

Approved: 3/13/95
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson Robin Jennison at 1:30 p. m. on March 6, 1995 in Room 514-S of the Capitol.

All members were present except:
Representative Edlund, excused Representative Gross, excused

Committee staff present: Alan Conroy, Legislative Research Department
Leah Robinson, Legislative Research Department
Jim Wilson, Revisor of Statutes
Mike Corrigan, Revisor of Statutes
Lenore Olson, Committee Secretary

Conferees appearing before the committee:

Charles Simmons, Acting Secretary, Department of Corrections
I. D. Creech, City Administrator, City of Ellsworth
Bobbi Mariani, Division of Personnel
Brad Avery, State Employees Association of Kansas
Myrlene Kelley, Executive Director, Kansas Association of Public Employees

Others attending: See attached list

Chairperson Jennison opened the hearing on **SB 276**.

SB 276 - Exchange of land between city of Ellsworth and secretary of administration.

Charles Simmons, Acting Secretary, Department of Corrections, testified in support of **SB 276**. He explained the property transfer by the Department of Corrections will not adversely impact the operations or future development of the Ellsworth Correctional Facility (Attachment 1).

I. D. Creech, City Administrator, City of Ellsworth, testified in support of **SB 276**. Mr. Creech said this bill would allow the City to pursue the economic benefit of a new manufacturing facility and the Department of Corrections would receive potential expansion property for the facility (Attachment 2).

The Chair closed the hearing on **SB 276**.

Chairperson Jennison announced the hearing scheduled for **HB 2405** would be canceled.

HB 2405 - State officers and employees, pay plan modification, new monthly step above step O, appropriations for FY 96.

Chairperson Jennison opened the hearing on **SB 190**.

SB 190 - State officers and employees, pay plan COLA and step increases, longevity bonuses, appropriations for FY 96.

Bobbi Mariani, Division of Personnel, testified in support of **SB 190**. Ms. Mariani said the Governor recognizes the need to acknowledge state employees who are truly committed to serving our customers - the people of Kansas--and his bill includes a pay increase to recognize our employees (Attachment 3).

Brad Avery, State Employees Association of Kansas (SEAK), testified in support of **SB 190**. Mr. Avery said SEAK believes that at least maintaining the current wage base is absolutely necessary if state government is to adequately carry out its responsibilities (Attachment 4).

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, Room 514-S Statehouse, at 1:30 p.m. on March 6, 1995.

Myrlene Kelley, Executive Director, Kansas Association of Public Employees (KAPE), testified in support of **SB 190**. Ms. Kelley said in order to retain services at the level currently expected by the taxpayers of this state, a pay plan which attracts and retains quality workers is required (Attachment 5).

The Chair closed the hearing on **SB 190** and instructed the Committee to return to consideration of **SB 276**.

A motion was made by Representative Kejr, seconded by Representative Kline, to approve SB 276 favorable for passage. The motion carried.

The Chair directed the committee to return to **SB 190**.

A motion was made by Representative Helgerson, seconded by Representative Wilk, to make a technical amendment in line 20 on page 5 of SB 190 to show the average increases of the base salaries not exceed 3.5 percent. The motion carried.

Staff distributed a breakdown of the Governor's pay increase and historical background information (Attachment 6).

A motion was made by Representative Helgerson, seconded by Representative Hochhauser, to pass favorably as amended SB 190. The motion carried with a count of 11 ayes and 8 nay votes.

The Chair announced that Speaker Shallenburger had requested introduction of a bill from his Special Subcommittee on Higher Education.

A motion was made by Representative Helgerson, seconded by Representative Reinhardt, to introduce a bill which would create a Kansas council on the future of postsecondary education. The motion carried.

Representative Lowther said he had requests for bills. One bill was concerning KPERS early retirement relating to State employees, whereby the State is the contributing employer. The second bill relates to KPERS, concerning employees of local units of government, and the issue of early retirement.

A motion was made by Representative Lowther, seconded by Representative Helgerson, to introduce the first two bills described by Representative Lowther. The motion carried.

Representative Lowther described the second two requests. KPERS requested a bill, effective when published in the Kansas Register, to provide KPERS with flexibility in handling some of their real estate equity, to provide for separate account interest in real property they held as of July 1, 1992. The second request was for a concurrent resolution for a proposition to amend the part of the constitution which has a prohibition against KPERS investing in financial institutions.

A motion was made by Representative Lowther, seconded by Representative Helgerson, to introduce the KPERS real estate bill and the concurrent resolution. The motion carried.

A motion was made by Representative Haulmark, seconded by Representative Lowther, to introduce a bill regarding the Liquor Control Act of 1949. The motion also included a request for interim study on this issue. The motion carried.

A motion was made by Representative Neufeld, seconded by Representative Gatlin, to introduce a bill regarding the Behavioral Sciences Board which would address problems interpreting regulations encountered by rural hospitals and nursing homes. The motion carried.

A motion was made by Representative Helgerson, seconded by Representative Carmody to introduce a bill request made by the University of Kansas Medical Center in Wichita to convey some real property to Sedgwick County. The motion carried.

A motion was made by Representative Helgerson, seconded by Representative Farmer, to approve the minutes of February 16, 20, 21 and 22, 1995. The motion carried.

The meeting adjourned at 2:55 p.m.
The next meeting is scheduled for March 7, 1995.

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: 3/6/95

NAME	REPRESENTING
Myrlene Kelley	KAPE
Kelly Jennings	KAPE
Jamera Jull	D of A
Pat Higgins	D of A
B. Mariani	D of A
Keith Hayton	SEAK
Margaret Kern	KCC
Elaine Frisbie	Div. of Budget
Jerry Sloan	OJA
Jim Hays	SRS
Don Pesmark	K.H.P.
Chris Starfield	KDHE
Basil Covey	KRTA
D. Creech	City of Ellsworth
David G. Monical	Washburn
Dr. Bosseard	KU
Kim Bellumhoff	FHSU
John Federico	Pete McGill + Assoc
Eric Szabo	WSU



DEPARTMENT OF CORRECTIONS
OFFICE OF THE SECRETARY
Landon State Office Building
900 S.W. Jackson — Suite 400-N
Topeka, Kansas 66612-1284
(913) 296-3317

Bill Graves
Governor

Charles E. Simmons
Acting Secretary

MEMORANDUM

DATE: March 6, 1995
TO: House Appropriations Committee
FROM: Charles E. Simmons, *CES* Acting Secretary
SUBJECT: SB 276

The Department of Corrections supports SB 276.

This bill authorizes a land transfer between the Department of Corrections and the City of Ellsworth. The City will transfer approximately 11.2 acres to the State in exchange for which the Department of Corrections will transfer to the City its interest in approximately 15.3 acres. The property being transferred by the Department of Corrections is not owned by the State. It is owned by the City of Ellsworth. The State has an interest in the land pursuant to an agreement with the City entered into several years ago which provided that if the City relocates its airport, the land on which the airport is located will be conveyed to the State. The acreage described in the bill is part of the airport property.

The impact of the bill is that the Department of Corrections will give up its interest in possibly acquiring title, at some point in the future, to the described land. In return, it will acquire title now to the land being transferred by the City.

The City desires to acquire clear title to the land covered by the Department's interest so it can be used for economic development purposes. The transfer does not adversely impact the operations or future development of the Ellsworth Correctional Facility.

CES:dja

3/6/95
Appropriations Cmte
Attachment 1

1 - 500'

S 00° 15' 49" W
834.50'

CENTER CORNER SECTION 17
T 15 S - R 8 W

Proposed acreage city
will deed to state

S 00° 15' 49" W
582.78'

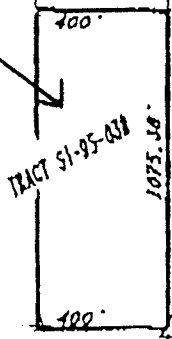
N 48° 00' 00" W
527.80'

1055.00'
N 00° 15' 49" E

CL 60' EASEMENT

TRACT 91-95-03A

Property rights held by
State to be transferred
to City.



1367.82'
400'
S 89° 25' 09" E

759.65'

ELLSWORTH CORRECTIONAL FACILITY

1,814.0'

70.0'

1,074.5'

Hwy 140

1-2

City of Ellsworth

KANSAS

CITY HALL - FIRST STREET & KANSAS AVENUE
P.O. BOX 163 -- 67439
913-472-5566

ROBERT S. HOMOLKA
MAYOR
DELMAR KOHLS
COUNCIL MEMBER
MICHAEL E. SLECHTA
COUNCIL MEMBER
DANE BRITTON
COUNCIL MEMBER
STEPHEN M. BAHAN
COUNCIL MEMBER
MURRAY A. MARSTON
COUNCIL MEMBER

March 6, 1995

Ladies and Gentlemen,

The following information is provided in support of Senate
Bill 276:

Explanation of the Request and Project;

Survey information concerning the properties of exchange;

Aerial photograph showing the properties of exchange (not to
scale);

Real Estate Contract;

Lien Affidavit.

Thank you for your time and consideration in this matter.
Should you have any questions, or require further information --
please let me know.

Kindest regards,



I.D. Creech, II
City Administrator

Gladys Wagner
City Clerk
Margaret P. Shepherd
Treasurer
Dave Smith
Chief of Police
Robert Ashbaugh
Water/Sewer Supt.
Dale D. Bettenbrock
Supt. Street
Kelly B. Carter
Supt. Golf Course
Tony Nelson
Recreation Director
Ron Svaty
City Attorney
Greg Hoffman
City Attorney
Louis A. Drazic
Municipal Judge
I.D. Creech, II
City Administrator

3/6/95
Appropriations Cmte
Attachment 2

**CITY OF ELLSWORTH, KANSAS
KANSAS DEPARTMENT OF CORRECTIONS
PROPERTY EXCHANGE**

SENATE BILL 276

The City of Ellsworth, Kansas is packaging the construction of a 43,200 square foot building including a 3,200 square feet office to be located on property that is currently owned by the Ellsworth Municipal Airport. The Kansas Department of Corrections has recorded a lien on all Ellsworth Municipal Airport property -- thus, the request for approval of Senate Bill 276.

The City of Ellsworth is requesting that the Kansas Department of Corrections be allowed to release approximately 15 acres of Municipal Airport property fronting K-14 highway. The City intends to provide the necessary 13 acres for this project at no charge to the client. In this manner, eventually, the property will be placed on the tax rolls.

The lien held by the Department of Corrections is derived from section 8 of a land sale agreement between the City of Ellsworth and the Kansas Department of Corrections from October, 1988. Section 8 stipulates that should the City of Ellsworth ever move the airport, the City would donate all land owned by the City at the time of the contract to the Department of Corrections.

In exchange for the lien release, the City of Ellsworth is willing to release claim to approximately 11 acres of property immediately north of the current Ellsworth Correction Facility. Making that property available to the Department of Corrections now without waiting for a relocation of the airport.

The proposed business will create twenty (20) jobs initially with expansion planned for an additional thirty (30) jobs within eighteen (18) months. The jobs will pay between \$7 and \$12 plus benefits. To support the construction of the proposed sight, the City has applied for 0% interest loan from the Smoky Hill Rural Electric Cooperative in the amount of \$400,000 as partial financing for this project.

TYPE of BUSINESS: The owner of PKM Steel and Salina Steel Supply, Incorporated will create a new manufacturing business -- MAICO, Inc. -- in the proposed facility. The company will manufacture steel I-beams for sale to Butler Steel Buildings company. The work is an expansion of the current operations of PKM Steel.

PROPOSED FACILITY: The client requires the construction of the following metal building on 13 acres of land:

- 100' by 400' building with 22' ceilings;
- mechanical support including heaters and ventilation system;
- 1,000 amp electric service;
- adequate water and sewer service for 50 employees with potential for expansion to 100 employees within 5 years;
- adequate land for expansion;
- 3,200 square feet of office space;
- business telecommunications service;
- 40' hard service highway access including drainage considerations;
- hard surface parking area to accommodate 50 employees, and additional visitors as required by local zoning ordinance; and,
- security fencing.

The respective releases identified in Senate Bill 276 allows the City to pursue the economic benefit of a new manufacturing facility and the Department of Corrections receives potential expansion property for the facility. Under the current ownership/lien arrangement, both entities are restricted from pursuing options that could benefit both the City and the State.



1" = 600'

CENTER CORNER SECTION 17
T 15 S - R 8 W

S 00° 15' 49" W
834.50'

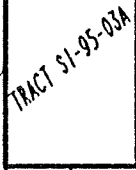
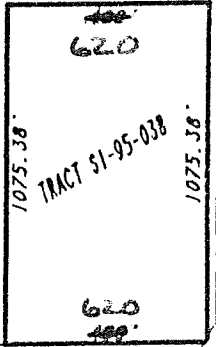
N 49° 00' 00" W
527.89'

1055.00'
N 00° 15' 49" E

CL 60' EASEMENT

S 00° 15' 49" W
582.78'

400'
S 89° 25' 09" E



E 1/2 SECTION 17
T 15 S - R 8 W



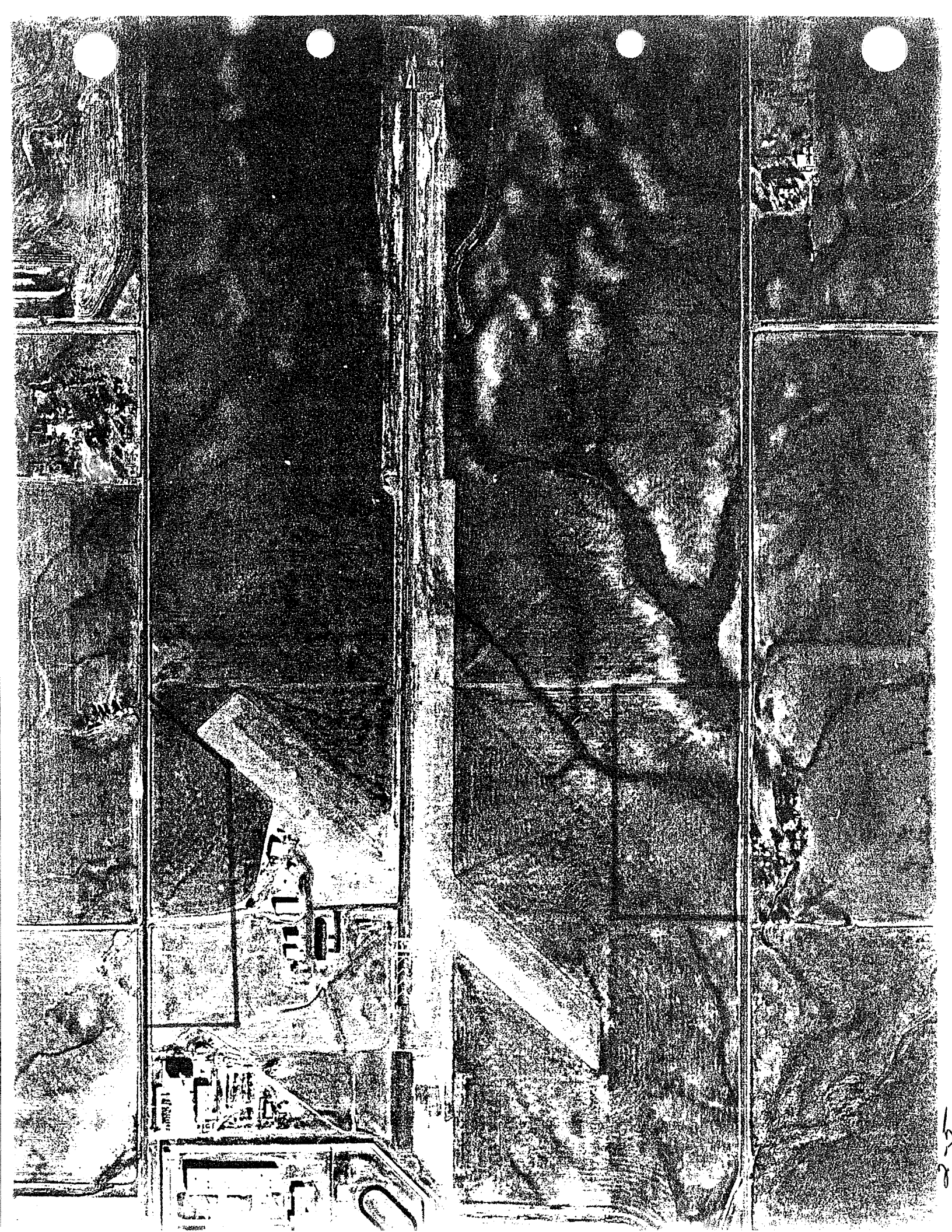
SURVEYS, Inc.
ELLSWORTH, KANSAS 67439

PROJECT 95-03

DATE January 27, 1995

BY JDF SH. 1 OF 3

2-4



REAL ESTATE CONTRACT

THIS CONTRACT, made and entered into this 12th day of October, 1988, by and between the City of Ellsworth, Kansas, a municipal corporation and hereinafter called "SELLER", and Department of Corrections, State of Kansas, hereinafter called "BUYER".

WITNESSETH:

1. The SELLER agrees to sell and convey title to BUYER as hereinafter set forth, to the following described real estate, to-wit:

A tract of land in the Southeast Quarter (SE/4) of Section 17, Township 15 South, Range 8 West of the 6th P.M. Ellsworth County, Kansas, described as follows:

Beginning at a point thirteen hundred twenty six and sixty four hundredths (1326.64') feet east and two hundred fifty (250.00') feet north of the Southwest corner of the Southeast Quarter (SE/4) of said section; thence on a bearing of North 00 degrees 16' 53" East on the 1/16 section line for a distance of ten hundred seventy four and thirty eight hundredths (1074.38') feet to the center of the Southeast Quarter of said section; thence on a bearing of South 89 degrees 25' 45" East for a distance of seventy (70.00') feet to a point on the East-West 1/16 line; thence on a bearing of North 00 degrees 16' 53" East on a distance of seven hundred fifty nine and fifty five hundredths (759.55') feet to a point; thence on a bearing of North 89 degrees 25' 45" West for a distance of five hundred sixty nine and forty two hundredths (569.42') feet to a point; thence on a bearing of South 00 degrees 15' 49" West for a distance of eighteen hundred and fourteen (1814.00') feet, to a point; thence on a bearing of South 89 degrees 25' 09" East for a distance of two hundred twenty seven (227.00') feet to a point; thence on a bearing of South 00 degrees 15' 49" West for a distance of two hundred twenty (220.00') feet to the North right of way line of old highway 40; thence on a bearing of South 89 degrees 25' 09" East on the right of way line for a distance of sixty (60.00') feet to a point; thence on a bearing of North 00 degrees 15' 49" East for a distance of two hundred (200.00') feet to a

point; thence on a bearing of South 89 degrees 25' 09" East for a distance of two hundred eleven and sixty seven hundredths (211.67') feet more or less to the point of beginning.

the above described tract of land contains 22 acres more or less;

subject however, to easements and restrictions of record.

2. BUYER agrees to purchase the aforesaid real estate and pay for the same as hereinafter provided.

3. The purchase price of \$150,000.00 is to be paid at closing.

4. At closing, SELLER shall, at its expense, deliver a duly executed and acknowledged general warranty deed, in a form acceptable to BUYER, conveying good and marketable title in fee simple to the said real estate, free and clear of any and all liens, easements, and restrictions of record.

5. This transaction shall be closed on or before the 1st day of November, 1988, and possession shall be delivered at the time of closing. The date of closing shall be at the BUYER'S election.

6. The parties agree that BUYER shall make arrangements for owner's title insurance pursuant to provisions of a bond issue involving construction of the Ellsworth Correctional Facility.

7. BUYER shall not sell, assign or transfer this contract or any interest under it, or any interest in or to said property, without first obtaining the written consent of the SELLER.

ELLSWORTH
MUNICIPAL AIRPORT

8. It is understood between both SELLER and BUYER that in conjunction with the transfer of the approximately 22 acres described above, the SELLER hereby agrees that it shall donate to the BUYER upon the happening of the conditions set forth below the balance of what the SELLER owns at the date of this agreement of the East Half of Section 17, Township 15 South, Range 8 West of the 6th P.M. Ellsworth County, Kansas, less the tract described above. The BUYER shall have the same surveyed and shall place an executed deed with the Citizens State Bank & Trust Company as escrow agent and the escrow agent shall record said deed upon the happening of the following condition to-wit:

When the Ellsworth Municipal Airport is moved to another location as evidenced when the City determines by resolution that the current airport facility shall cease to function as the City's Airport because a new airport has been constructed which is adequate to service the City of Ellsworth and the surrounding Ellsworth County area:

9. It is understood at the time of the execution of this agreement that the construction of the Ellsworth Correctional Facility may impose restrictions on air travel in and to the Ellsworth Municipal Airport and it is the understanding of both parties that the BUYER shall minimize any restrictions the building of the Ellsworth Correctional Facility will cause upon the use of the Ellsworth Municipal

Airport.

10. In consideration of the donation of property referenced above, the BUYER agrees to support the SELLER in its application for a FAA grant for the construction and operation of a new municipal airport at a site away from the Ellsworth Correctional Facility.

11. Any Taxes or special assessments owing on the property at the date of closing shall be paid by the SELLER. Any 1988 taxes or assessments shall be paid on prorata basis.

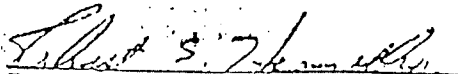
12. Time is made of the essence of this contract, and this contract shall be binding upon the parties hereto, their heirs, executors, administrators, successors and assigns.

13. The provisions found in the Contractual Provisions Attachment (DA-146a), which is attached hereto as Attachment "A" and executed by the parties to this agreement, are hereby incorporated in this contract and made a part hereof.

14. Each party shall be responsible for their own costs in connection with this transaction.

IN WITNESS WHEREOF, the parties have signed their names as of the day and year first above written.

SELLER


Robert S. Homolka
Mayor, City of Ellsworth

BUYER

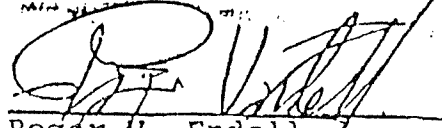

Roger V. Endell
Secretary of Corrections



PHOTO
CC D

AFFIDAVIT

day of January A.D. 19 90 at
8:40 o'clock A.M. and date
recorded in book Mis-7 on page 47
Fee \$ 10.00
Jarvis Seath
Register of Deeds
By Sue Oubonan Deputy

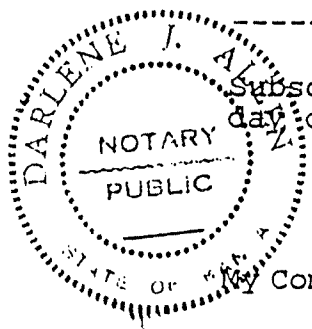
State of Kansas)
) SS:
County of Shawnee)

Steven J. Davies, of lawful age, being first duly sworn, deposes and says:

- 1) He is the Secretary of the Kansas Department of Corrections, with offices at Topeka, Kansas.
- 2) That pursuant to a real estate contract between the Secretary of Corrections and the City of Ellsworth, Kansas, entered into on October 12, 1988, whereby an interest in all real estate then owned by the City of Ellsworth situated in the East Half of Section Seventeen (17), Township Fifteen (15) South, Range Eight (8) West of the 6th P.M., was negotiated, granted and conveyed to the Kansas Department of Corrections for valuable consideration, namely one hundred and fifty thousand dollars (\$150,000.00).
- 3) That aforesaid consideration was tendered to the City of Ellsworth on October 14, 1988 by the State of Kansas.
- 4) That no money consideration under the aforementioned real estate contract is now or shall ever become due and owing according to its terms.

Further affiant sayeth not.

Steven J. Davies
Steven J. Davies, P.H.D.
Secretary of Corrections



Subscribed and sworn to before me this 16th day of January 1990.

/s/ Darlene J. Allen
Notary Public

My Commission expires: February 7, 1990.

Testimony To The
HOUSE APPROPRIATIONS COMMITTEE

By
Bobbi Mariani
Division of Personnel Services

Monday, March 6, 1995
RE: State Employee Pay

Mr. Chairperson and members of the committee, thank you for the opportunity to appear before you today in support of the state employee pay proposal. My name is Bobbi Mariani and I am the Acting Assistant Director of the Division of Personnel Services.

The topic before you represents Governor Bill Graves' pay proposal for state employees for Fiscal Year 1996. The Governor recognizes the need to acknowledge state employees who are truly committed to serving our customers--the people of Kansas--and his budget includes a pay increase to recognize our employees.

The Governor has proposed salary adjustments associated with a 2.5% step movement on the classified pay matrix and a 1% cost of living adjustment for classified state employees. An equivalent 3.5% salary increase is funded for the unclassified employee merit pool. These adjustments would be effective with the pay period beginning June 18, 1995. The proposal also increases the salaries for those employees whose salaries are determined by statute. Finally, the Governor's budget continues funding for longevity bonus payments to acknowledge the service of long-term employees.

I encourage you to support the Governor's recommendation for state employee pay. Thank you.

3/6/95
Appropriations Cmte
Attachment 3

State Employees Association of Kansas

1254 Randolph
Topeka, Ks. 66604
(913) 357-7376

My name is Brad E. Avery representing the State Employees Association of Kansas (S.E.A.K.), and I am here to testify in favor of Senate Bill 190. The portion of the legislation which I will address provides for funding of the classified state employees' pay matrix, a one percent adjustment in each step of the matrix, funding of the longevity bonus for classified state employees and a 3.5 percent adjustment for unclassified employees.

Since Fiscal Year 1981, each classified state employee's position has been assigned to a range and a step on the pay matrix. In Fiscal Year 1986, the difference between the steps was changed to 2.5 percent, and for Fiscal Year 1990 the rate of movement between most steps on the pay matrix was changed from three years to one.

Kansas Administrative Regulation 1-5-19b specifies that each classified state employee with a satisfactory evaluation is entitled to a step increase. For classified employees, the Administrative Regulations constitute the state employees' contract of employment which delineates the terms and conditions under which each employee functions.

In recognition of the necessity of movement within a step pay plan, funding for step movements has been regularly placed in the agency budgets by the governor.

3/6/95
Appropriations Cmte
Attachment 4

(2)

I would hope the members of the committee understand the entrenched character of the current pay matrix. While there may be a better way of paying state employees, the current plan has generally functioned well and its revision should be undertaken with care.

Since its inception five years ago, longevity has also traditionally been included within the agency budgets. Longevity is provided pursuant to statute in recognition of state employees who have provided 10 or more years of satisfactory service. It helps to insure that trained and skilled workers continue to work for the state.

Wages for state employees, as measured by cost of living adjustments and the step movements combined, have lost ground relative to the rate of inflation during the last five fiscal years. While it is difficult to compare wage increases that correlate with fiscal years and inflation rates that are computed on a calendar year, cost of living adjustments together with step increases for fiscal years 1991 through 1995 resulted in an approximate overall loss of 2.9 percent when compared with the rates of inflation for the calendar year in which the cost of living adjustments began.

This is not an accurate reflection of the true extent of the wage base slippage because step increases are not received until the employee's anniversary date. Thus, if a cost of living adjustment were received on August 1, the employee may not

4-2

(3)

receive a step increase until the next calendar year.

While S.E.A.K. appreciates the inclusion by Governor Graves of a one percent c.o.l.a. in addition to step movement within his budget, the pay package as a whole is a modest proposal. It is designed to match the increase in inflation, not provide a substantial gain in real income.

The realities of the day have dictated that the current topic of political debate is not what government can effectively accomplish, but rather how small it can be made. While this debate may ultimately prove to be constructive, the work of state government must still be carried on by employees who have families to support and bills to pay. While it is fashionable to be critical of government for being too big, that issue is an entirely separate one from what is a fair wage for the state to pay its workers.

There is a saying from the Old Testament that reads, "Thou shall not muzzle the ox that treadeth out the corn." It was explained to me what that verse means is it was a good idea to keep the ox fed who was doing the work of the community of grinding corn. Otherwise, it became discouraged and worried more about the fact it was muzzled and couldn't eat rather than the work at hand. Translated to Kansas in 1995, it is likewise a good management practice to provide for a decent wage for state employees so that they are able to focus on the work you ordain rather than how to provide the necessities of life for their families.

4-3

(4)

I believe the Governor's wage proposal was made in recognition of the fact that the role of state government is going to increase in importance in coming years. The administration of programs formerly run exclusively from Washington will likely be shifted to state capitols. In order to properly carry out its larger role, state government will be required to retain and attract a quality work force. It is up to the Legislature, as part of the management team, to insure a continuation of high quality services to the people of the State of Kansas.

S.E.A.K. believes that at least maintaining the current wage base is absolutely necessary if state government is to adequately carry out its responsibilities, and we would therefore urge the committee's support of SB 190.



1300 South Topeka Avenue Topeka, Kansas 66612 913-235-0262 Fax 913-235-3920

Testimony of Myrlene Kelley,

Executive Director

Kansas Association of Public Employees

In support of Senate Bill 190

March 6, 1995

Good afternoon, Mr. Chairman and distinguished members of the committee. My name is Myrlene Kelley, I am the Executive Director of the Kansas Association of Public Employees. We represent over 15,000 public employees in the state of Kansas.

I come before you today to testify in support of Senate Bill 190, which contains the pay plan for state employees and the Governor's recommendations of 2.5% step increases, 1% COLA, and longevity compensation as approved by the Senate.

We are aware of the tight budgeting situation that is faced by this committee. However, certain facts remain as to how important this legislation is to state workers and their families. These include:

*3/6/95
Appropriations Cmte
Attachment 5*

- the Consumer Price Index for 1994 for all goods was 2.7%
- according to ALEC (American Legislative Exchange Council) Kansas ranks 39th in average pay for state employees,
- accordingly Kansas employees are among the 25% lowest paid workers for like work in the public sector,
- and many state employees continue to be eligible for food stamp compensation.

The first fact is one we have very little or no control over and the last three are all facts in which none of us should take any amount of pride.

Experienced, qualified employees are vital to the success of the state programs. In order to retain good employees, a decent wage must be offered. The Governor's proposal of 3.5% increase falls short of bringing the state employee pay in line with the current rate of inflation since within this proposal only 1% is a cost of living adjustment. The remaining 2.5% is a merit increase that provides employees a career path. This career path aids the state in maintaining an experienced, qualified work force by giving the employees an incentive for remaining with the state.

Not all employees will be eligible for the total 3.5% increase. 1,032 employees are currently ineligible for a step increase since they are at the last step of the pay matrix (often referred to as "0" step). There is another 516 employees who will possibly get to this point on their anniversary dates this year. Others are not eligible for longevity, this includes all of those

employees with 1-9 years of service with the state. Only those employees who have ten years or more of satisfactory service with the state receive the longevity pay. They receive \$40 per year of service with a maximum of \$1000.00. The longevity payments were provided by your predecessors to encourage valuable workers to remain with the state, build more efficiency into the services which the state provides, and to eliminate costly turnover to the greatest extent possible.

It must be remembered that the services provided by the state employee work force are typically technical, administrative, or at the very least require skilled workers. Too often we hear invalid comparisons drawn between the public and the private sector employees. Many private sector businesses utilize unskilled employees while such positions with the state are virtually non-existent. In order to retain services at the level currently expected by the tax-payers of this state requires a pay plan which attracts and retains quality workers.

There also seems to be a strong misconception being fostered that state employees are those highly paid workers, I think it is very important for you to see the total picture. If we exclude the regents and are only talking about classified state employees, we are talking about 27,707 employees. Of that number 9% are paid at market rate, and 48% are paid below market rate. Further scrutiny of the numbers provided by Legislative Research would show that 32% of the classified employees for the state of Kansas earn a wage which would make them eligible for food stamps if they have a family of four. We are not talking about wealthy people.

However, in a spirit of cooperation and with an understanding of how tight the current budget is, KAPE supports the Governor's proposal as approved by the Senate, although it does fall short of keeping up with inflation. By accepting the Governor's proposal state employees are doing their part to help meet the current budgetary crisis.

We urge your support for favorable consideration of S.B. 190. I will be happy to answer any questions you may have.

**FY 1996 STATE EMPLOYEE SALARY AND WAGE ADJUSTMENTS
AS CONTAINED IN SENATE BILL NO. 190**

(As Amended by Senate Ways and Means Committee)

State			
General Fund	All Funds		
			One Percent Base Salary Adjustment:
\$ 1,157,537	\$ 1,302,524		Classified Employees-Regents Institutions
3,780,563	4,317,505		Unclassified Employees-Regents Institutions
<u>\$ 4,938,100</u>	<u>\$ 5,620,029</u>		Subtotal Regents Institutions
2,763,269	6,250,605		Nonregents Classified Employees
296,207	682,564		Nonregents Unclassified Employees
680,372	694,464		Judicial and Legislative Branches
<u>\$ 8,677,948</u>	<u>\$ 13,247,662</u>		Subtotal 1 Percent Base Salary Adjustment
			Step Movement:
\$ 1,678,051	\$ 1,915,349		Regents Institutions-Classified Employees
5,440,790	12,126,523		Nonregents-Classified Employees
619,769	636,967		Judicial Branch
<u>\$ 7,738,610</u>	<u>\$ 14,678,839</u>		Subtotal Classified Step Movement
			2.5 Percent Unclassified Merit Pool:
\$ 9,451,411	\$ 10,793,761		Regents Institutions-Unclassified Employees
740,514	1,706,412		Nonregents Unclassified Employees
647,569	662,054		Judicial and Legislative Branches
<u>\$ 10,839,494</u>	<u>\$ 13,162,227</u>		Subtotal 2.5 Percent Unclassified Merit Pool
			Longevity Bonus Payment:
\$ 1,627,909	\$ 2,933,747		Regents Institutions-Classified Employees
3,314,995	8,344,150		Nonregents Classified Employees
599,692	614,813		Judicial and Legislative Branches
<u>\$ 5,542,596</u>	<u>\$ 11,892,710</u>		Subtotal Longevity Bonus Payment
<u>\$ 32,798,648</u>	<u>\$ 52,981,438</u>		GRAND TOTAL
\$ 17,695,471	\$ 21,262,886		Total for Regents Institutions
11,519,054	26,721,278		Total for Nonregents Classified Employees
1,036,721	2,388,976		Total for Nonregents Unclassified Employees
2,547,402	2,608,298		Total for Judicial and Legislative Employees
<u>\$ 32,798,648</u>	<u>\$ 52,981,438</u>		GRAND TOTAL

3/6/95
Appropriations Cmte
Attachment 6

MEMORANDUM

Kansas Legislative Research Department

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February 7, 1995

INCREASES IN SALARIES FOR STATE CLASSIFIED EMPLOYEES FY 1987-FY 1996 (Governor's Recommended)

Fiscal Year	Step Movement*	Base Salary Adjustment	Longevity Bonus Payment**
1987	2.5% ^(a)	3.0%	No
1988	2.5 ^(b)	2.0 effective 12/18/87	No
1989	2.5 ^(c)	4.0	No
1990	2.5 ^(d)	3.0	\$400 to \$1,000
1991	2.5 ^(e)	1.5	\$400 to \$1,000
1992	2.5	--	\$400 to \$1,000
1993	2.5	1.0 effective 12/18/92	\$400 to \$1,000
1994	2.5 ^(f)	0.5	\$400 to \$1,000
1995	2.5 ^(g)	1.5 effective 9/18/94	\$400 to \$1,000
1996 (Gov. Rec.)	2.5	1.0	\$400 to \$1,000

* Increase is granted on the employees anniversary of state service, assuming satisfactory performance.

** Longevity of \$40 a year for each year of service for those employees that have at least ten years (\$400) of service up to a maximum of 25 years (\$1,000).

- a) In addition, salary upgrades for the clerical job series were approved beginning last six months of FY 1987. (Phase I of salary upgrade program.)
- b) Plus salary upgrades for the mechanics, repairers, and operators job classes, and for registered nurses and licensed therapists; all effective mid-FY 1988. (Phase II of salary upgrade program.)
- c) Plus salary upgrades for employees in direct care and other service worker classes (effective mid-FY 1989). (Phase III of salary upgrade program.)
- d) Plus salary upgrades for security and law enforcement personnel. (Phase III of salary upgrade program.) The Legislature also replaced the three-year time-on-step requirement for steps above step D in each pay range with a one-year requirement and added two additional steps at the top of each pay range. An employee starting at step A should reach the top step after 13 years of elapsed time instead of the previous 23 years, assuming no changes occur in the employee's pay range assignment.
- e) Plus salary upgrades for licensed practical nurses.
- f) Plus salary upgrades for employees in health, scientific, and engineering job classes (effective 6/18/93), and information technology job classes (effective 12/18/93).
- g) Plus salary upgrades for accountants and auditors, human resource professionals, purchasing and marketing professionals, general administrative job classes, social scientists, attorneys (effective 6/18/94), and of management classes (effective 12/18/94).

**INCREASES IN SALARIES FOR STATE CLASSIFIED EMPLOYEES, REGENTS'
FACULTY AND CLASSROOM TEACHERS OF SCHOOL DISTRICTS, IN
PRIVATE TUTOR WAGES, AND IN THE RATE OF INFLATION**

Fiscal Year	State Classified Service ¹	Regents' Faculty ²	Classroom Teachers ³	Inflation Rate ⁴	Avg. Weekly Wage Private Sector ⁵
1974	5.0%	5.5%	*	8.9%	--
1975	5.5%; \$30 minimum increase per month	10.0% - KU and WSU 11.0% - Others	7.25%	11.1	--
1976	5.0% plus \$25 per month	10.0%	10.5	7.1	--
1977	2.8% plus \$15 per month	9.0% - Ft. Hays 8.0% - Others	6.88	5.8	9.9
1978	3.0% or \$25 per month, whichever less; 2.0% for employees on Step F or above who were not eligible for a longevity increase	7.0% - Ft. Hays 6.0% - Others	6.62	6.7	3.7
1979	7.25%, subject to a maximum increase of \$125 per month	7.0%	5.92	9.4	9.8
1980	4% plus \$26 per month	6.5%	7.41	13.3	10.2
1981	New pay plan adopted; it was estimated that nearly all employees received at least an 8% increase and that the average increase was about 11%	9.0%	11.41	11.6	9.7
1982	5.0%	9.0% - Ft. Hays 7.0% - Others	9.4	8.6	8.2
1983	6.5%	10.2% - Ft. Hays ^a 7.5% - Others ^a	9.76	4.3	4.8
1984	4.5% effective 12/18/83	4.5% eff. 12/18/83	5.99	3.7	4.0
1985	5.0% plus \$204 (\$102 in two payments)	7.0%	8.38	3.9	3.5
1986	New pay plan adopted; wide variation in individual percentage increases, but est. to average about 6%	5.0 ^c	7.41	2.9	3.5
1987	3.0% ^b	2.5% ^c	3.68	2.2	3.2
1988	2.0% effective 12/18/87 ^d	3.0% eff. 12/18/87 ^e	4.22	4.1	3.0
1989	4.0% ^e	7.5 ^f	5.62	4.6	2.8
1990	3.0% ^e	8.5 ^g	4.81	4.8	2.7
1991	1.5% ^h	2.00% to 4.00% ⁱ	3.69	5.4	4.2
1992	--	2.5% ^j	3.62	3.2	3.3
1993	1.0% effective 12/18/92	2.5% plus 1% eff. 12/18/92	6.36	3.1	3.9
1994	0.5% ^k	2.25% ^c	3.44 (est.)	2.6	?
1995	1.5% effective 9/18/94 ^l	6% high-4% low ^m	?	?	?

So-called "cost of living" adjustments. The increases shown are in addition to merit pay or step increases, if any, to which individual employees were entitled in the fiscal year. Through FY 1980, merit increases of between 4 percent and 5 percent were typical until an employee reached the top of his range. There were no separate merit increases in FY 1981 when a new pay plan was implemented (classified personnel were assigned to specific ranges and steps on the new plan). Merit increases were approved in the budget for FY 1982, ranging from 5 percent to 7.5 percent for those entitled to such increases. A merit increase of about 1.25 percent for FY 1983, as authorized by the 1982 Legislature, was first deferred by order of the Governor and then was eliminated by the 1983 Legislature. No money was appropriated for merit increases in FY 1984 and 1985. The pay plan adopted in 1985 permitted step increases of approximately 2.5 percent for eligible employees in FY 1986 and thereafter (no "cost of living" increase in FY 1986, but implementation of the new plan included a "catch-up" feature to compensate for step increases not granted in the prior three years). The 1989 Legislature revised the pay plan, effective in FY 1990, to establish an annual bonus payment of \$40 per year of service (if ten or more but not to exceed 25 years or \$1,000), to reduce the three-year time-on-step requirement for employees on upper salary steps to a one-year requirement for the 2.5 percent step increase, and to add two steps to each salary range. No "cost-of-living" adjustment was approved for FY 1992, but money was appropriated to finance step movement and bonus payments for eligible employees, and such appropriations were made again for FY 1993, FY 1994, and FY 1995.

The percentage of increase to base salary budgets which is designated for salary increases for unclassified positions. Institutions under the Board of Regents allocate their appropriations for salary increases on a merit basis, not by a uniform or flat percentage increase. Thus, some faculty members received a higher percentage increase than shown in this column while others received less.

3. State average increase (excluding fringe benefits) for teachers in all unified school districts as reported by the State Department of Education. Beginning in FY 1988, the figures represent the total increase, including federal Section 125 salary reduction plans. Thus, these figures are strictly comparable with those for prior years.
 4. Consumer Price Index -- All Urban Consumers (1982-84 equals 100): the increase in the average index for the fiscal year (July-June).
 5. Source: Kansas Department of Human Resources. Data are for contributing employers to unemployment insurance coverage; prior to FY 1989, essentially for the private sector but includes some governmental units although not Kansas state government; for FYs 1989-FY 1993, includes only the private sector. Data are not available prior to FY 1977.
- a) Also, \$900,000 was appropriated for allocation among faculty in specified curricula at all institutions.
 - b) In addition, salary upgrades for the clerical job series were approved beginning in the last six months of FY 1987. (Phase I of salary upgrade program.)
 - c) The state's contribution for faculty retirement was increased from 5 percent to 6 percent in FY 1986, to 7 percent in FY 1987, to 8 percent in FY 1988, to 8.5 percent in FY 1994.
 - d) Plus salary upgrades for the mechanics, repairers, and operators job classes, and for registered nurses and licensed therapists; all effective mid-FY 1988. (Phase II of salary upgrade program.)
 - e) Plus salary upgrades for employees in direct care and other service worker classes (effective mid-FY 1989) and for security and law enforcement personnel (effective FY 1990). (Phase III of salary upgrade program.)
 - f) Systemwide average, with increases among the Regents' institutions ranging from 7.3 percent to 9.2 percent. Includes 5 percent basic increase plus percentage equivalent of the amount of the Margin of Excellence program appropriation allocated to salaries. Source: Board of Regents.
 - g) Systemwide average, with increases among the Regents' institutions ranging from 7.3 percent to 10.2 percent. Includes 5 percent basic increase plus percentage equivalent of the amount of the Margin of Excellence program appropriation allocated to salaries. Source: Board of Regents.
 - i) Plus salary upgrades for licensed practical nurses.
 - j) WSU, 2.00 percent; KU, 2.03 percent; FHSU, 2.25 percent; KSU, 2.30 percent; PSU, 2.44 percent; KUMC, 2.70 percent; ESU, 2.75 percent; KCT, 3.00 percent; KSU-VMC, 4.00. Source: Board of Regents. The range of increases reflects variations in applying the 1.75 percent General Fund appropriation reductions and other budget adjustments, rather than explicit legislative policy with regard to average salary increases. Prior to the 1.75 percent reduction and irrespective of other budget adjustments, appropriation amounts were based upon 4 percent faculty salary increases.
 - k) Financing was provided to give unclassified health care workers at the Medical Center an average increase of 6.5 percent.
 - l) Also, the 1993 Legislature approved reclassification of employees in health, scientific, and engineering job classes (effective 6/18/93) and in information technology job classes (effective 12/18/93).
- Also, the 1994 Legislature approved reclassification of accountants and auditors, human resource professionals, purchasing and marketing professionals, general administrative job classes, social scientists, and attorneys (effective 6/18/94), and of management classes (effective 12/18/94).
- m) Ranked faculty: 6 percent KU; 5.25 percent KSU and KSU-ESARP; 5 percent WSU; 4.5 percent KUMC, KSU-VMC, KSU-SCT; and 4 percent ESU, FHSU, PSU.

Not possible to compute percentage increase because comparable data are not available for FY 1973.

Kansas Legislative Research Department
July 13, 1994

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