

Approved: 3-25-97
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson Phil Kline at 1:30 p.m. on March 17, 1997 in Room 514-S of the Capitol.

All members were present except: Representative Spangler - Excused

Committee staff present: Alan Conroy, Kathy Porter, Stuart Little, Legislative Research Department;
Jim Wilson, Mike Corrigan, Revisor of Statutes Office;
Marcia Ayres, Appropriations Secretary; Helen Abramson, Administrative Aide

Conferees appearing before the committee: Mr. William McGlasson, Department of Administration
Mr. Fred Boesch, Chief Information Architect
Ms. Shirley Moses, Department of Administration
Ms. JoLana Pinon, State Treasurer's Office
Ms. Mary Hoover, SRS Department

Others attending: See attached list

The minutes of the March 10 meeting were distributed to the committee for review.

Chairperson Kline introduced Representative Joe Shriver who will temporarily replace Representative Dean.

Hearing on SB 362 - State officers and employees; unclassified positions

William McGlasson. Mr. McGlasson, Director of the Division of Personnel Services, appeared in support of **SB 362** which would change the status of Information Resource Manager III positions from the classified to the unclassified service when they become vacant. The bill would provide the flexibility in recruitment and pay administration appropriate for positions at this level. (Attachment 1)

Fred Boesch. Mr. Boesch, Chief Information Architect, testified in favor of **SB 362** because it would enable the department to recruit and retain capable managers and technical personnel in order to deliver the high performance needed for successful state programs. (Attachment 2)

Discussion and questions from the committee followed after which the hearing was closed.

Hearing on SB 103 - State officers and employees; certain payroll deductions; employee, defined

Shirley Moses. Ms. Moses, the director of Accounts and Reports for the Department of Administration, testified in support of **SB 103** which will provide more flexible, efficient central services of value to those served. (Attachment 3)

Questions followed and the hearing was closed.

Hearing on SB 99 - State agencies; accounting procedures

Shirley Moses. Ms. Moses also testified in support of **SB 99** concerning the deposit of federal funds in the state treasury. The amendments are proposed to modernize statutory language for compatibility with current electronic banking practices. (Attachment 4)

JoLana Pinon. Ms. Pinon, Assistant State Treasurer, spoke in support of **SB 99** and proposed an amendment that would include the Treasurer's office in Section 1, subsection b. (Attachment 5)

Mary Hoover. Ms. Hoover, Commissioner of Administrative Services for SRS, requested consideration of

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, Room 514-S Statehouse, at 1:30 P.M. on March 17, 1997.

SB 99 which would initiate a sound business policy which enables SRS to work more efficiently with their business partners. (Attachment 6)

A few questions followed and the hearing was closed.

A motion was made by Representative Farmer, seconded by Representative Ballard, to pass SB 362. Discussion. The motion failed.

A request was made by Representative Edmonds to defer action on SB 103 until more information is received from the department about the effect this change in definition might have elsewhere in the system; specifically, with regard to association membership. Seeing no objection, the Chairperson deferred taking action on the bill at this time.

A motion was made by Representative Reinhardt, seconded by Representative Minor, to amend SB 99 as proposed in the balloon from the State Treasurer. The motion carried.

A motion was made by Representative Reinhardt, seconded by Representative Minor, to pass SB 99 as amended. The motion carried.

A motion was made by Representative Helgerson, seconded by Representative Farmer, to approve the Minutes of March 10. The motion carried.

The meeting adjourned at 2:20 p.m

The next meeting is scheduled for March 18, 1997.

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: March 17, 1997

NAME	REPRESENTING
Fred Busch	Chief Information Architect
Mary S. Hoover	SRS - Admin. Svcs.
Rev. Bernard K. Lopez	-
Jean Farmer	
Frank Young	KD/HR

**Testimony To The
House Appropriations Committee**

**By
William B. McGlasson, Director
Division of Personnel Services
March 17, 1997**

RE: Information Resource Manager III Positions, Senate Bill 362

Mr. Chairperson and members of the committee, thank you for the opportunity to appear before you today in support of Senate Bill 362. This legislation would change the status of Information Resource Manager III (IRM III) positions from the classified to the unclassified service when they become vacant. The classified status of employees currently in IRM III positions would not change.

The responsibilities of IRM III positions have evolved from technical work to high level policy and management jobs requiring a technical background. These positions are now responsible for short and long term planning that has both statewide and agency impact. They partner with functional managers, while reporting to top management, and are integral members of the management team. The decisions and actions of these positions influence significant amounts of money. In short, they must share the vision for their agencies while linking with information technology in agencies statewide.

IRM III positions make top level policy decisions within State agencies. Decisions made at this level often have statewide impact, and require a wide range of experience and knowledge. Comparable policy making duties are performed by unclassified persons in regent institutions. Senate Bill 362 would provide the flexibility in recruitment and pay administration appropriate for positions at this level.

Currently, there are five IRM III positions in state government. At pay grade 36, the minimum annual salary is \$49,740.08 and the maximum annual salary is \$69,995.90. The annual salaries of employees in these positions range from \$53,519.96 to the maximum salary of \$69,995.90. The incumbents will retain their classified status. The positions would become unclassified only when the current employees vacate the positions.

The Department of Administration appreciates your support of this proposal. I would be happy to answer any questions you may have.

G:\MSS\LEGISLAT.97\TESTIMON.97\SB362.TST; March 13, 1997; 1:17PM

Appropriations
3-17-97
Attachment 1

HOUSE APPROPRIATIONS COMMITTEE

Testimony by:

Fred Boesch, Chief Information Architect

SB 362

Room 514-S, 1:30 P.m.

3/17/97

Thank you Mr. Chairman, my name is Fred Boesch; I am the Chief Information Architect and I am here as a proponent.

Let me quote from the corporate strategies section, Computerworld, January 20th, 1997. "In today's excruciatingly tight information system job market, recruiters will do just about anything to drum up prospects and ultimately reel in technical talent. Signing bonuses of \$10,000 or more are not uncommon." In sum, if you want skilled information technology personnel you are going to have to hire them from someone else, there will be other competitors trying to do the same thing, and the costs are skyrocketing.

I first became aware of this problem late last year when Ken Keen, the information technology manager for Sedgwick County told me that Boeing just hired several of his best people. That is an unusual event. I talked to our Boeing executive on the Kansas Information Resources Council and he told me that Raytheon had raided them offering their technology people substantial salary increases and bonuses. He confirmed that the market was getting tight in Wichita. In discussing the issue with several agency technology directors in Topeka, I found that over the last several months it became clear that we were encountering greater than normal difficulty obtaining qualified candidates for information systems positions, let alone hiring them.

The St. Louis/Kansas City information technology salaries have escalated 20% to 30% over the past 24 months. The reason is twofold: (1) the economy is robust with particularly heavy expansion taking place in telecommunications, and (2) the Year 2000 problem is draining the market for programmers, project managers, and other technical positions. Employees know this and are making themselves available to recruiters. Recently there were an estimated 1,000,000 resumes on job sites on the Internet ... but there were 1,200,000 available positions.

Many of our employees would like to stay in the Topeka and Lawrence area. But for a significant salary increase they will go to Sprint in Kansas City that is adding 300 technical jobs in their PCS Division. We know this because several of our people have gone to Sprint for 20% salary increases. I know that two of our information technology directors were approached and are considering other positions. One of our key geographic information systems people is being recruited by another state for a much higher salary. We have a number of vacancies for programmers that will be very difficult to fill with skilled personnel and if we are able to do so, the cost will be higher than anticipated.

Normally, if we have vacancies or peak workloads, we can obtain needed skill sets in the marketplace through technical services firms. That alternative will become increasingly problematic. If they can get skilled people, quality will be an issue and the cost will be very high. A recent Time magazine article stated that starting salaries for the "hot" new programming languages and people skilled in rapid software development start at \$70,000 in many areas. When we contract with firms to provide software and services in support of new or changed programs, we will find that the bid prices escalate to reflect the market for the technical positions and managers that they, the vendors pay. We must have capable managers to deal with these issues.

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HOUSE APPROPRIATIONS COMMITTEE

Testimony

March 17, 1997

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I cannot predict the future for this market other than to say that the demands resulting from Year 2000 repairs will drop off quickly after the Year 2000. In the meantime, we will face some very difficult challenges. Some of these demands, such as the Year 2000 and welfare reform are major programs that must be addressed. Information Resource Manager III positions are key leadership and management positions. If we are to be successful in improving our business processes and applying technology for more cost effective services, we need quality technology employees and managers. In the private sector, we see flexible compensation and benefit plans, that enable firms to compete when and as they need to do so. We also see that these positions are tied to a continuing review of performance. Today, we need that flexibility to recruit and retain capable managers and technical personnel in order to deliver the high performance needed for successful state programs.

Thank you. I would be glad to answer questions.

TESTIMONY REGARDING SENATE BILL 103
HOUSE APPROPRIATIONS COMMITTEE
March 20, 1997, 1:30 p.m., Room 514-S

Presented by Shirley A. Moses
Director of Accounts and Reports

Mr. Chairman, Members of the Committee:

Thank you, Mr Chairman for scheduling these measures today. I realize your committee calendar is full. I appreciate you hearing these bills designed to increase efficiency in our division.

I am testifying today on behalf of the Department of Administration in support of SB103. This bill represents a measure proposed by the Department to provide more flexible, efficient central services of value to those served.

Senate Bill 103 amends the definition of "state employee" for the purpose of participation eligibility in the United Way and United States savings bond payroll deduction plans. The current restrictive definition was enacted as a means to limit participation in these programs. Initially, the associated record keeping functions were more manual and labor intensive. More recent system technologies, and the implementation of the Statewide Human Resource and Payroll System (SHARP), have automated the process to the point that volume of participants is no longer a relevant factor.

The current definition of employee is not consistent with SHARP and prohibits participation by employees who are either seasonal, temporary, or who work less than 1,000 hours. These restrictions are obsolete under SHARP and are eliminated with this amendment.

Thank you again for the opportunity to appear before the Committee today. I would be happy to answer any questions the Committee may have.

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Attachment 3

TESTIMONY REGARDING SENATE BILL 99
HOUSE APPROPRIATIONS COMMITTEE
March 17, 1997, 1:30 p.m., Room 514-S

Presented by Shirley A. Moses
Director of Accounts and Reports

Mr. Chairman, Members of the Committee:

Thank you, Mr Chairman for scheduling these measures today. I realize your committee calendar is full. I appreciate you hearing these bills designed to increase efficiency in our division.

I am also testifying today on behalf of the Department of Administration in support of SB 99 concerning the deposit of federal funds in the state treasury.

The amendments in SB 99 are proposed to modernize statutory language for compatibility with current electronic banking practices. Electronic banking transactions, known as EBT, were not in existence at the time of enactment of the statute in 1953. Current law requires all federal funds received by any state agency to be deposited in the state treasury and disbursed upon warrants issued by the Director of Accounts and Reports. The recent initiation of a statewide EBT program to electronically distribute certain types of aid, such as food stamps, requires the electronic transfer of funds directly from the Federal Reserve Bank to a clearing bank, thus bypassing the state treasury. This process allows a streamlined and more timely approach to benefit distribution and improved agency control over the provision of these services. The proposed amendment would allow exceptions from this statute for other similar transactions when approved by the Department of Administration and ensure actual processes function in a manner consistent with statutory authority.

Thank you again for the opportunity to appear before the Committee today. I would be happy to answer any questions the Committee may have.

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Attachment 4



STATE OF KANSAS

Sally Thompson
TREASURER

900 JACKSON, SUITE 201
TOPEKA, KANSAS 66612-1235

TELEPHONE
(913) 296-3171

Testimony of Assistant State Treasurer JoLana Pinon
SB 99
House Appropriations Committee
Monday, March 17, 1997

Chairman Kline and Members of the Committee:

Thank you for this opportunity to speak before you today. I am JoLana Pinon, the Assistant State Treasurer, here on behalf of State Treasurer Sally Thompson.

I speak in support of SB 99, a measure that amends the state's banking procedures as they relate to funds received by the State Treasurer which are subsequently disbursed by the Director of Accounts and Reports. This amendment has come about due to the use of electronic benefit payments (EBT) of various forms of aid. As the statute currently stands, the State Treasurer would receive federal funds through a wire at a \$5 cost and, within minutes, wire out those funds to the concentrator bank for an additional \$5 fee. In this scenario passing the monies through the Treasury adds no value; it merely adds time and resources. But rather than opening this type of process to any kind of receipt and disbursement, SB 99 requires the approval of the Director of Accounts and Reports and the Secretary of Administration.

Because of our office's integral role in this process, we would like to propose an amendment to SB 99 as shown on the attached balloon that would include the Treasurer's office in Section 1, subsection b. The Director of Accounts and Reports as well as the Secretary of the Department of Administration have expressed their support of this amendment.

Appropriations
3-17-97
Attachment 5

SENATE BILL No. 99

By Committee on Ways and Means

1-24

9 AN ACT concerning state agencies; relating to accounting procedures;
10 amending K.S.A. 75-3734 and repealing the existing section.

11
12 *Be it enacted by the Legislature of the State of Kansas:*

13 Section 1. K.S.A. 75-3734 is hereby amended to read as follows: 75-
14 3734. Federal funds received by *or granted to* any state agency shall be
15 deposited in the state treasury and disbursed upon warrants issued by the
16 director of accounts and reports and shall be subject to the fiscal controls
17 imposed by this act, except ~~where~~:

18 (a) *When* federal laws or regulations of the federal agency making
19 such funds available to the state prevent certain federal funds from being
20 deposited, allocated or expended as provided by this act; *or*

21 (b) *when authorized by the* ~~director of accounts and reports and ap-~~
22 *proved by the secretary of administration.*

23 Sec. 2. K.S.A. 75-3734 is hereby repealed.

24 Sec. 3. This act shall take effect and be in force from and after its
25 publication in the statute book.

_____state treasurer and the

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DEPARTMENT OF ADMINISTRATION
Division of Accounts and Reports

BILL GRAVES
Governor

DAN STANLEY
Secretary of Administration

SHIRLEY A. MOSES
Director of Accounts and Reports
900 S.W. Jackson, Room 351S
Landon State Office Building
Topeka, KS 66612-1248
(913) 296-2311
FAX (913) 296-6841

February 21, 1997

The Honorable Sally Thompson, State Treasurer
900 SW Jackson St.
LSOB, Room 201-N
Topeka, KS 66612-1235

Dear Treasurer Thompson:

A hearing was held today before the Senate Ways and Means Committee on Senate Bill 99. This bill amends K.S.A. 75-3734 to exclude the deposit, into the State Treasury, of federal funds received by or granted to a state agency. Such exclusion is contingent upon either: (1) the prevention of deposit due to federal laws or regulations; or (2) when authorized by the Director of Accounts and Reports and approved by the Secretary of Administration. The legislation was proposed primarily to support the recent implementation of the Electronic Benefit Transactions network, a joint effort between the Office of the State Treasurer and the Departments of Administration and Social and Rehabilitation Services (SRS), in which federal funds bypass the State Treasury. Mary Hoover from SRS and I testified today in support of the bill and it was approved by the Committee.

Prior to the testimony, JoLana Pinon discussed with me an amendment to the approvals in Section 1(b), as shown in italics below:

(b) when authorized by the director of accounts and reports *and state treasurer and then* approved by the Secretary of Administration.


I have discussed the proposed amendment with the Deputy Secretary of Administration, Jeff Wagaman. The Department of Administration has no objections and will support the proposal of the amendment by the State Treasurer's Office.

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The Honorable Sally Thompson
February 21, 1997
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If you wish to discuss this further or if I can provide assistance to you on this issue, please feel free to contact me at 296-2314. Thank you for the opportunity to review this amendment.

Sincerely,


Shirley A. Moses, Director
Division of Accounts and Reports

cc: Jeff Wagaman
Mary Hoover

Kansas Department of Social and Rehabilitation Services

Rochelle Chronister, Secretary

House Appropriations Committee

Senate Bill 99 - Federal Funds Deposited in the State Treasury

March 17, 1997

SRS Mission Statement:

To provide services to Kansans in need that contribute to their safety and promote dignity, independence, and responsibility.

Mr. Chairman and members of the committee, thank you for providing this opportunity to speak today in support of Senate Bill 99, concerning federal funds deposited in the state treasury.

I am Mary S. Hoover, Commissioner of Administrative Services. I am testifying today on behalf of Rochelle Chronister, Secretary of the Department of Social and Rehabilitation Services, in support of Senate Bill 99. The passage of this bill clarifies authority for Electronic Benefit Transfer (EBT) to pass federal funds directly to the concentrator bank, rather than having these funds deposited in the state treasury and disbursed on warrants by the Department of Administration to the concentrator bank. This direct transfer to the concentrator bank streamlines EBT transfers from two days' processing time to one day.

Those programs covered by EBT include food stamps and cash assistance. As a representative monthly volume of business, SRS' statistics for December, 1996 indicate: 24,695 families on cash assistance receiving approximately \$9.3 million and 66,769 families on food stamps receiving approximately \$11.8 million. (Many of the same families receiving cash assistance are also receiving food stamps.)

I would ask your consideration of S.B. 99. It would initiate a sound business policy which enables SRS to work more efficiently with our business partners.

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Attachment 6