

MINUTES OF THE SELECT COMMITTEE ON STATE EMPLOYEE PAY PLAN

The meeting was called to order by Vice Chairman Lee Tafanelli at 7:45 A.M. on February 14, 2007 in Room 519-S of the Capitol.

All members were present except:

Representative Pat George- excused
Representative Tom Hawk- excused

Committee staff present:

Alan Conroy, Kansas Legislative Research Department
Julian Efir, Kansas Legislative Research Department
Cyndie Rexer, Committee Assistant

Conferees appearing before the committee:

Theresa Gordzica, Chief Financial Officer, University of Kansas
Lindy Eakin, Vice Provost for Administration and Finance, University of Kansas
Ola Faucher, Director of Human Resources and Equal Opportunity, University of Kansas
Dennis Constance, Work Group Representative, University Support Staff, University of Kansas
Mike Auchard, Work Group Representative, University Support Staff, University of Kansas

Others attending:

See attached list.

The minutes of February 12, 2007 were distributed. Representative John Grange moved the minutes be approved, Representative Stan Frownfelter seconded the motion. The minutes were approved.

Vice Chairman Tafanelli introduced Theresa Gordzica, Chief Financial Officer, University of Kansas who gave testimony regarding the success KU has had with the transition of its employees from the Civil Service System to the University Support Staff System. Under the new system, KU can:

Manage positions, including job titles and compensation, allowing KU to adjust salaries to reflect local market demand and salary compression problems
Collapse narrow job classifications into broader categories with top and bottom salary ranges, a process known as broad banding
Use a merit system for salary increases just as they do with existing unclassified staff

The USS salary pool is distributed 2/3 across the board and 1/3 based on merit. KU felt it was important to have a merit component so that they can reward and retain the best employees. The salary pool is being funded by the increased Operating Grant Funds, tuition funds and other restricted use funds. Attachments 1 & 2

Questions were asked following the presentation.

The meeting was adjourned at 8:30 A.M. The next meeting is scheduled for Monday, February 19, 2007 at 9:30 A.M. in room 519-S.

Report to House Select Committee on the State Employee Pay Plan
University Support Staff
University of Kansas
February 14, 2007

Good Morning Chairman George and Vice Chairman Tafanelli I am Theresa Gordzica, Chief Financial Officer for the University of Kansas. I appreciate the opportunity to inform the committee about the success KU has had with the transition of its employees from the Civil Service System to the University Support Staff System. I am joined today by several folks from the Lawrence campus who have been the key players in this project from the time the first Work Group meeting, through the transition, and to the present as we continue to refine our system. Lindy Eakin, Vice Provost for Administration and Finance, Ola Faucher, Director of Human Resources and Equal Opportunity, a member of the Work Group representing University Support Staff is Dennis Constance.

The University of Kansas appreciates the Legislature's strong support in its passage of SB 74 in 2005 which gave the University the authority, with the permission of the Kansas Board of Regents, to adopt this flexible system which was supported by our university support staff. The staff partnered with the University in seeking the legislation and are appreciative of its implementation.

Under the law, KU can:

- Manage positions, including job titles and compensation, allowing KU to adjust salaries to reflect local market demand and salary compression problems;
- Collapse narrow job classifications into broader categories with top and bottom salary ranges, a process known as broad banding, and
- Use a merit system for salary increases just as we do with existing unclassified staff.

In July 2005, with the approval of the Board of Regents, the University moved over 1,400 Classified positions to the new University Support Staff system. We think the move has been a good one and has provided the benefit that we had envisioned – that is, we have been able to help ourselves and our employees, at no new cost to the state and we have adopted a personnel system that meets the dynamic needs of a major research university.

It's important to note that we consulted heavily with our Classified staff before the legislation was proposed and even today as we continue to modify the system. We utilized a Work Group comprised of Classified (now USS) staff and administrators to develop the proposal, sought feedback from Classified staff through Town Hall Meetings and surveys and, finally, in October 2003, held a vote of all the Classified Staff at the Lawrence campus who voted in favor of moving out the State Civil Service. The first merit increases were granted in September 2005 and in April 2006, new job titles were implemented.

The Work Group continues to provide input as we continue to adapt and modify the system to fit the particular needs of KU.

I would comment further that the legislation was permissive and the USS option may not be attractive to all campuses. In the case of KU, only the Lawrence and Edwards campuses have chosen to make the change to USS. At the Medical Center, there are many fewer Classified employees – less than 350. The administration and employees are not pursuing in a change in status at this time.

So what were we able to do? We provided the same salary pool for unclassified and USS: 4.5% each year FY 2006 and 2007. While the Unclassified pool is distributed to employees based entirely on merit, the USS pool is distributed 2/3 across the board and 1/3 based on merit. We felt it was important to have a merit component so that we can reward and retain the best employees.

Last session, the legislature recognized that the pay for skilled trades was below the market and provided a \$0.30 per hour increase. We also have been able to address the pay for skilled trades but our job titles were slightly different – we focused on plumbers, electricians and HVAC personnel. Again, responding to the specific needs of our campus.

The total cost of the salary increases each year were approximately \$1.7-1.8 million. The increases were funded with the increased Operating Grant funds, tuition funds and other restricted use funds. If we would have remained in the Civil Service System, these same sources of funds would have been used to fund the salary increases that were set by the legislature through the pay matrix. Given the flexibility of the USS system, the Operating Grant, and Tuition Ownership, we are now able to review our available funding and determine salary increases for all of our employees.

We also no longer use a pay grid system based on steps and ranges. We have implemented market based, salary bands based on 5 broad job groups: administrative associate, campus services, para-professional-professional, technical and skilled trades.

Under job title management – we were able to reduce the number of job titles from 196 to 80. We established minimum and maximum salary bands with hiring ranges. For example, the salary for an Administrative Associate can fall within the range of \$20,010 to \$37,020. When we are filling positions, the HR office determines the level of complexity and responsibility that this position has vis a vis other similar positions within the university and the department is authorized to hire within a range – in this example, the least complex job would have starting pay of \$20,010 to \$22,090 while a more complex job would have starting pay of \$22,090 to \$24,335. HR will periodically review and adjust these bands based on market conditions.

In summary, we believe the change has been a positive one for the university and our employees. We are able to respond in a timely fashion to market changes, we are able to reward the very best employees and we have simplified the job classification and title management.

- We would be pleased to answer any questions.

University of Kansas Human Resources & Equal Opportunity
University Support Staff Salary Bands and Hiring Ranges effective 4/09/06

Salary Bands

Band	Annual Minimum	Annual Maximum	Hourly Minimum	Hourly Maximum
A	18,180.00	33,635.00	\$ 8.740385	\$ 16.170673
B	20,010.00	37,020.00	\$ 9.620192	\$ 17.798077
C	22,090.00	40,865.00	\$ 10.620192	\$ 19.646635
D	23,195.00	42,910.00	\$ 11.151442	\$ 20.629808
E	25,565.00	47,295.00	\$ 12.290865	\$ 22.737981
F	26,835.00	49,645.00	\$ 12.901442	\$ 23.867788
G	29,580.00	54,725.00	\$ 14.221154	\$ 26.310096
H	32,635.00	60,375.00	\$ 15.689904	\$ 29.026442
I	35,945.00	66,500.00	\$ 17.281250	\$ 31.971154
J	43,660.00	80,770.00	\$ 20.990385	\$ 38.831731
K	50,585.00	93,585.00	\$ 24.319712	\$ 44.992788

Salary Bands with Hiring Levels and Ranges

Band	Hiring Level	Annual Minimum	Annual Maximum	Hourly Minimum	Hourly Maximum
A	1	\$18,180.00	\$20,010.00	\$ 8.740385	\$ 9.620192
A	2	\$20,010.00	\$22,090.00	\$ 9.620192	\$ 10.620192
A	3	\$23,195.00	\$25,565.00	\$ 11.151442	\$ 12.290865
B	1	\$20,010.00	\$22,090.00	\$ 9.620192	\$ 10.620192
B	2	\$21,030.00	\$23,195.00	\$ 10.110577	\$ 11.151442
B	3	\$22,090.00	\$24,335.00	\$ 10.620192	\$ 11.699519
C	1	\$22,090.00	\$24,335.00	\$ 10.620192	\$ 11.699519
C	2	\$24,340.00	\$26,830.00	\$ 11.701923	\$ 12.899038
C	3	\$26,835.00	\$29,580.00	\$ 12.901442	\$ 14.221154
D	1	\$23,195.00	\$25,565.00	\$ 11.151442	\$ 12.290865
D	2	\$24,340.00	\$26,830.00	\$ 11.701923	\$ 12.899038
D	3	\$25,565.00	\$28,165.00	\$ 12.290865	\$ 13.540865
E	1	\$25,565.00	\$28,165.00	\$ 12.290865	\$ 13.540865
E	2	\$26,835.00	\$29,580.00	\$ 12.901442	\$ 14.221154
E	3	\$29,580.00	\$32,635.00	\$ 14.221154	\$ 15.689904
F	1	\$26,835.00	\$29,580.00	\$ 12.901442	\$ 14.221154
F	2	\$28,165.00	\$31,035.00	\$ 13.540865	\$ 14.920673
F	3	\$29,580.80	\$32,635.00	\$ 14.221540	\$ 15.689904
G	1	\$29,580.00	\$32,635.00	\$ 14.221154	\$ 15.689904
G	2	\$31,035.00	\$34,260.00	\$ 14.920673	\$ 16.471154
G	3	\$32,635.00	\$35,900.00	\$ 15.689904	\$ 17.259615
G	4	\$34,255.00	\$37,730.00	\$ 16.468750	\$ 18.139423
H	1	\$32,635.00	\$35,950.00	\$ 15.689904	\$ 17.283654
H	2	\$35,945.00	\$39,665.00	\$ 17.281250	\$ 19.069712
H	3	\$37,735.00	\$41,500.00	\$ 18.141827	\$ 19.951923
H	4	\$41,600.00	\$45,890.00	\$ 20.000000	\$ 22.062500
I	1	\$35,945.00	\$39,665.00	\$ 17.281250	\$ 19.069712
I	2	\$39,665.00	\$43,640.00	\$ 19.069712	\$ 20.980769
I	3	\$43,660.00	\$48,215.00	\$ 20.990385	\$ 23.180288
J	1	\$43,660.00	\$48,215.00	\$ 20.990385	\$ 23.180288
J	2	\$45,890.00	\$50,585.00	\$ 22.062500	\$ 24.319712
J	3	\$48,215.00	\$53,125.00	\$ 23.180288	\$ 25.540865
K	1	\$50,585.00	\$55,765.00	\$ 24.319712	\$ 26.810096
K	2	\$58,555.00	\$64,565.00	\$ 28.151442	\$ 31.040865