

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson Steve Morris at 10:30 a.m. on February 12, 2001, in Room 123-S of the Capitol.

All members were present except: All present

Committee staff present:

Alan Conroy, Chief Fiscal Analyst, Kansas Legislative Research Department  
Debra Hollon, Kansas Legislative Research Department  
Amory Lovin, Kansas Legislative Research Department  
Michael Corrigan, Assistant Revisor, Revisor of Statutes Office  
Julie Weber, Administrative Assistant to the Chairman  
Mary Shaw, Committee Secretary

Conferees appearing before the committee:

Andy Sanchez, Executive Assistant to the President, The Kansas Association of Public Employees  
Bobbi Mariani, Director, Division of Personnel Services

Others attending: See attached guest list

Chairman Morris referred the following bills to the KPERS Issues Subcommittee:

**SB 267** - Increasing maximum retirement benefit for judges

**SB 268** - Phased in increase in maximum retirement benefit for judges

Chairman Morris opened the public hearing on:

**SB 304 - State officers and employees, compensation increase**

Chairman Morris welcomed Alan Conroy, Chief Fiscal Analyst, Kansas Legislative Research Department, who briefed the Committee on the bill. Mr. Conroy distributed the following information:

- Governor's Recommended Pay Plan Adjustments, FY 2002 (Attachment 1)
- Increases in Salaries for State Classified Employees, Regents' Faculty and Classroom Teachers in Private Sector Wages, and in the Rate of Inflation (Attachment 2)
- Increases in Salaries for State Classified Employees, FY 1987 - FY 2002 (Gov. Rec.) (Attachment 3)

Chairman Morris welcomed Andy Sanchez, Executive Assistant to the President, The Kansas Association of Public Employees, KAPE/AFT, AFL-CIO, who spoke in favor of **SB 304** (Attachment 4). Mr. Sanchez mentioned that the bill takes a step toward being more competitive. Mr. Sanchez noted that KAPE is suggesting, at the behest of their members, to continue a 14-year tradition of providing the merit step increase and a Cost of Living Allowance (COLA). He mentioned that KAPE suggests this as an alternative to the Governor's recommendations. Mr. Sanchez urged bringing Correctional Officers to a compensation level in accordance with a wage negotiated in good faith, and recommended by the Secretary of Corrections, to the state's Correctional Officers. Committee questions and discussion followed. The Chairman thanked Mr. Sanchez for his appearance before the Committee.

Chairman Morris welcomed Bobbi Mariani, Director, Division of Personnel Services, who spoke in support of **SB 304** (Attachment 5). Ms. Mariani mentioned that the Governor's Pay Plan immediately improves starting pay and spreads the available salary resources as broadly as possible to all state

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employees. Ms. Mariani mentioned that in order to bring the state pay matrix more in line with the current market, the Governor is proposing a 3 percent general increase to the entire pay matrix during Fiscal Year 2002. This was further detailed in Ms. Mariani's testimony. Committee questions and discussion followed. The Chairman thanked Ms. Mariani for appearing before the Committee.

There being no further conferees, the Chairman closed the public hearing on **SB 304**.

The meeting was adjourned at 11:00 a.m. The next meeting is scheduled for February 13, 2001.



## Governor's Recommended Pay Plan Adjustments FY 2002

The Governor recommends FY 2002 pay plan adjustments totaling \$59.8 million, including \$40.6 million from the State General Fund, as outlined below:

### **Classified Employees (\$33.0 million, including \$18.7 million from the State General Fund)**

Under the Governor's recommended pay plan adjustments for classified employees:

- Classified employees at steps 1, 2, and 3 of each pay grade on the current pay matrix would be moved to step 4 effective with the pay period that begins February 4, 2001. All new hires would start at the current step 4. In addition, a 16<sup>th</sup> step would be added to the top of the matrix beginning in FY 2002, although no employee would be eligible to move to the next step until FY 2003. *In FY 2000, of the 24,454 classified state employees, 3,298 (13.5 percent) were at step 15 of their respective pay grades, and nine were above range.*
- No classified step movement is recommended for FY 2002.
- In lieu of classified step movement, for FY 2002, the Governor recommends an annualized 3.0 percent classified base salary adjustment with 1.5 percent effective at the beginning of the fiscal year and 1.5 percent effective half way through the fiscal year. The FY 2002 adjustments represent an increase of 2.25 percent for the budget year. *The cost of financing the base salary adjustment is \$18.9 million, including \$10.0 million from the State General Fund.*
- Full funding is provided for longevity bonus payments in FY 2002. *The Governor's budget recommends \$11.3 million, including \$6.1 million from the State General Fund for longevity bonus payments.*
- **Uniformed Corrections Officers.** In addition to the pay plan recommendations for all classified employees, the Governor recommends a 2.5 percent increase to the base salary of uniformed corrections officers at correctional facilities and for juvenile correctional officers and safety and security officers in each juvenile correctional facility. This would provide a annualized 5.5 percent base salary adjustment for uniformed corrections officers (an increase of 4.75 percent for FY 2002). *The Governor recommends funding of approximately \$1.8 million from the State General Fund for the additional base salary increase.*
- **Highway Patrol Troopers.** In addition to the pay plan recommendations for all classified employees, the Governor's recommendation includes funding to provide all sworn Highway Patrol officers a 5.0 percent base salary increase. This would result in an annualized 8.0 percent base salary adjustment (an increase of 7.25 percent for the budget year). *The Governor's budget includes slightly less than \$1.0 million, including \$0.8 million from the State General Fund for the additional base salary increase.*

### **Unclassified Employees (\$26.8 million, including \$21.9 million from the State General Fund)**

The Governor's recommendations for unclassified employees include the following:

- For unclassified employees, the Governor recommends an unclassified merit pool equivalent to the recommended classified base salary adjustment. *To finance the unclassified merit pool, the Governor recommends a total of \$18.4 million, including \$13.5 million from the State General Fund.*
- **Regents Faculty.** Under funding formulas contained in 1999 SB 345, the Higher Education Reform Act, the Governor recommends additional funding equivalent to a 3.2 percent increase for teaching and research faculty at Regents institutions in addition to the unclassified merit pool increase recommended for all unclassified employees. This is the second year of the four-year initiative established in SB 345. As with merit pool funding, each university can distribute the funding to faculty members as it considers appropriate. This would provide an annualized 6.2 percent adjustment for faculty members (an increase of 5.45 percent for FY 2002). *The Governor's recommendation includes \$8.4 million from the State General Fund to fund the additional faculty salary increase.*

Senate Ways and Means  
2-12-01  
Attachment 1

**INCREASES IN SALARIES FOR STATE CLASSIFIED EMPLOYEES, REGENTS'  
FACULTY AND CLASSROOM TEACHERS OF SCHOOL DISTRICTS, IN  
PRIVATE SECTOR WAGES, AND IN THE RATE OF INFLATION**

Fiscal Year	State Classified Service <sup>1</sup>	Regents' Faculty <sup>2</sup>	Classroom Teachers <sup>3</sup>	Inflation Rate <sup>4</sup>	J. Weekly Wage Private Sector <sup>5</sup>
1974	5.0%	5.5%	*	8.9%	-
1975	5.5%; \$30 minimum increase per month	10.0% - KU and WSU 11.0% - Others	7.25%	11.2	-
1976	5.0% plus \$25 per month	10.0%	10.5	7.1	-
1977	2.8% plus \$15 per month	9.0% - Ft. Hays 8.0% - Others	6.88	5.8	9.9
1978	3.0% or \$25 per month, whichever less; 2.0% for employees on Step F or above who were not eligible for a longevity increase	7.0% - Ft. Hays 6.0% - Others	6.62	6.6	3.7
1979	7.25%, subject to a maximum increase of \$125 per month	7.0%	5.92	9.4	9.8
1980	4% plus \$26 per month	6.5%	7.41	13.3	10.2
1981	New pay plan adopted; it was estimated that nearly all employees received at least an 8% increase and that the average increase was about 11%	9.0%	11.41	11.6	9.7
1982	5.0%	9.0% - Ft. Hays 7.0% - Others	9.4	8.6	8.2
1983	6.5%	10.2% - Ft. Hays <sup>a</sup> 7.5% - Others <sup>a</sup>	9.76	4.3	4.8
1984	4.5% effective 12/18/83	4.5% eff. 12/18/83	5.99	3.7	4.0
1985	5.0% plus \$204 (\$102 in two payments)	7.0%	8.38	3.9	3.5
1986	New pay plan adopted; wide variation in individual percentage increases, but est. to average about 6%	5.0 <sup>c</sup>	7.41	2.9	3.5
1987	3.0% <sup>b</sup>	2.5% <sup>c</sup>	3.68	2.2	3.2
1988	2.0% effective 12/18/87 <sup>d</sup>	3.0% eff. 12/18/87 <sup>c</sup>	4.22	4.1	3.0
1989	4.0% <sup>e</sup>	7.5 <sup>f</sup>	5.62	4.6	2.8
1990	3.0% <sup>e</sup>	8.5 <sup>f</sup>	4.81	4.8	2.7
1991	1.5% <sup>h</sup>	2.00% to 4.00% <sup>i</sup>	3.69	5.5	4.2
1992	-	2.5% <sup>j</sup>	3.62	3.2	3.3
1993	1.0% effective 12/18/92	2.5% plus 1% eff. 12/18/92	6.36	3.1	3.9
1994	0.5% <sup>k</sup>	2.25% <sup>c</sup>	3.42	2.6	2.8
1995	1.5% effective 9/18/94 <sup>l</sup>	6% high-4% low <sup>m</sup>	1.62	2.9	3.2
1996	1.0%	3.5% <sup>n</sup>	1.63	2.7	3.5
1997	-	2.5% (half year) <sup>o</sup>	2.03	2.9	4.6
1998	1.0%	3.5%	2.15	1.8	4.7
1999	1.5%	4.0%	2.47	1.7	4.0
2000	1.0%	3.5% <sup>p</sup>	3.75 (est.)	2.9	4.0 (est.)
2001	-	2.5% <sup>q</sup>	2.75 (est.)	2.8 (est.)	4.0 (est.)
2002	1.5% effective 6/10/01, additional 1.5% effective 12/9/01 <sup>r</sup>	1.5% effective 6/10/01, additional 1.5% effective 12/9/01 <sup>s</sup>	Not available	2.5 (est.)	Not available

1. So-called "cost of living" adjustments. The increases shown are in addition to merit pay or step increases, if any, to which individual employees were entitled in the fiscal year. Through FY 1980, merit increases of between 4 percent and 5 percent were typical until an employee reached the top of his range. There were no separate merit increases in FY 1981 when a new pay plan was implemented (classified personnel were assigned to specific ranges and steps on the new plan). Merit increases were approved in the budget for FY 1982, ranging from 5 percent to 7.5 percent for those entitled to such increases. A merit increase of about 1.25 percent for FY 1983, as authorized by the 1982 Legislature, was first deferred by order of the Governor and then was eliminated by the 1983 Legislature. No money was appropriated for merit increases in FY 1984 and 1985. The pay plan adopted in 1985 permitted step increases of approximately 2.5 percent for eligible employees in FY 1986 and thereafter (no "cost of living" increase in FY 1986, but implementation of the new plan included a "catch-up" feature to compensate for step increases not granted in the prior three years). The 1989 Legislature revised the pay plan, effective in FY 1990, to establish an annual bonus payment of \$40 per year of service (if ten or more but not to exceed 25 years or \$1,000), to reduce the three-year time-on-step requirement for employees on upper salary steps to a one-year requirement for the 2.5 percent step increase, and to add two steps to each salary range. No "cost-of-living" adjustment was approved for FY 1992, but money was appropriated to finance step movement and bonus payments for eligible employees, and such appropriations were made again for FY 1993, FY 1994, FY 1995, FY 1996, and FY 1997 (except for FY 1997 the appropriation for bonus payments was greatly limited although the substantive law was not changed).

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Attachment 2*

2. Percentage of increase to base salary budgets which is designated for salary increases for unclassified positions. Institutions under the Board of Regents allocate their appropriations for salary increases on a merit basis, not by a uniform or flat percentage increase. Thus, some faculty members received a higher percentage increase than shown in this column while others received less.
3. Statewide average increase (excluding fringe benefits) for teachers in all unified school districts as reported by the State Department of Education. Beginning in FY 1988, the figures represent the total increase, including federal Section 125 salary reduction plans. Thus, these figures are not strictly comparable with those for prior years.
4. Consumer Price Index – All Urban Consumers (1982-84 equals 100) : the increase in the average index for the fiscal year (July-June).
5. Source: Kansas Department of Human Resources. Data are for contributing employers to unemployment insurance coverage; prior to FY 1989, essentially for the private sector but includes some governmental units although not Kansas state government; for FYs 1989-FY 1995, includes only the private sector. Data are not available prior to FY 1977.
  - a) Also, \$900,000 was appropriated for allocation among faculty in specified curricula at all institutions.
  - b) In addition, salary upgrades for the clerical job series were approved beginning in the last six months of FY 1987. (Phase I of salary upgrade program.)
  - c) The state's contribution for faculty retirement was increased from 5 percent to 6 percent in FY 1986, to 7 percent in FY 1987, to 8 percent in FY 1988, to 8.5 percent in FY 1994.
  - d) 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.)
  - e) Plus salary upgrades for employees in direct care and other service worker classes (effective mid-FY 1989) and for security and law enforcement personnel (effective FY 1990). (Phase III of salary upgrade program.)
  - f) Systemwide average, with increases among the Regents' institutions ranging from 7.3 percent to 9.2 percent. Includes 5 percent basic increase plus percentage equivalent of the amount of the Margin of Excellence program appropriation allocated to salaries. Source: Board of Regents.
  - g) Systemwide average, with increases among the Regents' institutions ranging from 7.3 percent to 10.2 percent. Includes 5 percent basic increase plus percentage equivalent of the amount of the Margin of Excellence program appropriation allocated to salaries. Source: Board of Regents.
  - h) Plus salary upgrades for licensed practical nurses.
  - i) WSU, 2.00 percent; KU, 2.03 percent; FHSU, 2.25 percent; KSU, 2.30 percent; PSU, 2.44 percent; KUMC, 2.70 percent; ESU, 2.75 percent; KCT, 3.00 percent; KSU-VMC, 4.00. Source: Board of Regents. The range of increases reflects variations in applying the 1.75 percent General Fund appropriation reductions and other budget adjustments, rather than explicit legislative policy with regard to average salary increases. Prior to the 1.75 percent reduction and irrespective of other budget adjustments, appropriation amounts were based upon 4 percent faculty salary increases.
  - j) Financing was provided to give unclassified health care workers at the Medical Center an average increase of 6.5 percent.
  - k) Also, the 1993 Legislature approved reclassification of employees in health, scientific, and engineering job classes (effective 6/18/93) and in information technology job classes (effective 12/18/93).
  - l) Also, the 1994 Legislature approved reclassification of accountants and auditors, human resource professionals, purchasing and marketing professionals, general administrative job classes, social scientists, and attorneys (effective 6/18/94), and of management classes (effective 12/18/94).
  - m) Ranked faculty: 6 percent KU; 5.25 percent KSU and KSU-ESARP; 5 percent WSU; 4.5 percent KUMC, KSU-VMC, KSU-SCT; and 4 percent ESU, FHSU, PSU.
  - n) Increase authorized by the 1995 Legislature. Due to budgetary problems, the University of Kansas applied the 3.5 percent for the last half of FY 1996 and Fort Hays State University reduced the increase to 2.5 percent for all of FY 1996.
  - o) Average increase authorized by the 1996 Legislature, to be allocated on a merit basis, for the last half of FY 1997.
  - p) The 1999 Legislature also approved a \$3,400,000 salary pool to be distributed by the Board of Regents to faculty members teaching full-time, designed to provide an additional 1.3 percent to 1.5 percent increase for a total increase of 4.8 percent to 5.0 percent.
  - q) Under provisions of 1999 SB 345, the Governor has also recommended an \$8.4 million salary pool to be distributed by the Board of Regents for faculty salary enhancements. The funding is intended to provide an additional 3.4 percent salary increase for Regents faculty, for a total faculty salary increase of 5.9 percent.
  - r) The Governor also recommends additional base salary increases of 5.0 percent for highway patrol troopers, and 2.5 percent for adult and juvenile correctional officers.
  - s) Under provisions of 1999 SB 345, the Governor has also recommended an \$8.4 million salary pool to be distributed by the Board of Regents for faculty salary enhancements. The funding is intended to provide an additional 3.2 percent salary increase for Regents faculty, for a total annualized faculty salary increase of 6.2 percent.
- \* Not possible to compute percentage increase because comparable data are not available for FY 1973.

**INCREASES IN SALARIES FOR STATE CLASSIFIED EMPLOYEES  
FY 1987-FY 2002 (Gov. Rec.)**

Fiscal Year	Step Movement*	Base Salary Adjustment	Base Salary Increase Excluding Longevity	Longevity Bonus Payment**	Percent Increase CPI-U***
1987	2.5% <sup>a</sup>	3.0%	5.5%	No	2.2%
1988	2.5 <sup>b</sup>	2.0 effective 12/18/87	4.5	No	4.1
1989	2.5 <sup>c</sup>	4.0	6.5	No	4.6
1990	2.5 <sup>d</sup>	3.0	5.5	\$400 to \$1,000	4.8
1991	2.5 <sup>e</sup>	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 <sup>f</sup>	0.5	3.0	\$400 to \$1,000	2.6
1995	2.5 <sup>g</sup>	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	2.9
2001	2.5	--	2.5	\$400 to \$1,000	2.8 (est.)
2002 (Gov. Rec.)	--	1.5 effective 6/10/01; 1.5 effective 12/9/01	3.0 (annualized)	\$400 to \$1,000	2.5 (est.)

**Employer Paid Health Insurance Costs**

For FY 2002 the employer's paid health insurance costs in the *Governor's Budget Report* contains an annual single member health insurance premium of **\$2,783**, plus an annual dependent health insurance premium of **\$1,437**. The FY 2002 total budgeted health insurance premium for each state employee with dependents that the state pays is **\$4,220**.

**Employer Contributions**

The following employer contributions will be made for state employees in FY 2002:

Kansas Public Employees Retirement System (Assumes membership in KPERs-Regular)—(Gov. Rec.)	4.78%
FICA (Composite Rate for OASDI and Medicare)	7.65
Workers Compensation Assessment	1.00*
Unemployment Insurance Assessment	0.10
State Leave Payment Assessment	0.45
<b>TOTAL</b>	<b>13.98%</b>

\*Each agency has its own rate

On the average (FY 2000) classified state employee's salary of \$28,842, the above employer costs for fringe benefits would total an average of **\$4,032**. 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 **\$8,252**. The average classified employee is 45 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 2001 state employees receive nine paid holidays, including a discretionary day.

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**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).



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

Delivered on February 12, 2001

KAPE is the bargaining representative for about 20,000 employees across the state. As the spokesperson for KAPE, today, I wish to speak to the Governors' proposed pay plan. First, KAPE commends the Governor for proposing the funding of longevity bonuses, pay adjustments to the beginning of the matrix, and specifically addressing some disparity in certain job classifications and providing for a step for the nearly 3500 employees at the end of their range for future movement. Clearly, the Governor is recognizing the need to be competitive in the labor-short market all employers are experiencing. The Governors' pay plan takes a step toward being more competitive. Without a doubt, this should help with the attraction of applicants the state is said to be experiencing.

However, many of our members would like to see the Governor do more for the second prong of the attraction and retention problem. To ignore retention will only continue a trend already prevalent in some agencies and departments of the State. That is, that the State of Kansas would be used for a training ground, or stepping stone to another career of the same or similar form of public service.

To fail on retention would nullify gains made in attraction. This is why KAPE is suggesting, at the behest of our members, to continue a 14-year tradition of providing the merit step increase, then a Cost of Living Allowance (COLA). KAPE chooses this alternative as simply just that, an alternative. An alternative pay plan has been developed by some members of the House of Representatives, which provides more appealing characteristics. Specifically, because it first provides for a step. A step, and a COLA are really two separate issues. A step is one of recognizing an employee for satisfactory performance. It is based on the merit of the employee, and recognizes the employee as such. The State will be sending a negative message by not recognizing merit. The second issue is the COLA, which is an adjustment to the pay matrix. Indeed this is necessary to maintain a competitive pay system. It is important to note that the plan also provides for a 3 1/5% in lieu of the 3% provided by the Governor. Also, that it provides a \$1.6 million savings in comparison to the Governors plan.

Before I close, I urge the Committee to see your way to bring Correctional Officers to a compensation level in accordance with a wage negotiated in good faith, and recommended by the Secretary of Corrections, to the States' Correctional Officers. It is a perfect example of how not maintaining the pay matrix can result in underpaid staff. Make no mistake about it; there is a sense of urgency in Corrections. It is an urgency that encompasses safety and respect. At risk is both the publics' safety, and the officers. KAPE hopes the State will take this opportunity to make the Correctional Officers "whole" in regards to their pay in the market. Also to fund a Step for the State Employee work force and the COLA to supplement. To do otherwise will jeopardize everyone's safety in Corrections, and statewide, lead to major and more costly adjustments later.

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## An Alternative Pay Plan for State Employees

- Saves the Step Increase (2.5%) for all classified employees (even provides a step for state workers at the top of their range – on the 15<sup>th</sup> Step).
- Provides a total 3.5% pay raise for all classified and unclassified state employees.
- Costs \$1.6 million less than Governor's pay plan.

### An Alternative Plan

Total of a 3.5% pay increase for all state employees when fully phased in.

Continues the 14-year tradition of Step Movement for FY 2002.

3.5% Raise for Classified Emps.:  
2.5% Step Increase; 1% COLA on Jan 1, 2002.

3.5% Raise for Unclassified Emps.:  
3.5% unclassified merit pool on Jan 1, 2002.

### Governor's Plan

Total of a 3.0% pay increase for all state employees when fully phased in.

No Step Movement for FY 2002. This will be the first time in 14 years that classified employees have been denied a 2.5% step increase.

3% Raise for Classified Emps.:  
1.5% raise July 1, 2002; 1.5% raise Jan 1, 2002.

3% Raise for Unclassified Emps.:  
1.5% merit pool July 1, 2002; 1.5% on Jan 1, 2002.

**COMPARISON OF GOVERNOR'S RECOMMENDED PAY PLAN ADJUSTMENTS  
AND AN ALTERNATIVE PAY PLAN**

	<u>State General Fund</u> <u>(In Millions)</u>	
<b>Classified Employees:</b>		
Governor's Recommended Base Salary Adjustment	\$	10.0
Estimated Cost for 2.5 Percent Step Movement		7.6
Estimated Cost of 16th Step		1.2
Difference		1.2
<i>Option - 2.5 Percent Step Movement</i>	\$	7.6
<i>Add 16th step for Classified Employees at top of pay grade</i>		1.2
<i>1.0 percent base salary increase effective second half of FY 2002</i>		1.5
<i>Total Cost</i>		<u>10.3</u>
	\$	10.3
<b>Difference From Governor's Recommendation-Classified</b>	\$	0.3
<b>Unclassified Employees:</b>		
Governor's Recommended Unclassified Merit Pool	\$	13.5
<i>Option - 3.5 Percent Unclassified Merit Pool effective</i>	\$	11.6
<i>second half of FY 2002</i>		
<b>Difference From Governor's Recommendation-Unclassified</b>	\$	(1.9)
<b>Total Cost of Governor's Recommended Pay Plan Adjustment</b>	\$	23.5
<b>Total Cost of Alternative Pay Plan</b>		21.9
<b>Difference From Governor's Recommendation</b>	\$	<u>(1.6)</u>

Prepared at the Request and Direction of Representative Rocky Nichols  
Kansas Legislative Research Department  
January 23, 2001

**Testimony by  
Bobbi Mariani, Director  
Division of Personnel Services  
before the  
Senate Ways & Means Committee  
February 12, 2001**

Mr. Chairperson and members of the committee, thank you for the opportunity to appear before you today in support of the Governor's Pay Plan for Fiscal Year 2002. The Governor's Pay Plan immediately improves starting pay and spreads the available salary resources as broadly as possible to all state employees.

On February 4, 2001, Step 4 became the new entry-level step for all pay grades. This change was prompted by concerns from state agencies about their inability to hire due to low entry level pay rates. Turnover data revealed that 44% of employees leaving state service for reasons other than retirement had between 1 and 2 years of service and that 63% of employees left within the first five years of service. This action increased the state's hiring rate by 7.5% to address this turnover. I discussed these changes with you in greater detail during my briefing before you last month.

While this increased entry level pay, the Governor's Pay Plan for Fiscal Year 2002 focuses on improving pay for all employees. In order to bring the state pay matrix more in line with the current market, the Governor is proposing a 3% general increase to the entire pay matrix during Fiscal Year 2002. This increase will be accomplished in two phases, with the first increase of 1.5% occurring at the beginning of Fiscal Year 2002 (June 10, 2001) and the second 1.5% increase occurring in the middle of the Fiscal Year (December 9, 2001). Unclassified merit increases will be handled according to the same schedule. In addition, the Governor is proposing to adjust the maximum rate by 2.5% by adding an additional step to the matrix.

These changes will be done in lieu of step movement for Fiscal year 2002. This will result in all employees having their base pay increased by 3% midway through the fiscal year, rather than a receiving a 2.5% step movement, which can occur sporadically throughout the fiscal year. This proposal also benefits those employees on Step 15 who do not receive step movement. The Governor's recommendations also include funding for employees to continue to receive longevity pay.

Traditionally we spend as much as other organizations on the salary budget, but we usually put the dollars into moving individuals through the steps instead of general increases to the pay structure. Where we spend our salary dollars has a big impact on our competitive market position and results in more money to more employees.

Overall, this change will further increase the hiring rate (which has already been increased by 7.5% in FY 2001), the maximum rate (which is also increased by 2.5% due to the additional step) and the midpoint of the state's pay matrix by 3% for market salary comparisons.

We have also seen a particularly difficult time recruiting and retaining employees in certain classes. These classes require special attention because they directly impact

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public safety and welfare. To address this problem, the Governor has proposed specific increases for those classes as follows:

- Sworn officers in the Highway Patrol will receive an additional 5% increase.
- Uniformed Corrections employees will receive an additional 2.5% increase and signing bonuses of \$500 in critical staffing areas.
- Juvenile Corrections and Safety and Security at juvenile correctional facilities will receive an additional 2.5% increase.

The provisions of the Governor's plan, when considered in total, will increase state employee average pay by 4.4 percent.

State employees continue to find innovative ways to better serve the citizens of Kansas while adjusting to tightening budgets and reductions in staff. Without purposeful and continuous maintenance of the pay plan, it has become difficult to recruit and retain qualified people to perform these responsibilities. We have taken the first steps to rectify these issues in FY 2001. Continuation of the process in FY 2002 to provide comparable starting salaries is required to assure that the state has the human resources to discharge its responsibilities. I request your support of this proposal and appreciate your continued commitment to state employees. Thank you.