

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson Stephen Morris at 10:35 a.m. on January 28, 2002 in Room 123-S of the Capitol.

All members were present except: All Present

Committee staff present:

Alan Conroy, Chief Fiscal Analyst, Kansas Legislative Research Department
Deb Hollon, Kansas Legislative Research Department
Martha Dorsey, Kansas Legislative Research Department
Julian Eford, Kansas Legislative Research Department
Norman Furse, Revisor of Statutes Office
Michael Corrigan, Assistant Revisor of Statutes
Judy Bromich, Assistant to the Chairman
Mary Shaw, Committee Secretary

Conferees appearing before the committee:

Marvin Burriss for Dr. Kim Wilcox, President and CEO, Kansas Board of Regents
Jon Jossierand, Legislative Liaison, University of Kansas
Barbara Hinton, Legislative Post Auditor, Legislative Division of Post Audit
Mark Tallman, Assistant Executive Director/Advocacy, Kansas Association of School Boards
Todd Covalt, citizen
Sheila Frahm, Executive Director, Kansas Association of Community College Trustees
Charles Simmons, Secretary, Department of Corrections
John Foster, Johnson County Sheriff's Office and Kansas Sheriff's Association
Elizabeth Gillespie, Director, Shawnee County Department of Corrections
Shelby Smith, The Shelby Smith Group, Public Affairs Consultants

Others attending: See attached list

Chairman Morris explained to the Subcommittee Chairs to check with the Fiscal Staff Analysts prior to scheduling meetings. The Chairman also explained the Committee procedure for introducing bills into committee.

The following bills were assigned to the KPER'S Issues Subcommittee:

SB 426 – KPERS retirement benefit multiplier increased to 1.85% of members's final average salary

SB 427 – KPERS vesting requirement reduced to five years

SB 428 – Parole officers in KPERS correctional officers class

Chairman Morris opened the public hearing on:

SB 374 – State agency fee authorizations

Norman Furse, Revisor of Statutes, briefed the Committee on a proposed balloon. He also distributed copies of a handout, State Agency Fee Bill (Attachment 1).

Marvin Burriss spoke on behalf of Dr. Kim Wilcox, President and CEO, Kansas Board of Regents, in favor of **SB 374** (Attachment 2). Mr. Burriss mentioned that Section 32 of the bill duplicates Section 5 and could be eliminated from the bill. He also noted that Sections 29 through 31 are not necessary and should be eliminated from the bill, as explained in the testimony.

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Jon Josserand, Legislative Liaison, University of Kansas, spoke in favor of **SB 374** (Attachment 3). Mr. Josserand explained that Sections 29 through 31 of the bill pertain to special student credit hour fees for academic programs at the University of Kansas. He also noted that they believe these sections are superfluous and can be omitted from the proposal, and in fact, fees of this type should no longer appear in proviso or statute.

Committee discussion followed regarding an additional fee equal to 6 percent of the construction cost of each capital improvement project for which the division provides in-house architectural and engineering design services and changing that 6 percent to 8 percent, found on page 5, Section 15, (a), (2) of the proposed balloon.

The Chairman thanked the conferees for appearing before the Committee. There being no further conferees to come before the Committee, the Chairman closed the public hearing on **SB 374**.

Senator Feleciano moved, with a second by Senator Jackson, to adopt the amendments in the balloon, with the exception of leaving the 6 % additional fee as is located on page 5 of the balloon, and to include all of the amendments that were requested by the University of Kansas (Attachment 4). Motion carried on a voice vote.

Senator Feleciano moved, with a second by Senator Schodorf, to recommend **SB 374** as amended favorably for passage. Motion carried on a roll call vote.

Chairman Morris opened the public hearing on:

SB 375 – Reporting requirement for early retirement incentive programs established by boards of education

Staff briefed the Committee on the bill.

Barbara Hinton, Legislative Post Auditor, Legislative Division of Post Audit, spoke in favor of **SB 375** (Attachment 5). Ms. Hinton explained that the bill would implement a recommendation made in their recent audit of school districts' early retirement incentive programs. She noted that the bill would require that such analyses be done at least once every three years because it will provide both districts and the legislature with meaningful information.

Mark Tallman, Assistant Executive Director/Advocacy, Kansas Association of School Boards, spoke in favor of **SB 375** (Attachment 6). Mr. Tallman mentioned that they agree with the recommendations of the Joint Committee on Pensions, Investments and Benefits to remove the requirement that school districts offering early retirement incentive plans conduct regular actuarial valuations and instead require budget reporting on these programs.

Todd Covault spoke in favor of **SB 375** and mentioned that he served for five years as the assistant superintendent for business in the Emporia Unified School District (Attachment 7). Mr. Covault explained that, in that capacity, he never found the benefits of the actuarial reports to exceed the financial cost to the school. Mr. Covault called attention to two primary compliance issues the committee should be aware of:

- Federal Age Discrimination in Employment Act, and
- Three-Year Negotiations Limitation

Sheila Frahm, Executive Director, Kansas Association of Community College Trustees, spoke in favor of **SB 375** (Attachment 8). Ms. Frahm mentioned that following a review of legislative history behind the options available for early retire, USD's became eligible in 1980 and Community Colleges in 1981. The audits and reporting requirements were effective for all in 1996. Ms. Frahm requested an amendment to remove the audit requirement and, if necessary, to file a report with the Board of Regents which would provide the same provisions for Community Colleges as **SB 375** does for USD's.

Committee questions and discussion followed. Senator Adkins asked Ms. Hinton if there is any idea of assuming, if early retirement was built in as a benefit, what the financial implications would be if to say KPERS is the retirement program and what is the amount of money that would be freed up for other

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purposes if it was not going into early retirement programs. Ms. Hinton mentioned that \$16 million a year is approximately what they spent for current retirees. Discussion also centered around prior contractual negotiations that had taken place and where possible to begin with future hires.

Chairman Morris thanked the conferees for their appearance before the Committee. There being no further conferees to come before the Committee, the Chairman closed the public hearing on **SB 375**.

Senator Kerr moved, with a second by Senator Barone, to amend **SB 375** to include the same provisions in the bill for the Community Colleges. Motion carried on a voice vote.

Senator Barone moved, with a second by Senator Jackson, to move **SB 375** favorably for passage as amended. Motion carried on a roll call vote.

Senator Kerr mentioned that the Committee should not neglect the information provided by Todd Covault especially his research in regard to his review of the 148 policies from the Kansas school districts and 123 of these policies (83 percent) were found to be inconsistent with the ADEA (Age Discrimination Employment Act). He also mentioned that future hires in those districts need to be looked at as well as the questions raised by Senator Adkins. Mr. Covault's testimony addressed that current State law only provides the permissive authority to extend benefits "for retirement prior to the normal retirement age of 65 years." The language of the statute should be reviewed to ensure that the spirit of the ADEA is legislatively observed. Chairman Morris stated that he will write a letter to the Joint Committee on Pensions, Investments and Benefits in this regard.

Chairman Morris opened the public hearing on:

SB 396 – Payment of certain claims from secretary of corrections by the director of accounts and reports; local jail

Staff briefed the Committee on the bill.

Charles Simmons, Secretary, Department of Corrections (KDOC), spoke in favor of **SB 396** (Attachment 9). Secretary Simmons mentioned that **SB 396** was introduced at the Department's request in order to improve their ability to manage funds appropriated to meet the Department's responsibilities under KSA 19-1930(b), which provides for KDOC reimbursement of county jail costs incurred for housing KDOC offenders who have been arrested for violation of post-incarceration supervision condition. The Secretary also requested that the effective date of the bill be changed to publication in the Kansas Register.

Sheriff John Foster, Johnson County Sheriff's Office, spoke in favor of **SB 396** (Attachment 10). Sheriff Foster explained that without reimbursement from the State for the costs of housing their parole violators, county officials would have to look to property tax increases or other local revenue increases to pay for the increased costs of jail operations.

Elizabeth Gillespie, Director, Shawnee County Department of Corrections, spoke in favor of **SB 396** (Attachment 11). Director Gillespie addressed the fact that she believed that the counties are providing a valuable service to the public by housing the state's parole violators until such time as they can be transferred to a state facility. She noted that they work well with the Kansas Department of Corrections officials and want to see this relationship remain as cooperative and positive as possible.

Committee questions and discussion followed. Chairman Morris thanked the conferees for appearing before the Committee. There being no further conferees to come before the Committee, the Chairman closed the public hearing on **SB 396**.

Senator Adkins moved, with a second by Senator Feleciano, to amend **SB 396** to change the effective date to publication in the Kansas Register. Motion carried on a voice vote.

Senator Feleciano moved, with a second by Senator Schodorf, to recommend **SB 396** favorably for passage as amended. Motion carried on a roll call vote.

The meeting was adjourned at 12:05 p.m. The next meeting is scheduled for January 29, 2002.