Supp. 75-2935 which establishes and defines the state classified and unclassified service. The bill, as amended, expands the existing definition of unclassified health care employees at the University of Kansas Medical Center and provides the institution with the authority to transfer any health care service provider within the hospital to the unclassified health care employee category.

The request to place the health care employees in the unclassified service is in response to the recruitment and retention difficulties experienced with these classifications. It is difficult to compete with the salaries provided by private hospitals in the metropolitan areas when working within the confines of the classified pay scale. In addition, it is hard to recruit employees for remote rural locations.

For these reasons, agencies are often unable to offer competitive salaries for these types of positions. Placing these positions in the unclassified service allows the agency to match the market rate for the job and competitively recruit and retain employees.

I support amendment of the bill that deletes new Sections 2 and 3. The provisions of Section 2 have been addressed by the KUMC. K.S.A. 76-396 required that the KUMC establish policies and procedures for incumbents of classified positions placed in the unclassified service. Since this has been done Section 2 as proposed is not necessary.

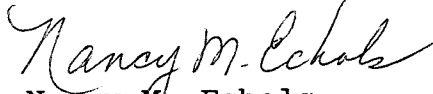
SWAM
February 4, 1992
Attachment 4

Senator August Bogina
February 3, 1992
Page two

I am concerned that new Section 3 as it was proposed would only afford unclassified health care employees at the KUMC longevity pay when all other unclassified employees in the executive branch are not eligible. I believe this would create an inequity among executive branch unclassified employees. Although I would support extending longevity pay to all unclassified employees, it is not appropriate, in my opinion, to provide such compensation to a select group of employees.

I appreciate the opportunity to comment on House Bill 2626. Please let me know if you have any questions.

Sincerely,


Nancy M. Echols

NME:BJM

Attachment

cc: James R. Cobler
Art Griggs