

MINUTES OF THE HOUSE KANSAS 2000 SELECT COMMITTEE.

The meeting was called to order by Chairperson Kenny Wilk at 1:30 p.m. on March 3, 1999 in Room 526-S of the Capitol.

All members were present except: Representative Larry Campbell - excused
Representative Tim Carmody - excused

Committee staff present: Alan Conroy, Legislative Research Department
Paul West, Legislative Research Department
Jim Wilson, Revisor of Statutes
Janet Mosser, Committee Secretary

Conferees appearing before the committee: Judge Terry Bullock, Third Judicial District (Shawnee County)
Bobbi Mariani, Assistant Director, Division of Personnel Services, Department of Administration

Others attending: See attached list

Chairperson Wilk continued the hearing on **HB 2522 on performance-based compensation plan for state agencies.**

Judge Terry Bullock, Third Judicial District, proponent, was recognized by Chairperson Wilk. As a follow up to his previous testimony on the general needs of the court system, Judge Bullock expressed his support of Section 7 which pertains to the courts, and his hope that it will be included in the bill and that the court will have an opportunity to build a pay plan that fits the unique needs of the court. He urged the Committee to obtain input from all the courts (District Courts, Court of Appeals, and the Supreme Court). Finally, he urged that any new pay plan include a category for technical and professional positions.

Chairperson Wilk recessed the hearing on **HB 2522.**

Bobbi Mariani, Assistant Director, Division of Personnel Services, Department of Administration, gave a briefing on Kansas Quality Management (KQM) which is the State of Kansas' management philosophy and is based on continuous process improvement (**Attachment 1**). Ms. Mariani also provided Committee members a copy of the KQM Guidebook and the KQM Builder's Handbook both of which are available from the Department of Administration.

Minutes for February 8, 9, and 10 were distributed. Representative Gatewood moved to approve the minutes. The motion was seconded by Representative Horst. The motion carried.

Chairperson Wilk adjourned the meeting at 2:18 p.m.

The next meeting is scheduled for March 4, 1999.

KANSAS 2000 SELECT COMMITTEE GUEST LIST

DATE: 3-3-99

NAME	TITLE	REPRESENTING
Joe Ross, llwr		ESU
Don Pesmark	Personnel Director	Highway Patrol
Don Rye	Lobbyist	S, E, A, K
Betty M. Dries	Pres./Lobbyist	KAPE
Bonnie Heim	Personnel Officer	St. Library
Todd E. Dieder	President	AFSCME Local #3371
ROBERT DANIELS	CORRECTIONS OFFICER	LCF OFFICERS
Lenny GARRET	Chief Steward	LOCAL 3371
Marsha Schrenyp	Personnel Officer	BOWA
Kathy McCall	Personnel Director	KDOR
Ed Gray	Research Analyst	JJA
Greg Peterson	HR Manager	KDHE
Mike Laberson	Pers. Dir.	SRS
Janis Cerny	Pres./Executive Director	AFSCME Council 64
Larry L. Rosenquist	UP	AFSCME Local 1357
Steve Pison	Pres	AFSCME Local 1357
Jerry DeLoach	District Judge	this district.
B. H.	Dept of Adm PPS	Dept of Adm.
Karen Watney	Dept of Admin	Dept of Admin
Dick Kuehler		KDWP
Fous Chabwa	Budget Analyst	Budget Division



Kansas Quality Management (KQM) is the State of Kansas' management philosophy based upon continuous process improvement. Initiated in 1992, Executives Branch Agencies, Boards, and Commissions participate through a variety of quality management initiatives, each incorporating the Four Guiding Principles of KQM:

- Identify customers and meet their needs and expectations
- Involve employees at all levels in problem solving and decision making
- Enable employees to change and succeed through appropriate education and training
- Improve processes and remove barriers to create and reinforce continuous improvement.

Below are highlights of the statutes and regulations regarding KQM, as well as information regarding the implementation of KQM.

Kansas Quality Management Program Implementation

- Implementation methodology was a phased implementation in the Executive Branch over a four year period
- Five pilot agencies initiated KQM:
 - Adjutant General
 - Commerce and Housing
 - Revenue
 - Social and Rehabilitative Services
 - Transportation
- In line with quality management philosophies, agency participation in KQM development and implementation included:
 - Serving on the KQM Planning and Guidance Committee
 - Serving on the Implementation Plan Committee
 - Serving on the Communication Strategy Committee
 - Assisting in the development of KQM Materials and Training Modules
 - Training KQM principles, philosophies, and tools
 - Creating and developing a Quality Management Network to act as a resource for agencies implementing KQM
- KQM principles are being institutionalized through the Comprehensive Management Education and Training Strategy to:
 - Evolve KQM from program status to the State of Kansas' cultural philosophy
 - Provide agencies clear direction based upon the four core guiding principles
 - Allow agencies the flexibility to institute quality initiatives that are responsive to their individual needs
- With decentralization of the KQM Program, KQM is evolving:
 - KQM Planning and Guidance Committee disbanded after Phase IV implementation
 - A number of agencies have incorporated KQM team training into other programs, more effectively meeting their needs in terms of employee development (rather than requiring agency employees to attend Team training provided by the Division of Personnel Services)

- As agencies implement KQM, they become responsible for initiatives based upon their individual needs:
 - Adjutant General has transitioned to Total Quality Management based upon the federal initiative
 - Commerce and Housing has transitioned to Quality Assurance
 - Revenue uses Re-engineering, and will return to a Continuous Quality Improvement initiative upon completion of Re-engineering
 - SRS uses a number of initiatives based upon the needs of the particular organization
- Transportation uses Continuous Quality Improvement
- All incorporate the four guiding principles of KQM

Kansas Quality Management Program

- 36 Executive Branch Commissions, Boards, and Agencies have reported on quality management activities
- 864 Team Projects have been reported
- Four training courses are provided by the Division of Personnel Services:
 - KQM Awareness
 - KQM Team Member
 - KQM Team Leader
 - KQM Team Facilitator
- Two reference materials on KQM are available to state employees:
 - KQM Guidebook
 - KQM Builders Handbook

K.S.A. 75-37,115/ K.A.R. Article 63 Kansas Quality Program

- Institutionalized by law in 1994
- Basis for the State Executive Branch management philosophy
- Focused on continuous process improvement
- Based upon the principles of Total Quality Management (TQM)
- Created a mechanism for rewarding individuals and team members for achievements
- Required agencies to address reward and recognition within an Agency Implementation Plan before budgeting for and paying out bonuses and rewards
- Adopted Kansas Quality Management (KQM) as a state-wide management philosophy by defining Guiding Principles
- Delegated development of the quality management program to the Division of Personnel Services

Quality Award Requirements

	Kansas Quality Management (K.S.A. 75-37,115)	Kansas Quality Program (Agency Re-appropriations)	Kansas Savings Incentive Program (Agency Re-appropriations)
Timeframe	1995-present	1997 ¹	1998
Bonus is based upon measurable process improvements and significance of impact	Yes	Yes	No
Award money budgeted for by Agency	Yes	No	No
Award money allocated through legislative re-appropriations	No	Yes ²	Yes ²
Awarded to:			
Teams or Team Members	Yes	Yes	Yes
Individuals	Yes	Yes	Yes
Spending limited to:			
Cash or Non-Cash Bonuses	Yes	Yes	Yes
Technology Purchases	Yes	Yes	Yes
Training	Yes	Yes	Yes
Agency Implementation Plan authorization required for rewards	Yes	Yes	No ³
Bonuses paid at the discretion of the Agency Head:	Yes	Yes	Yes

¹ Replaced by the Kansas Savings Incentive Program in 1998

² 50% of the money saved by an agency in a fiscal year can be used in the following fiscal year for awards. For example, FY 99 bonuses are using 50% of agency FY 98 savings.

³ The Kansas Savings Incentive Program dropped the requirement that agencies must have authorization through the Agency Implementation plan making all agencies eligible for using re-appropriated savings

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STATE OF KANSAS
QUALITY BONUSES AWARDED
FY 1996-Current

	FY 1996		FY 1997		FY 1998		FY 1999 to Date		Total Dollars Spent	Total Employees Receiving Bonuses	Average Bonus Amount
	Quality Bonus Payment	Number of Employees Receiving Bonus	Quality Bonus Payment	Number of Employees Receiving Bonus	Quality Bonus Payment	Number of Employees Receiving Bonus	Quality Bonus Payment	Number of Employees Receiving Bonus			
Administration	\$750.00	1	\$1,022.07	3	\$8,750.00	19	\$21,344.57	42	\$31,866.64	65	\$490.26
Aging	\$0.00	0	\$17,000.00	13	\$0.00	0	\$19,000.00	19	\$36,000.00	32	\$1,125.00
Citizens Utility Rate	\$0.00	0	\$0.00	0	\$0.00	0	\$1,000.00	1	\$1,000.00	1	\$1,000.00
Commerce and Housing	\$0.00	0	\$0.00	0	\$0.00	0	\$4,500.00	5	\$4,500.00	5	\$900.00
Consumer Credit Commission	\$0.00	0	\$6,000.00	6	\$0.00	0	\$2,200.00	5	\$8,200.00	11	\$745.45
Corrections	\$0.00	0	\$1,580.00	19	\$400.00	8	\$1,732.00	19	\$3,712.00	46	\$80.70
Dental Board	\$0.00	0	\$500.00	1	\$0.00	0	\$0.00	0	\$500.00	1	\$500.00
Fire Marshall	\$0.00	0	\$8,821.98	27	\$4,000.00	4	\$2,000.00	2	\$14,821.98	33	\$449.15
Health and Environment	\$0.00	0	\$0.00	0	\$1,440.16	10	\$18,000.00	18	\$19,440.16	28	\$694.29
Highway Patrol	\$0.00	0	\$0.00	0	\$0.00	0	\$3,500.00	6	\$3,500.00	6	\$583.33
KPERS	\$0.00	0	\$0.00	0	\$0.00	0	\$59,667.00	62	\$59,667.00	62	\$962.37
Mortuary Arts	\$0.00	0	\$0.00	0	\$1,500.00	2	\$0.00	0	\$1,500.00	2	\$750.00
Securities Commission	\$0.00	0	\$0.00	0	\$0.00	0	\$6,600.00	26	\$6,600.00	26	\$253.85
SRS	\$0.00	0	\$1,000.00	1	\$0.00	0	\$0.00	0	\$1,000.00	1	\$1,000.00
State Library	\$0.00	0	\$0.00	0	\$0.00	0	\$3,000.00	3	\$3,000.00	3	\$1,000.00
Veterinary Examiners	\$0.00	0	\$0.00	0	\$0.00	0	\$1,500.00	2	\$1,500.00	2	\$750.00
Wheat Commission	\$0.00	0	\$0.00	0	\$0.00	0	\$6,000.00	6	\$6,000.00	6	\$1,000.00
Totals	\$750.00	1	\$35,924.05	70	\$16,090.16	43	\$150,043.57	216	\$202,807.78	330	\$614.57