

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 11:10 A.M. on March 26, 2007, in Room 123-S of the Capitol.

All members were present except:

Senator Carolyn McGinn- excused

Committee staff present:

Jill Wolters, Senior Assistant, Revisor of Statutes
Alan Conroy, Director, Kansas Legislative Research Department
J. G. Scott, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
Heather O'Hara, Kansas Legislative Research Department
Michael Steiner, Kansas Legislative Research Department
Melinda Gaul, Chief of Staff, Senate Ways & Means
Mary Shaw, Committee Assistant

Conferees appearing before the committee:

Sandy Praeger, Kansas Insurance Commissioner
Doug Farmer, Chief of Staff, Office of Attorney General

Others attending:

See attached list.

Bill Introductions

Senator Morris moved, with a second by Senator Taddiken, to introduce a conceptual Senate Concurrent Resolution regarding four counties in southwest Kansas and port authority (7rs1404). Motion carried on a voice vote.

Senator Teichman moved, with a second by Senator Schodorf, to introduce a bill concerning recodification of criminal statutes (7rs1406). Motion carried on a voice vote.

Chairman Umbarger opened the public hearing on:

SB 214--Repealing the salary cap on employees of the attorney general and the insurance commissioner

Staff briefed the committee on the bill.

The Chairman welcomed Sandy Praeger, Kansas Insurance Commissioner, who testified in support of **SB 214 (Attachment 1)**. Commissioner Praeger explained that current state law prohibits all but two employees (actuaries) of the Kansas Insurance Department from making a salary that is greater than the Insurance Commissioner. She noted that it has been a real challenge to attract and retain experienced, qualified individuals in the area of company analysis and the law, and who can go head-to-head with the industry on key financial issues of solvency and best practices.

Chairman Umbarger welcomed Doug Farmer, Chief of Staff, Office of Attorney General Paul Morrison, who spoke in support of **SB 214 (Attachment 2)**. Mr. Farmer explained that current law prohibits employees in the Office of Attorney General from making a salary greater than that of the Attorney General. **SB 214** seeks to remove the employee salary restriction. Since taking office, Mr. Farmer mentioned that Attorney General Morrison has recognized a need for additional resources to attract top tier attorneys to state government employment.

There being no further conferees to come before the Committee, the Chairman closed the public hearing on **SB 214**.

CONTINUATION SHEET

MINUTES OF THE Senate Ways and Means Committee at 10:30 A.M. on March 26, 2007, in Room 123-S of the Capitol.

Senator Teichman moved, with a second by Senator Betts, to recommend **SB 214** favorable for passage. Motion carried on a roll call vote.

Senator Morris mentioned that it will be necessary in the future to address the pay of state officials and other elected state officials.

The meeting adjourned at 11:30 a.m. The next meeting is scheduled for March 27, 2007.



Kansas Insurance Department

Sandy Praeger, Commissioner of Insurance

SENATE COMMITTEE ON WAYS AND MEANS

Testimony in Support of Senate Bill 214

Sandy Praeger,
Kansas Insurance Commissioner

March 26, 2007

Mr. Chairman, Senators, thank you for allowing me to voice my support for Senate Bill 214.

The business of insurance in Kansas involves billions of dollars and impacts the lives of all of our citizens. The regulation of insurance is a complicated and technical business. It takes experts to provide the regulatory protections in insurance that we all depend on to protect our homes, cars, businesses and health.

Current state law prohibits all but two employees (actuaries) of the Kansas Insurance Department from making a salary that is greater than the Insurance Commissioner. A similar prohibition also exists in the Office of the Attorney General. No other state agencies are required by law to operate under such restrictions.

This restrictive law, combined with the fact that I am paid less than any of the cabinet secretaries, has resulted in difficulty in recruiting and retaining the professionals needed by the Department. In our Legal Division, we have had over 90% turn-over during my first term. We have lost experienced attorneys to the private sector and other state agencies.

In the Financial Surveillance Division, we have also had an excessive amount of turn over. The Department recently went through a national accreditation review. We passed the accreditation review; but, the review team specifically recommended that we address low pay issues with regard to those positions in financial analysis and company examination.

It has become a real challenge to attract and retain experienced, qualified individuals in the area of company analysis and the law, who can go head-to-head with the industry on key financial issues of solvency and best practices. We need to keep our experienced professionals if we are to continue to protect the insurance consumers of Kansas.

I need to be able to at least ask the Legislature for a level of appropriations that will provide the means to attract and retain highly qualified and experienced professionals. The Legislature always has the final say on the amount of money that the Department can invest in its employees. But please, let's do that through the appropriation process and not under an archaic

statute which does not currently allow a common sense approach to be given to the need for salaries that can compete in today's market.

I urge the Committee to act favorably on SB 214. I'd be happy to answer any questions that you might have. Thank you.



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Senate Ways & Means Committee
SB 214
Doug Farmer, Chief of Staff
Office of Attorney General Paul Morrison
March 26, 2007

Mr. Chairman and members of the committee, thank you for allowing me to testify today.

I am here to testify in support of Senate Bill 214. Current law prohibits employees in the Office of Attorney General from making a salary greater than that of the Attorney General. SB 214 seeks to remove the employee salary restrictions for both the Office of Attorney General and Insurance Department. SB 214 will allow our office to remain competitive with the private sector in the area of recruiting and retaining experienced, high quality attorneys. Passage of SB 214 will not result in a significant fiscal impact from the Attorney General's office.

Since taking office in January, Attorney General Morrison and I have occasionally recognized a need for additional resources to attract top tier attorneys to state government employment. The disparity is so great between what our office is able to pay and what the private law firms are able to offer, the allure of public service is often not enough.

SB 214 will not affect the appropriations oversight that the Legislature currently maintains. Any salary increases that our agency authorizes will continue to be deliberative and thoughtful. Likewise, this legislation will not increase the salary of the Attorney General or Insurance Commissioner. This bill will simply allow our offices greater flexibility in attracting experienced professionals to public service in Kansas.

Thank you for your consideration. I look forward to answering any questions.

Senate Ways and Means
3-26-07
Attachment 2