

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 10:35 A.M. on February 2, 2006, in Room 123-S of the Capitol.

All members were present.

Committee staff present:

Jill Wolters, Revisor of Statutes Office
Michael Corrigan, Revisor of Statutes Office
Alan Conroy, Director, Kansas Legislative Research Department
J. G. Scott, Kansas Legislative Research Department
Reagan Cussimano, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
Julian Efir, Kansas Legislative Research Department
Judy Bromich, Chief of Staff
Mary Shaw, Committee Secretary

Conferees appearing before the committee:

Duane Goossen, Director, Division of the Budget and Secretary, Kansas Dept. of Administration
Carl Hill, Chief of Staff, Kansas Association of Public Employees
Gary Adkins, Executive Director, State Employees Association of Kansas
Lyndon Wells, Executive Vice President, INTRUST Bank and Chairman, Wichita Metro Chamber of Commerce
Derek Kennedy, Vice President and Lead Controller, Cargill Meat Solutions, Wichita
John Waltner, Mayor, Hesston and Chairman, Regional Economic Area Partnership Legislative Committee
George Kolb, City Manager, City of Wichita (written)
Ben Sciortino, Chairman, Board of County Commissioners, Sedgwick County (written)

Others attending:

See attached list.

Bill Introductions

A motion was made by Senator Steineger, with a second by Senator Morris, to introduce a bill regarding creating a Legislative Compensation Commission (5rs1859). Motion carried on a voice vote.

A motion was made by Senator Morris, with a second by Senator Teichman, to approve the minutes of the meetings of January 11, January 12 and January 13, 2006. Motion carried on a voice vote. Senator Wysong passed on the vote regarding the meeting of January 11, 2006.

Review of the Governor's Proposed Pay Plan

Chairman Umbarger welcomed Alan Conroy, Director, Kansas Legislative Research Department, who presented a staff review of the Governor's Recommended Pay Plan Adjustments. He distributed and explained the following information:

- Governor's FY 2007 State Employee Salary Adjustments (Attachment 1)
- Increases in Salaries for State Classified Employees, FY 1994 - FY 2004, Governor's Recommendations (Attachment 2)
- Increases in Salaries for State Classified Employees, FY 1987 - FY 2007, Governor's Recommendations (Attachment 3)
- Kansas Civil Service Basic Pay Plan (effective December 4, 2005) Basic Steps (Hourly Rates), (Bi-Weekly Rates) (Attachment 4)

CONTINUATION SHEET

MINUTES OF THE Senate Ways and Means Committee at 10:35 A.M. on February 2, 2006, in Room 123-S of the Capitol.

The Chairman recognized the following conferees that spoke regarding the Governor's Recommended Pay Plan Adjustments.

Duane Goossen, Director, Division of the Budget and Secretary, Kansas Department of Administration, presented information on the State Employee Pay Plan Proposal (Attachment 5). Director Goossen explained the main points of the Governor's Pay Plan Proposal. He highlighted information regarding all classified and unclassified employees; corrections officer package and building trades retention incentive.

Carl Hill, Chief of Staff, Kansas Association of Public Employees (KAPE), addressed information regarding step increases, base salary adjustment, extra check and retired state employee medical care cost assistance (Attachment 6). Mr. Hill addressed the foundation of KAPE's legislative agenda which is improvement of pay and benefits for both active and retired state employees. He explained what KAPE refers to as their 3 R's: Rewarded, Recognized and Retained. Mr. Hill noted that without question, a step increase is KAPE's highest priority.

Gary Adkins, Executive Director, State Employees Association of Kansas (SEAK), shared SEAK's legislative priorities for the 2006 Session (Attachment 7). Mr. Adkins explained that SEAK's legislative priorities for the 2006 Session are concerns are with both active and retired workers. He noted that for active workers, KAPE is advocating a 3.5% Cost of Living Adjustment. Mr. Adkins mentioned that additional concerns are related to active state workers is health insurance costs and severance for active employees who lose their jobs through no fault of their own. Regarding retired state workers, he noted that retirees have not received a cost of living increase since 1998 and the Consumer Price Increase has increased by about 16% and health insurance costs for these employees have almost doubled. He explained that KAPE is advocating a Cost of Living Adjustment of 5% with assistance in health insurance costs of 2.5% for retired employees.

Chairman Umbarger opened the public hearing on:

SB 475--Creating the state affordable airfare fund; moneys from the economic development initiatives fund; implementing a program to provide more flight options, more competition and affordable airfares

Staff briefed the Committee on the bill.

Information was distributed from Andy Schlapp on Affordable Air Fares for Kansans (Attachment 8). The Chairman welcomed the following conferees:

Lyndon Wells, Executive Vice President, INTRUST Bank and currently Chairman of the Wichita Metro Chamber of Commerce, testified in support of **SB 475** (Attachment 9). Mr. Wells explained that he was privileged to represent businesses in Kansas who are strong advocates of maintaining affordable and convenient air service in the state. In closing, Mr. Wells noted that there is a need for a long term solution to level the playing field when it comes to air transportation in Kansas. He mentioned that Kansas cannot continue to lose people, businesses and dollars to its neighboring states.

Copies of Fairfares 1 & 2 Supporters were distributed to the Committee from the Wichita Area Chamber of Commerce (Attachment 10) and Catchment Area Savings with Affordable Air Fares (Attachment 11).

Derek Kennedy, Vice President and Lead Controller, Cargill Meat Solutions based in Wichita, testified in support of **SB 475** (Attachment 12). Mr. Kennedy mentioned that Cargill, Inc., is one of the United State's largest privately owned companies and one that aggressively seeks growth opportunities. He explained that they can do business and grow their business in Kansas because of affordable air fares. Mr. Kennedy noted that the state's benefit is more economic development, more employees, more flights in Kansas, and ultimately more taxes paid in from all of these efforts.

John Waltner, Mayor of Hesston, Kansas, and Chairman of the REAP (Regional Economic Area Partnership), spoke in support of **SB 475** (Attachment 13). Mr. Waltner explained that REAP forms a distinct regional

CONTINUATION SHEET

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economy that serves as the manufacturing backbone for the state of Kansas. He noted that people in the state of Kansas have saved more than \$230 million which has gone back into the economy, jobs and citizens' pockets to spend elsewhere, while also funding the State General Fund. In closing, Mr. Walter mentioned that REAP urges support for affordable airfares for Kansans and for keeping the state competitive in the air service game.

Written testimony in support of **SB 475** was submitted by the George Kolb, City Manager, City of Wichita (Attachment 14) and Ben Sciortino, Chairman, Board of County Commissioners, Sedgwick County, Kansas (Attachment 15).

There being no further conferees to come before the Committee, the Chairman closed the public hearing on **SB 475**.

The meeting adjourned at 12:00 p.m. The next meeting was scheduled for February 6, 2006.

**SENATE WAYS AND MEANS
GUEST LIST**

Date February 2, 2006

| NAME | REPRESENTING |
|------------------------|---------------------------------------------|
| Duane Goossen | DofA |
| Estelle Montgomery | Hein Law Firm |
| Ali Sultani | Sen. V. Schmidt's office |
| <u>Tom Bruno</u> | <u>REAP</u> |
| Andy Schlapp | Sedgwick County |
| RaeAnne Danz | KS Dept of Commerce |
| Leoy Brewer | OLathe Dist Schools Retired Employees Assoc |
| Tan Gardner | " |
| Diane Bryant | " |
| Barbara Johnson | " |
| Linda Luller | KDA Dental Day |
| Alma Foster | " " |
| John Smith | Sawtooth |
| Rebecca | KAPE |
| John Smith | Texas Inc. |
| Howard Rice | KAPE Retiree |
| Mary Beems | VPPA KAPE Retirees |
| Kirk Fowler | Judiciary |
| Derek Kennedy | Cargill - Affordable Airfare |
| LYNDON WELLS | TRUST BANK-WICHITA CHAMBER |
| Jan Waltra | City of Hesston - REAP |
| JOE VAGER | REAP |
| JEANNE Goodwin | City of Wichita |

GOVERNOR'S FY 2007 STATE EMPLOYEE SALARY ADJUSTMENTS

| | Millions | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------|
| | State General Fund | All Funds |
| <p>A. Base Salary Adjustment. For classified employees of the executive branch, the Governor recommends a 2.5 percent base salary adjustment effective June 13, 2006, the first pay period attributable to FY 2007. For unclassified employees, including statewide elected officials, Regents employees, legislative and judicial branch employees, including legislators and judges, a 2.5 percent unclassified merit pool, to be distributed on the basis of performance is recommended. (This total includes funding of \$24.6 million, including \$11.8 million from the State General Fund for Regents pay increases. The funding is included as part of the Regents operating grant recommended by the Governor.)</p> | \$ 24.8 | \$ 50.0 |
| <p>B. Annualization of FY 2006 Base Salary Adjustment. The 2005 Legislature approved a phased in 2.5 percent base salary adjustment for FY 2006. Of the increase, 1.25 percent was received at the beginning of the fiscal year and an additional 1.25 percent became effective halfway through the fiscal year. Additional funding was approved only for the mid-year increase. The Governor's recommendation fully funds, or "annualizes" the FY 2006 increase in FY 2007.</p> | 11.5 | 23.2 |
| <p>C. Longevity. The Governor recommends funding for longevity bonuses (\$40 a year for each year of service for those classified employees that have at least ten years of service up to a maximum of 25 years) in FY 2007.</p> | 0.1* | 0.3* |
| <p>D. Kansas Public Employees Retirement System (KPERs) Rate Increases. The FY 2007 rate for KPERs regular and school members of 5.77 percent is an increase of 0.5 percent above the FY 2006 rate of 5.27 percent of salaries. This increase is attributable to the annual statutory increase for financing the unfunded liability of the KPERs Fund.</p> | 3.6 | 7.3 |

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Attachment 1

E. **KPERS Death and Disability Contribution Rate.** The Governor's FY 2007 recommendation funds the KPERS Death and Disability contribution rate at 1.0 percent of salaries. This is an increase in the rate from the 0.8 percent of salaries funded in the FY 2006 budget. (This amount assumes that the Regents will elect to provide the institutions with funding for this adjustment.) *This amount does not include KPERS-School.*

1.5

3.0

F. **Corrections Officer Enhancement Package.** For FY 2007, the Governor recommends a Corrections Officer enhancement package, which combines the Corrections Officers IA, IB, and II position classes into a single Corrections Officer class on pay grade 20 of the classified pay matrix.

3.2

3.2

G. **Building Trades Retention Incentive.** The FY 2007 recommendation includes a retention incentive for skilled trades job classes, such as carpenters, plumbers, painters, electricians, power plant operators, and utility workers.

0.5

0.9

Subtotal - FY 2007 Salary Increases

\$

45.2

\$

88.9

H. **One Less Payroll Period in FY 2007 than in FY 2006.** The average fiscal year contains 26 biweekly payroll periods. Because of the biweekly nature of the system and the way the pay dates have fallen since the system was implemented in 1995, a 27th payroll period will occur on June 30, 2006, the last day of FY 2006. One-time funding for this "extra" payroll period is included in each FY 2006 agency budget. The FY 2007 budget contains the usual 26 payroll periods, one less than in FY 2006. The agency request and the Governor's recommendation reflect this reduction in the number of payroll periods.

(32.6)

(65.1)

GRAND TOTAL

\$

12.6

\$

23.8

* Longevity amounts reflect the difference between the Governor's recommendation for FY 2006 and the amount of longevity bonus payments that are estimated to be paid in FY 2007.

**INCREASES IN SALARIES FOR STATE CLASSIFIED EMPLOYEES
FY 1994-FY 2007 (Gov. Rec.)**

| Fiscal Year | Step Movement* | Base Salary Adjustment | Base Salary Increase Excluding Longevity | Longevity Bonus Payment** | Percent Increase CPI-U*** |
|------------------|-------------------|-------------------------------------------------|---------------------------------------------------|---------------------------------|---------------------------------|
| 1994 | 2.5% | 0.5% | 3.0% | \$400 to \$1,000 | 2.6% |
| 1995 | 2.5 | 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 | 1.6 |
| 2000 | 2.5 | 1.0 | 3.5 | \$400 to \$1,000 | 2.2 |
| 2001 | 2.5 | -- | 2.5 | \$400 to \$1,000 | 2.8 |
| 2002 | -- | 1.5 effective 6/10/01; 1.5 effective 12/9/01 | 3.0 | \$400 to \$1,000 | 1.6 |
| 2003 | -- | -- | -- | \$400 to \$1,000 | 2.3 |
| 2004 | -- | 1.5 effective 7/20/03 | 1.5 | \$400 to \$1,000 | 2.7 |
| 2005 | -- | 3.0 | 3.0 | \$400 to \$1,000 | 3.1 (est.) |
| 2006 | -- | 1.25 effective 6/5/05 1.25 effective 12/4/05 | 2.5 | \$400 to \$1,000 | 3.2 (est.) |
| 2007 (Gov. Rec.) | -- | 2.5 | 2.5 | \$400 to \$1,000 | 2.7 (est.) |

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.

**INCREASES IN SALARIES FOR STATE CLASSIFIED EMPLOYEES
FY 1987-FY 2007 (Gov. Rec.)**

| Fiscal Year | Step Movement* | Base Salary Adjustment | Base Salary Increase Excluding Longevity | Longevity Bonus Payment** | Percent Increase CPI-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 | 1.6 |
| 2000 | 2.5 | 1.0 | 3.5 | \$400 to \$1,000 | 2.2 |
| 2001 | 2.5 | -- | 2.5 | \$400 to \$1,000 | 2.8 |
| 2002 | -- | 1.5 effective 6/10/01; 1.5 effective 12/9/01 | 3.0 | \$400 to \$1,000 | 1.6 |
| 2003 | -- | -- | -- | \$400 to \$1,000 | 2.3 |
| 2004 | -- | 1.5 effective 7/20/03 | 1.5 | \$400 to \$1,000 | 2.7 |
| 2005 | -- | 3.0 | 3.0 | \$400 to \$1,000 | 3.1 (est.) |
| 2006 | -- | 1.25 effective 6/5/05 1.25 effective 12/4/05 | 2.5 | \$400 to \$1,000 | 3.2 (est.) |
| 2007 (Gov. Rec.) | -- | 2.5 | 2.5 | \$400 to \$1,000 | 2.7 (est.) |

Employer Paid Health Insurance Costs

For FY 2007 the employer's paid health insurance costs in the Governor's recommended budget contains an annual single member health insurance premium of **\$4,813**, plus an annual dependent health insurance premium of **\$2,227**. The FY 2007 total budgeted health insurance premium for each state employee with dependents that the state pays is **\$7,040**.

Employer Contributions

The following employer contributions will be made for state employees in FY 2007:

| | |
|------------------------------------------------------------------------------------|---------------|
| Kansas Public Employees Retirement System (Assumes membership in KPERS-Regular) | 5.77% |
| FICA (Composite Rate for OASDI and Medicare) | 7.65 |
| Workers Compensation Assessment* | 1.06 |
| Unemployment Insurance Assessment | 0.18 |
| State Leave Payment Assessment | 0.65 |
| TOTAL | 15.31% |

* Actual rate is experienced-based by agency.

On the average (FY2005) classified state employee's salary of \$32,634, the above employer costs for fringe benefits would total an average of **\$4,996**. These employer costs, when combined with employer health insurance (member and dependent), would bring the total fringe benefits costs for an average state employee to **\$12,036**.

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 2006 state employees receive ten paid holidays, including a discretionary day.

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).

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Kansas Civil Service Basic Pay Plan (effective December 4, 2005)
Basic Steps (Hourly Rates)

| Pay Grade | Step 4 | Step 5 | Step 6 | Step 7 | Step 8 | Step 9 | Step 10 | Step 11 | Step 12 | Step 13 | Step 14 | Step 15 |
|-----------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 5 | \$6.49 | \$6.65 | \$6.82 | \$6.98 | \$7.13 | \$7.32 | \$7.51 | \$7.70 | \$7.87 | \$8.07 | \$8.26 | \$8.48 |
| 6 | \$6.82 | \$6.98 | \$7.13 | \$7.32 | \$7.51 | \$7.70 | \$7.87 | \$8.07 | \$8.26 | \$8.48 | \$8.70 | \$8.90 |
| 7 | \$7.13 | \$7.32 | \$7.51 | \$7.70 | \$7.87 | \$8.07 | \$8.26 | \$8.48 | \$8.70 | \$8.90 | \$9.12 | \$9.36 |
| 8 | \$7.51 | \$7.70 | \$7.87 | \$8.07 | \$8.26 | \$8.48 | \$8.70 | \$8.90 | \$9.12 | \$9.36 | \$9.57 | \$9.83 |
| 9 | \$7.87 | \$8.07 | \$8.26 | \$8.48 | \$8.70 | \$8.90 | \$9.12 | \$9.36 | \$9.57 | \$9.83 | \$10.07 | \$10.29 |
| 10 | \$8.26 | \$8.48 | \$8.70 | \$8.90 | \$9.12 | \$9.36 | \$9.57 | \$9.83 | \$10.07 | \$10.29 | \$10.57 | \$10.82 |
| 11 | \$8.70 | \$8.90 | \$9.12 | \$9.36 | \$9.57 | \$9.83 | \$10.07 | \$10.29 | \$10.57 | \$10.82 | \$11.10 | \$11.35 |
| 12 | \$9.12 | \$9.36 | \$9.57 | \$9.83 | \$10.07 | \$10.29 | \$10.57 | \$10.82 | \$11.10 | \$11.35 | \$11.64 | \$11.93 |
| 13 | \$9.57 | \$9.83 | \$10.07 | \$10.29 | \$10.57 | \$10.82 | \$11.10 | \$11.35 | \$11.64 | \$11.93 | \$12.23 | \$12.53 |
| 14 | \$10.07 | \$10.29 | \$10.57 | \$10.82 | \$11.10 | \$11.35 | \$11.64 | \$11.93 | \$12.23 | \$12.53 | \$12.83 | \$13.14 |
| 15 | \$10.57 | \$10.82 | \$11.10 | \$11.35 | \$11.64 | \$11.93 | \$12.23 | \$12.53 | \$12.83 | \$13.14 | \$13.48 | \$13.81 |
| 16 | \$11.10 | \$11.35 | \$11.64 | \$11.93 | \$12.23 | \$12.53 | \$12.83 | \$13.14 | \$13.48 | \$13.81 | \$14.16 | \$14.49 |
| 17 | \$11.64 | \$11.93 | \$12.23 | \$12.53 | \$12.83 | \$13.14 | \$13.48 | \$13.81 | \$14.16 | \$14.49 | \$14.85 | \$15.23 |
| 18 | \$12.23 | \$12.53 | \$12.83 | \$13.14 | \$13.48 | \$13.81 | \$14.16 | \$14.49 | \$14.85 | \$15.23 | \$15.61 | \$15.97 |
| 19 | \$12.83 | \$13.14 | \$13.48 | \$13.81 | \$14.16 | \$14.49 | \$14.85 | \$15.23 | \$15.61 | \$15.97 | \$16.39 | \$16.77 |
| 20 | \$13.48 | \$13.81 | \$14.16 | \$14.49 | \$14.85 | \$15.23 | \$15.61 | \$15.97 | \$16.39 | \$16.77 | \$17.20 | \$17.62 |
| 21 | \$14.16 | \$14.49 | \$14.85 | \$15.23 | \$15.61 | \$15.97 | \$16.39 | \$16.77 | \$17.20 | \$17.62 | \$18.05 | \$18.51 |
| 22 | \$14.85 | \$15.23 | \$15.61 | \$15.97 | \$16.39 | \$16.77 | \$17.20 | \$17.62 | \$18.05 | \$18.51 | \$18.97 | \$19.40 |
| 23 | \$15.61 | \$15.97 | \$16.39 | \$16.77 | \$17.20 | \$17.62 | \$18.05 | \$18.51 | \$18.97 | \$19.40 | \$19.91 | \$20.40 |
| 24 | \$16.39 | \$16.77 | \$17.20 | \$17.62 | \$18.05 | \$18.51 | \$18.97 | \$19.40 | \$19.91 | \$20.40 | \$20.89 | \$21.42 |
| 25 | \$17.20 | \$17.62 | \$18.05 | \$18.51 | \$18.97 | \$19.40 | \$19.91 | \$20.40 | \$20.89 | \$21.42 | \$21.96 | \$22.49 |
| 26 | \$18.05 | \$18.51 | \$18.97 | \$19.40 | \$19.91 | \$20.40 | \$20.89 | \$21.42 | \$21.96 | \$22.49 | \$23.06 | \$23.61 |
| 27 | \$18.97 | \$19.40 | \$19.91 | \$20.40 | \$20.89 | \$21.42 | \$21.96 | \$22.49 | \$23.06 | \$23.61 | \$24.20 | \$24.78 |
| 28 | \$19.91 | \$20.40 | \$20.89 | \$21.42 | \$21.96 | \$22.49 | \$23.06 | \$23.61 | \$24.20 | \$24.78 | \$25.42 | \$26.02 |
| 29 | \$20.89 | \$21.42 | \$21.96 | \$22.49 | \$23.06 | \$23.61 | \$24.20 | \$24.78 | \$25.42 | \$26.02 | \$26.68 | \$27.35 |
| 30 | \$21.96 | \$22.49 | \$23.06 | \$23.61 | \$24.20 | \$24.78 | \$25.42 | \$26.02 | \$26.68 | \$27.35 | \$28.01 | \$28.71 |
| 31 | \$23.06 | \$23.61 | \$24.20 | \$24.78 | \$25.42 | \$26.02 | \$26.68 | \$27.35 | \$28.01 | \$28.71 | \$29.42 | \$30.14 |
| 32 | \$24.20 | \$24.78 | \$25.42 | \$26.02 | \$26.68 | \$27.35 | \$28.01 | \$28.71 | \$29.42 | \$30.14 | \$30.89 | \$31.62 |
| 33 | \$25.42 | \$26.02 | \$26.68 | \$27.35 | \$28.01 | \$28.71 | \$29.42 | \$30.14 | \$30.89 | \$31.62 | \$32.43 | \$33.22 |
| 34 | \$26.68 | \$27.35 | \$28.01 | \$28.71 | \$29.42 | \$30.14 | \$30.89 | \$31.62 | \$32.43 | \$33.22 | \$34.05 | \$34.87 |
| 35 | \$28.01 | \$28.71 | \$29.42 | \$30.14 | \$30.89 | \$31.62 | \$32.43 | \$33.22 | \$34.05 | \$34.87 | \$35.75 | \$36.62 |
| 36 | \$29.42 | \$30.14 | \$30.89 | \$31.62 | \$32.43 | \$33.22 | \$34.05 | \$34.87 | \$35.75 | \$36.62 | \$37.55 | \$38.47 |
| 37 | \$30.89 | \$31.62 | \$32.43 | \$33.22 | \$34.05 | \$34.87 | \$35.75 | \$36.62 | \$37.55 | \$38.47 | \$39.40 | \$40.42 |
| 38 | \$32.43 | \$33.22 | \$34.05 | \$34.87 | \$35.75 | \$36.62 | \$37.55 | \$38.47 | \$39.40 | \$40.42 | \$41.38 | \$42.42 |

Senate Ways and Means
2-2-06
Attachment 4

Kansas Civil Service Basic Pay Plan (effective December 4, 2005)
Basic Steps (Bi-Weekly Rates)

| Pay Grade | Step 4 | Step 5 | Step 6 | Step 7 | Step 8 | Step 9 | Step 10 | Step 11 | Step 12 | Step 13 | Step 14 | Step 15 |
|-----------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| 5 | | | | | | | | | | | | |
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| 17 | | | | | | | | | | | | |
| 18 | \$978.40 | \$1,002.40 | \$1,026.40 | \$1,051.20 | \$1,078.40 | \$1,104.80 | \$1,132.80 | \$1,159.20 | \$1,188.00 | \$1,218.40 | \$1,248.80 | \$1,277.60 |
| 19 | \$1,026.40 | \$1,051.20 | \$1,078.40 | \$1,104.80 | \$1,132.80 | \$1,159.20 | \$1,188.00 | \$1,218.40 | \$1,248.80 | \$1,277.60 | \$1,311.20 | \$1,341.60 |
| 20 | \$1,078.40 | \$1,104.80 | \$1,132.80 | \$1,159.20 | \$1,188.00 | \$1,218.40 | \$1,248.80 | \$1,277.60 | \$1,311.20 | \$1,341.60 | \$1,376.00 | \$1,409.60 |
| 21 | \$1,132.80 | \$1,159.20 | \$1,188.00 | \$1,218.40 | \$1,248.80 | \$1,277.60 | \$1,311.20 | \$1,341.60 | \$1,376.00 | \$1,409.60 | \$1,444.00 | \$1,480.80 |
| 22 | \$1,188.00 | \$1,218.40 | \$1,248.80 | \$1,277.60 | \$1,311.20 | \$1,341.60 | \$1,376.00 | \$1,409.60 | \$1,444.00 | \$1,480.80 | \$1,517.60 | \$1,552.00 |
| 23 | \$1,248.80 | \$1,277.60 | \$1,311.20 | \$1,341.60 | \$1,376.00 | \$1,409.60 | \$1,444.00 | \$1,480.80 | \$1,517.60 | \$1,552.00 | \$1,592.80 | \$1,632.00 |
| 24 | \$1,311.20 | \$1,341.60 | \$1,376.00 | \$1,409.60 | \$1,444.00 | \$1,480.80 | \$1,517.60 | \$1,552.00 | \$1,592.80 | \$1,632.00 | \$1,671.20 | \$1,713.60 |
| 25 | \$1,376.00 | \$1,409.60 | \$1,444.00 | \$1,480.80 | \$1,517.60 | \$1,552.00 | \$1,592.80 | \$1,632.00 | \$1,671.20 | \$1,713.60 | \$1,756.80 | \$1,799.20 |
| 26 | \$1,444.00 | \$1,480.80 | \$1,517.60 | \$1,552.00 | \$1,592.80 | \$1,632.00 | \$1,671.20 | \$1,713.60 | \$1,756.80 | \$1,799.20 | \$1,844.80 | \$1,888.80 |
| 27 | \$1,517.60 | \$1,552.00 | \$1,592.80 | \$1,632.00 | \$1,671.20 | \$1,713.60 | \$1,756.80 | \$1,799.20 | \$1,844.80 | \$1,888.80 | \$1,936.00 | \$1,982.40 |
| 28 | \$1,592.80 | \$1,632.00 | \$1,671.20 | \$1,713.60 | \$1,756.80 | \$1,799.20 | \$1,844.80 | \$1,888.80 | \$1,936.00 | \$1,982.40 | \$2,033.60 | \$2,081.60 |
| 29 | \$1,671.20 | \$1,713.60 | \$1,756.80 | \$1,799.20 | \$1,844.80 | \$1,888.80 | \$1,936.00 | \$1,982.40 | \$2,033.60 | \$2,081.60 | \$2,134.40 | \$2,188.00 |
| 30 | \$1,756.80 | \$1,799.20 | \$1,844.80 | \$1,888.80 | \$1,936.00 | \$1,982.40 | \$2,033.60 | \$2,081.60 | \$2,134.40 | \$2,188.00 | \$2,240.80 | \$2,296.80 |
| 31 | \$1,844.80 | \$1,888.80 | \$1,936.00 | \$1,982.40 | \$2,033.60 | \$2,081.60 | \$2,134.40 | \$2,188.00 | \$2,240.80 | \$2,296.80 | \$2,353.60 | \$2,411.20 |
| 32 | \$1,936.00 | \$1,982.40 | \$2,033.60 | \$2,081.60 | \$2,134.40 | \$2,188.00 | \$2,240.80 | \$2,296.80 | \$2,353.60 | \$2,411.20 | \$2,471.20 | \$2,529.60 |
| 33 | \$2,033.60 | \$2,081.60 | \$2,134.40 | \$2,188.00 | \$2,240.80 | \$2,296.80 | \$2,353.60 | \$2,411.20 | \$2,471.20 | \$2,529.60 | \$2,594.40 | \$2,657.60 |
| 34 | \$2,134.40 | \$2,188.00 | \$2,240.80 | \$2,296.80 | \$2,353.60 | \$2,411.20 | \$2,471.20 | \$2,529.60 | \$2,594.40 | \$2,657.60 | \$2,724.00 | \$2,789.60 |
| 35 | \$2,240.80 | \$2,296.80 | \$2,353.60 | \$2,411.20 | \$2,471.20 | \$2,529.60 | \$2,594.40 | \$2,657.60 | \$2,724.00 | \$2,789.60 | \$2,860.00 | \$2,929.60 |
| 36 | \$2,353.60 | \$2,411.20 | \$2,471.20 | \$2,529.60 | \$2,594.40 | \$2,657.60 | \$2,724.00 | \$2,789.60 | \$2,860.00 | \$2,929.60 | \$3,004.00 | \$3,077.60 |
| 37 | \$2,471.20 | \$2,529.60 | \$2,594.40 | \$2,657.60 | \$2,724.00 | \$2,789.60 | \$2,860.00 | \$2,929.60 | \$3,004.00 | \$3,077.60 | \$3,152.00 | \$3,233.60 |
| 38 | \$2,594.40 | \$2,657.60 | \$2,724.00 | \$2,789.60 | \$2,860.00 | \$2,929.60 | \$3,004.00 | \$3,077.60 | \$3,152.00 | \$3,233.60 | \$3,310.40 | \$3,393.60 |

State Employee Pay Plan Proposal

All classified and unclassified employees

2.5 percent COLA for all 26 pay periods of FY 2007.

Cost without Regents: \$13.0 million State General Fund, \$25.4 million total

Cost for Regents: \$11.8 million State General Fund, \$24.6 million total (The SGF portion is included in the budget as part of the Regents Operating Grant.)

Corrections Officer Package

Combine Corrections Officer IA, IB, and II position classes into a single class on pay grade 20 to aid recruitment and reduce turnover.

Cost: \$3.2 million State General Fund

Building Trades Retention Incentive

2.0 percent increase for maintenance and building trade job classes to aid recruitment and to reduce turnover.

Cost: \$499,719 State General Fund, \$857,203 total

In addition to the amounts included in the budget for the employee pay plan proposal, agency budgets for FY 2007 have been adjusted to:

- Eliminate funding included in the FY 2006 for a 27th paycheck
- Cover the KPERs rate increase of 0.5 percent
- Cover the Death and Disability rate increase from 0.8 to 1.0 percent
- Annualize FY 2006 salary increases that were funded for only half of FY 2006

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TESTIMONY

By

The Kansas Association of Public Employees

Before the Senate Committee on Ways and Means

The Honorable Dwayne Umbarger, Chairman

Thursday, February 2, 2006 -- Kansas Statehouse -- Topeka, Kansas

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

I am Carl Hill, chief of staff of the Kansas Association of Public Employees. On behalf of our President, Brian R. Thompson, and other representatives of our organization who appear here, we appreciate the opportunity to discuss with you the state pay plan. KAPE represents more than 20,000 public employees and retirees across Kansas.

The foundation of our legislative agenda is improvement of pay and benefits for both active and retired state employees. KAPE's common sense approach uses 3 R's:

1. State government is a service industry. And as such, its employees must be **Rewarded** for the valuable service they provide to the customer – our fellow citizens and taxpayers.
Likewise, retired state employees laid the foundation for the progress our government now claims. They also should be rewarded with modest increases in their benefits packages.
2. Praise and congratulation costs very little, but goes a long way in increasing employee morale, and ultimately productivity. That is why KAPE believes it is critical that state employees be **Recognized** as professionals and the resources that they are.
3. With approximately 60 percent of the total state workforce at Step 8 or less – and a majority of those at Steps 4 and 5, it is clear that, in our judgment, state employment has become nothing more than a “farm system” for private enterprise instead of a place where an employee can make a career in public service. That is why employees must be **Retained** because of the experience and knowledge they possess.

Each of these points is inter-related, and we believe that a sound and consistent system of salary and benefits enhancements, along with a meaningful recognition, translates into higher morale and greater productivity.

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It makes no sense to invest training time and dollars in an employee if he or she can be lured away to the private sector because salaries and benefits are not commensurate. The costs of training new hires to replace career employees who have gone to better jobs is substantial in terms of time and money. That does not include the expertise that also walks out the door with that career employee.

Specifically, the Kansas Association of Public Employees is asking for support for the following. The first two issues involve active public employees:

STEP INCREASE:

Without question a step increase is KAPE's highest priority. We regard step movement as a "standard of living" issue. For instance, when a worker begins his or her career at Step 4, he or she should have the satisfaction of progressive pay increases to retirement as skills and experience are acquired. Without step movement, there is a horrid inequity for the long-term employee. As an example: It is possible to have employees with anywhere from five to eight years of service sharing Step 4 with new hires. That means each earn the same salary despite the years of service differential.

State employees are continually being asked to do more with less. This has resulted in substantial savings to the state -- \$1 billion according to the Governor's State of the State Address -- but those increased efficiencies have not translated into benefits to those who have made it happen -- state employees. The Fiscal Year 2007 budget proposal addresses only the status quo -- a 2.5 percent base pay adjustment. The current administration has never proposed a step increase in any of its budget messages, which means two things: 1) Career employees have been marking time at the same pay level for those years and 2) Recently hired employees usually are on a par with those career employees, when in fact, the longer-term worker should be earning more due to experience and ability. Step movement would ensure that such inequities are resolved.

With the exception of the past five years -- through the lean times and the fat times -- state employees have enjoyed progressive pay raises while acquiring skills and experience that lend true service to the state's taxpaying customers. It is time to restore step movement to the state pay plan.

BASE SALARY ADJUSTMENT:

We view the 2.5 percent base salary adjustment as lacking; and, the facts speak for themselves. Since Fiscal Year 2004, state cost-of-living adjustments have increased 9.5 percent; while the Social Security Administration adjustment for the same period has increased 11 percent – a 1.5 percent differential. However, KAPE acknowledges that the base salary adjustments in Fiscal Years 2005 and 2006 did modestly outpace the cost-of-living adjustments granted by the Social Security Administration, by 3-tenths and 4-tenths of 1 percent, respectively.

The 2.5 percent adjustment proposed by the administration should be increased by an additional one-half percent to the base salary adjustment, making it 3 percent for Fiscal Year 2007.

KAPE offers two proposals with regard to retirees because they also speak to the current employee retention issue. The attractiveness of state employment is the benefits package, including retirement. For too long, those retirees have been ignored and we need to right this injustice.

EXTRA CHECK:

The last time public employee retirees received any type of increase in benefits was a 3 percent cost-of-living adjustment in 1998. We believe that it is time to recognize the valuable service those persons provided to the taxpayers of Kansas by issuing a one-time extra check to all KPERS retirees during Fiscal Year 2007. These checks would be issued during the anniversary month of their retirement of public service. Some of you may recall that on October 1, 2000, all public employee retirees received a one-time “half-check.”

RETIRED STATE EMPLOYEE MEDICAL CARE COST ASSISTANCE:

Initiating a small monthly stipend for the 12,000-plus retired state employees to help defray medical expenses and would signal to them their value as career employees is not lost. KAPE proposes a \$5 stipend for each year of service, paid monthly, to assist with state retiree medical care costs whether it be physician co-pays, pharmaceuticals or insurance premiums.

Example: $\$5 \times 22$ years of service = \$110 per month/\$1,320 per year.

(NOTE: The average length of service is 22 years)

In summary, KAPE has adopted as its new slogan, “Kansas Works Because We Do.” Whether it is a Kansas Highway Patrol trooper, a Corrections officer, a nurse at a state hospital or a mail processor, they must be **Rewarded** with an equitable and progressive pay plan and a cost-of-living adjustment that reflects the times. Coupled with a **Recognition** program that celebrates employee achievement, productivity will be maintained as career employees are **Retained**.

Thank you, Mr. Chairman, for the opportunity to appear today. May I invite your questions?

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Testimony Before the Senate Ways and Means Committee
by Gary Adkins, Executive Director
State Employees Association of Kansas
February 2, 2006

Mr. Chairman and members of the committee, I am Gary Adkins, the newly appointed Executive Director of the State Employees Association of Kansas (SEAK). SEAK, in existence since 1994, acts as an advocate for employees of the State of Kansas.

Today, I wish to share with you SEAK's legislative priorities for the 2006 Session. Our concerns are with both active and with retired state workers.

For active workers, we are advocating a 3.5% Cost of Living Adjustment. Although State of Kansas employees received a raise last year, they still remain approximately 10% below the average wage paid to state workers in states making up the Central States Salary Survey. Furthermore, in 2004, the State of Kansas ranked 30th in average state pay. There has been some discussion in the House Appropriations Committee about looking into returning to step movement for state employees. SEAK is supportive of this effort. Our only concern is that not all employees would benefit from step movement. Perhaps a way to resolve this issue would be to look into enhancing the state's longevity bonus system.

Another issue relating to active state workers is health insurance costs. While the State of Kansas pays about 95% of the cost of single coverage, assistance in the payment for family coverage is much lower.

Our final concern for active employees deals with severance for employees who lose their jobs through no fault of their own. While we appreciate the efforts by the Legislature in assisting health care workers in the closing of State hospital facilities, we would like to see an expansion of this kind of package to other workers in a similar situation.

SEAK is also concerned with the plight of retired state workers. Retirees have not received a cost of living increase since 1998. Since that time, the Consumer Price Index has increased by about 16%. Also, health insurance costs for these employees have almost doubled. We are advocating a Cost of Living Adjustment of 5% with assistance in health insurance costs of 2.5%. A bill held over from last year, S 237, provides for a 13th check for state retirees equal to one-half a month's pension check. In the absence of a COLA, SEAK would also support that legislation.

On behalf of the officers and members of our association, I would like to thank the committee for their past efforts and state our appreciation for any consideration you may give to the SEAK Legislative Agenda.

I will be happy to address any questions you may have. Thank you.



PO Box 4091
Topeka Kansas 66604-0091

State Employees Association of Kansas

www.seakis4you.org

785.267.1515
seak1@mindspring.com

Senate Ways and Means
2-2-06
Attachment 7

Affordable Air Fares for Kansans



WICHITA METRO
CHAMBER OF COMMERCE



Sedgwick County...
working for you



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The Challenge...

Kansas is unable to compete with neighboring states in providing affordable air fares. Our state's largest commercial airport, Mid-Continent Airport, is one of the most expensive airports in terms of air fares in the United States. And, the impacts to Kansans are tremendous:

- ***Air fares impact business attraction, retention and jobs.*** Companies choose where they will locate and grow their business based on the "cost of doing business." One of the most critical elements of economic development and recruiting new companies to Kansas is based on the ease of travel to conduct business with customers. And, air fares are an infrastructure issue – like highways and water. And, just like those resources, we can't lose affordable air service.

Kansas' high air fares impact our ability to compete for business.

- ***Air fares impact families who live in, work in and visit Kansas.*** Individuals and families choose where to live, work and visit based on quality of life issues. Affordable air service keeps most of us employed. The jobs are here in Kansas because we have affordable air fares. And, If it's affordable to travel in and out of Kansas, individuals and families will locate in Kansas.
- ***Air fares impact tourism to Kansas.*** Affordable air fares play a significant role in encouraging travel to Kansas and recruiting conventions to Kansas. Bringing others to our state means bringing dollars to our state for tourism and convention spending.

The bottom line:

In order for Kansas businesses to compete globally, for families to enjoy the opportunity for affordable leisure travel, and to increase tourism we must have a long-term strategy that makes Kansas' Mid-Continent Airport competitive with Missouri and Oklahoma.

Kansas air travel impacts us all.

How do we compete?

Kansas is not naturally competitive with Missouri and Oklahoma when it comes to airline travel for several reasons:

- *Populations that we serve & passenger comparisons:*

| | | |
|----------|-----------|----------------------------------|
| Missouri | 9,749,886 | (Kansas City) |
| Oklahoma | 6,436,666 | (OKC 3,379,883; Tulsa 3,056,783) |
| Kansas | 1,498,749 | (Wichita) |
- *More service and direct service to Missouri & Oklahoma:*

Daily departures to:

| | | |
|----------|-----|--------------------|
| Missouri | 217 | (Kansas City) |
| Oklahoma | 156 | (OKC 86; Tulsa 70) |
| Kansas | 43 | (Wichita) |

Non-stop destinations:

| | | |
|----------|----|--------------------|
| Missouri | 47 | (Kansas City) |
| Oklahoma | 35 | (Tulsa 18; OKC 17) |
| Kansas | 12 | (Wichita) |
- *“Cash Cow” for airline industry:*

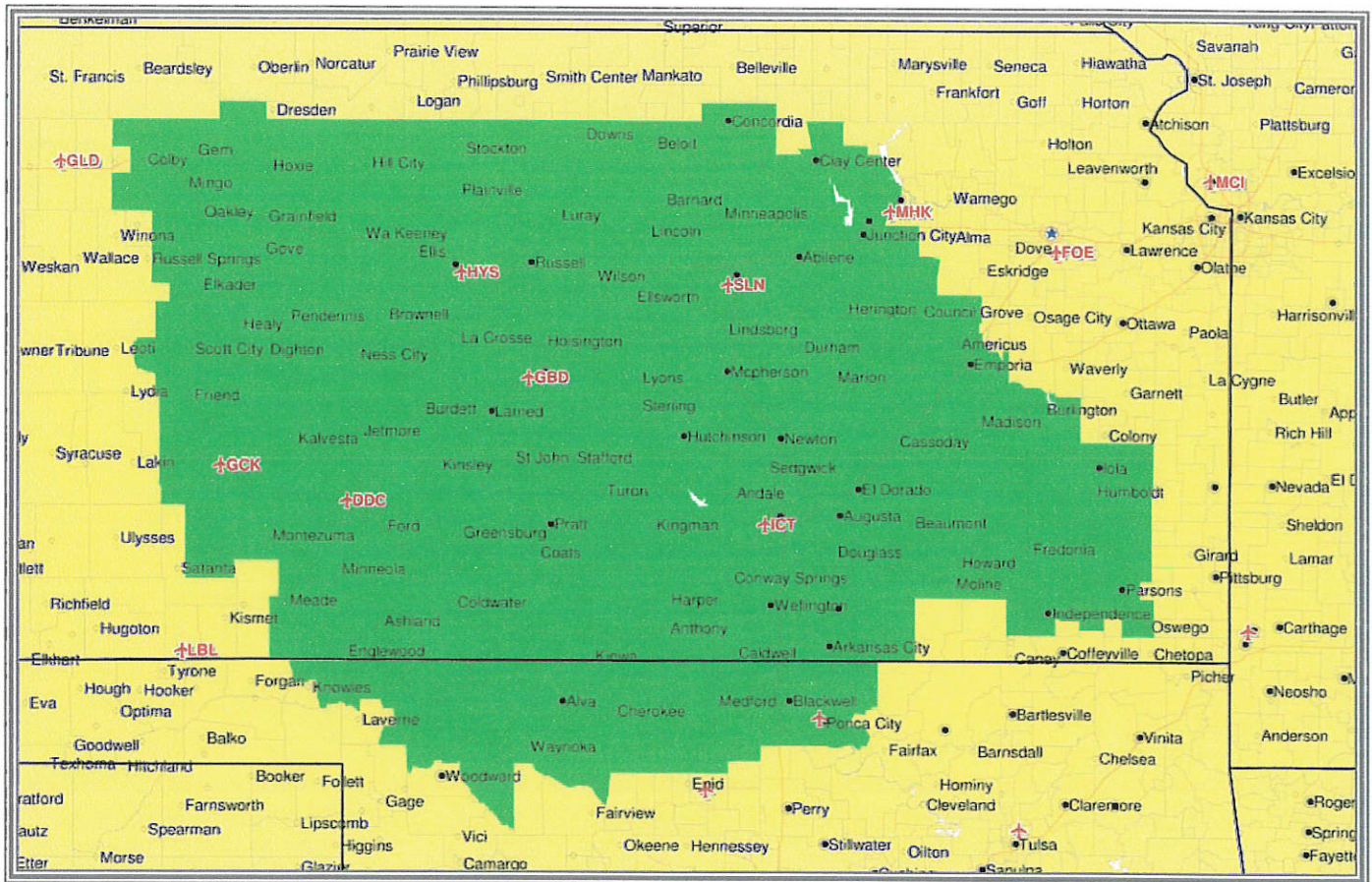
Kansas has limited flights and thus less competition for air fares to destinations – this creates the opportunity for the airline industry to set higher prices than the national average – and Kansans lose.

The higher costs of travel without a low-fare carrier in Kansas:

| | Kansas | Missouri |
|-----|--------|----------|
| ATL | \$222 | \$134 |
| CVG | \$248 | \$165 |
| DEN | \$232 | \$122 |
| DFW | \$131 | \$112 |
| DTW | \$231 | \$155 |
| IAH | \$185 | \$135 |
| LAS | \$123 | \$113 |
| MCO | \$161 | \$114 |
| MEM | \$177 | \$139 |
| MSP | \$255 | \$ 84 |
| ORD | \$242 | \$ 79 |
| PHX | \$167 | \$104 |
| SLC | \$188 | \$130 |
| STL | \$256 | \$ 58 |

* Sabre study (2001) 2000 average fares

Passenger Catchment Area for Kansas' Airport



Kansas' airport is the air service portal for the majority of the state.

- It covers roughly 2/3 of the state and more than 1.3 million residents.
- 66% of passengers using Kansas' airport are from Sedgwick County.
34% of passengers using Kansas' airport are from the rest of the State.

What has happened?

1. *Fewer passengers flying out of Kansas*

Currently, we are seeing travelers from our Kansas flight catchment area using neighboring states for air travel departure. Of the 37% of passengers in our catchment area that we are losing:

80% of travelers going to Missouri
19 % of travelers going to Oklahoma
(1% to other airports)

And, we can make the assumption that there is also likely a close percentage of the same number of travelers who are flying *into* neighboring states for travel and driving to Kansas for either business or leisure.

What we know is that everyday, there are 175 passengers from our Kansas catchment area who are flying out of Missouri.

So, what does it tell us?

Non-stop flights and low fares = time and money for travelers.

This means Kansas loses and Missouri and Oklahoma win. They not only benefit from ticket revenue, but also entertainment/lodging/parking/rental cars and other revenue that accompanies travel.

2. *Businesses are leaving Kansas:*

Major corporations and employers of Kansans, including Coleman, Rent-A-Center, Pizza Hut and others have left Kansas. Why? Access to more flights and more affordable air fares, which impacts their cost of doing business.

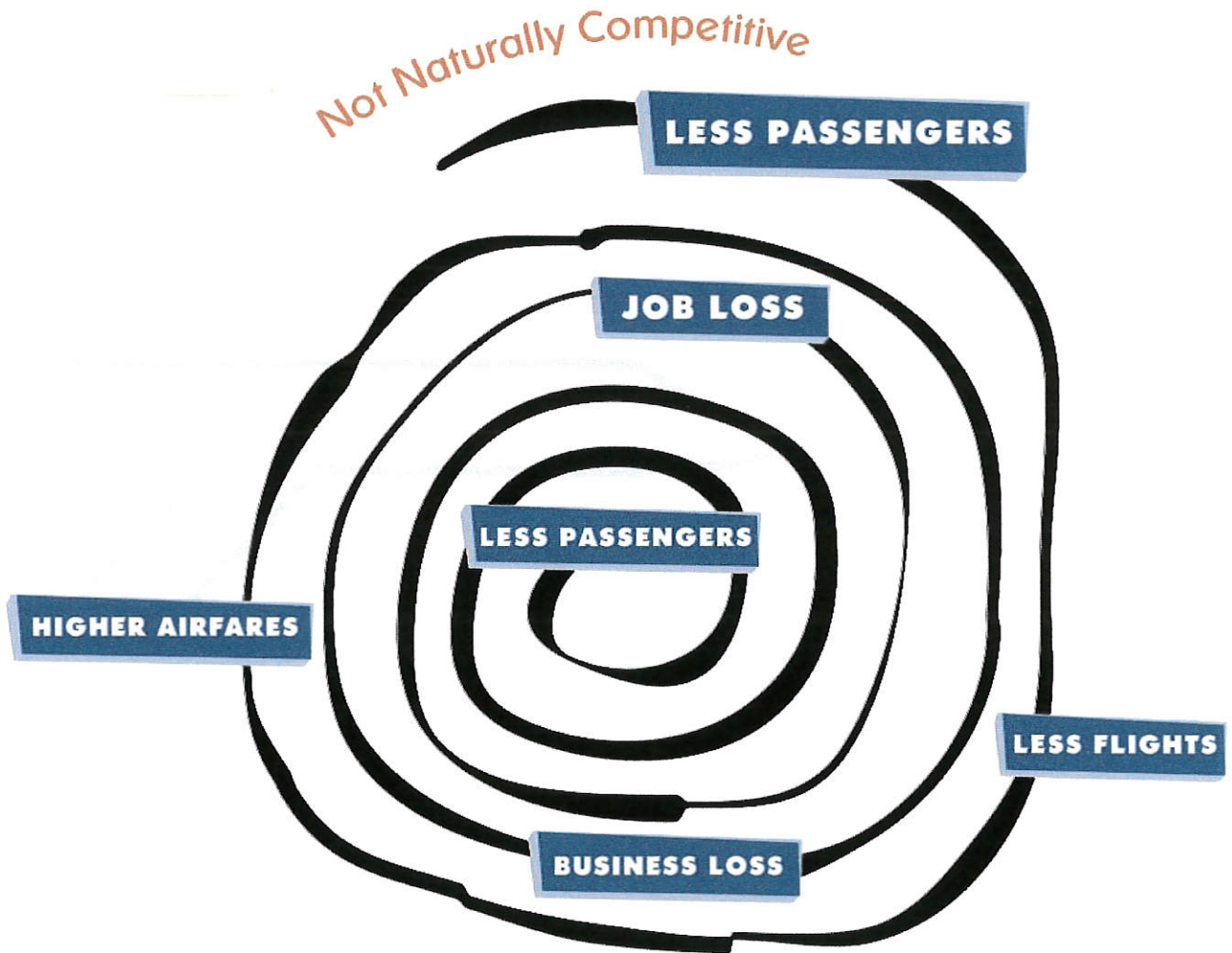
These companies are taking dollars and jobs from Kansas.

The question for Kansans...

“Are affordable airfares important to Kansans?”

What does that mean to Kansans?

Kansas air travel has become a “death spiral” – we have fallen into a cycle of less flights, higher air fares, business loss and job loss. Unless we take some action, the spiral continues and continues and continues...



The question for Kansans...

“Are affordable airfares important to Kansans?”

Affordable air fares are important: A pilot program to impact change

As we witnessed passenger levels decline and major businesses and employers leave, we determined that doing something to make air fares affordable was critical. In the Wichita/Sedgwick County region, a pilot program was developed and implemented to provide more flight options, to provide more competition for air travel, and ultimately to provide affordable air fares for our Sedgwick County businesses and families - which meant affordable air fares for Kansans who use our Kansas airport.

This pilot program, “Fair Fare\$ Program,” was initiated in 2001 by the City of Wichita and the Wichita Metro Chamber of Commerce. “Fair Fare\$” was based on creating a travel bank model to recruit low-fair airlines.

Businesses in the Wichita/Sedgwick County area committed more than \$7.5 million in air travel commitments to help bring affordable air fares to Kansas. And, the City of Wichita created a “Transportation Services Agreement” with low-fare carrier AirTran to provide a revenue guarantee to offset losses, in order to keep AirTran in our air service market.

This investment has helped to provide competitive fares, added flights and reduced the predatory pricing practices of major air carriers.

What did it cost?

City of Wichita investment:

- \$3.5 million in 2002
- \$1.5 million in 2003
- \$2.5 million for 2004 & 2005

Sedgwick County

- \$1 million for 2005

Wichita Metro Chamber of Commerce

- \$650,000 for innovative frequent flyer program

and more than \$7.5 million in air travel commitments from businesses

**Affordable air fares are important:
A pilot program to impact change**

Did the pilot program make an impact?

There were immediate positive results from the Fair Fare\$ pilot program in creating an environment for affordable air travel for not only the Wichita/Sedgwick County residents and businesses, but for all Kansans.

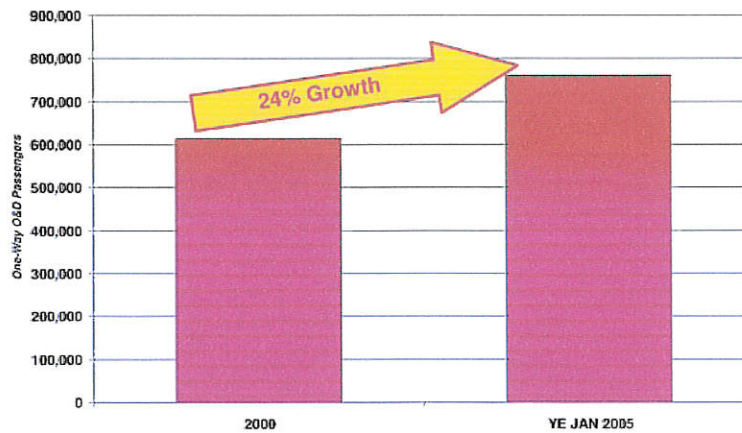
1. Air fares dropped significantly

| | Kansas | | | Missouri | | |
|-----|--------|-------|----------|----------|-------|----------|
| | 2000 | 2004 | % Change | 2000 | 2004 | % Change |
| ATL | \$222 | \$104 | -53% | \$134 | \$102 | -24% |
| CVG | \$248 | \$208 | -16% | \$165 | \$189 | 15% |
| DEN | \$232 | \$137 | -41% | \$122 | \$128 | 5% |
| DFW | \$131 | \$135 | 3% | \$112 | \$155 | 38% |
| DTW | \$231 | \$191 | -17% | \$122 | \$155 | 27% |
| IAH | \$185 | \$210 | 14% | \$135 | \$147 | 9% |
| LAS | \$123 | \$105 | -15% | \$113 | \$116 | 3% |
| MCO | \$161 | \$110 | -32% | \$114 | \$ 99 | -13% |
| MEM | \$177 | \$121 | -32% | \$139 | \$218 | 57% |
| MSP | \$255 | \$127 | -50% | \$ 84 | \$233 | 177% |
| ORD | \$242 | \$137 | -43% | \$ 74 | \$ 79 | 7% |
| PHX | \$167 | \$145 | -13% | \$122 | \$104 | -15% |
| SLC | \$188 | \$145 | -23% | \$130 | \$145 | 12% |
| STL | \$256 | \$118 | -54% | \$ 58 | \$ 57 | -2% |

* Sabre study (2001) based on 2000 and 3Q2004 average fares

2. Passenger travel increased by 24%

The addition of a low-fare carrier, which impacted flight availability and more affordable fares, increased passenger travel at Kansas' airport by 24%!



* Sabre study (2001)

Affordable air fares are important: A pilot program to impact change

Did the pilot program make an impact?

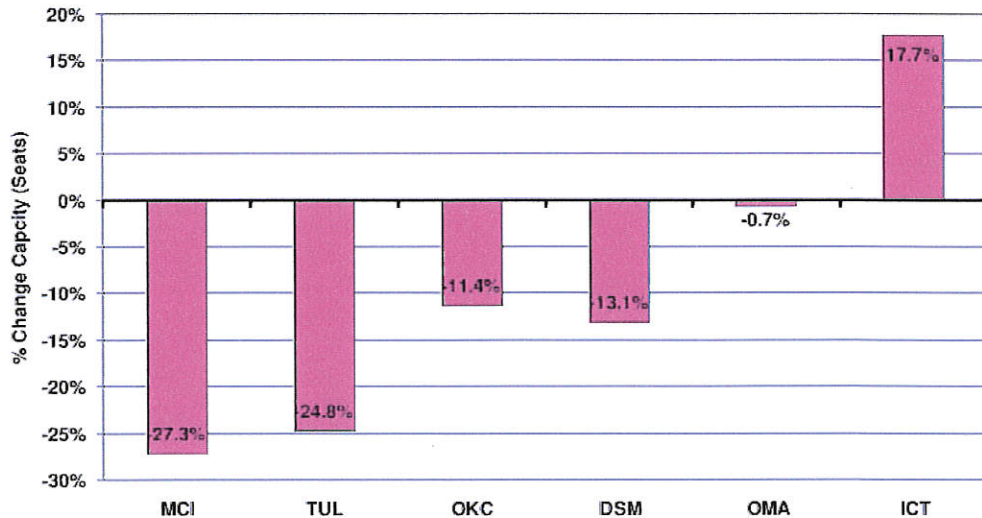
3. Less passenger “leakage” to other markets

Prior to the pilot program, 44% of passengers in our catchment area were driving to Missouri or Oklahoma for air travel departures. With the pilot program, this “leakage” has reduced to 37% of our catchment area.

And, we can assume that we have also reduced the leakage of air travel arrivals to Missouri and Oklahoma by increasing the availability of flights into Kansas and at a competitive rate.

4. Increasing passenger capacity

As a result of the Fair Fare\$ pilot program, the passenger capacity for Kansas’ airport has witnessed a nearly 18% increase, while all of our peer competitors in neighboring states have observed a decline! This is a result of additional flights being made available through the low-fare carrier and the competition with major air carriers.



Sabre study (2001) April 2001 vs. April 2005 seating capacity

**Affordable air fares are important:
A pilot program to impact change**

5. Business Growth & Retention

We know that businesses choose to locate their companies based on the convenience and cost of doing business. Air travel plays a significant role for those companies that compete nationally and globally for customers.

The Greater Wichita Economic Development Coalition specifically targets recruitment of new corporate headquarters operations and assisting the expansion of existing area headquarters. In addition, the Regional Economic Area Partnership (REAP) seeks opportunities to encourage business growth in the South Central region.

Business growth & expansion we have observed in the past year include:

- A new headquarters in Wichita, with 200 new jobs
- An expanding financial services company, with 600 jobs
- An expanding air service, with 180 new jobs
- 3 headquarters expansions with 61 new jobs

6. Actual savings to Kansans

Since the Fair Fare\$ program was initiated, with more competitive air fares, the savings to Kansans have been tremendous!

| | |
|---------------|--------------|
| In 2002: | \$65,766,403 |
| In 2003: | \$88,017,906 |
| In 2004: | \$76,369,584 |
| 2005 to date: | \$63,904,611 |

And, average fare savings for Kansans have ranged from

| | |
|------|---------|
| 2002 | \$56.64 |
| 2003 | \$70.15 |
| 2004 | \$57.47 |
| 2005 | \$51.26 |

Affordable air fares benefits Kansans and Kansas!

**Affordable air fares are important:
A pilot program to impact change**

The bottom line:

There have been significant savings for Kansans.

- The traveling public has saved nearly \$300 million since the Fair Fare\$ pilot program was instituted.
- Businesses have been better able to compete without high costs of travel to conduct business.
- We have reaped the reward of attracting and retaining business and witnessed increased revenue through passenger expenditures for lodging, rental cars, food and entertainment.
- The State of Kansas has benefited with increases in sales tax, corporate and personal income tax and other state revenues.
- A public investment of \$9.5 million has resulted in a return on investment of 21 to 1!
- The pilot Fair Fare\$ program has been an investment in the economic security and future of Kansas.

Affordable air fares are important to Kansans!

Short-term fix vs. Long-term solution

Our local Fair Fare\$ program has indicated that affordable air fares are important.

And, while the pilot program helped to address some of the problems, there are still issues to resolve:

1. ***Kansas' airport doesn't serve all markets.*** We still are unable to compete with neighboring states who offer more flights to the destinations that Kansans desire. This requires additional time to make connections in other communities and higher costs.
2. ***Predatory pricing exists*** – in those markets that are served with low-cost carriers, the major airlines compete and offer lower fares to reduce competition.
3. ***Kansans pay higher costs for destination travel that is not served by low-fare carriers.*** These air fares are above the national average, and thus, Missouri and Oklahoma capture passengers from our catchment area for flights.
Example: Destination– Chicago; travelers use Missouri for affordable fares
4. ***Still have "leakage" from our catchment area.*** 37% of passengers from our catchment area are using Missouri airport for travel departures. And, we can assume that there is approximately the same percentage of arriving travelers who use neighboring states' airports.
5. ***Businesses and taxpayers in Wichita and Sedgwick County have carried the burden of the costs*** to provide the benefits of affordable air travel for all Kansans. This is not a solution that can be sustained for the long-term.

A long-term, sustainable and equitable solution for all Kansans is needed, because affordable air fares are important to Kansans.

A Critical Juncture:

1. Short-term fix:

The idea of continuing with a short-term fix for affordable air fares may soon fall upon “donor fatigue.” The business community is to be praised for stepping up to allow Kansas to remain an encouraging business locale through their donations and support. However, at some point, the cost of the short-term fix to prop up affordable air fares may be too costly for business to sustain. It may just become easier to relocate businesses elsewhere, where air travel costs do not significantly impact business expenditures as they have in Kansas.

As well, local government officials have the pressure of using their local taxpayers’ dollars to pay for services for citizens beyond their jurisdictions.

The short-term fix has provided evidence that when affordable air fares are available, Kansans will use Kansas’ airport. But, when the short-term fix cannot be sustained, we have to choose – to do nothing or to create a long-term strategy for affordable air fares.

2. Do nothing:

If Kansas is unable to retain a low-fare carrier, the savings in air fares (ranging from \$63.9 million to \$88 million per year) would be lost. Missouri and Oklahoma would be the major beneficiaries of this loss. And, Kansans would lose, by paying higher prices and having less convenience for air travel.

Based on an economic benefit study conducted by Wichita State University’s Center for Economic Development and Business Research (CEDBR), there are significant impacts both at the local and state level when Kansas is no longer served by a low-fare carrier.

Taking into account the direct impacts and the multiplier effects, ***the total annual economic impact from AirTran’s exit would be a loss of 513 jobs and \$18.4 million in labor income.*** And, the expected long-term economic impact, due to reduction in airline competition at Kansas’ airport, would be a loss of 3,354 jobs and \$111 million in labor income.

A critical juncture:

2. Do nothing (Con't)

The overall expected loss in State revenues would be:

- \$3.7 million sales tax
- \$3.3 million corporate and personal income tax
- \$3.5 million other state revenues
- \$8.7 million net benefits (\$10.5 million total benefits; \$1.9 million total costs)

The overall expected loss in local revenues would be:

- \$411,000 sales tax
- \$10,000 transient guest taxes
- \$2 million other local revenues
- \$2 million net benefits (\$2.4 million total benefits, \$349,000 total costs)

The costs to Kansans without affordable air fares are real. Lost revenue means lost businesses, which means lost jobs – this all means Kansans lose.

3. Long-term Strategy for Affordable Air Fares

As evidenced by the Fair Fare\$ pilot program, competitive air fares are possible when a low-fare carrier is in the market. However, without a long-term solution (5-7 years +), airlines will use predatory pricing practices to drive the low-fare carriers out of the market to recapture their profits.

We have the opportunity to create a long-term, equitable solution that benefits all Kansans. Because affordable air fares affect 2/3 of the state of Kansas, it is more than just a Wichita/Sedgwick County/South Central Kansas issue. It is a Kansas issue. And, it is about the economic security and growth of the state.

Our goal is to create a partnership with the State of Kansas to assure affordable air fares for our future. We want Kansans to continue to see savings averaging \$73 million per year. We believe a small investment from the State of Kansas, \$5 million, will help in creating that long-term strategy. And, the long-term strategy is more than just the cost of a ticket – it's about business attraction, retention and jobs; creating opportunities for leisure travel for Kansas families; and encouraging travel and tourism to Kansas. \$5 million is a small price tag for the reward that Kansans reap with competitive air fares.

Air travel will not go away. But, if Kansas does not have affordable air fares, Missouri and Oklahoma will reap the financial benefits.

We believe affordable airfares are important to Kansans.

City of Wichita

Sedgwick County

Wichita Metro Chamber of Commerce
and community businesses

Regional Economic Area Partnership (REAP)

Visioneering Wichita

Greater Wichita Economic Development Coalition (GWEDC)

Central and Western Kansas Building Trades

Fair Fare\$

Wichita Convention & Visitors Bureau

Wichita Independent Business Association (WIBA)

Wichita Area Builders Association (WABA)

Mid-Continent Airport Advisory Board

South Central Kansas Economic Development District
(SCKEDD)

Wichita Downtown Development Corporation (WDDC)

South Central Chambers of Commerce

INTRUST Bank, NA
P.O. Box 1
Wichita, KS 67201-5001
Telephone 316 383-1111
www.intrustbank.com

Testimony in Support of SB 475
Senate Ways and Means Committee

February 2, 2006
From: Lyndon Wells



Chairperson Umbarger and members of the Committee. My name is Lyndon Wells and I am Executive Vice President, INTRUST Bank and currently serving as the Chairman of the Wichita Metro Chamber of Commerce. Thank you for allowing me the opportunity to present testimony in support of affordable air fares for Kansans.

I am privileged to represent businesses in Kansas who are strong advocates of maintaining affordable and convenient air service in our State. Daily, these businesses stake their livelihood and that of their employees on their ability to access and service their customers, clients and vendors around the globe. Affordable air fares in Kansas make our businesses competitive.

Strong businesses in Kansas provide multiple, long-lasting benefits. First, businesses provide jobs for Kansans. And when businesses can keep costs down (as with air service costs), they grow and expand, meaning additional jobs – high paying, high quality jobs for Kansans. Second, businesses help contribute to local and state economies. Strong businesses and employees provide tax support, support other businesses, buy goods and services and help keep communities vibrant.

A recent pilot program for lower air fares at our Kansas airport has demonstrated that affordable air fares work – for all Kansans. Passenger travel has increased by 24%, “leakage” to Missouri and Oklahoma airports has decreased, Kansans have saved more than \$300 million, and businesses are able to remain competitive and expand. In addition, the State of Kansas benefits with nearly \$8.7 million in revenues annually with more air travel at our Kansas airport, through increases in sales tax, corporate tax, personal income tax and other State revenues.

In the same way that our highway system, turnpikes and bridges benefit the state, affordable air fares keep access open to the rest of the world for businesses and travelers. An investment in our air service infrastructure is an investment in the economic security and future of Kansas. If we do not stabilize or grow our competitive advantage with airports in Missouri and Oklahoma, Kansans will lose millions – both in passenger savings and the nearly \$9 million annually in state revenues.

We need a long-term solution to level the playing field when it comes to air transportation in Kansas. We cannot continue to lose people, businesses and dollars to our neighboring states. Thank you for your consideration of SB 475 and assuring affordable air fares for Kansans.

Senate Ways and Means
2-2-06
Attachment 9



FAIRFARES 1 & 2 SUPPORTERS

| COMPANY NAME | CITY |
|-----------------------------------------------------|---------|
| A&H Electric, Inc. | Wichita |
| A.E. Petsche Company, Inc. | Wichita |
| A.G. Hospitality Services, Inc. | Wichita |
| Above and Beyond | Wichita |
| Access Group LLC | Wichita |
| Acme Lithographers & Envelope Co., Inc. | Wichita |
| Adams & Jones Chartered | Wichita |
| Adelphia Business Solutions | Wichita |
| Advertising & Marketing International Network | Wichita |
| Aero Electric, Inc. | Wichita |
| Aeroflex | Wichita |
| Agra Placements, Ltd. | Hesston |
| Agri Business Group, Inc. | Wichita |
| Airtechnics, Inc. | Wichita |
| AIRXCEL, Inc. | Wichita |
| Aladdin Petroleum Corporation | Wichita |
| Allen, Gibbs & Houlik LC | Wichita |
| American Mechanical, Inc. | Wichita |
| AmeriPride Uniform Services | Wichita |
| Andover Veterinary Clinic | Andover |
| Appearance Group, Inc. | Wichita |
| Applied Terravision Systems, Inc. | Houston |
| Armstrong/Shank | Wichita |
| Arthritis Foundation -- Kansas Chapter | Wichita |
| Associated Advertising Agency | Wichita |
| Association of Mechanical & Sheet Metal Contractors | Wichita |
| Atronex Technologies, Inc. | Wichita |
| Automation-Plus, Inc. | Wichita |
| Balloon World, Inc. | Andover |
| Bank of America | Wichita |

| COMPANY NAME | CITY |
|---------------------------------------------------|---------------|
| Baxter and Associates | Wichita |
| Baysinger Police Supply | Wichita |
| BeautyFirst, Inc. | Wichita |
| Benjamin Franklin Plumbing | Wichita |
| Berry Companies, Inc. | Wichita |
| Bethel College | N. Newton |
| Bever Dye, LC | Wichita |
| BG Products, Inc. | Wichita |
| BKD LLP | Wichita |
| Boeing Wichita Credit Union | Wichita |
| Bombardier Aerospace | Wichita |
| Bothner and Bradley | Wichita |
| Brad Bachman Homes, Inc. | Wichita |
| Burgess Manufacturing Inc. | Wichita |
| Business Computer Center of Wichita | Wichita |
| Butler County Community College | El Dorado |
| Cambridge Suites Northeast | Wichita |
| Candlewood Hotel Company, Inc. | Wichita |
| CAP Carpet, Inc. | Wichita |
| Cargill Meat Solutions | Wichita |
| Carl Harris Company, Inc. | Wichita |
| Carrico Construction Company Inc. | Wichita |
| Catholic Charities | Wichita |
| Central Bank & Trust Company | Hutchinson |
| Central Kansas Truss Company, Inc. | Valley Center |
| Central Plains Advisors, Inc. | Wichita |
| Central Plains Steel Company | Wichita |
| Century Manufacturing, Inc. | Wichita |
| Cerebral Palsy Research Foundation of KS, Inc. | Wichita |
| Cessna Aircraft Company | Wichita |
| Cessna Finance | Wichita |
| Child Care Association of Wichita/Sedgwick County | Wichita |

| COMPANY NAME | CITY |
|----------------------------------------------|---------------|
| Choice Solutions LLC | Wichita |
| Christopher A. Moeller, MD, LLC | Wichita |
| City of El Dorado | El Dorado |
| City of Hutchinson | Hutchinson |
| City of Newton, Kansas | Newton |
| City of Wichita | Wichita |
| Classic Real Estate Inc. | Wichita |
| CNH Global/Case Corporation | Wichita |
| Cole Consultants, Inc. | Wichita |
| Commerce Bank | Wichita |
| Commtech, Inc. | Wichita |
| Compucentric | Wichita |
| Connell & Connell, Attorneys at Law | El Dorado |
| Consolidated Holdings, Inc. | Wichita |
| Contemporary Communications, Inc. | Wichita |
| Copy Shop, Inc. | Wichita |
| Corporate Lodging Consultants, Inc. | Wichita |
| Cowley County Community College | Arkansas City |
| Cox Communications | Wichita |
| Creative Care | Wichita |
| Credit Union of America | Wichita |
| Crown III Realty | Wichita |
| Daland Corporation | Wichita |
| Darrell J. Chew & Co. | Wichita |
| Data Center, Inc. | Hutchinson |
| Decorator & Craft Corporation | Wichita |
| Delta Dental Plan of Kansas, Inc. | Wichita |
| DER Associates | Wichita |
| Digital Office Systems, Inc. | Wichita |
| Don Hattan Chevrolet | Wichita |
| Dondlinger & Sons Construction Company, Inc. | Wichita |
| EAGLE Software, Inc. | Salina |
| Eaton Hydraulics Operations of Hutchinson | Hutchinson |
| Eby, Martin K. Construction Company, Inc. | Wichita |
| Edison Investments, Inc. | Wichita |
| Electronic Sensors Inc. | Wichita |

| COMPANY NAME | CITY |
|------------------------------------------------|-------------|
| Emprise Bank | Wichita |
| Enterprise Rent-A-Car | Wichita |
| Envision, Inc. | Wichita |
| Equential Technologies | Wichita |
| EquiShare Credit Union | Wichita |
| Equity Bank | Andover |
| Fahnestock Heating & Air Conditioning, Inc. | Wichita |
| Families Together, Inc. | Wichita |
| Farha Construction, Inc. | Wichita |
| Feist Publications, Inc. | Wichita |
| Fidelity Bank | Wichita |
| Fidelity National Title | Wichita |
| Fifth Avenue Gifts | Wichita |
| Financial Management, Inc. | Wichita |
| Fireside Catholic Publishers/Devore & Sons | Wichita |
| Fleeson, Gooing, Coulson & Kitch, LLC | Wichita |
| Flight Tek, Inc. | Wichita |
| Foley Equipment Company | Wichita |
| Foley, Paul J. | Wichita |
| Forming & Machining Industries, Inc. | Wichita |
| Foulston Siefkin LLP | Wichita |
| FoxCor Inc. | Wichita |
| Friends University | Wichita |
| Fruhauf Uniforms Inc. | Wichita |
| Full Vision Inc. | Newton |
| Galichia Medical Group PA | Wichita |
| Geller Plumbing Inc. | Wichita |
| George Lay Signs | Wichita |
| Get A Move On | Wichita |
| Gilliland & Hayes, P.A. | Wichita |
| Girl Scouts of the Golden Plains Council, Inc. | Wichita |
| Givens Cleaning Contractors, Inc. | Wichita |
| Goldsmith's Inc. | Wichita |
| Gossen Livingston Associates, Inc. | Wichita |
| Gragert, Hiebert & Gray | Wichita |
| Grant Thornton LLP | Wichita |

| COMPANY NAME | CITY |
|--------------------------------------------|-------------|
| Graphics Systems, Inc. | Wichita |
| Great American Hardwood Floors, Inc. | Wichita |
| Great American Incentives | Wichita |
| Great Plains Industries, Inc. | Wichita |
| Great Plains Ventures, Inc. | Wichita |
| Greenway Electric Inc. | Wichita |
| GREGORY, Inc. | Buhler |
| Greteman Group | Wichita |
| H&B Communications, Inc. | Holyrood |
| Hall Industrial Services, Inc. | Wichita |
| Hall's Culligan Water Conditioning | Wichita |
| Hampel Oil Distributors, Inc. | Wichita |
| Hardman Benefit Plans, Inc. | Wichita |
| Harlow Aircraft Manufacturing, Inc. | Wichita |
| Harper Industries, Inc. | Harper |
| Harvey County | Newton |
| Harvey County Economic Development Council | Newton |
| Hayes Company, Inc. | Wichita |
| Hearing HealthCare Associates | Wichita |
| Heartspring | Wichita |
| Heartstone, Inc. | Wichita |
| Hesston College | Hesston |
| High Touch, Inc. | Wichita |
| Hilton Wichita Airport | Wichita |
| Hinkle Elkouri Law Firm LLC | Wichita |
| HMS Host | Wichita |
| HOC Industries | Wichita |
| Hoffmann's Green Industries | Wichita |
| Home Healthcare Connection | Wichita |
| Hospice Care of Kansas LLC | Wichita |
| House of Schwan, Inc. | Wichita |
| Huber Inc. | Wichita |
| Husch & Eppenberger, LLC | Wichita |
| Hustler/Excel Industries | Hesston |
| Hutchinson Clinic, P.A. | Hutchinson |
| Hutton & Hutton Law Firm, LLC | Wichita |

| COMPANY NAME | CITY |
|----------------------------------------------|--------------|
| Hutton Construction Corporation | Wichita |
| Hyatt Regency Wichita | Wichita |
| Ink Commercial Contractors | Wichita |
| Insurance Center, Inc. (ICI) | El Dorado |
| Integrated Management, Inc. | Wichita |
| Integrated Solutions | Wichita |
| Intrust Bank, NA | Wichita |
| Investment Resources Corporation | Wichita |
| IPHFHA | Wichita |
| ISG Technology, Inc. | Salina |
| J. Russell Companies | Wichita |
| J.B. Dwerlkotte Associates, Inc. | Wichita |
| J.R. Custom Metal Products, Inc. | Wichita |
| Jeff Lange Real Estate/Division of JBL, Inc. | Wichita |
| Jeff O'Neal Ford Lincoln Mercury | Hutchinson |
| Job Readiness | El Dorado |
| Johnstone Supply | Wichita |
| Johnston's Clothiers | Wichita |
| Journal Broadcast Group | Wichita |
| KAKE-TV 10 | Wichita |
| Kamen Wiping Materials Company, Inc. | Wichita |
| Kansas Basement & Foundation Repair, Inc. | El Dorado |
| Kansas Building Products | Wichita |
| Kansas Castings, Inc. | Belle Plaine |
| Kansas Cosmosphere and Space Center | Hutchinson |
| Kansas Gas Service | Wichita |
| Kansas Health Foundation | Wichita |
| Kansas Neurological Consultants, P.A. | Wichita |
| Kansas Orthopaedic Center | Wichita |
| Kansas Turnpike Authority | Wichita |
| Kansas Wholesale Lumber Company, Inc. | Wichita |
| KC Bell, Inc. | Wichita |
| Kejr, Inc. | Salina |
| Keller Furniture Galleries | Hays |
| Kennedy and Koe, LLC | Wichita |
| Key Construction, Inc. | Wichita |

| COMPANY NAME | CITY |
|---------------------------------------------------|-------------|
| Kirkpatrick, Sprecker & Company, LLP | Wichita |
| Klenda Mitchell Austerman | Wichita |
| Knipp Equipment, Inc. | Wichita |
| Koch Industries | Wichita |
| Kossover, Gregory | Wichita |
| KPTS | Wichita |
| KWCV-TV | Wichita |
| Landvest Corporation | Wichita |
| Law/Kingdon, Inc. | Wichita |
| Leading Technology Composites | Wichita |
| Legacy Bank | Colwich |
| Legasus Group, LC | Wichita |
| Legg Company, Inc. | Halstead |
| Liberty Union Mortgage | Wichita |
| Life Care Center of Wichita | Wichita |
| LodgeWorks Corporation | Wichita |
| Lowen Corporation | Hutchinson |
| LSI Logic Storage Systems, Inc. | Wichita |
| Lubbers Chevrolet-Ford | Cheney |
| Lucke & Associates CPA's, LC | Wichita |
| Lyndon's | Wichita |
| M. & J. Corporation | Wichita |
| Machine Dynamics LLC | Wichita |
| Manning & Smith Insurance | Wichita |
| Marketplace Properties, LLC | Wichita |
| Martin, Pringle, Oliver, Wallace & Spikes, LLP | Wichita |
| McBride Electric | Wichita |
| McCluggage VanSickle & Perry Corporation | Wichita |
| McCormick Armstrong Company, Inc. | Wichita |
| Mega Marbles | Wichita |
| Mennonite Mutual Aid/Stewardship Solutions | Hesston |
| Mental Health Association of South Central Kansas | Wichita |
| Metal-Fab Inc. | Wichita |
| Metro Courier, Inc. | Wichita |
| Metrocall, Inc. | Wichita |
| Mid American Credit Union | Wichita |

| COMPANY NAME | CITY |
|--------------------------------------------|---------------|
| Mid-Central Manufacturing, Inc. | Wichita |
| Mid-Continent Safety | Wichita |
| Mid-Kansas Ear, Nose and Throat Associates | Wichita |
| Midwest Drywall Company, Inc. | Wichita |
| Midwest Hearing Aids Inc. | Wichita |
| Midwest Sewing & Vacuum Center | Wichita |
| Midwest Single Source Inc. | Wichita |
| MilliCare Commercial Carpet Care | Wichita |
| Miracle Signs | Wichita |
| MKEC Engineering Consultants, Inc. | Wichita |
| Moore Martin, LC | Wichita |
| Moridge Manufacturing, Inc. | Moundridge |
| Mull Drilling Company, Inc. | Wichita |
| Multi Community Diversified Services, Inc. | McPherson |
| Music Theatre of Wichita, Inc. | Wichita |
| National Cooperative Refinery Association | McPherson |
| Newton Medical Center | Newton |
| Norland Plastics Company | Haysville |
| Northstar Automotive Glass | Wichita |
| Northstar Comfort Systems | Wichita |
| Nouveau | Wichita |
| Nye and Associates | Wichita |
| Oasis Outsourcing and Staffing | Wichita |
| Optima Bus | Valley Center |
| P.C. Productions | Wichita |
| Paragon Geophysical Services, Inc. | Wichita |
| Patterson Gott Graybill LC | Wichita |
| Paul Masterson's American Family Insurance | Wichita |
| Petroleum, Inc. | Wichita |
| Pinsker Steel, Inc. | Wichita |
| Pioneer Balloon Company | Wichita |
| Planned Professional Services, Inc. | Wichita |
| Ponca Products, Inc. | Wichita |
| Postal Presort | Wichita |
| Prairie State Bank | Augusta |
| PrairieView, Inc. | Newton |

| COMPANY NAME | CITY |
|------------------------------------------------------|-------------|
| Preferred Health Systems, Inc. | Wichita |
| Preferred Mental Health Management, Inc. | Wichita |
| Premier Maintenance Management, Inc. | Wichita |
| Prestige Graphics Inc. | Wichita |
| Pretzel A Day Inc. | Andover |
| Printing Inc. | Wichita |
| Professional Engineering Consultants, PA | Wichita |
| Project Access | Wichita |
| Prudential Dinning-Beard, Realtors | Wichita |
| Pulse Systems, Inc. | Wichita |
| R.K. Black Kansas, Inc. | Wichita |
| Rand Graphics | Wichita |
| RE/MAX Associates | Newton |
| Redstone Advisors Inc. | Wichita |
| ReLight America, Inc. | Wichita |
| Research Products Company/Division of McShares, Inc. | Salina |
| Rickert Industrial Coatings, Inc. | Wichita |
| Riedl First Securities Company of Kansas | Wichita |
| Right Management Consultants | Wichita |
| Ritchie Associates, Inc. | Wichita |
| Ritchie Corporation | Wichita |
| RJR Investments | Wichita |
| Robl Construction, Inc. | Wichita |
| Rogers Duncan & Dillehay | Wichita |
| Rose Hill Veterinary Clinic | Rose Hill |
| Rusty Eck Ford, Inc. | Wichita |
| Ryan International Airlines | Wichita |
| Rytan & Associates | Wichita |
| S&B Motels, Inc. | Wichita |
| Sales Data, Inc. (SDi) | Hutchinson |
| Schaefer Johnson Cox Frey Architecture | Wichita |
| Scholfield Brothers Inc. | Wichita |
| SecureNet Alarm Systems, Inc. | Wichita |
| Security Holdings LLC | Wichita |
| Sedgwick County Government | Wichita |
| Sedgwick County Zoo | Wichita |

| COMPANY NAME | CITY |
|----------------------------------------------------|-------------|
| Self's Incorporated | Wichita |
| Senseney Music, Inc. | Wichita |
| Shelton Body Shop Inc. | Derby |
| Sheplers Western Wear | Wichita |
| Shoelaces | Wichita |
| Sick-Bay Enterprises | Wichita |
| Slawson Companies | Wichita |
| Smiles | Wichita |
| SOLO Management | Wichita |
| Sonoco/Hutchinson Mill | Hutchinson |
| South Central Kansas Education Service Center | Clearwater |
| Southern Medical | Augusta |
| Spangles Restaurants | Wichita |
| Speedy Cash | Wichita |
| Spiritual Life Center, Catholic Diocese of Wichita | Wichita |
| Sports Solutions LLC | Wichita |
| Spray Equipment & Service Center Inc. | Wichita |
| Spurrier Chemical Companies Inc. | Wichita |
| SSI, Inc. | Wichita |
| Standard Beverage Corporation | Wichita |
| Stanion Wholesale Electric Co. | Pratt |
| Star Lumber & Supply Company, Inc. | Wichita |
| State Farm Insurance | Wichita |
| State House of Representatives | Wichita |
| Sterling College | Sterling |
| Steven, Joe Jr., DDS, PA | Wichita |
| Stover's Restoration | Maize |
| Stucky & Associates, Realtors | Wichita |
| Sullivan Higdon & Sink | Wichita |
| Sumner County Board of County Commissioners | Wellington |
| Sumner Regional Medical Center | Wellington |
| Sunflower Bank | Wichita |
| Susan B. Allen Memorial Hospital | El Dorado |
| Tabor College | Hillsboro |
| Terracon | Wichita |
| Tetra Management, Inc. | Wichita |

| COMPANY NAME | CITY |
|---------------------------------------------------|-------------|
| Thayer Aerospace | Wichita |
| The Boeing Company | Wichita |
| The Bradbury Company, Inc. | Moundridge |
| The Cramer Company | Wichita |
| The Design Centre | Wichita |
| The Fagan Company | Wichita |
| The Greater Wichita Convention & Visitors Bureau | Wichita |
| The Hayes Company | Wichita |
| The IMA Financial Group, Inc. | Wichita |
| The Kansas Humane Society of Wichita, Kansas | Wichita |
| The Law Company, Inc. | Wichita |
| The Metal Finishing Company, Inc. | Wichita |
| The Print Source Inc. | Wichita |
| The Sisters of St. Joseph of Wichita | Wichita |
| The SKT Companies | Wichita |
| The Wichita Area Builders Association | Wichita |
| The Wichita Area Chamber of Commerce | Wichita |
| The Wichita Eagle | Wichita |
| Timber Products, Inc. | Wichita |
| Total Entertainment Restaurant Corporation | Wichita |
| Tramco, Inc. | Wichita |
| Transitions Group | Wichita |
| Transtecs Corporation | Wichita |
| TriMark Signworks Inc. | Wichita |
| Ultra Modern Pool & Patio | Wichita |
| UMB Bank N.A. | Wichita |
| United Machine Company, Inc. | Wichita |
| United Warehouse Company | Wichita |
| United Way of the Plains | Wichita |
| University of Kansas School of Medicine-Wichita | Wichita |
| University of Kansas/Medical Practice Association | Wichita |
| Unruh Fab, Inc. | Sedgwick |
| USD 259/Wichita Public Schools | Wichita |
| USF Dugan | Wichita |
| Utility Contractors, Inc. | Wichita |
| Valassis Manufacturing Company | Wichita |

| COMPANY NAME | CITY |
|-----------------------------------------------------------|---------------|
| Valley Drug Inc. | Valley Center |
| Vern Klassen Construction Inc. | Wichita |
| Via Christi Health System | Wichita |
| Viking OfficeProducts/Office Depot, Inc. | Wichita |
| Vornado | Andover |
| Vulcan Chemicals | Wichita |
| Waddell & Reed Financial Services | Wichita |
| Waggoners, Inc. | Hutchinson |
| Walgreens | Wichita |
| Warren Theatres/American Cinemas | Wichita |
| WD Enterprises | Wichita |
| WeatherData, Inc. | Wichita |
| Wescon Products | Wichita |
| Wesley Medical Center | Wichita |
| West Consulting Group, Inc. | Wichita |
| Westar Energy | Wichita |
| Westland Corporation | Wichita |
| Westward Corporation | Wichita |
| Wichita Area Association of Realtors | Wichita |
| Wichita Baseball/Wranglers | Wichita |
| Wichita Business Journal | Wichita |
| Wichita Clinic, P.A. | Wichita |
| Wichita Figure Skating Club | Wichita |
| Wichita Independent Business Association | Wichita |
| Wichita Insulation/Window Works | Wichita |
| Wichita Shirt and Cap | Wichita |
| Wichita State University | Wichita |
| Wichita State University/Foundation and Board of Trustees | Wichita |
| Wichita Technology Corporation | Wichita |
| Wichita Vending Company | Wichita |
| Williams, Samuel M. | Wichita |
| Wittwer, Inc. | Wichita |
| Younger Enterprises | Wichita |
| Youth Entrepreneurs of Kansas | Wichita |
| ZOOPLAN | Wichita |

Catchment Area Savings with Affordable Air Fares

The chart below illustrates how much money each county has saved by having affordable air fares in Kansas. The total amount of savings has been measured for each county, based on percent of passengers multiplied by total savings.

| County | Savings 2002 | Savings 2003 | Savings 2004 |
|----------------------|----------------------|----------------------|----------------------|
| Allen | \$ 2,792,365 | \$ 3,737,138 | \$ 3,242,564 |
| Barton | 523,998 | 701,288 | 608,479 |
| Butler | 785,829 | 1,051,708 | 912,524 |
| Cowley | 1,515,721 | 2,028,553 | 1,760,093 |
| Ellis | 975,985 | 1,306,202 | 1,133,339 |
| Finney | 679,485 | 909,384 | 789,036 |
| Ford | 1,550,622 | 2,075,262 | 1,800,621 |
| Geary | 1,882,219 | 2,519,051 | 2,185,679 |
| Harvey | 1,280,466 | 1,713,701 | 1,486,909 |
| Labette | 176,807 | 236,628 | 205,313 |
| Lyon | 1,291,033 | 1,727,843 | 1,499,180 |
| McPherson | 2,077,863 | 2,780,890 | 2,412,866 |
| Montgomery | 279,420 | 373,960 | 324,470 |
| Reno | 2,505,782 | 3,353,592 | 2,909,777 |
| Saline | 4,231,757 | 5,663,536 | 4,914,022 |
| Sedgwick | 43,149,838 | 57,749,218 | 50,106,665 |
| Thomas | 67,218 | 89,961 | 78,055 |
| Total Savings | \$ 65,766,408 | \$ 88,017,915 | \$ 76,369,592 |



Sedgwick County...
working for you





TESTIMONY SB 475
SENATE WAYS AND MEANS COMMITTEE
FEBRUARY 2, 2006

Good morning Chairperson Umbarger and Committee members. My name is Derek Kennedy and I am Vice President and Lead Controller for Cargill Meat Solutions based in Wichita.

Cargill Meat Solutions is an agricultural company with around 800 employees at our Wichita corporate headquarters, over 2,700 employees at our Dodge City facility, and more than 32,000 around the globe. We're a division of Cargill Inc., one of the United States' largest privately owned companies and one that aggressively seeks growth opportunities.

On any given day we have dozens of people traveling throughout the world to our customers or to our processing facilities. We believe in providing customer solutions and doing business in person. That means traveling throughout the U.S. and to our global markets.

Our employees take hundreds of trips each year to visit customers and Cargill plants producing Excel, Sterling Silver and Angus Pride beef products, Tender Choice pork, HoneySuckle White turkey and numerous other brands.

We have always traveled from Wichita's Mid-Continent airport, whether going to Japan or to Denver. With the savings from affordable airfares, we've been able to invest that money back into the company – into our facilities like those in Wichita, Dodge City and across the country.

Over the years, we have doubled the size of this company several times, and recently lower airfares have allowed us to invest and have more economic opportunity for our company.

But the benefits go beyond our company and our facilities across the state. It also improves our employees' quality of life. That's important for companies recruiting and retaining employees to Kansas.

We can do business and grow our business in Kansas because of affordable airfares. The state's benefit is more economic development, more employees, more flights in Kansas, and ultimately more taxes paid in from all of these efforts.

On behalf of our employees and our company, thank you for the opportunity to speak today in support of this important state initiative.



Regional Economic Area Partnership

strengthening the economy of south central Kansas through joint action of cities and counties

Testimony in Support of SB 475 to the Senate Ways and Means Committee

Date: February 2, 2006
From: John Waltner, Mayor of Hesston and Chairman of the REAP
Legislative Committee

Good morning. My name is John Waltner. I am Mayor of Hesston and chair the Legislative Committee of the Regional Economic Area Partnership. Thank you for allowing me to submit testimony in support of Senate Bill 475 on behalf of REAP.

REAP is a coalition of 32 cities and counties in south-central Kansas. Our mission is to help guide state and national actions that affect economic development in the region. We form a distinct regional economy that serves as the manufacturing backbone for the state of Kansas. More than one-third of manufacturing employment and almost one-half of income from manufacturing in Kansas comes from the REAP area.

We know for our region the importance of affordable air fares for our businesses, organizations and citizens in all our cities across the state. Two stories from Hesston alone illustrate this point.

In Hesston, we have a two-year private Mennonite school, Hesston College, which recruits most of its students from out of state. Many of the students come from as far away as Oregon and Florida. If the college cannot fly the prospective students into Wichita Mid-Continent, they fly them into Kansas City and drives three hours in a rental car from Missouri to reach the campus – adding expense and time to the process. As you can imagine, parents aren't sure about sending their students to a campus where trips home are expensive and long. And college admissions counselors who must crisscross the country several times a year to visit prospective students are also keenly affected by the cost of air fares.

Low-cost airfares have reduced \$840 tickets to \$280 or \$320 tickets. This year, Hesston College has its largest freshman class in 16 years.

The second story is from our largest local employer – AGCO Corp., employing approximately 1,400 people. This company is a national and international leader in manufacturing agriculture machinery. AGCO has an extensive training program for dealers and service technicians from across the United States. They asked the City of Hesston for two things. The first was a good hotel and restaurant and the second was affordable airfares. We knew we could help address the first, but as a small community, we certainly could not address the second by ourselves.

ANDOVER
Mayor Ben Lawrence

ARKANSAS CITY
Commissioner Arleta Rice

AUGUSTA
Mayor Ross Rountree

BELAIRE
Mayor Gary O'Neal

BENTLEY
Mayor Sandra Wellman-Moon

BENTON
Mayor Mike Swalley

BUTLER COUNTY
Commissioner Will Carpenter

CHENEY
Mayor Scott Tatge

CLEARWATER
Council Member David FitzGerald

COLWICH
Mayor Terrence Spexarth

CONWAY SPRINGS
Mayor Wayne Taylor

DERBY
Mayor Dion Avello

EL DORADO
Mayor Connie Phillips

HALSTEAD
Mayor Bill Ewert

HARVEY COUNTY
Commissioner Kenneth Meier

HAYSVILLE
Mayor Bruce Armstrong

HESSTON
Mayor John Waltner

HUTCHINSON
Council Member David Razo

MAIZE
Council Member Cathy Reed

MULVANE
Mayor James Ford

NEWTON
Mayor Willis Heck

PARK CITY
Mayor Emil Bergquist

RENO COUNTY
Commissioner Frances Garcia

ROSE HILL
Council Member Mark Conway

SEDGWICK
Mayor D. Keith DeHaven

SEDGWICK COUNTY
Commissioner Carolyn McGinn

SUMNER COUNTY
Commissioner Gene Bongiorno, Jr.

VALLEY CENTER
Council Member Bess Roberts

WELLINGTON
Mayor Richard Granger

WICHITA
Mayor Carlos Mayans

WINFIELD
Mayor Mike Ledy

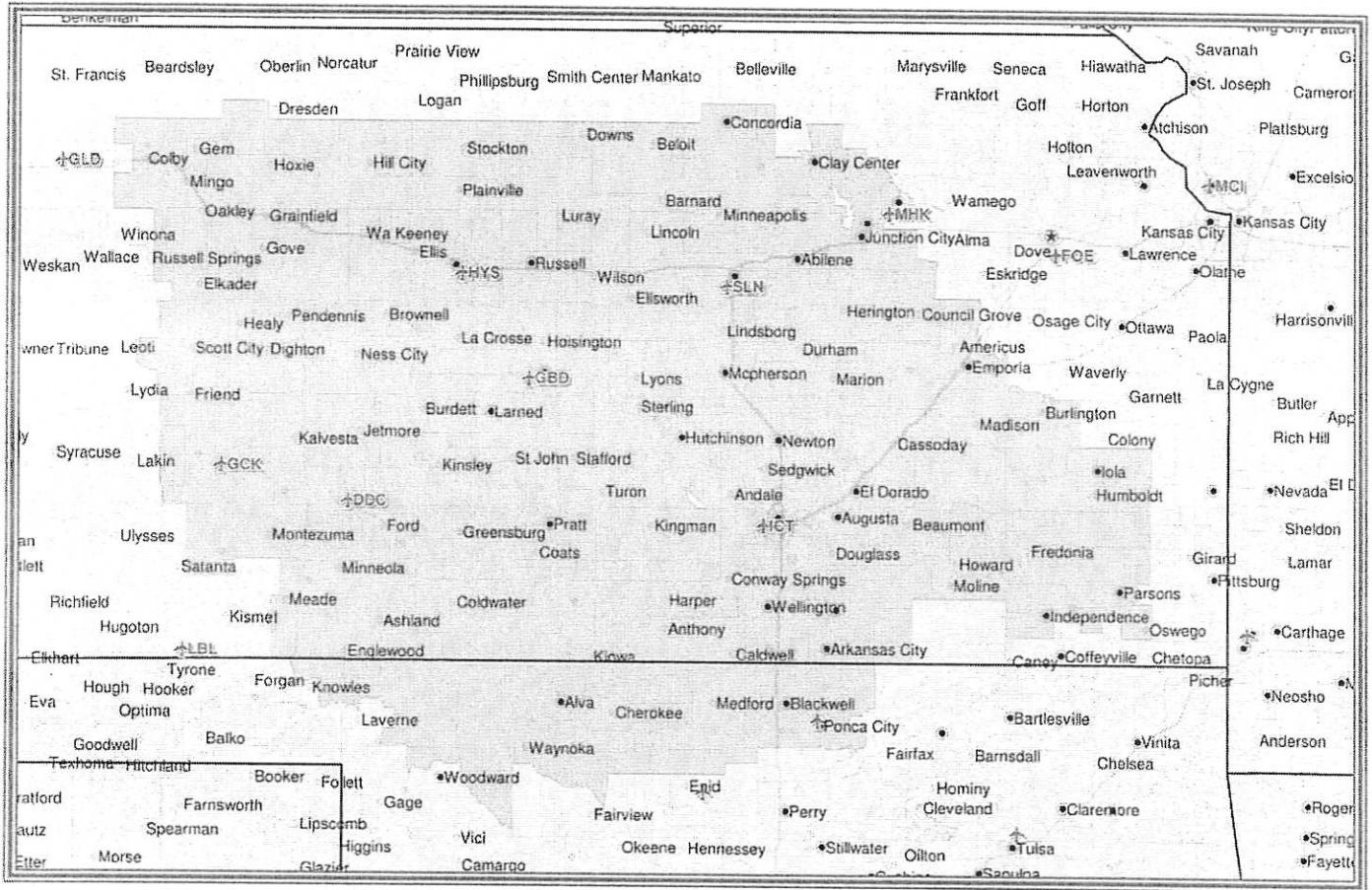
The company used to fly its people into Kansas City and rent buses to bring them to Hesston. Now, with affordable airfares, AGCO flies their people into Mid-Continent – saving time and expense. Of course this also means that the State of Kansas reaps the benefit of taxes on the rental cars, meals and flights – rather than Missouri or Oklahoma.

And, it means, that Hesston can keep a large local employer in the community because it can be more productive and efficient. We could not do that on our own. Nor can other communities throughout our state.

Our county – Harvey – has saved nearly \$4.5 million over three years (2002-04). The savings across Kansas have been equally significant. A few examples illustrate that: Saline County has witnessed savings of more than \$14.8 million; Ford of more than \$5.4 million; McPherson more than \$7.2 million and Reno more than \$8.7 million.

People in our state have saved more than \$230 million which has gone back into our economy, our jobs, and our citizens' pockets to spend elsewhere, while also funding the state general fund. It's been a great investment for our companies and our citizens. REAP urges support for affordable airfares for Kansans and for keeping our state competitive in the air service game.

Passenger Catchment Area for Kansas' Airport



Kansas' airport is the air service portal for the majority of the state.

- It covers roughly 2/3 of the state and more than 1.3 million residents.
- 66% of passengers using Kansas' airport are from Sedgwick County.
34% of passengers using Kansas' airport are from the rest of the State.



Sedgwick County...
working for you





LEGISLATIVE TESTIMONY

TO: Chairman Umbarger and Members of the Senate Ways and Means Committee

SUBJECT: Senate Bill 475

SUBMITTED BY: George Kolb, City Manager

DATE: February 2, 2006

Thank you for the opportunity to testify in support of Senate Bill 475. The Wichita City Council has formally adopted its 2006 legislative agenda and listed State support for affordable airfares as its number one priority.

The City of Wichita has joined with several regional organizations to seek assistance from the State of Kansas in the efforts to secure affordable air service for all Kansans. The coalition of organizations includes Sedgwick County, the Wichita Metro Chamber of Commerce, the Greater Wichita Convention and Visitors Bureau, South Central Kansas Economic Development District (SCKEDD), the Regional Economic Area Partnership (REAP) and many other organizations. Members of the coalition have met with Governor Sebelius and her staff, as well as key members of the south central Kansas legislative delegation in formulating the initiative contained in SB 475.

Economic development professionals and site consultants know how much airfares impact business attraction, retention and jobs, because companies choose where they will locate and grow their business based on the "cost of doing business." In the modern global economy, in which Kansas needs to compete, the cost of air service is an important cost of doing business. Indeed, one of the most critical elements of economic development and recruiting new companies to Kansas is based on the ease of travel to conduct business with customers. Because of this, affordable airfares has become an infrastructure issue - like highways and water supply; and, just like those resources, Kansas cannot afford to lose affordable air service. Major Kansas corporations, including Rent-A-Center, Pizza Hut and others have left Kansas, citing access to more flights and more affordable airfares as a reason.

Airfares also impact families who live in, work in and visit Kansas. Individuals and families choose where to live, work and visit based on availability of good jobs and quality of life issues, and the quality of commercial air service impacts both. Affordable airfares play a significant role in encouraging tourist travel to Kansas and recruiting conventions to Kansas. Bringing others to our state means bringing dollars to our state for tourism and convention spending.

Senate Ways and Means
2-2-06
Attachment 14

The quality of air service at Mid-Continent Airport is a critical issue for the State of Kansas because Mid-Continent is the only airport in Kansas with significant commercial air service. The attached map shows that the natural "catchment" area for Mid-Continent Airport, based on driving distance, covers two-thirds of the State and a majority of its residents. A recent study by WSU's Center for Business Research and Business Development shows that the State of Kansas could lose over \$10 million in annual tax dollars if Mid-Continent Airport were to lose its low-cost air service.

In order for Kansas businesses to compete globally, for families to enjoy the opportunity for affordable leisure travel, and to increase tourism we must have a long-term strategy that makes Kansas' Mid-Continent Airport competitive with Missouri and Oklahoma. Because of geography and population size, Mid-Continent Airport is not naturally competitive. This has created a potential "death spiral" – a cycle of less flights leading to higher airfares, to business loss, to job loss, to fewer passengers, to fewer flights, and so on.

In 2002, the Wichita community initiated a pilot program, consisting of a local public investment of \$9 million dollars and business investment of \$7.5 million dollars of air travel commitments, which has demonstrated the feasibility of affordable airfares at Mid-Continent Airport. That same public investment has saved the traveling public in Kansas over \$300 million dollars in lower airfares and has proven that effective actions can be taken to create affordable airfares.

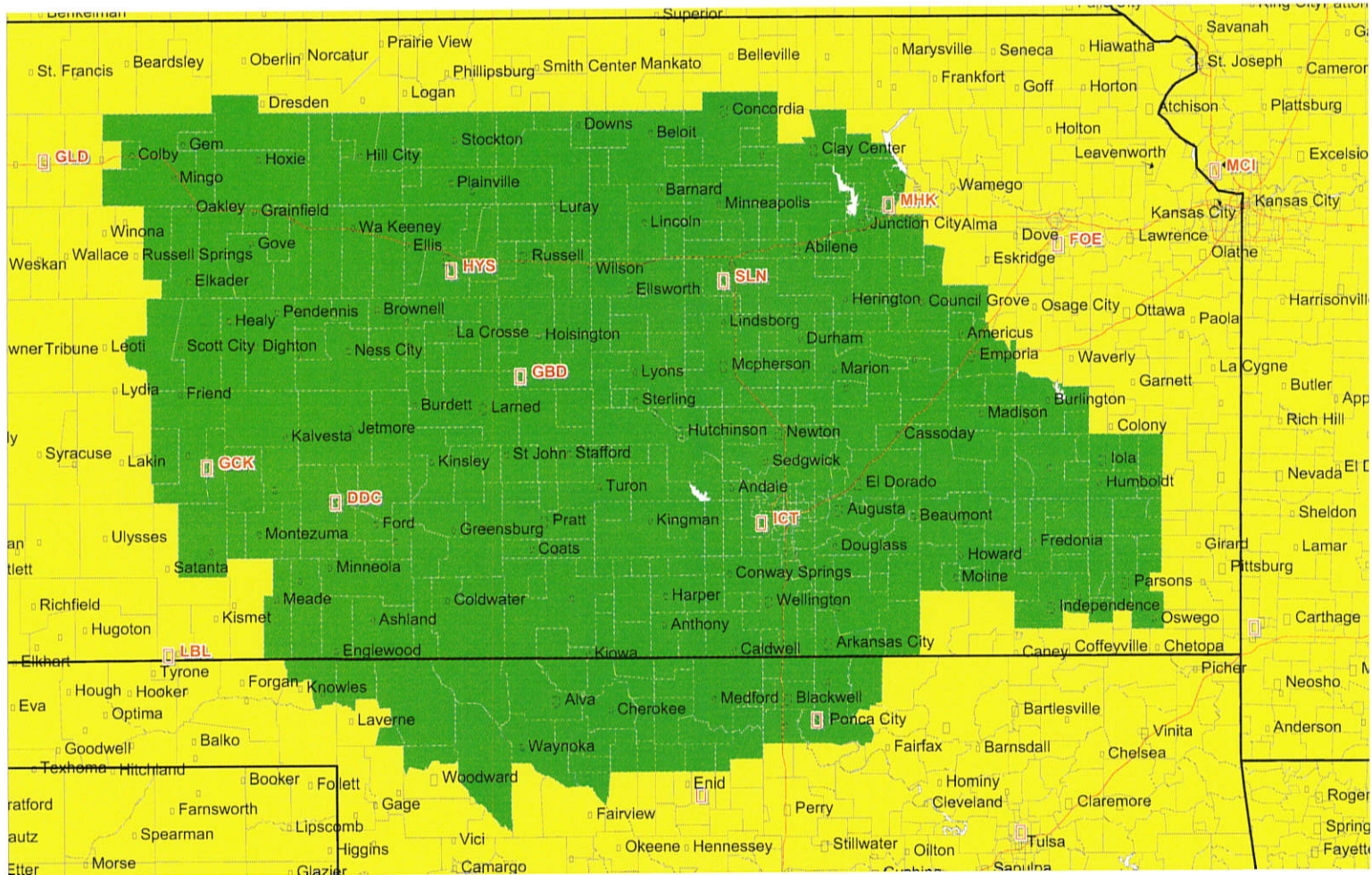
It is now time for the State of Kansas to become financially involved in this crucial program to maintain and expand the scope of affordable airfares at Mid-Continent Airport. Please pass this bill out with a favorable recommendation for its approval by the full Senate.

Thank you for this opportunity.



George R. Kolb
City Manager
City of Wichita

ICT Catchment Area



Population of catchment area: app. 1,325,000



Ben Sciortino

Chairman

*Board of County Commissioners
Sedgwick County, Kansas*

Senate Ways & Means Committee
Testimony on SB 475
February 2, 2006

Chairman Umbarger and Senate Committee Members. I am Commissioner Ben Sciortino and on behalf of the Board of Sedgwick County Commissioners, I want to express our support of SB 475 for affordable air service in Kansas.

The issue of affordable air service isn't confined to city or county boundaries. It is not an issue that benefits only one interest group. Affordable air fares mean savings for Kansans – all Kansans. By assuring competitive air fares at our state's largest airport, we are providing real savings for businesses and families, and generating real dollars for our local and state economies.

Individually, we could each speak of how this is a critical issue for our individual communities, our businesses or our own personal leisure travel. But, affordable air fares also advances our State in the following ways:

- It heightens the growth opportunities of our State's largest airport and assures that more than 1.3 million Kansans can have access to affordable and convenient air service.
- It assures the continued economic development of our region and the overall growth of our State. More than 40% of the State's manufacturing taxes and 26% of the State's personal income taxes come from south central Kansas. And, the state benefits with nearly \$9 million annually because more travel occurs out of Kansas' airport.
- Affordable air fares help Kansas retain and recruit new businesses. This is about JOBS for Kansans. And, the trickle effect results in more businesses and more jobs.
- It helps convention and tourism travel to our state, which means dollars are brought into our state. Visitors spend money for hotels, rental cars, restaurants and retail – these businesses thrive and grow!
- And, it's about quality of life for Kansans. We all have times when we need to visit family in other states or want to visit other places – having convenient and affordable air fares makes traveling from Kansas easier. This is especially important for recruiting and retaining young professionals in our state.

COUNTY COURTHOUSE * SUITE 320 * 525 NORTH MAIN * WICHITA, KANSAS 67203-3759
TELEPHONE (316) 660-9300 * FAX (316) 383-8275
e-mail: bsciorti@sedgwick.gov

*Senate Ways and Means
2-2-06
Attachment 15*

We know affordable air fares work – it helps businesses grow, we have the benefit of more jobs, we have lower leisure travel costs, and revenues to local and state governments increase. If we choose *not* to create an environment for affordable air service, the consequences are dramatic and far-reaching. Businesses move away, jobs are lost, and revenues for local and state governments decline -- Kansans lose.

The bottom line – affordable air fares help keep Kansas strong and help our state and communities remain competitive. We encourage your support of SB 475 in helping provide affordable air fares for all Kansans. Thank you for your consideration.