

MINUTES OF THE SENATE WAYS & MEANS COMMITTEE.

The meeting was called to order by Chairperson Dave Kerr at 11:00 a.m. on March 28, 2000 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Alan Conroy, Chief Fiscal Analyst, KLRD
 Rae Anne Davis, KS Legislative Research Department
 Debra Hollon, KS Legislative Research Department
 Norman Furse, Revisor of Statutes
 Michael Corrigan, Asst. Revisor of Statutes
 Judy Bromich, Administrative Assistant to the Chairman
 Ronda Miller, Committee Secretary

Conferees appearing before the committee:

Secretary Dan Stanley, Department of Administration
 Mike Auschard, University of Kansas Classified Senate
 Andy Sanchez, Kansas Association of Public Employees
 Don Rezac, State Employees Association of Kansas

Others attending: See attached list

Senator Feleciano moved, Senator Morris seconded, that the minutes of the March 21 meeting as amended and the minutes of the March 15, 16, 20, and 27 meetings be approved. The motion carried on a voice vote.

SB 506: Establishing the judicial branch nonjudicial salary initiative fund; docket fees

Senator Ranson distributed and reviewed copies of the subcommittee report on **SB 506** (Attachment 1). She stated that the subcommittee's recommendation provides for a one time salary upgrade (for nonjudicial officers and employees of the Judicial Branch) in the first year of approximately \$3.9 million and sustains the growth in the original upgrade. She said that under the provisions of the original bill, the docket fees would have been used to provide annual salary upgrades but were not going to pay ongoing increases that were built into the base. This would have resulted in an increased burden on the SGF. Senator Ranson reviewed an exhibit which compared costs associated with the existing salary plan and the subcommittee's proposed salary plan (Attachment 1-4). In answer to a question, Senator Ranson stated that the nonjudicial employees will receive the annual salary increase as well as this upgrade.

In response to the subcommittee's recommendation that the Judicial Council identify fees that might be imposed or increased to finance nonjudicial employee salary increases (Attachment 1-3), Senator Salisbury noted that most other states assess charges for supervision probation under the Interstate Compact and Kansas does not.

Members reviewed the proposed docket fee increases to generate salary upgrade funding (Attachment 1-5). There was some discussion about the subcommittee's recommendation to transfer monies from docket fees earmarked for the nonjudicial salary upgrade to the Access to Justice Fund. Staff noted that the percentage of docket fees received is increased in the bill and that is what is transferred.

Copies of the subcommittee's balloon version of the bill were distributed to members (Attachment 2).

In answer to the Chairman, members of the subcommittee stated that there was a public hearing on **SB 506**. The subcommittee adopted some of the recommendations of the conferees regarding the docket fees

CONTINUATION SHEET

SENATE WAYS & MEANS COMMITTEE MINUTES

but, in general, adopted the national average (Attachment 1-5).

The Chairman asked called upon a spokesperson for the Judicial Branch and attorney to comment on the subcommittee's recommendations for increasing docket fees. Kathy Porter, Judicial Branch, told members that the subcommittee adopted the national average from 1995 because that was the most recent information available. She stated that in Chapter 61 cases, a debt collection attorney can collect attorney fees and court costs as part of the recovery if money is recovered. She added that there is also a statute that allows trouble recovery of the amount of the bad check or the debt. Responding to questions about the pay plan, Ms. Porter stated that the Judicial Council has made progress in evaluations and in identifying those employees that will begin pay for performance, and will continue to look at fees that might be increased.

Elwaine Pomeroy, representing Kansas Credit Attorneys and Kansas Collectors Association, told members there were 124,000 limited actions cases under \$500 last year and increasing the docket fee from \$19 to \$44 is a disproportionate increase. Senator Jordan noted that the limited actions cases under \$500 generate as much paperwork for nonjudicial employees as some of the other legal actions.

Chairman Kerr inquired whether the Judiciary Committee had expressed concern about the proposed docket fee increases. Senator Ranson responded that only one subset of collection attorneys had expressed concern about the fees. Senator Salmans voiced his opinion that the fees should be rounded to the nearest dollar. It was moved by Senator Ranson and seconded by Senator Morris that any docket fee which was changed in the balloon should be rounded to the nearest dollar, that the amended language of the balloon be substituted into SB 506, and that SB 506 as amended be recommended favorably for passage. The motion carried on a roll call vote.

Alternative plan to:

SB 656: State officers and employees, compensation increases

Chairman Kerr distributed copies of a list of advantages and disadvantages associated with the alternative pay plan for state employees (Attachment 3). He advised the Committee that some members had expressed interest in reviewing the plan since his initial attempt to present it to Committee members for their consideration. He pointed out that this plan assumes an annual cost of living adjustment (COLA) for all classified employees (instead of step movement and longevity bonuses) including the 3,100 employees who would be ineligible for increases under the current system.

Secretary Dan Stanley, Department of Administration, appeared before the Committee and took a neutral position on the alternative pay proposal. He reviewed his written testimony, noting particularly that increases in annual salary budgets for state employees have historically been comparable to those of other employers (Attachment 4). However, the distribution of funding for pay components have varied significantly over the last 10 years when compared to other employers, and that has caused entry level positions to fall below market rate. He added that employees who are at step 8 or 9 on the pay matrix are compensated at about market rate; those who are at the top of the pay matrix are compensated above market rate.

In answer to questions, Secretary Stanley commented that:

- The current pay plan is largely responsible for problems in the recruitment of new employees and the retention of new hires.
- State employees may oppose the alternative pay plan because it is a change from something with which they are familiar. He added that it would be incumbent on the Legislature to fund COLAs, and some employees may have some anxiety about that.
- This proposal would move the pay matrix on an annual basis by a greater percentage than the current pay plan. He noted that the departments would still have to adjust for market.
- In nearly all the analyses of pay plans, one consistent recommendation was to change to a system that would move the pay matrix forward instead of investing the money internally in the pay matrix. He added that in a comparison with other states by Fox-Lawson, Kansas ranks in the lowest 10% of the states that have not broken out of a system that is the least flexible, least

CONTINUATION SHEET

SENATE WAYS & MEANS COMMITTEE MINUTES

aggressive, and least innovative.

Andy Sanchez, Kansas Association of Public Employees, testified in opposition to the alternative pay plan and reviewed his written testimony (Attachment 5). He emphasized that the state has done a very poor job of properly funding the pay plan in the past. Senator Salisbury reviewed an exhibit prepared by the Research Department which illustrated the percentage increases for classified employees under step movement and base salary adjustments over the last 10 years (Attachment 6). She noted that Mr. Sanchez's organization was critical of the way the current pay plan is funded, and she questioned why KAPE would oppose a plan that enhances salaries at both the beginning and the end of the pay matrix.

Don Rezac, State Employees Association of Kansas, testified in opposition to the pay proposal and reviewed his written testimony (Attachment 7). To address the issue of not providing pay increases for those employees at the top of the pay matrix, Mr. Rezac asked that the Committee consider adding the 16th step to the current system. He told members that longevity is an important part of the plan to many state employees. Bobbi Mariani, Division of Personnel Services, explained to the Committee that the only time longevity is counted in an employee's final average salary calculation is the last three years the employee receives it. Senator Downey expressed her concern that the comments from state employees regarding the proposed plan was not a broad based sampling (Attachment 7, 2 & 3).

Michael Auschard, V.P. of the KU Classified Senate, appeared before the Committee and delivered comments on the proposed plan. He said he represents 1600 state employees and would support a COLA instead of step movement, but would not support the elimination of longevity in a tight fiscal year. He stated that though longevity does not go into the base and has not been adjusted since 1989, career employees depend on it. In answer to the Chairman, he stated that it would be good to devise a fair and equitable way to eliminate longevity when there is sufficient money because it is a problematic part of the pay plan. Senator Ranson expressed her opinion that the letter from the V.P. of the KU Classified Senate included in Mr. Rezac's testimony was "less than professional."

A comparison of costs of the current pay system (both SGF and all funds) versus those of the proposed plan, and a comparison between the classified base pay under the current system and the alternative plan for fiscal years 2001 and 2002 was distributed to members (Attachment 8). Chairman Kerr explained that in FY 2001, assuming a 2.5% COLA, there would be a savings of \$2.3 million SGF. In the second year, there would be \$2.2 million SGF savings, and the savings from longevity and step would be used to fund base pay by an additional \$8. million. There was lengthy discussion about who might be the "winners and losers" under this proposal. Bobbi Mariani, Division of Personnel Services, stated that those who do not receive longevity and those employees who are at the top of the matrix and receive \$1,000 would benefit under this proposal. She stated that she did not know how it would impact those in the middle of the matrix.

Senator Downey and Senator Salisbury expressed an interest in having more information from the Division of Personnel Services in regard to how the alternative pay plan would impact various samplings of employee groups.

Senator Petty moved, Senator Feleciano seconded, that SB 656 be amended to include all provisions of SB 617 (the provision for a 16th step) and be recommended favorably for passage as amended. The motion failed on a roll call vote.

Senator Petty moved, Senator Feleciano seconded, that SB 656 be recommended favorably for passage. The motion carried on a roll call vote.

The Chairman adjourned the meeting at 2:00 p.m. The next meeting will be March 29, 2000.

SENATE WAYS & MEANS COMMITTEE GUEST LIST

DATE: March 28, 2000

NAME	REPRESENTING
Alex Kotoyantz	Citizen (Retired KDOT)
Bill Brady	KS Gov't Consulting
Melissa Neas	Kansas Children's Service League
Allen Humphrey	KS Corp. Comm.
Udilynun Kelsel	Budget Division
Jerry Sloan	Judicial Branch
Kathy Parlow	OJA
Howard Schwartz	OJA
JACK FOWLER	KS JOP CT
ERIC GEXION	WSU
TK Shively	KS LEGAL SERVICES
Don Ryan	J. E. A. R.
Sue Peterson	K-STATE
Virginia Stan	Fiducia Consulting
Jon Jossard	KU
Judy Ritterson	DOC
Myron C. Reed	DOFA Fac. Mgmt.
Carol Reed	SRS
Mike Auchard	KU Classified Senate
Sutt Brunner	DOB

SENATE WAYS & MEANS COMMITTEE GUEST LIST

DATE: March 28, 2000

NAME	REPRESENTING
Sheli Sweeney	Ks Dept on Aging
Nora Smith	Intern - Sen. Feleciano

**SENATE SUBCOMMITTEE REPORT
ON SB 506**

In June 1999, the Kansas Supreme Court appointed the Nonjudicial Salary Initiative and charged it with making a study of the pay plan for nonjudicial employees. The findings and recommendations of that group were adopted by the Supreme Court and presented to the 2000 Legislature as part of the Judicial Branch's budget request for FY 2001.

The study documents annual turnover rates in excess of 20 percent for some employee classifications and shows that judicial branch salaries have increased over the years at a lower rate than private sector salaries. The study makes a convincing case that salaries, particularly at the entry level and for the first several years of employment, are not competitive with even other public sector jobs and are the reason the judicial branch cannot attract and retain staff at the district court level.

To address the situation, the Judicial Branch proposed a nonjudicial employee salary initiative that would have upgraded salaries, tied cost of living adjustments (COLAs) to increases in the inflation rate, implemented a performance-based pay plan for supervisory and nonsupervisory employees, and eliminated annual step increases in favor of less frequent but more meaningful increases. These changes would cost an estimated \$3.9 million in FY 2001.

The Judicial Branch originally requested that the initiative be funded from the State General Fund, but revised its proposal to recommend that the initiative be funded from increased docket fees. Both the salary plan initiative and legislation that would increase docket fees (SB 506) were referred to the Subcommittee on the Judicial Branch budget, which gave serious consideration to the substance of the Judicial Branch's proposal, the desirability of implementing a new salary plan for a subset of state employees that could serve as a model for state government in general, and the proposal's fiscal consequences.

The Subcommittee is persuaded by the findings of the study of nonjudicial salaries and believes the district courts face a serious problem in attracting qualified employees and keeping those employees for more than a few years, after which many leave for better paying jobs. Indeed, most of the work of the Subcommittee was devoted to finding a way to implement the proposed initiative. In this endeavor, the Subcommittee adhered to the policy that the State General Fund should be held harmless and that docket fees should pay for all increases due to the initiative.

Unfortunately, while docket fees would have covered increases in the implementation year of the plan, they would not have been adequate to sustain the plan in years to come and would have placed a growing burden on the State General Fund. The Subcommittee modifies the initiative as proposed by the Judicial Branch, but recommends what relief it can.

The Subcommittee's recommendations and conclusions are the following:

Senate Ways and Means Committee

Date *March 28, 2000*

Attachment # *1*

- Because of a lack of sufficient funding, nonjudicial staff are not receiving competitive salaries with local units of government and the private sector. As a result, there are morale problems, recruiting problems, excessive turnover, and vacancies in needed positions. The Subcommittee recommends a one-time upgrade of salaries in FY 2001 that will, in effect, implement the first year of the proposed initiative, but will not commit the state to other components of the plan, such as increased COLAs, that would create an on-going demand for additional State General Fund resources. The upgrade, costing an estimated \$3.9 million, would be funded entirely from docket fees, which, at least for the foreseeable future, would fund the increases that result from the upgrade in FY 2001 being built into the salary base. Attachment 1 illustrates the Subcommittee's salary recommendation for fiscal years 2001 through 2010.
- The Subcommittee recommends that SB 506 be amended to reflect a revised docket fee schedule. The Subcommittee received testimony by affected parties objecting to increases in the bill as introduced and proposes a compromise that will generate the same amount of money but will not increase some fees out of proportion to others. In most cases, the Subcommittee's recommendation is that docket fees in Kansas reflect the national average. The Subcommittee also proposes increases in some fees that were not part of the original proposal so that the increases are spread more equitably. The higher docket fees are expected to generate \$4.4 million in FY 2001, of which about \$4.3 million would be available for nonjudicial salaries. SB 506 also would make adjustments to docket fees that are earmarked for other units of government, state agencies, and the State General Fund, but these are technical changes necessary to maintain these units at the current level. Based on the Subcommittee's estimates, no entity that currently receives docket fee revenue would receive less money than it does now. Attachment 2 shows the docket fees that would be increased to provide additional funding for the salary upgrade and Attachment 3 shows how all docket fee percentages would be affected by the Subcommittee's proposal.
- SB 506, as introduced, clearly states that docket fee increases are to be used for salaries of nonjudicial personnel salaries. The Subcommittee emphasizes that docket fee money under the bill would not be used for judges' salaries or, with one exception, for other operating expenses. The exception is that the Subcommittee recommends an amendment to allow docket fees to pay for the continuation of a \$150,000 contract in FY 2001 with Kansas Legal Services, Inc., to provide statewide foster care legal services, including guardian *ad litem* and other legal representation services related to juveniles. For a small amount of money, the state can have an impact on the workload related to juveniles, which has reached crisis proportions in some judicial districts. The Subcommittee's proposal would shift money from docket fees earmarked for the nonjudicial salary upgrade to the Access to Justice Fund, from which the existing contract with Kansas Legal Services, Inc., is paid. Additional revenues to the

Access to Justice Fund as a result of this recommendation are estimated to be \$150,000 in FY 2001.

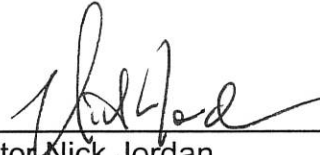
- SB 506 concerns docket fees, but there are other court costs and fees the Subcommittee did not have time to review, either as a possible source of revenue for nonjudicial salaries or as to how they relate to the changes being proposed in SB 506. Functions for which docket fees are charged are similar to other functions performed by district court personnel and should be considered as a whole. For that reason, the Subcommittee recommends that the Judicial Council undertake a study of district court charges for services in order to identify any fees, including docket fees, post judgment fees, supervision fees, or other fees that might be imposed or increased to finance nonjudicial employee salary increases.



Senator Pat Ranson, Subcommittee Chair



Senator Mark Gilstrap



Senator Nick Jordan

**ATTACHMENT 1
PROJECTED NONJUDICIAL EMPLOYEE SALARIES
BASED ON SENATE SUBCOMMITTEE RECOMMENDATION**

1-4

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
Existing Pay Plan (Salary and Benefits) (a)	\$ 48,263,392	\$ 49,807,821	\$ 51,401,671	\$ 53,046,524	\$ 54,744,013	\$ 56,495,821	\$ 58,303,688	\$ 60,169,406	\$ 62,094,827	\$ 64,081,861
Proposed Salary Plan (b)	\$ 52,155,784	\$ 53,824,769	\$ 55,547,162	\$ 57,324,671	\$ 59,159,060	\$ 61,052,150	\$ 63,005,819	\$ 65,022,005	\$ 67,102,709	\$ 69,249,996
Difference Between Existing and Proposed Plan (c)	\$ 3,892,392	\$ 4,016,949	\$ 4,145,491	\$ 4,278,147	\$ 4,415,047	\$ 4,556,329	\$ 4,702,131	\$ 4,852,600	\$ 5,007,883	\$ 5,168,135
Annual Docket Fee Receipts (d)	\$ 4,259,145	\$ 4,369,883	\$ 4,483,500	\$ 4,600,071	\$ 4,719,673	\$ 4,842,384	\$ 4,968,286	\$ 5,097,461	\$ 5,229,995	\$ 5,365,975
Docket Fees in Excess of Amount Needed	\$ 366,753	\$ 352,934	\$ 338,009	\$ 321,924	\$ 304,625	\$ 286,055	\$ 266,155	\$ 244,862	\$ 222,113	\$ 197,840

a) Assumes annual growth of 3.2 percent for step movement and cost of living adjustment (COLA).

b) Calculated as follows: Increased docket fees in FY 2001 are built into the base for succeeding fiscal years. Following the initial upgrade in FY 2001, salaries are increased by 3.2 percent (step movement and COLA).

c) Includes a one-time salary upgrade in FY 2001.

d) Fees based on increases proposed by the Subcommittee, assuming a 2.6 percent annual growth in caseload.

ATTACHMENT 2

**PROPOSED DOCKET FEE INCREASES
TO GENERATE SALARY UPGRADE FUNDING**

<u>Action</u>	<u>Current Fee</u>	<u>National Average</u>	<u>Proposed Increase</u>	<u>Revenue Generated by Increase</u>
Appellate Court Filings	\$ 55.00	\$ 123.50	\$ 123.50	\$ 74,424
Civil Cases				
Regular	66.50	87.39	87.39	461,935
Domestic	66.50	87.39	87.39	595,334
Limited Action				
\$500 or less	19.50	44.12	44.12	1,656,331
\$501—\$5,000	39.50	44.12	44.12	226,047
Over \$5,000	64.50	44.12	64.50	0
Small Claims				
\$500 or less	19.50	21.78	21.78	19,019
Over \$500	39.50	39.50	39.50	0
Traffic				
Moving	46.00	NA	53.00	1,119,086
Other	45.00	NA	53.00	142,106
Fish and Game	45.00	NA	53.00	27,795
Criminal				
Felony	134.50	NA	145.00	31,666
Misdemeanor	102.50	NA	110.00	59,050
TOTAL				<u>\$ 4,412,792</u>

ATTACHMENT 3

STATE DOCKET FEES

The following table shows docket fees that are paid to the State Treasurer on a monthly basis. The table shows current percentages and estimated revenues for FY 2001 and changes proposed by the Senate Ways and Means Subcommittee on SB 506.

Fund	Current Percentage	Revenues Generated (est.)	Proposed Change	Revenues Generated (est.)
Juvenile Detention Facilities Fund	4.35%	\$ 625,029	3.34%	\$ 624,809
Judicial Branch Education Fund	3.34%	479,907	2.57%	480,766
Trauma Fund	2.34%	336,222	1.80%	336,723
Judiciary Technology Fund	6.77%	972,746	5.20%	972,756
Dispute Resolution Fund	0.56%	80,463	0.43%	80,439
Protection from Abuse Fund	2.689%	385,075	2.06%	385,361
Crime Victims Assistance Fund	0.90%	129,316	0.70%	130,948
Permanent Families Account in the Family and Children Investment Fund	0.32%	45,979	0.25%	46,767
Access to Justice Fund	6.78%	974,183	6.01%	1,124,281
Kansas Juvenile Delinquency Prevention Trust Fund	1.98%	284,496	1.52%	284,344
State General Fund	69.98%	10,055,058	53.75%	10,054,928
Nonjudicial Salary Initiative Fund	<u>0.00%</u>	<u>0</u>	<u>22.37%</u>	<u>4,259,145</u>
TOTAL	100.00%	\$ 14,368,474	100.00%	\$ 18,781,267

COMPARISON OF PROJECTED NONJUDICIAL BRANCH EMPLOYEE SALARIES

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Base Salary Existing Pay Plan	\$ 48,263,392	\$ 49,711,294 ^(a)	\$ 51,202,633	\$ 52,738,712	\$ 54,320,873
Base Salary Proposed Pay Plan	\$ 48,263,392	\$ 52,155,784	\$ 55,787,482	\$ 58,082,169	\$ 60,231,209
Step Movement	—	1,942,803	0	696,986	2,529,711
Initial Upgrades and COLA	3,892,392	—	—	—	—
COLA (2.5 percent)	—	1,303,895	1,394,687	1,452,054	1,505,780
Pay for Performance ^(b)	—	403,736	414,328	425,199	436,354
Reclassifications	—	385,000	900,000	—	—
TOTAL	<u>\$ 52,155,784</u>	<u>\$ 56,191,218</u>	<u>\$ 58,496,497</u>	<u>\$ 60,656,408</u>	<u>\$ 64,703,054</u>
Increase Due to Proposed Plan	\$ 3,892,392	\$ 6,479,924	\$ 7,293,864	\$ 7,917,696	\$ 10,382,181
Portion of Increase Paid from Docket Fee	\$ 3,892,392	\$ 2,092,631	\$ 2,709,015	\$ 1,877,253	\$ 1,942,134
Portion of Increase Paid from SGF	\$ —	\$ 4,387,293	\$ 4,584,849	\$ 6,040,443	\$ 8,440,047

- a) Assumes annual growth of 3 percent for step movement and cost of living adjustment (COLA).
- b) Proposal with regard to pay for performance is not fully developed. For purposes of this table, it is shown as a bonus and is not built into the base for succeeding years.

NOTE: Shaded areas indicate funding from docket fees.

EXHIBIT:

Projected docket fees, assuming 1.26 growth in cases. (Fees based on increases proposed by the Judicial Branch.)

	<u>Projection</u>	<u>Docket Fee Funding Needed for Salary Plan Initiative</u>	<u>Difference</u>
Year 1	\$ 3,934,146	\$ 3,892,392	\$ 41,754
Year 2	4,037,361	2,092,631	1,944,730
Year 3	4,143,285	2,709,015	1,434,270
Year 4	4,251,987	1,877,253	2,374,734
Year 5	4,363,541	1,942,134	2,421,407
Year 6	4,478,022	NA	
Year 7	4,595,506	NA	
Year 8	4,716,072	NA	
Year 9	4,839,802	NA	
Year 10	4,966,778	NA	

Kansas Legislative Research Department

March 22, 2000

**EXPLANATORY STATEMENT REGARDING USE
OF NONJUDICIAL SALARY INITIATIVE FUND
(Docket Fees)**

- For FY 2001 (the year salaries are upgraded), expenditures from the Nonjudicial Salary Initiative Fund shall be made only for the upgrade, estimated to be \$3.9 million (\$344,160 to upgrade salaries of Court Services Officers; \$1.2 million for a 2.5 percent Cost of Living Adjustment (COLA) for nonjudicial personnel; and \$2.4 million to convert salaries to the new pay plan).
- In subsequent years, expenditures from the Nonjudicial Salary Initiative Fund shall be made only for costs attributable to maintenance of the Judicial Branch pay plan following the upgrade in FY 2001. "Maintenance" is understood to mean the cost of normal step movement and COLAs, as recommended by the Governor and approved by the Legislature, and does not include additional salary upgrades.

Senate Ways and Means Committee

Date *March 28, 2000*

Attachment # *2*

SENATE BILL No. 506

By Committee on Ways and Means

1-27

9 AN ACT concerning docket fees; establishing the judicial branch non-
10 judicial salary initiative fund; relating to compensation for certain non-
11 judicial employees in the judicial branch; amending K.S.A. 20-1a04
12 and K.S.A. 1999 Supp. 8-2107, 20-367, 28-172a, 60-2001, 61-2501 and
13 61-2704 and repealing the existing sections; also repealing [1999 Supp.]
14 K.S.A. 1999 Supp. 20-367a.

15
16 Be it enacted by the Legislature of the State of Kansas:

17 New Section 1. (a) There is hereby established in the state treasury
18 the judicial branch nonjudicial salary initiative fund.

19 (b) ~~All moneys credited to the fund shall be used for the purpose of
20 providing annual salary adjustments for judicial branch employees. Ex-
21 penditures from the fund shall be in addition to the funding authorized
22 for increases to the rates of compensation of the pay plan for persons in
23 the classified service under the Kansas civil service act for fiscal years
24 commencing after June 30, 2000. Moneys credited to the fund shall not
25 be used for judicial salary increases.~~

26 (c) All expenditures from the judicial branch nonjudicial salary ini-
27 tiative fund shall be made in accordance with appropriation acts and upon
28 warrants of the director of accounts and reports issued pursuant to ~~warrant~~
29 ~~ers~~ approved by the chief justice of the Kansas supreme court or by a
30 person or persons designated by the chief justice.

31 Sec. 2. K.S.A. 1999 Supp. 8-2107 is hereby amended to read as fol-
32 lows: 8-2107. (a) (1) Notwithstanding any other provisions of the uniform
33 act regulating traffic on highways, when a person is stopped by a police
34 officer for any of the offenses described in subsection (d) and such person
35 is not immediately taken before a judge of the district court, the police
36 officer may require the person stopped, subject to the provisions of sub-
37 section (c), to deposit with the officer a valid Kansas driver's license in
38 exchange for a receipt therefor issued by such police officer, the form of
39 which shall be approved by the division of vehicles. Such receipt shall be
40 recognized as a valid temporary Kansas driver's license authorizing the
41 operation of a motor vehicle by the person stopped until the date of the
42 hearing stated on the receipt. The driver's license and a written copy of
43 the notice to appear shall be delivered by the police officer to the court

Proposed substantive and technical amendments adopted by the judicial
branch subcommittee to be considered by the Senate Ways and Means
Committee

2-2

All moneys credited to the judicial branch nonjudicial salary initiative
fund shall be used for compensation of nonjudicial officers and employees
of the district courts, court of appeals and the supreme court and shall not
be expended for compensation of judges or justices of the judicial branch.
Moneys in the fund shall be used only to pay for that portion of the cost of
salaries and wages of nonjudicial personnel of the judicial branch,
including associated employer contributions, which shall not exceed the
difference between the amount of expenditures that would be required
under the judicial branch pay plan for nonjudicial personnel in effect prior
to the effective date of this act and the amount of expenditures required
under the judicial branch pay plan for nonjudicial personnel after the cost-
of-living adjustments and the adjustments for upgrades in pay rates for
nonjudicial personnel approved by the chief justice of the Kansas supreme
court for fiscal year 2001. For fiscal years commencing on and after June
30, 2001, moneys in such fund shall be used only for the amount
attributable to maintenance of the judicial branch pay plan for nonjudicial
personnel for such adjustments and upgrades approved by the chief justice
of the supreme court for fiscal year 2001.

payrolls

1 having jurisdiction of the offense charged as soon as reasonably possible.
2 If the hearing on such charge is continued for any reason, the judge may
3 note on the receipt the date to which such hearing has been continued
4 and such receipt shall be recognized as a valid temporary Kansas driver's
5 license until such date, but in no event shall such receipt be recognized
6 as a valid Kansas driver's license for a period longer than 30 days from
7 the date set for the original hearing. Any person who has deposited a
8 driver's license with a police officer under this subsection (a) shall have
9 such license returned upon final determination of the charge against such
10 person.

11 (2) In the event the person stopped deposits a valid Kansas driver's
12 license with the police officer and fails to appear in the district court on
13 the date set for appearance, or any continuance thereof, and in any event
14 within 30 days from the date set for the original hearing, the court shall
15 forward such person's driver's license to the division of vehicles with an
16 appropriate explanation attached thereto. Upon receipt of such person's
17 driver's license, the division shall suspend such person's privilege to op-
18 erate a motor vehicle in this state until such person appears before the
19 court having jurisdiction of the offense charged, the court makes a final
20 disposition thereof and notice of such disposition is given by the court to
21 the division. No new or replacement license shall be issued to any such
22 person until such notice of disposition has been received by the division.
23 The provisions of K.S.A. 8-256, and amendments thereto, limiting the
24 suspension of a license to one year, shall not apply to suspensions for
25 failure to appear as provided in this subsection (a).

26 (b) No person shall apply for a replacement or new driver's license
27 prior to the return of such person's original license which has been de-
28 posited in lieu of bond under this section. Violation of this subsection (b)
29 is a class C misdemeanor. The division may suspend such person's driver's
30 license for a period of not to exceed one year from the date the division
31 receives notice of the disposition of the person's charge as provided in
32 subsection (a).

33 (c) (1) In lieu of depositing a valid Kansas driver's license with the
34 stopping police officer as provided in subsection (a), the person stopped
35 may elect to give bond in the amount specified in subsection (d) for the
36 offense for which the person was stopped. When such person does not
37 have a valid Kansas driver's license, such person shall give such bond.
38 Such bond shall be subject to forfeiture if the person stopped does not
39 appear at the court and at the time specified in the written notice pro-
40 vided for in K.S.A. 8-2106, and amendments thereto.

41 (2) Such bond may be a cash bond, a bank card draft from any valid
42 and unexpired credit card approved by the division of vehicles or super-
43 intendent of the Kansas highway patrol or a guaranteed arrest bond cer-

2-4

1 tificate issued by either a surety company authorized to transact such
 2 business in this state or an automobile club authorized to transact business
 3 in this state by the commissioner of insurance. If any of the approved
 4 bank card issuers redeem the bank card draft at a discounted rate, such
 5 discount shall be charged against the amount designated as the fine for
 6 the offense. If such bond is not forfeited, the amount of the bond less
 7 the discount rate shall be reimbursed to the person providing the bond
 8 by the use of a bank card draft. Any such guaranteed arrest bond certifi-
 9 cate shall be signed by the person to whom it is issued and shall contain
 10 a printed statement that such surety company or automobile club guar-
 11 antees the appearance of such person and will, in the event of failure of
 12 such person to appear in court at the time of trial, pay any fine or forfei-
 13 ture imposed on such person not to exceed an amount to be stated on
 14 such certificate.

15 (3) Such cash bond shall be taken in the following manner: The police
 16 officer shall furnish the person stopped a stamped envelope addressed to
 17 the judge or clerk of the court named in the written notice to appear and
 18 the person shall place in such envelope the amount of the bond, and in
 19 the presence of the police officer shall deposit the same in the United
 20 States mail. After such cash payment, the person stopped need not sign
 21 the written notice to appear, but the police officer shall note the amount
 22 of the bond mailed on the notice to appear form and shall give a copy of
 23 such form to the person. If the person stopped furnishes the police officer
 24 with a guaranteed arrest bond certificate or bank card draft, the police
 25 officer shall give such person a receipt therefor and shall note the amount
 26 of the bond on the notice to appear form and give a copy of such form
 27 to the person stopped. Such person need not sign the written notice to
 28 appear, and the police officer shall present the notice to appear and the
 29 guaranteed arrest bond certificate or bank card draft to the court having
 30 jurisdiction of the offense charged as soon as reasonably possible.

31 (d) The offenses for which appearance bonds may be required as
 32 provided in subsection (c) and the amounts thereof shall be as follows:

33 On and after July 1, 1996:

34	Reckless driving.....	\$82
35	Driving when privilege is canceled, suspended or revoked.....	82
36	Failure to comply with lawful order of officer.....	57
37	Registration violation (registered for 12,000 pounds or less).....	52
38	Registration violation (registered for more than 12,000 pounds).....	02
39	No driver's license for the class of vehicle operated or violation of	
40	restrictions.....	52
41	Spilling load on highway.....	52

1	Overload:		
2	Gross weight of vehicle or		
3	combination of vehicles	an amount equal to the fine	
4		plus docket fee	
5		to be imposed if convicted	
6	Gross weight upon any axle or		
7	tandem, triple or quad axles	an amount equal to the fine	
8		plus docket fee	
9		to be imposed if convicted	
10	Failure to obtain proper registration, clearance or to have current certi-		
11	fication as required by K.S.A. 66-1324, and amendments thereto	272	
12	Insufficient liability insurance for motor carriers pursuant to K.S.A. 66-		
13	1,128 or 66-1314, and amendments thereto.....	122	
14	Failure to obtain interstate motor fuel tax authorization pursuant to K.S.A.		
15	79-34,122, and amendments thereto.....	122	
16	Improper equipment (glass or fire extinguishers)	52	
17	No authority as private, contract or common carrier	122	
18	No current driver's daily log.....	52	
19	Invalid or no physical examination card	52	
20	Transporting open container of alcoholic liquor or cereal malt beverage		
21	accessible while vehicle in motion	223	
22	(e) In the event of forfeiture of any bond under this section, \$45 \$46		\$53
23	of the amount forfeited shall be regarded as a docket fee in any court		
24	having jurisdiction over the violation of state law.		
25	(f) None of the provisions of this section shall be construed to conflict		
26	with the provisions of the nonresident violator compact.		
27	(g) When a person is stopped by a police officer for any traffic in-		
28	fraction and the person is a resident of a state which is not a member of		
29	the nonresident violator compact, K.S.A. 8-1219 <i>et seq.</i> , and amendments		
30	thereto, or the person is licensed to drive under the laws of a foreign		
31	country, the police officer may require a bond as provided for under		
32	subsection (c). The bond shall be in the amount specified in the uniform		
33	fine schedule in subsection (c) of K.S.A. 8-2118, and amendments		\$53
34	thereto, plus \$45 \$46 which shall be regarded as a docket fee in any court		
35	having jurisdiction over the violation of state law.		
36	(h) When a person is stopped by a police officer for failure to provide		
37	proof of financial security pursuant to K.S.A. 40-3104, and amendments		
38	thereto, and the person is a resident of another state or the person is		
39	licensed to drive under the laws of a foreign country, the police officer		
40	may require a bond as provided for under subsection (c). The bond shall		\$53
41	be in the amount of \$54, plus \$45 \$46 which shall be regarded as a docket		
42	fee in any court having jurisdiction over the violation of state law.		
43	Sec. 3. K.S.A. 20-1a04 is hereby amended to read as follows: 20-		

1 1a04. The clerk of the supreme court shall remit to the state treasurer at
 2 least monthly all moneys received by or for ~~him~~ *such clerk* for docket
 3 fees, and all amounts received for other purposes than those specified in
 4 K.S.A. 20-1a01, 20-1a02 or 20-1a03, *and amendments thereto*, unless by
 5 order of the supreme court ~~he~~ *such clerk* is directed to make other dis-
 6 position thereof. Upon receipt of any such remittance the state treasurer
 7 shall deposit *and credit to the judicial branch nonjudicial salary initiative*
 8 *fund, a sum equal to 55% of the remittances of docket fees and to the state*
 9 *general fund, a sum equal to 45% of the remittance of docket fees.* ~~The~~
 10 ~~entire amount thereof in the state treasury and the entire amount thereof~~
 11 ~~shall be credited to the state general fund.~~

12 Sec. 4. K.S.A. 1999 Supp. 20-367 is hereby amended to read as fol-
 13 lows: 20-367. Of the remittance of the balance of docket fees received
 14 monthly by the state treasurer from clerks of the district court pursuant
 15 to subsection (f) of K.S.A. 20-362, and amendments thereto, the state
 16 treasurer shall deposit and credit to the access to justice fund, a sum
 17 equal to ~~6.79%~~ ~~[5.34%]~~ of the remittances of docket fees; to the juvenile
 18 detention facilities fund, a sum equal to ~~4.35%~~ ~~[3.49%]~~ of the remittances
 19 of docket fees; to the judicial branch education fund, the state treasurer
 20 shall deposit and credit a sum equal to ~~3.34%~~ ~~[2.68%]~~ of the remittances
 21 of docket fees; to the crime victims assistance fund, the state treasurer
 22 shall deposit and credit a sum equal to ~~.0%~~ ~~[7.1%]~~ of the remittances of
 23 the docket fees; to the protection from abuse fund, the state treasurer
 24 shall deposit and credit a sum equal to ~~2.68%~~ ~~[2.11%]~~ of the remittances
 25 of the docket fees; to the judiciary technology fund, the state treasurer
 26 shall deposit and credit a sum equal to ~~6.77%~~ ~~[5.33%]~~ of the remittances
 27 of docket fees; to the dispute resolution fund, the state treasurer shall
 28 deposit and credit a sum equal to ~~.56%~~ ~~[4.4%]~~ of the remittances of docket
 29 fees; to the Kansas endowment for youth trust fund, the state treasurer
 30 shall deposit and credit a sum equal to ~~1.09%~~ ~~[.56%]~~ of the remittances
 31 of docket fees; ~~and~~ to the permanent families account in the family and
 32 children investment fund, the state treasurer shall deposit and credit a
 33 sum equal to ~~.32%~~ ~~.25%~~ of the remittances of docket fees; to the trauma
 34 fund, a sum equal to ~~2.34%~~ ~~[1.844%]~~ of the remittance of docket fees; *and*
 35 *to the judicial branch nonjudicial salary initiative fund, the state treasurer*
 36 *shall deposit and credit a sum equal to* ~~[2.28%]~~ *of the remittance of docket*
 37 *fees.* The balance remaining of the remittances of docket fees shall be
 38 deposited and credited to the state general fund.

[6.01%

[3.34%

[2.57%

[.70%

[2.06%

[5.20%

[.43%

[1.52%

[1.80%

[22.37%

39 Sec. 5. K.S.A. 1999 Supp. 28-172a is hereby amended to read as
 40 follows: 28-172a. (a) Except as otherwise provided in this section, when-
 41 ever the prosecuting witness or defendant is adjudged to pay the costs in
 42 a criminal proceeding in any county, a docket fee shall be taxed as follows:

1 On and after July 1, 1998:

2	Murder or manslaughter.....	\$164.50	
3	Other felony.....	104.50 <u>140.00</u>	145.00
4	Misdemeanor.....	102.50 <u>105.00</u>	
5	Forfeited recognizance	62.50	
6	Appeals from other courts.....	62.50	110.00

7 (b) (1) Except as provided in paragraph (2), in actions involving the
 8 violation of any of the laws of this state regulating traffic on highways
 9 (including those listed in subsection (c) of K.S.A. 8-2118, and amend-
 10 ments thereto), a cigarette or tobacco infraction, any act declared a crime
 11 pursuant to the statutes contained in chapter 32 of Kansas Statutes An-
 12 notated and amendments thereto or any act declared a crime pursuant
 13 to the statutes contained in article 8 of chapter 82a of the Kansas Statutes
 14 Annotated, and amendments thereto, whenever the prosecuting witness
 15 or defendant is adjudged to pay the costs in the action, a docket fee of
 16 ~~\$45~~ \$53 shall be charged. When an action is disposed of under subsections
 17 (a) and (b) of K.S.A. 8-2118 or subsection (f) of K.S.A. 79-3393, and
 18 amendments thereto, whether by mail or in person, the docket fee to be
 19 paid as court costs shall be ~~\$45~~ \$53.

20 (2) In actions involving the violation of a moving traffic violation under
 21 K.S.A. 8-2118, and amendments thereto, as defined by rules and
 22 regulations adopted under K.S.A. 8-249, and amendments thereto, when-
 23 ever the prosecuting witness or defendant is adjudged to pay the costs in
 24 the action, a docket fee of ~~\$40~~ \$53 shall be charged. When an action is dis-
 25 posed of under subsection (a) and (b) of K.S.A. 8-2118, and amendments
 26 thereto, whether by mail or in person, the docket fee to be paid as court
 27 costs shall be ~~\$40~~ \$53.

28 (c) If a conviction is on more than one count, the docket fee shall be
 29 the highest one applicable to any one of the counts. The prosecuting
 30 witness or defendant, if assessed the costs, shall pay only one fee. Multiple
 31 defendants shall each pay one fee.

32 (d) Statutory charges for law library funds, the law enforcement train-
 33 ing center fund, the prosecuting attorneys' training fund, the juvenile
 34 detention facilities fund, the judicial branch education fund, the emer-
 35 gency medical services operating fund and the judiciary technology fund
 36 shall be paid from the docket fee; the family violence and child abuse and
 37 neglect assistance and prevention fund fee shall be paid from criminal
 38 proceedings docket fees. All other fees and expenses to be assessed as
 39 additional court costs shall be approved by the court, unless specifically
 40 fixed by statute. Additional fees shall include, but are not limited to, fees
 41 for Kansas bureau of investigation forensic or laboratory analyses, fees for
 42 detention facility processing pursuant to K.S.A. 1999 Supp. 12-16,119,
 43 and amendments thereto, fees for the sexual assault evidence collection

8-2

1 kit, fees for conducting an examination of a sexual assault victim, fees for
2 service of process outside the state, witness fees, fees for transcripts and
3 depositions, costs from other courts, doctors' fees and examination and
4 evaluation fees. No sheriff in this state shall charge any district court of
5 this state a fee or mileage for serving any paper or process.

6 (e) In each case charging a violation of the laws relating to parking
7 of motor vehicles on the statehouse grounds or other state-owned or
8 operated property in Shawnee county, Kansas, as specified in K.S.A. 75-
9 4510a, and amendments thereto, or as specified in K.S.A. 75-4508, and
10 amendments thereto, the clerk shall tax a fee of \$2 which shall constitute
11 the entire costs in the case, except that witness fees, mileage and expenses
12 incurred in serving a warrant shall be in addition to the fee. Appearance
13 bond for a parking violation of K.S.A. 75-4508 or 75-4510a, and amend-
14 ments thereto, shall be \$3, unless a warrant is issued. The judge may
15 order the bond forfeited upon the defendant's failure to appear, and \$2
16 of any bond so forfeited shall be regarded as court costs.

17 Sec. 6. K.S.A. 1999 Supp. 60-2001 is hereby amended to read as
18 follows: 60-2001. (a) *Docket fee.* Except as otherwise provided by law, no
19 case shall be filed or docketed in the district court, whether original or
20 appealed, without payment of a docket fee in the amount of ~~\$66.50~~ ~~\$700~~

\$87.39

21 to the clerk of the district court.
22 (b) *Poverty affidavit in lieu of docket fee.* (1) *Effect.* In any case where
23 a plaintiff by reason of poverty is unable to pay a docket fee, and an
24 affidavit so stating is filed, no fee will be required. An inmate in the
25 custody of the secretary of corrections may file a poverty affidavit only if
26 the inmate attaches a statement disclosing the average account balance,
27 or the total deposits, whichever is less, in the inmate's trust fund for each
28 month in (A) the six-month period preceding the filing of the action; or
29 (B) the current period of incarceration, whichever is shorter. Such state-
30 ment shall be certified by the secretary. On receipt of the affidavit and
31 attached statement, the court shall determine the initial fee to be assessed
32 for filing the action and in no event shall the court require an inmate to
33 pay less than \$3. The secretary of corrections is hereby authorized to
34 disburse money from the inmate's account to pay the costs as determined
35 by the court. If the inmate has a zero balance in such inmate's account,
36 the secretary shall debit such account in the amount of \$3 per filing fee
37 as established by the court until money is credited to the account to pay
38 such docket fee. Any initial filing fees assessed pursuant to this subsection
39 shall not prevent the court, pursuant to subsection (d), from taxing that
40 individual for the remainder of the amount required under subsection (a)
41 or this subsection.

42 (2) *Form of affidavit.* The affidavit provided for in this subsection
43 shall be in the following form and attached to the petition.

1 State of Kansas, _____ County.

2 In the district court of the county: I do solemnly swear that the claim set forth in the
3 petition herein is just, and I do further swear that, by reason of my poverty, I am unable to
4 pay a docket fee.

5 (c) *Disposition of docket fee.* The docket fee shall be the only costs
6 assessed in each case for services of the clerk of the district court and the
7 sheriff. The docket fee shall be disbursed in accordance with K.S.A. 20-
8 362 and amendments thereto.

9 (d) *Additional court costs.* Other fees and expenses to be assessed as
10 additional court costs shall be approved by the court, unless specifically
11 fixed by statute. Other fees shall include, but not be limited to, witness
12 fees, appraiser fees, fees for service of process outside the state, fees for
13 depositions, alternative dispute resolution fees, transcripts and publica-
14 tion, attorney fees, court costs from other courts and any other fees and
15 expenses required by statute. All additional court costs shall be taxed and
16 billed against the parties as directed by the court. No sheriff in this state
17 shall charge any district court in this state a fee or mileage for serving any
18 paper or process.

19 Sec. 7. K.S.A. 1999 Supp. 61-2501 is hereby amended to read as
20 follows: 61-2501. (a) *Docket fee.* No case shall be filed or docketed pur-
21 suant to this chapter without the payment of a docket fee in the amount
22 of ~~\$10.50, if the amount in controversy or claimed does not exceed \$500;~~
23 ~~\$30.50, if the amount in controversy or claimed exceeds \$500 but does~~
24 ~~not exceed \$5,000; ~~\$44~~, if the amount in controversy or claimed does not~~ \$44.12
25 ~~exceed \$5,000, or ~~\$64.50~~ ~~\$75~~, if the amount in controversy or claimed~~ \$64.50
26 exceeds \$5,000. If judgment is rendered for the plaintiff, the court also
27 may enter judgment for the plaintiff for the amount of the docket fee
28 paid by the plaintiff.

29 (b) *Poverty affidavit; additional court costs.* The provisions of sub-
30 sections (b), (c) and (d) of K.S.A. 60-2001 and amendments thereto shall
31 be applicable to actions pursuant to this chapter.

32 Sec. 8. K.S.A. 1999 Supp. 61-2704 is hereby amended to read as
33 follows: 61-2704. (a) An action seeking the recovery of a small claim shall
34 be considered to have been commenced at the time a person files a writ-
35 ten statement of the person's small claim with the clerk of the court if,
36 within 90 days after the small claim is filed, service of process is obtained
37 or the first publication is made for service by publication. Otherwise, the
38 action is deemed commenced at the time of service of process or first
39 publication. An entry of appearance shall have the same effect as service.

40 (b) Upon the filing of a plaintiff's small claim, the clerk of the court
41 shall require from the plaintiff a docket fee of ~~\$10.50~~ ~~\$25~~ \$21.78
42 ~~does not exceed \$500; or ~~\$30.50~~ ~~\$44~~, if the claim exceeds \$500; unless~~ \$39.50
43 for good cause shown the judge waives the fee. The docket fee shall be

1 the only costs required in an action seeking recovery of a small claim. No
2 person may file more than 10 small claims under this act in the same
3 court during any calendar year.

4 Sec. 9. K.S.A. 20-1a04 and K.S.A. 1999 Supp. 8-2107, 20-367, 20-
5 367a, 28-172a, 60-2001, 61-2501 and 61-2704 are hereby repealed.

6 Sec. 10. This act shall take effect and be in force from and after its
7 publication in the statute book.

ALTERNATIVE PAY PLAN

ADVANTAGES

- **Improves starting salaries**
- **Provides most employees a larger increase**
- **Provides an increase to employees at the top of pay range**
- **Converts existing longevity pay to base pay for future years**
- **Improves “final average salary” for KPERS retirement**

DISADVANTAGES

- **Takes longevity pay out of statute**

Senate Ways and Means Committee

Date *March 28, 2000*

Attachment # *3*

**Testimony by
Dan Stanley, Secretary
Department of Administration
before the
Senate Ways & Means Committee
March 28, 2000**

Alternative Plan to Senate Bill 656

The current pay plan for classified employees in the state of Kansas is nearly 60 years old. It was first developed in 1941 and aside from some minor modifications over the years, is fundamentally the same plan it was at its inception. It has become more and more apparent over the last few years that the current plan is simply not able to adapt well to the changing needs of today's workforce.

Our current compensation system embodies an attempt on behalf of the state to administer a diverse conglomeration of skills and talents with a "one size fits all" compensation plan. This system has continued because change is often considered threatening and the culture which has been nurtured by the system, has grown comfortable with a predictable system of compensation which neither rewards nor punishes.

This system has led us to a situation where market rate is somewhere between step 8 and 9 of our plan, and employees above step 9 are being paid above market. However, our hiring rate is so far below market that it has become a significant problem in the recruitment of employees. To complicate matters, new employees receive a 2.5% increase after 6 months and then another 2.5% increase after 12 months, but then see 4% of that increase taken away by the KPERS deduction which begins when an employee has been employed with the state for one year. In addition, when an employee reaches step 15 of the matrix, they can go no further. However, they do get a longevity bonus that does not become part of base pay. So, we do not have a high enough hiring rate to attract the employees that we need, and the cap at the top limits those long-time employees from progressing any further. But we can't throw enough money at this structure to fix it.

(Lesson in Salary Budgeting)

The current pay plan is defended as being an equitable pay plan. Employees know exactly how much and at exactly what time they will receive a pay increase. Certainty is safety. There is a matrix to look at to speculate and this promotes a sense of comfort and assurance about their pay. What employees may not understand is that despite appearances, the matrix is not truly "square" at 2.5% between steps. Some steps are greater and some steps are less. This is due to rounding when general increases are applied.

The alternative pay plan under consideration would suspend step movement and eliminate longevity payments. Instead, it would give all employees a general increase COLA. The "hold

Senate Ways and Means Committee

Date *March 28, 2000*

Attachment # *4*

harmless” provision for employees who currently receive longevity would set their base pay for the first year at the greater of the COLA or the longevity bonus they would have received.

I would like to point out a few implications of the alternative plan. The following are some of the positives:

- By applying a general increase, the entire matrix would be shifted upward. This would help our position especially for the hiring rate and market comparison rate.
- Employees who are at step 15 will receive the same pay increase as everyone else.
- The plan proposes an increase that will apply to all employees. All employees will receive a true percentage increase.
- For employees receiving longevity bonuses greater than what their general increase would have been, an additional amount will be added into their base pay.
- This plan provides the ability to redistribute where the salary budget is applied (structure versus individual). It allows us to adapt easily to current crisis situations.
- From a purely compensation strategy, it opens the door to a variety of compensation methods.

We also see the new plan as having some issues that we will need to face:

- This plan assumes an annual COLA. The burden is on the administration to recommend and the legislature to fund.
- Employees on step 1 at the time this plan is implemented could lose out on a 2.5% step increase due to the 6-month step 2 increase that they should receive under the current plan. A “hold harmless” provision may need to be applied here.
- It will be difficult for employees to understand that a base increase is better long term than a bonus.
- Step increases require a satisfactory performance review. General increases do not generally depend on this.

In the long run, some employees will gain with this plan— and some will lose.

SALARY BUDGETING

A salary budget consists of all components of pay:

- Base Pay
- Merit Pay
- Incentives
- Awards
- Bonuses

For the State of Kansas, this consists of funding for general adjustments to the pay matrix, step movement, and longevity bonuses. The American Compensation Association conducts an annual survey of employers' adjustments to salary budgets. A comparison of changes in the annual salary budgets of other employers to the State of Kansas reveals that increases for state employees historically have been comparable (Chart 1 of the attachment).

Salary Budget Distribution

However, the distribution of funding for pay components have varied significantly from other employers. During the period from 1990 through 1999:

- Pay plan rates of other employers have increased by approximately 32% (Chart 2).
- Pay plan rates of the State of Kansas have increases by only 12% (Chart 2).
- Other employers have allocated 65% of their annual salary budgets to pay plan maintenance (Chart 3).
- The State of Kansas has allocated only 22% of its annual salary budget to pay plan maintenance (Chart 3).

A policy issue for the State of Kansas should be to target annual salary budget funds to maintain the competitive position of the State in attracting qualified employees and ensuring they receive competitive wages. This can be accomplished by:

- Allocating a greater portion of the salary budget to the pay matrix.
- Adjusting pay rates of individual job classes to match relevant market rates.
- Adjusting pay only of employees who are below market rates.
- Combination

Competing Forces for Salary Budget

- 2.5% annual step movement
- Longevity Pay
- General increases to the pay matrix
- Market alignment of classes on the matrix

Comparison of Salary Budget and Pay Plan Adjustments: Kansas vs. Other Employers

Actual % Increase in Salary Budgets

												Percent Increase
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000 *	1990-2000
Non-exempt salaried	5.4%	5.0%	4.6%	4.2%	4.0%	3.9%	4.1%	4.1%	4.2%	4.2%	4.2%	47.9%
Exempt	5.5%	5.0%	4.7%	4.3%	4.0%	4.0%	4.1%	4.3%	4.3%	4.4%	4.4%	49.0%
Kansas	6.5%	5.0%	3.5%	4.5%	4.0%	5.0%	4.5%	3.5%	4.5%	5.0%	3.5%	49.5%

Actual Increase in Salary Structures

												Percent Increase
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000 *	1990-2000
Non-exempt salaried	3.8%	3.3%	3.0%	2.7%	2.4%	2.3%	2.8%	2.5%	2.8%	2.7%	2.7%	31.0%
Exempt	3.9%	3.5%	3.2%	2.8%	2.5%	2.4%	2.9%	2.7%	2.7%	2.7%	2.7%	32.0%
Kansas	3.0%	1.5%	0.0%	1.0%	0.5%	1.5%	1.0%	0.0%	1.0%	1.5%	1.0%	12.0%

Salary Structure Adjustment as a % of Total Salary Budget

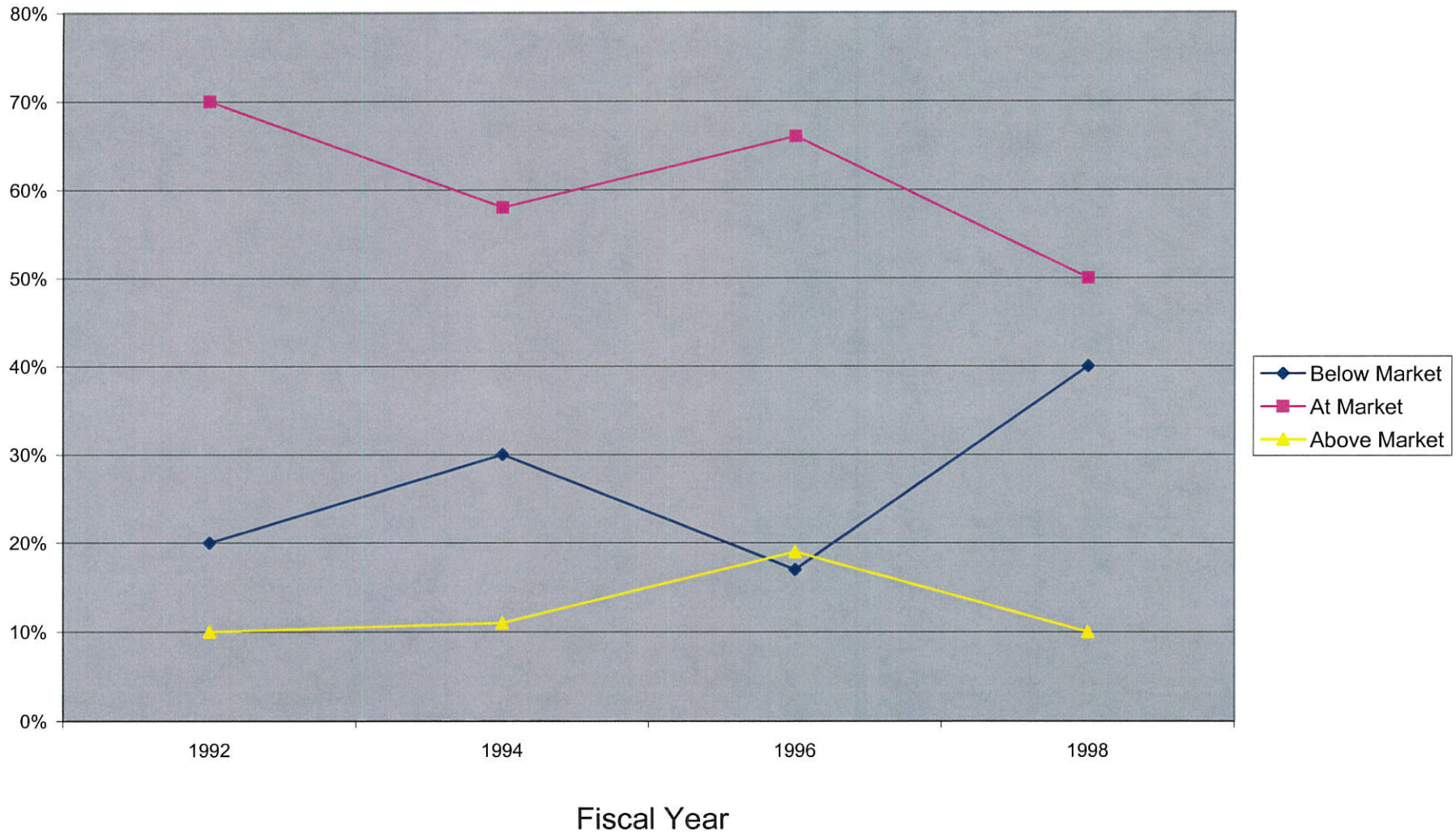
												Average % of Total
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000 *	Salary Budget
Non-exempt salaried	70.4%	66.0%	65.2%	64.3%	60.0%	59.0%	68.3%	61.0%	66.7%	64.3%	64.3%	64.5%
Exempt	70.9%	70.0%	68.1%	65.1%	62.5%	60.0%	70.7%	62.8%	62.8%	61.4%	61.4%	65.1%
Kansas	46.2%	30.0%	0.0%	22.2%	12.5%	30.0%	22.2%	0.0%	22.2%	30.0%	28.6%	22.2%

2000 * represents the Governor's Budget Proposal

SOURCE: American Compensation Association

Kansas Salary Budget includes: step movement, longevity payment and general increase

Kansas Salaries in Relation to Central States' Average



**Alternative Pay Plan Briefing
before the
Senate Ways and Means Committee
March 28, 2000**

Positive Provisions

- By applying a general increase, the entire matrix would be shifted upward. This would help our position, especially for the hiring rate and market comparison rate.
- Employees who are at step 15 will receive the same pay increase as everyone else.
- The plan proposes an increase that will apply to all employees. All employees will receive a true percentage increase.
- For employees receiving longevity bonuses greater than what their general increase would have been, an additional amount will be added into their base pay.
- This plan provides the ability to redistribute where the salary budget is applied (structure versus individual). It allows us to adapt easily to current crisis situations.
- From a purely compensation strategy, it opens the door to a variety of compensation methods.

Issues to Consider

- This plan assumes an annual COLA. The burden is on the administration to recommend and the legislature to fund.
- Employees on step 1 at the time this plan is implemented could lose out on a 2.5% step increase due to the 6-month step 2 increase that they should receive under the current plan. A “hold harmless” provision may need to be applied here.
- It will be difficult for employees to understand that a base increase is better long term than a bonus.
- Step increases require a satisfactory performance review. General increases do not generally depend on this.



The Kansas Association of Public Employees
1300 SW Topeka Blvd., Topeka, KS 66612
(785) 235-0262 or (800) 232-KAPE / Fax (785) 2353920
FPE / AFT / AFLCIO

Testimony of Andy Sanchez, Executive Assistant to the President
Kansas Association of Public Employees
KAPE/AFT, AFL-CIO
Before the Senate Ways and Means Committee

Delivered on March 28, 2000

Good afternoon Chairman Kerr and members of the committee. My name is Andy Sanchez and I am the Executive Assistant to the President of KAPE. I'm here today to talk to you about a proposed change to the pay plan currently utilized by the State of Kansas. KAPE appears in strong opposition to the change that has been proposed.

While the proposal calls for a 2.5% cost of living adjustment (COLA) for FY 2001, it eliminates all future step increases and longevity payments. It should not be difficult for anyone to understand KAPE's opposition to this proposal. It is projected to cut \$4.9 million from state employee salary appropriations next year, and leave state employees with no projected career growth any time in the future. In addition, state employees should not again be asked to help balance the budget on their backs by forfeiting legitimate pay increases. And while a COLA for state employees is badly needed, it should not be coupled to the elimination of the career growth element of the state pay plan.

The state pay plan has two distinct elements. The first is a matrix that provides state employees with a picture of their future earnings. That element is also called career growth. They have the right to expect that their continued loyalty and satisfactory service to the state will result in the growth of their earnings.

The second element is a cost of living adjustment (COLA). An annual COLA is intended to offset the effects of inflation so that the effects of inflation do not erode the dollar increase granted by steps. For example, a 2.5% step increase in a year of 2% inflation only provides the employee with a ½ of 1% real increase in disposable income. The COLA element also maintains the value of the salary of an employee at the top of their range. The COLA element of the plan is like routine maintenance on a vehicle. A lack of routine maintenance to the pay plan will cause it to serve its purpose poorly in the interim and result in major outlays of funding when it ceases to function at all.

Without a clear understanding of the pay plan, and what its elements are designed to accomplish, it is nearly impossible to know how to fund the plan or to insure that the plan is meeting the recruitment and retention staffing needs of the state or its employees. The state has done a very poor job of properly funding the pay plan in the past. Career growth steps have been co-mingled with COLA's as an inflation fighting tool and "real" increases in wages have virtually disappeared. As a result of poor pay plan maintenance, many state agencies, including the departments of corrections and transportation, are now experiencing great difficulty in attracting and/or retaining quality employees?
Senate Ways and Means Committee

Date *March 28, 2000*

Attachment # *5*

The legislature has traditionally focused on the total percentage increase devoted to state employee pay increases without recognizing the need for COLA increases that are equal to inflation rates as a starting point. To do otherwise erodes the pay plan every year and eventually causes state salary rates to be far out of comparison with others states and businesses in the private sector. Every few years the legislature is then asked to consider major revisions to a pay plan that has simply not been properly utilized. To make matters worse, the proposal now being considered eliminates the only element of the pay plan that provides employees with any measure of secure future career growth. It should come as no surprise that state employees are dissatisfied with the compensation they receive in exchange for their work. The fact is that the state pay plan hasn't been properly funded or utilized. It's not broken but it hasn't been properly maintained.

KAPE would encourage the legislature to use the plan now in existence and provide the funding necessary for it to work as intended. KAPE opposes any major alteration in the current pay plan until that plan is given a proper chance to work as intended. No matter what plan is substituted, it will still cost money to acquire the services the state acquires from its employees. Shorting the pay plan this year and in years to come will only make the eventual repairs to the plan that much more costly. You can pay a little now or pay a great deal more later.

In summary, KAPE opposes the proposal to eliminate step increases and longevity from the state pay plan and encourages the legislature to fund steps, longevity, and a reasonable COLA to offset inflation.

**INCREASES IN SALARIES FOR STATE CLASSIFIED EMPLOYEES
FY 1987-FY 2001 (Gov. Rec.)**

<u>Fiscal Year</u>	<u>Step Movement*</u>	<u>Base Salary Adjustment</u>	<u>Base Salary Increase Excluding Longevity</u>	<u>Longevity Bonus Payment**</u>	<u>Percent Increase CPI-U***</u>
1987	2.5% ^(a)	3.0%	5.5%	No	2.2%
1988	2.5 ^(b)	2.0 effective 12/18/87	4.5	No	4.1
1989	2.5 ^(c)	4.0	6.5	No	4.6
1990	2.5 ^(d)	3.0	5.5	\$400 to \$1,000	4.8
1991	2.5 ^(e)	1.5	4.0	\$400 to \$1,000	5.5
1992	2.5	--	2.5	\$400 to \$1,000	3.2
1993	2.5	1.0 effective 12/18/92	3.5	\$400 to \$1,000	3.1
1994	2.5 ^(f)	0.5	3.0	\$400 to \$1,000	2.6
1995	2.5 ^(g)	1.5 effective 9/18/94	4.0	\$400 to \$1,000	2.9
1996	2.5	1.0	3.5	\$400 to \$1,000	2.7
1997	2.5	--	2.5	\$400 to \$1,000	2.9
1998	2.5	1.0	3.5	\$400 to \$1,000	1.8
1999	2.5	1.5	4.0	\$400 to \$1,000	1.7
2000	2.5	1.0	3.5	\$400 to \$1,000	2.5 (est.)
2001 (Gov. Rec.)	2.5	--	2.5	\$400 to \$1,000	2.5 (est.)

Employer Paid Health Insurance Costs

For FY 2001 the employer's paid health insurance costs in the *Governor's Budget Report* contains an annual single member health insurance premium of **\$2,553**, plus an annual dependent health insurance premium of **\$1,318**. The FY 2000 total budgeted health insurance premium for each state employee with dependents that the state pays is **\$3,552**.

Employer Contributions

The following employer contributions will be made for state employees in FY 2001:

Kansas Public Employees Retirement System (Assumes membership in KPERS-Regular)—(Gov. Rec.)	4.19%
FICA (Composite Rate for OASDI and Medicare)	7.65
Workers Compensation Assessment	1.00
Unemployment Insurance Assessment	0.10
State Leave Payment Assessment	0.43
TOTAL	<u>13.37%</u>

On the average (FY 1999) classified state employee's salary of \$28,542, the above employer costs for fringe benefits would total an average of **\$3,816**. These employer cost when combined with employer health insurance (member and dependent) would bring the total fringe benefits costs for an average state employee to **\$7,687**. The average classified employee is 44 years of age and has worked for the state 12 years.

Vacation and Sick Leave

State employees earn vacation leave hours based on the number of years of service with the state. For an employee with less than five years of service the individual earns 12 days a year. For an employee with 15 or more years of service the individual earns 21 days of vacation leave a year. State employees all earn 12 days of sick leave a year. Employees when they retire who have at least eight years of service and who have accumulated 100 days or more of sick leave may receive compensation for their sick leave upon retirement. The compensation ranges from 30 days to 60 days of salary depending on the years of service with the state.

Paid Vacation Days

For calendar year 2000 state employees receive nine paid holidays, including a discretionary day.

Senate Ways and Means Committee

Date *March 28, 2000*

Attachment # *6*

Footnotes:

- * 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). The estimated additional salary on average translates into 1 percent additional pay.
- *** Consumer Price Index -- All Urban Consumers.
- 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).

STATE EMPLOYEES ASSOCIATION OF KANSAS

TESTIMONY OF DON REZAC
SPOKESPERSON FOR THE STATE EMPLOYEES ASSOCIATION OF KANSAS,
RELATING TO SALARIES AND COMPENSATION FOR STATE
OFFICERS AND EMPLOYEES

MARCH 28, 2000

WE ARE HERE TODAY TO SPEAK IN OPPOSITION TO THE CLASSIFIED STATE
EMPLOYEE PAY PROPOSAL. WE DO NOT KNOW WHICH PLAN WILL BE USED
THE 2.50% OR THE 3.0% FOR EMPLOYEES. S.E.A.K. DOES NOT LIKE THE IDEA
OF DOING AWAY WITH THE LONGEVITY BONUS PAYMENTS. STATE
EMPLOYEES LOOK FORWARD TO THIS MONEY EVERY YEAR. THE MEMBERS
WE HAVE HEARD FROM DON'T WANT TO CHANGE WHAT WE HAVE NOW.

S.E.A.K. IS ALSO CONCERNED THE NEW LEGISLATOR'S OF 2001 SESSION MAY
NOT WANT TO FUND THIS PROPOSAL.

THANK YOU

P.O. BOX 750131
TOPEKA, KS. 66675-0131

(785) 267-1515
seak@cjnetworks.com
Senate Ways and Means Committee

Date *March 28, 2000*

Attachment # *7*

I dont think it's the best idea in the long run.- Leavenworth SRS

I think state employees should look at the long term effects of removing the step increases and longevity pay. Sure, a 3.0% COLA looks good in the short run, but what about the long term? I personally do not want my pay increases subject to the whim of the egislature every year. I would feel more secure with a solid pay plan in place. I am not saying the one we have now is perfect, it could use some changes. - DHR-employment tax Concordia,Narka

Now that a 16th step has been added, I would feel more secure with the step and longevity option. Also the recent CJ article kept mentioning a 2.5% COLA instead of 3%. Although in that article I wasn't sure who they were talking about some of the time. They seemed to confused classified and unclassified employees. After some consideration I'd rather be stuck with the "evil" that we know (step and longevity) rather than an unknown that could turn out to be worse. - WSU Learning Resource Center,Wichita

We need to get this stopped. With the problems they always have with budget issues, and their propensity to save \$\$ by not providing pay raises, employees will be looking at .5% to 1.5% increases in the future when the state has budgetary problems (which is every year). - KState,Manhattan

I am totally against this. Most of our long term employees count on their longevity pay and feel that it is about the only compensation they receive for being experienced staff. - Manhattan SRS,

Yes but it will hurt many of our longevity people - they will get less. We've got at least one person who hasn't had a step raise in 7 years - the longevity is the only thing that is keeping her going. I keep going back to what so many have said before - why should be punish loyal employees? I also think it is a really bad precedent and merit pay will come flying back once this precedent is set! - WSU, Wichita

I do not support giving away the step or longevity for even ONE year. I think it sets a terrible precedent. - Pittsburg State

In his State of the State address last Monday, Gov. Bill Graves recommended a 2.5 percent step movement and no cost-of-living adjustment for the state's classified employees. As a state worker, I find this news discouraging and difficult to understand.

The governor and the state legislators are my employers and the only people in the state who can decide what sort of a raise I will get. The system we have been using for more than 50 years has two basic components to the civil- service pay plan: step movement and cost-of-living adjustments.

The philosophical basis for step movement is that state employees are started at below market rate in the pay scale and each year, as they learn more about their job and the agency they work for, their value to the state increases.

The concept is similar to the one incumbent politicians use when running for office. Their years in the Legislature or governor's office make them more knowledgeable and often more electable. The step movement was designed to reward employees who had stayed with the system and become more valuable to their employer. It is not automatic and it is self-limiting after a certain number of steps. An employee with a less-than-satisfactory evaluation is not eligible for a step increase, and after a number of years the steps run out.

So while the step increase rewards loyalty and increased efficiency and helps bring state wages up to near market rate, it is only one half of the picture. The other half has to do with inflation, which has been mercifully low for quite some time. It is inflation that the legislatures and

governors have consistently ignored since the Mike Hayden administration. Without a cost-of-living adjustment that reflects the rate of inflation, the state continues to dig itself into a deeper and deeper hole at the expense of state government and its employees.

This is poor stewardship of state resources in any period, but in the present economy it is almost criminal. Court dockets are backed up; prison guards are hard to hire; skilled craftsmen are being lured away to the private sector; the Department of Revenue can't process tax returns, the Department of Health and Environment lacks time and personnel to inspect hog-feeding operations; and universities compete at a disadvantage with fast-food businesses for entry-level workers because years without adequate raises have so eroded the starting wages of state workers. In many cases the state no sooner trains information-technology workers than they leave to double their salaries in the private sector.

Only a governor with the economic acumen of Gov. High 'n' Tight, in collusion with an exceptionally parsimonious (read "cheap") state Legislature, could turn what is shaping up to be the healthiest economy of the modern era into a state fiscal crisis. It is truly a case of Nero fiddling while Rome burns -- only in this case we have senators and representatives dancing around the fire to the tune the governor plays while state employees who might like to dance are too poor to pay the fiddler.

Are our politicians really so insecure as to give away tax revenue in a desperate attempt to buy votes? All of you Kansans who supposedly received these tax breaks, what have you done with all that money? At least state employees are used to coping with budget crises (on a personal level, anyway) and so might be able to offer some good suggestions. It is a sorry situation, and one I hope can be resolved before state government is damaged irreparably. The taxpayers of Kansas and their employees deserve better.

Vice president
University of Kansas Classified Senate
Lawrence

Classified State Employee Pay Proposals

<u>Current Pay Plan:</u>	FY 2001		FY 2002	
	<u>State General Fund</u>	<u>All Funds</u>	<u>State General Fund</u>	<u>All Funds</u>
Step Movement	\$7,831,000	\$14,900,000	\$7,900,000	\$15,000,000
Longevity Bonus Payment	5,275,000	11,340,000	5,300,000	11,400,000
Total - Current Pay Plan (Step Movement and Longevity)	\$13,106,000	\$26,240,000	\$13,200,000	\$26,400,000
 <u>Proposed 2.5 Percent Cost-of-Living:</u>				
Longevity Employee Hold Harmless	\$517,000	\$1,047,000	\$0	\$0
2.5 Percent Cost-of-Living Increase	10,250,000	20,250,000	11,036,000	21,829,000
Total - 2.5 Percent Cost-of-Living	\$10,767,000	\$21,297,000	\$11,036,000	\$21,829,000
Difference from Current Pay Plan	(\$2,339,000)	(\$4,943,000)	(\$2,164,000)	(\$4,571,000)

Change in Classified Base Pay Current Pay Plan as Compared to Proposed Alternative Pay Plan

Classified Base Pay (Excludes Longevity):

Current Classified Base Pay	\$383,975,524	\$777,278,389	\$392,175,524	\$792,878,389
Alternative Classified Base Pay	386,911,524	783,675,389	397,947,524	805,504,389
Difference from Current Base Pay	\$2,936,000	\$6,397,000	\$5,772,000	\$12,626,000

Prepared at the Request and Direction of Senator Dave Kerr
Kansas Legislative Research Department
March 28, 2000

Senate Ways and Means Committee

Date *March 28, 2000*

Attachment # *8*