

Approved: 3-11-96
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson Robin Jennison at 1:30 p.m. on February 20, 1996 in Room 514-S of the Capitol.

All members were present except: Rep. Gross, excused

Committee staff present: Alan Conroy, Russell Mills, Susan Wieggers, Legislative Research Department
Jim Wilson, Revisor of Statutes; Mike Corrigan, Revisor
Tim Kukula, Appropriations Secretary; Todd Fertig, Administrative Aide

Conferees appearing before the committee: Gloria Timmer, Division of Budget
Don Rezac, State Employees Association of Kansas
Kelly Jennings, KAPE
Susan Duffy, Department of Revenue

Others attending: See attached list

Chairman Jennison called the meeting to order and opened hearings on **HB 2968**, a bill relating to longevity bonus payments for state officers. Chairman Jennison recognized Gloria Timmer to address the committee as a proponent and Kelly Jennings and Don Rezac as opponents on **HB 2968**. All of these conferees provided written testimony and a fiscal note on the bill was provided (Attachments 1, 2, 3 & 4).

No one else wished to appear before the committee on **HB 2968** and Chairman Jennison closed the hearings on **HB 2968**.

Chairman Jennison then recognized Gloria Timmer to briefly describe **SB 428**, a bill concerning lapse from the State General Fund, and answer questions.

Chairman Jennison then reopened the hearings on **HB 2701** and recognized Susan Duffy from the Department of Revenue to explain to the committee certain claims to the state and answer questions.

A motion was made by Rep. Gatlin, seconded by Representative Edmonds, to amend **HB 2701** to state that section 8 will be paid out of the Judicial Budget. The motion carried.

A motion was made by Representative Dean, seconded by Representative Gatlin, to amend **HB 2701**, deleting line 3 of page 2.

A substitute motion was made by Representative Carmody, seconded by Representative Cornfield, to amend **HB 2701** by deleting line 23 of page 1 through line 24 of page 4. The substitute motion failed.

On the original motion by Representative Dean and Representative Gatlin, to amend **HB 2701** by deleting line 3 of page 2. The motion failed with a division of 5 to 15.

A motion was made by Representative Helgerson, seconded by Representative Carmody, to pass **HB 2701** favorably out of committee, as amended, with technical corrections. The motion carried.

A motion was made by Representative Reinhardt, seconded by Representative Wilk, to pass **SB 428** favorably out of committee. The motion carried.

The meeting adjourned at 2:45.

The next meeting is scheduled for February 21, 1996.

STATE OF KANSAS



DIVISION OF THE BUDGET
Room 152-E
State Capitol Building
Topeka, Kansas 66612-1504
(913) 296-2436
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Bill Graves
Governor

Gloria M. Timmer
Director

MEMORANDUM

TO: House Committee on Appropriations
Representative Robin Jennison, Chairperson

FROM: Gloria M. Timmer *G. Timmer* Director of the Budget

DATE: February 20, 1996

SUBJECT: Testimony on HB 2968

Thank you for allowing me to speak to you about House Bill 2968.

HB 2968 amends the state longevity bonus program, for FY 1997 only, to implement part of the Governor's pay plan recommendations. Under current law, eligible employees receive longevity payments based on \$40 times the number of years of service credit to a maximum of 25 years, or \$1,000, if they have been in state service for a minimum of ten years. HB 2968 would change the longevity program for FY 1997 so it applies to only two groups of employees; (1) classified employees on the last step of their pay grade on the pay matrix; and, (2) employees who would experience a total salary decrease in FY 1997 if they received only a step increase but not a longevity bonus. The employees in this second group would receive a longevity bonus in an amount necessary to hold their salary constant from FY 1996.

HB 2968, by itself, has no fiscal effect because the dollars are included in the FY 1997 budget of each state agency. The cost for this longevity program is \$2.9 million from all funding sources, and \$1.4 million from the State General Fund.

Thank you again for the opportunity to explain the provisions of this bill. I will be happy to respond to your questions.

2-20-96

House Appropriations.

Attachment
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STATE OF KANSAS



DIVISION OF THE BUDGET
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State Capitol Building
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Gloria M. Timmer
Director

Graves
ernor

February 9, 1996

The Honorable Robin Jennison, Chairperson
House Committee on Appropriations
Statehouse, Room 514-S
Topeka, Kansas 66612

Dear Representative Jennison:

SUBJECT: Fiscal Note for HB 2968 by House Committee on Appropriations

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2968 is respectfully submitted to your committee.

HB 2968 amends the longevity program, for FY 1997 only, to implement part of the Governor's pay plan recommendations. Under current law, eligible employees receive longevity payments based on \$40 times the number of years of service credit to a maximum of 25 years, or \$1,000, if they have been in state service for a minimum of ten years. The Governor proposes to change the longevity program for FY 1997, so it applies to only two groups of employees. The first group would be eligible employees on the last step of their pay grade on the pay matrix for classified employees. The second group consists of employees who would experience a total salary decrease in FY 1997 if they received only a step increase but not a longevity bonus. The employees in this second group would receive a longevity bonus in an amount necessary to hold their salary constant from FY 1996. For FY 1998, the longevity program would revert to how it functions under current law.

This bill, by itself, has no fiscal effect. The dollars to implement the Governor's pay plan for FY 1997 are included in the budget of each state agency. The cost for the longevity program under the Governor's recommendation is \$2.8 million from all funding sources.

Sincerely,

A handwritten signature in cursive script that reads "Gloria M. Timmer".
Gloria M. Timmer
Director of the Budget

2-20-96

House Appropriations

Attachment

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

**TESTIMONY OF KELLY JENNINGS
KANSAS ASSOCIATION OF PUBLIC EMPLOYEES**

**in opposition to House Bill 2968
February 20, 1996**

Good afternoon, My name is Kelly Jennings. I appreciate the opportunity to appear before you on behalf of the Kansas Association of Public Employees in opposition to House Bill 2698.

Longevity pay has been in effect since legislative enactment during the 1989 legislative session. HB 2968 proposes to change the structure of longevity pay for FY 97 as recommended by the governor. The proposed changes provide that only employees on the last step of the pay range receive longevity pay for FY 97.

These proposed changes violate the original purpose of longevity. "The purpose of longevity pay is to recognize permanent employees who have provided experience and faithful long term service to the state of Kansas in order to encourage officers and employees to remain in the service of the state."

While the proposed changes contained in HB 2968 do not violate the original intent of longevity pay, neither do they fulfill the entire intent of longevity pay. Unless full funding of longevity pay is granted, all current longevity eligible employees, except for those on the final pay step, will be receiving less of a pay raise in FY 97 than those who are not yet eligible for longevity pay.

At first glance, the governor's recommendations for pay increases do appear to be fair to all employees. Give step movements to all eligible employees and longevity pay for those employees on the final step of the pay matrix who are not eligible for step movements. However, this recommendation will create an inequity for long term employees. Because of the loss of longevity pay, all current longevity eligible employees will receive less than a 2.5% pay increase for FY 97. Over 15,000 long term employees will receive less than a 2.5% pay increase for FY 97. In fact, most of these employees at the lower pay ranges will receive a zero increase for FY 97.

KAPE urges this committee to vote no on HB 2968 and to fully fund longevity pay for all employees currently eligible. KAPE understands the extremely tight budget constraints you are facing this year. However, the governor's recommendations creates an unfair and inequitable manner for granting pay raises to state employees. Funding of full longevity along with full funding of the step movements will correct the inequities of the governor's proposals.

Thank you for your consideration on this matter. I would be happy to stand for any questions.



TESTIMONY OF DON REZAC
BEFORE THE HOUSE APPROPRIATIONS COMMITTEE

The longevity bonus was implemented by the Kansas Legislature in 1989 as a means of both rewarding state employees for long-term service and counteracting the contraction of the state pay matrix.

In part, the statute creating the longevity bonus says, "The provisions of this section shall be construed to maximize the benefits to those officers or employees **who have provided experience and faithful service to the state of Kansas in order to encourage officers and employees to remain in the service of the state.**"

Under current law, each state employee with 10 or more years of satisfactory service receives a bonus of \$40.00 for each year of service up to twenty-five years. In the seven years since its inception, the longevity formula has been unchanged. While there have been many lean fiscal years for state employees since 1989, this is the first in which longevity has not been fully funded in the budget.

HB 2968 would renege on the commitment the Legislature made

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to state employees by attempting to limit the number of employees eligible to receive longevity to those on the last step of their pay range. Obviously, the longevity bonus was placed in the statutes in order to avoid making it discretionary and subject to each fiscal year's appropriations. A longevity bonus does not serve its stated purpose if an employee were to receive it some years but not others.

There are over 17,000 employees who are eligible to receive the bonus under current law. A very small percentage of all state employees are at the top of the pay matrix and thus eligible under the proposed legislation. The vast majority of those currently eligible are being asked to give the bonus up this year for reasons that have never been clearly articulated.

If there were truly a fiscal crisis or other compelling justification for the generation of this bill, most state employees would be able to at least understand why they are being called upon to give up this benefit. However, there is no evidence of that type of fiscal situation.

STATE EMPLOYEES ASSOCIATION OF KANSAS
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The only reason apparent is that this budget was generated with other priorities than state employees in mind. The members of SEAK do not believe that fact is a compelling reason to diminish the current statute through this legislation.

State employees are being asked to swallow the absence of a longevity payment with no offsetting benefit or clear direction where toying with the statute would take us in the future. Clearly, a one year limitation in longevity payments sets a dangerous precedent.

SEAK does not believe the proposals contained in this bill to be fair or in the long-term interest of the State of Kansas. We would therefore urge this committee, in the strongest possible terms, to defeat HB 2968 and restore funding for the longevity bonus.