

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 10:30 A.M. on February 7, 2005 in Room 123-S of the Capitol.

Committee members absent: Senator Jay Emler - excused  
Senator Chris Steineger - excused

Committee staff present:  
Norman Furse, Revisor of Statutes  
Debra Hollon, Kansas Legislative Research Department  
Susan Kannarr, Kansas Legislative Research Department  
Matt Spurgin, Kansas Legislative Research Department  
Judy Bromich, Administrative Analyst  
Mary Shaw, Committee Secretary

Conferees appearing before the committee:  
Reginald Robinson, President and CEO, Kansas Board of Regents  
Robert Hemenway, Chancellor, University of Kansas  
David Shulenburger, Executive Vice Chancellor and Provost, University of Kansas  
Dennis Constance, Member, KU Classified Senate  
Andy Sanchez, Executive Director, Kansas Association of Public Employees

Others attending:  
See attached list.

Copies of a letter from Ed Van Petten, Executive Director, Kansas Lottery, dated February 4, 2005, in response to questions and requests of Senators Betts and Steineger regarding the Kansas Lottery's contract with the Kansas Speedway for the year 2004 (Attachment 1).

The Chairman referred the following bill to the KPERS Issues Subcommittee:

**SB 189--Increasing KPERS lump-sum death benefit to \$5,000**

Chairman Umbarger welcomed John Frederick, Governmental Relations Manager, Boeing, who presented a briefing on the National Institute of Aviation Research (NIAR), and addressed the current situation, urgency and proposal (Attachment 2). Mr. Frederick explained that the aviation industry is a major contributor to the economic vitality of Kansas and has the potential for significant growth as a cluster of innovation. He noted that the aviation industry in Kansas must be able to compete in a global economic environment, far different than in the past, and they will not be able to do it alone.

Mr Frederick addressed funding needs that are detailed in his written testimony. He emphasized that state funding provides the leverage for growth. Some examples new in 2004 are:

- Center of Excellence for Advanced Materials - Federal Aviation Administration
- National Center for Advanced Materials Performance (NCAMP) - NASA

They requested support for appropriation and approval of the \$2 million request for aviation related research in the 2005 Legislative Session. Mr. Frederick provided an Executive Summary of the NIS (NIAR/Industry/State Research) 2004 Projects (Attachment 3). He explained that the NIS Program was created by the State Legislature in FY 2004 to support the Kansas aviation manufacturing industries' efforts to compete in the global technological environment. The committee discussed jobs and keeping the aviation industry infrastructure in Kansas. Mr. Frederick mentioned that he will provide more specific numbers regarding new jobs in the aviation industry in Wichita.

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The Chairman opened the public hearing on:

**SB 74--State educational institutions; conversion of positions to classified service**

Staff briefed the committee on the bill.

Chairman Umbarger recognized the following conferees who testified on **SB 74**:

Reginald Robinson, President and CEO, Kansas Board of Regents, testified in support of **SB 74**. Mr. Robinson explained that, if enacted, **SB 74** would allow the Board of Regents to approve proposals presented by governed universities to convert to classified, civil service employee positions to unclassified, university support staff positions (Attachment 4). He noted that the statutory change would be permissive so that each university could determine the cost and benefit based on their specific facts and circumstances. Mr. Robinson also mentioned that if the legislation were approved, any university wishing to take advantage of the new classification would have to bring a specific plan to the Board of Regents for approval.

Robert Hemenway, Chancellor, University of Kansas, testified in favor of **SB 74** (Attachment 5). Chancellor Hemenway explained that the bill would enable participating universities to better fulfill their mission, while leveraging state funds to best advantage, and with a high degree of accountability. He noted that this change would be permissive, so that each university could determine whether it wants to take this step. If approved, a university could then bring a specific plan to the Kansas Board of Regents for review and approval.

Chancellor Hemenway introduced David Shulenburg, Executive Vice Chancellor and Provost, at the University of Kansas, who addressed the following examples in his testimony regarding how the disadvantages of the current system affect the university and its classified staff:

- Rigid job classifications
- Rigid pay matrix
- No mechanism for merit pay
- A dispute resolution system

Mr. Shulenburg provided reasons why this alternative to State Civil Service is good public policy and why support it. He mentioned that **SB 74** is the result of extensive consultation with Lawrence classified staff over a period of years, and **SB 74** is similar to past initiatives that have worked. He noted that most public universities operate this way, and regarding the University of Kansas, management of roughly 1,800 unclassified non-faculty has been excellent. (Mr. Shulenburg's testimony is part of Chancellor Hemenway's written testimony.)

Chairman Umbarger welcomed Dennis Constance of the University of Kansas Classified Senate, who testified in support of **SB 74** (Attachment 6). Mr. Constance explained that he has recently become a member of the University of Kansas work-group developing the proposal to transform classified staff to University Support Staff. He noted that the work-group is currently working to address a key area of concern, by developing grievance and appeal procedures. Mr. Constance mentioned that he appeared at the hearing as one of the people who would be affected by this choice, convinced that it holds the best promise for the future of classified employees at the University of Kansas.

The Chairman recognized Norman Furse, Revisor of Statutes, who expressed concern regarding changing from classified to unclassified in **SB 74** (Attachment 7). The Revisor called the committee's attention to the case of Darling V. Kansas Water Office where the Court considered it unconstitutional. The University of Kansas Medical Center changes were discussed and Chancellor Hemenway noted it would be similar to what was done at that facility and that what is proposed in **SB 74** would need to fit within the legal structure. Committee discussion followed.

Chairman Umbarger welcomed Andy Sanchez, Executive Director, Kansas Association of Public Employees, who testified in opposition to **SB 74** (Attachment 8). Mr. Sanchez described the following three concerns the Kansas Association of Public Employees (KAPE) has with the bill:

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1. **SB 74** attempts to weaken conditions of employment by declassifying or removing a large group of employees at the state universities out from the classified status to an unclassified status without civil service rights.
2. KAPE respects the process of the Legislature as it makes annual appropriations each year including the pay adjustments for state employees.
3. From the employees' perspective, the impetus for the bill is more money in their pockets. However, it should be noted that this will give a great deal of discretion to University Human Resources offices.

Mr. Sanchez noted that grants are unpredictable and short lived, and the bill is simply not the solution and would cause heartache to employees and the state. Copies of Agency Turnover FY 2004 were distributed to the committee (Attachment 9).

There being no further conferees to come before the committee, the Chairman closed the public hearing on **SB 74**.

The meeting adjourned at 12:15 p.m. The next meeting is scheduled for February 8, 2005.