

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 30, 1999 in Room 526-S of the Capitol.

All members were present except: Representative Tim Carmody - excused

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

Conferees appearing before the committee: Don Rezac, State Employees Association of Kansas (SEAK)
Bobbi Mariani, Assistant Director, Division of Personnel Services, Department of Administration
Paul Wilson, Kansas Association of Public Employees (KAPE)
Julian Efird, Legislative Research Department
Marvin Burris, Kansas Board of Regents

Others attending: See attached list

Chairperson Wilk opened the hearing on **SB 352 - State officers' and employees salaries and compensation.**

The Fiscal Note was distributed for **SB 352 (Attachment 1).**

Alan Conroy, Legislative Research Department, gave a briefing on the bill and reviewed the Fiscal Note.

Don Rezac, State Employees Association of Kansas (SEAK), proponent, was recognized by Chairperson Wilk and noted that, while the bill will not correct the major problems created by a competitive labor market, it does provide for continuity of the state pay plan. Mr. Rezac requested that **SB 352** be amended to include provisions of **HB 2143** allowing employees who have reached the last pay step in a range to skip to the next higher range of the pay plan to a step that would provide the equivalent to a step increase (**Attachment 2**).

Chairperson Wilk recognized Bobbi Mariani, Assistant Director, Division of Personnel Services, Department of Administration, who addressed the Committee on behalf of Dan Stanley, Secretary, Department of Administration, proponent (**Attachment 3**).

Paul Wilson, Kansas Association of Public Employees (KAPE), proponent, was recognized by Chairperson Wilk and noted that KAPE supported the bill when it was in the Senate and feels that the 3.5% increase is reasonable under current economic conditions.

Chairperson Wilk closed the hearing on **SB 352.**

Chairperson Wilk opened the hearing on **SB 40 - KPERS, suspension of benefits for retirants who serve as members of legislature.**

The Fiscal Note was distributed for **SB 40 (Attachment 4).**

Julian Efird, Legislative Research Department, gave a briefing on the bill. Jack Hawn, Deputy Executive Secretary, KPERS, assisted in answering technical questions.

Chairperson Wilk closed the hearing on **SB 40**.

Chairperson Wilk opened the hearing on **SB 342 - State board of regents; reimbursement of moving expenses for certain employees**.

The Fiscal Note was distributed for **SB 342 (Attachment 5)**.

Paul West, Legislative Research Department, gave a briefing on the bill.

Marvin Burris, Kansas Board of Regents, proponent, was recognized by Chairperson Wilk and noted that this bill would facilitate the reporting of nontaxable moving expenses on regents employees' W-2s, and is the result of discussions with representatives of the Department of Administration (**Attachment 6**).

Chairperson Wilk closed the hearing on **SB 342**.

Chairperson Wilk asked the Committee to keep their attention on **SB 342**.

Representative Campbell moved to pass favorably SB 342. The motion was seconded by Representative Gatewood. The motion carried.

Chairperson Wilk then asked the Committee to return their attention to **SB 352 - State officers' and employees salaries and compensation**.

Representative Campbell moved to pass favorably SB 352. The motion was seconded by Representative Kirk. Discussion followed regarding the amount of the Fiscal Note. Jim Wilson, Revisor, clarified that the House appropriation bills currently retain all the funding required to carry out the recommendations for funding of the Governor's recommended 3.5% increase. The Senate committee initially chose to withdraw all salary increase money from individual agency budgets and put the money in this bill. They subsequently acted to report the FY 2000 appropriation bill as recommended by the Governor with the money still in the agency budgets. SB 352 was acted on by the full Senate before the subsequent action was taken in the Senate Committee on Ways and Means on the FY 2000 appropriation bill to restore the money to agency budgets. With that explanation, Chairperson Wilk recommended that the motion be revised and the money be taken out since it is already in the appropriation bill. Representatives Campbell and Kirk concurred.

Representative Campbell moved to amend the bill to eliminate the money and pass the bill favorably as amended. The motion was seconded by Representative Kirk.

A substitute motion was made by Representative Gatewood to amend the bill to remove the money and all elected officials from the bill. The motion was seconded by Representative Jenkins. The motion failed. Representatives Gatewood and Jenkins were recorded as voting "yes" on the motion.

A vote was taken on the motion by Representative Campbell. The motion carried.

Chairperson Wilk mentioned that the Committee may hold a hearing on **HB 2570** at a meeting to be announced later.

Chairperson Wilk adjourned the meeting at 2:50 p.m.

KANSAS 2000 SELECT COMMITTEE GUEST LIST

DATE: 3-30-99

| NAME | TITLE | REPRESENTING |
|------------------|---------------|------------------------|
| Don Rove | Lobbyist | S.E.A.K |
| Alex A. Kobyantz | Lobbyist | Ks. Academy of Science |
| Markus Rein | | KU |
| Brenda Owens | | SRS |
| Don Pesmark | Administrator | Highway Patrol |
| Jack Hawn | " | KPERE |
| PAUL WILSON | | KAPE |
| Jared Brunton | KU Student | KU |
| Karen Watney | | DOA |
| B. Meriani | | DOA |
| Dick Kerth | | KOWP |
| Louis Chabwa | | Budget |
| SUE PETERSON | | K-STATE |
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Kansas 2000

DIVISION OF THE BUDGET

Room 152-E

State Capitol Building

Topeka, Kansas 66612-1575

(785) 296-2436

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Bill Graves
GovernorDuane A. Goossen
Director

March 17, 1999

The Honorable Dave Kerr, Chairperson
Senate Committee on Ways & Means
Statehouse, Room 120-S
Topeka, Kansas 66612

Dear Senator Kerr:

SUBJECT: Fiscal Note for SB 352 by Senate Committee on Ways & Means

In accordance with KSA 75-3715a, the following fiscal note concerning SB 352 is respectfully submitted to your committee.

SB 352 would implement the Governor's salary plan for state employees for FY 2000 but would do so in a manner different from how the Governor proposes. The funds to implement all parts of the salary plan under the Governor's recommendation are included in the budget of each state agency. This bill would appropriate the money for implementation of the pay plan to the State Finance Council, which would then distribute the funds to the appropriate accounts in each agency upon recommendation of the Director of the Budget.

For classified employees, step movement and longevity bonus payments are included, and the bill authorizes a 1.0 percent increase in the pay matrix for a base salary adjustment. For unclassified employees, the bill authorizes a merit pool totaling 3.5 percent, including the salaries of elected officials. These include the Governor, Lieutenant Governor, Attorney General, State Treasurer, Secretary of State, Insurance Commissioner, state legislators, and certain legislative leaders. Because their salaries are established by statute, this bill also would authorize the salaries of elected officials to be increased.

Kansas 2000 Select Committee

Meeting Date 3-30-99Attachment 1

| Estimated State Fiscal Impact | | | | |
|-------------------------------|----------------|----------------------|----------------|----------------------|
| | FY 1999 SGF | FY 1999 All Funds | FY 2000 SGF | FY 2000 All Funds |
| Revenue | -- | -- | -- | -- |
| Expenditure | -- | -- | \$32,485,506 | \$60,578,194 |
| FTE Pos. | -- | -- | -- | -- |

The bill authorizes increases in the expenditure limitation of special revenue funds and appropriates monies from the State General Fund in the following amounts for FY 2000 to finance the pay plan. These amounts are already included in *The FY 2000 Governor's Budget Report*.

| | State General Fund | All Funds |
|--------------------|--------------------|------------------|
| Executive Branch | \$29,100,609 | \$57,193,297 |
| Legislative Branch | 430,904 | 430,904 |
| Judicial Branch | <u>2,953,993</u> | <u>2,953,993</u> |
| Total | \$32,485,506 | \$60,578,194 |

Sincerely,



Duane A. Goossen
Director of the Budget

S *tate Employees Association of Kansas*

TESTIMONY OF THE STATE EMPLOYEES ASSOCIATION REGARDING SB 352

The State of Kansas has had the same basic pay plan since the beginning of World War II. It has been altered slightly over the years, adding or subtracting steps and changing the percentage amount between steps. The last substantial change occurred in 1989 when two steps were added and the longevity plan introduced.

From an employee perspective, the implementation of the state pay plan has had some failings. Kansas is at the low end of the pay scale relative to other states. The Division of Personnel has stated that only half of the positions in state government are paid at the market level. Nearly forty percent of state jobs are paid below market level. While the pay plan provides for yearly compensation studies, the last series of such studies was begun in 1984 and took 10 years to fund and complete.

Despite the flaws in the current system, SEAK supports Senate Bill 352 which would provide a step increase and a one percent cost of living adjustment. While the bill will not correct the major problems created by a competitive labor market, it does provide for continuity in a system that has functioned reasonably well.

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SEAK@cjnetworks.com

Kansas 2000 Select Committee
Meeting Date 3-30-99
Attachment 2

(2)

There is one change in the present matrix system that SEAK would respectfully request this committee to consider. State employees are trapped on a pay range once the employee reaches the last pay step in the range. SEAK believe this portion of the plan unfairly penalizes the state's most senior employees by denying them the same step increase their fellow employees receive.

There is no logic to designating a class of employee entitled to receive a step increase and a class which is not. That is especially true when the only basis for doing so is that one employee has been with the state longer than the other. To alleviate the problem, SEAK supports HB 2143 and requests that its provisions to be amended into SB 352. HB 2143 is a modification in the pay plan that would allow an employee to skip to the next higher range of the pay plan to a step that would provide the equivalent to a step increase. This is a common sense, relatively inexpensive means of fixing the most glaring problem within the state pay matrix.

While SB 352 does not address the major problems created by a competitive labor market, state employees appreciate the continuity of the state pay plan. The lack of change it has undergone is a testament to its basic soundness. The best changes are often the simplest, and doing away with the cap on the pay ranges would benefit all state employees and is an expedient way of resolving a major flaw in the current system.

**Testimony by
Dan Stanley, Secretary
Department of Administration
before the
Kansas 2000 Select Committee
March 30, 1999**

Senate Bill 352

Mr. Chairperson and members of the committee, thank you for the opportunity to appear before you today in support of Senate Bill 352. This bill provides a 1% cost of living adjustment to the pay plan for classified 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 13, 1999. The bill also increases the salaries for those employees whose salaries are determined by statute.

The Governor has recommended the equivalent of a 3.5% increase for all state employees which, in addition to the 1% increase, includes a 2.5% step movement for employees on the classified pay matrix. The Governor also supports continued funding for longevity bonus payments for eligible employees.

State employees continue to find innovative ways to better serve the citizens of Kansas while adjusting to tighter budgets and reductions in staff. I encourage your favorable consideration of Senate Bill 352 and for funding step movement and longevity. Thank you.

Kansas 2000 Select Committee
Meeting Date 3-30-99
Attachment 3

Kansas Civil Service
Adjustments in Basic Salary Plan
Since November, 1970

| Effective Date | Amount of Increase |
|------------------------------------|--|
| November 1, 1970 | New pay Plan was recommended by PAS and as amended by State Finance Council (Approximate average increase of 8.5%) |
| July 1, 1973 (FY74) | 5% general increase |
| July 1, 1974 (FY75) | 5.5% general increase or \$30 per month, whichever amount greater (Average increase 6.1%) |
| July, 1975 (FY76) | 5% general increase plus \$25 (Average increase 8.4%) |
| July, 1976 (FY77) | 2.8% general increase plus \$15 (Average increase 4.4%) |
| July, 1977 (FY78) | 3% general increase or \$25 per month, whichever amount smaller (Average increase 2.2%) |
| July, 1978 (FY79) | 7.25% up to a maximum of \$125 per month |
| July, 1979 (FY80) | 4% plus \$26 (Average increase 6.6%) |
| July, 1980 (FY81) | New Pay Plan (Average increase 11%) |
| July, 1981 (FY82) | 5% general increase |
| July, 1982 (FY83) | 6.5% general increase |
| January, 1984 (last half of FY84) | 4.5% general increase |
| July, 1984 (FY85) | 5% general increase plus \$204 bonus in two payments paid on November 1, 1984 and March 1, 1985 |
| July, 1985 (FY86) | New Pay Plan (34 ranges, 13 steps) Average increase from conversion to new matrix – 1.2% Average increase from step movement – 4.6% Total average increase – 5.8% |
| July, 1986 (FY87) | 3% general increase; 2.5% step movement funded |
| November, 1987 (last half of FY88) | 2% general increase; 2.5% step movement funded |
| July 1, 1988 (FY89) | 4% general increase; 2.5% step movement funded |

**Kansas Civil Service
Adjustments in Basic Salary Plan
Since November, 1970**

| Effective Date | Amount of Increase |
|--|---|
| July 1, 1989 (FY90) | New Pay Plan (34 ranges, 15 steps). 3% general increase; 2.5% step movement; longevity payment of \$40 for each year of service beginning at year 10 and reaching maximum after year 25. |
| July 1, 1990 (FY91) | 1.5% general increase; 2.5% step movement; longevity payment of \$40 for each year of service beginning at year 10 and reaching maximum after year 25. |
| July 1, 1991 (FY92) | 2.5% step movement; longevity payment of \$40 for each year of service beginning at year 10 and reaching maximum after year 25. |
| December 18, 1992 (last half of FY93) | 1.0% general increase; 2.5% step movement; longevity payment of \$40 for each year of service beginning at year 10 and reaching a maximum after year 25. |
| July 1, 1993 (FY94) | 0.5% general increase; 2.5% step movement; longevity payment of \$40 for each year of service beginning at year 10 and reaching a maximum after year 25. |
| September 18, 1994 (last 9 months of FY95) | 1.5% general increase; 2.5% step movement; longevity payment of \$40 for each year of service beginning at year 10 and reaching a maximum after year 25. |
| July 1, 1995 (FY96) | 1.0% general increase; 2.5% step movement; longevity payment of \$40 for each year of service beginning at year 10 and reaching a maximum after year 25. |
| July 1, 1996 (FY97) | No general increase. 2.5% step movement; longevity payment of \$40 for each year of service beginning at year 10 and reaching a maximum after year 25. |
| July 1, 1997 (FY98) | 1% general increase; 2.5% step movement; longevity payment of \$40 for each year of service beginning at year 10 and reaching a maximum after year 25. |
| July 1, 1998 (FY99) | 1.5% general increase; 2.5% step movement; longevity payment of \$40 for each year of service beginning at year 10 and reaching a maximum after year 25. |



Kansas 2000

DIVISION OF THE BUDGET

Room 152-E

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Bill Graves
Governor

Duane A. Goossen
Director

January 19, 1999

The Honorable Dave Kerr, Chairperson
Senate Committee on Ways & Means
Statehouse, Room 120-S
Topeka, Kansas 66612

Dear Senator Kerr:

SUBJECT: Fiscal Note for SB 40 by Senate Committee on Ways and Means

In accordance with KSA 75-3715a, the following fiscal note concerning SB 40 is respectfully submitted to your committee.

SB 40 pertains to any member of the Legislature who retires after July 1, 1998, and once again becomes a member of the Legislature. Under provisions of this bill, these persons would not be entitled to receive any retirement benefits while they are still serving as a member of the Legislature. In addition, the bill would provide that these persons would not make additional KPERS contributions and that they would not receive additional credit for the years served after their retirement.

KPERS states that SB 40 would have no actuarial or administrative costs.

Sincerely,

Duane A. Goossen
Director of the Budget

cc: Jack Hawn, KPERS

Kansas 2000 Select Committee
Meeting Date 3-30-99
Attachment 4



Kansas
2000

DIVISION OF THE BUDGET

Room 152-E
State Capitol Building
Topeka, Kansas 66612-1575
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Bill Graves
Governor

Duane A. Goossen
Director

March 3, 1999

The Honorable Dave Kerr, Chairperson
Senate Committee on Ways & Means
Statehouse, Room 120-S
Topeka, Kansas 66612

Dear Senator Kerr:

SUBJECT: Fiscal Note for SB 342 by Senate Committee on Ways and Means

In accordance with KSA 75-3715a, the following fiscal note concerning SB 342 is respectfully submitted to your committee.

SB 342 would authorize reimbursement of moving expenses to persons in the unclassified service at the state's Regents universities. The reimbursement must be paid by private funds and could not be paid to universities' chief executive officers.

The Board of Regents indicates that SB 342 would have no fiscal impact on the operating budgets of the Regents institutions. Any monies paid as reimbursement would come from endowment association or other affiliated corporations.

Sincerely,

Duane A. Goossen
Director of the Budget

cc: Marvin Burris, Board of Regents

Kansas 2000 Select Committee
Meeting Date 3-30-99
Attachment 5

KANSAS 2000 SELECT COMMITTEE

TESTIMONY ON SENATE BILL 342

Presented by
Marvin A. Burris
Director of Planning, Budget and Governmental Affairs
Kansas Board of Regents

March 30, 1999

The Board of Regents requested the introduction of SB 342, which amends the statute on reimbursement of moving expenses; specifically, SB 342 amends K.S.A. 76-727 as follows:

(b) (3) Reimbursement for moving expenses may be made to applicants for positions in the unclassified service under the Kansas civil service act at state educational institutions other than chief executive officers in accordance with this section if such reimbursement is from private funds provided to the state educational institutions by the endowment associations or other affiliated corporations of such state educational institutions.

This amendment would not permit the institutions to reimburse such employees for moving expenses from state funds. This amendment would facilitate the reporting of nontaxable moving expenses on Regents employees' W-2s, and is the result of discussions with representatives of the Department of Administration. The following paragraphs briefly summarize the issue addressed by the proposed amendment.

Regents institutions have historically paid moving expenses for certain professional personnel recruited to the institution. Such costs have been financed by private monies and paid by the universities' endowment associations. Since the payments are made by the endowment association on behalf of a university employee, IRS rulings require that the payment of such nontaxable moving expenses must be reported on the employee's W-2. (If the endowment association issued a 1099 to the employee, the benefit would be taxable to the employee.) The Department of Administration prepares the W-2s for all state employees, since the State of Kansas is the single employer of all state employees. The Department of Administration has declined to include on the W-2 such nontaxable moving expenses provided by the endowment association. The Department has indicated that such reporting would result in the appearance that the State provided the benefits to the employee, when statute prohibits the Regents institutions from paying moving expenses for employees other than the CEOs.

Resulting from discussions with representatives of the Department, a mutually agreeable solution was reached: That the Board of Regents would seek an amendment to the statute on moving expenses, which would allow a Regents institution to pay moving expenses for unclassified employees other than CEOs, provided that the reimbursement is from funds provided to the institution from its endowment association or other affiliated corporations. Both the Secretary of Administration and the Director of Accounts and Reports have indicated they would support such an amendment.

The Committee's favorable consideration of SB 342 would be greatly appreciated.

Kansas 2000 Select Committee

Meeting Date 3-30-99

Attachment 6