

MINUTES OF THE SENATE WAYS & MEANS COMMITTEE.

The meeting was called to order by Chairperson Dave Kerr at 11:00 a.m. on March 28, 2000 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Alan Conroy, Chief Fiscal Analyst, KLRD
 Rae Anne Davis, KS Legislative Research Department
 Debra Hollon, KS Legislative Research Department
 Norman Furse, Revisor of Statutes
 Michael Corrigan, Asst. Revisor of Statutes
 Judy Bromich, Administrative Assistant to the Chairman
 Ronda Miller, Committee Secretary

Conferees appearing before the committee:

Secretary Dan Stanley, Department of Administration
 Mike Auschard, University of Kansas Classified Senate
 Andy Sanchez, Kansas Association of Public Employees
 Don Rezac, State Employees Association of Kansas

Others attending: See attached list

Senator Feleciano moved, Senator Morris seconded, that the minutes of the March 21 meeting as amended and the minutes of the March 15, 16, 20, and 27 meetings be approved. The motion carried on a voice vote.

SB 506: Establishing the judicial branch nonjudicial salary initiative fund; docket fees

Senator Ranson distributed and reviewed copies of the subcommittee report on **SB 506** (Attachment 1). She stated that the subcommittee's recommendation provides for a one time salary upgrade (for nonjudicial officers and employees of the Judicial Branch) in the first year of approximately \$3.9 million and sustains the growth in the original upgrade. She said that under the provisions of the original bill, the docket fees would have been used to provide annual salary upgrades but were not going to pay ongoing increases that were built into the base. This would have resulted in an increased burden on the SGF. Senator Ranson reviewed an exhibit which compared costs associated with the existing salary plan and the subcommittee's proposed salary plan (Attachment 1-4). In answer to a question, Senator Ranson stated that the nonjudicial employees will receive the annual salary increase as well as this upgrade.

In response to the subcommittee's recommendation that the Judicial Council identify fees that might be imposed or increased to finance nonjudicial employee salary increases (Attachment 1-3), Senator Salisbury noted that most other states assess charges for supervision probation under the Interstate Compact and Kansas does not.

Members reviewed the proposed docket fee increases to generate salary upgrade funding (Attachment 1-5). There was some discussion about the subcommittee's recommendation to transfer monies from docket fees earmarked for the nonjudicial salary upgrade to the Access to Justice Fund. Staff noted that the percentage of docket fees received is increased in the bill and that is what is transferred.

Copies of the subcommittee's balloon version of the bill were distributed to members (Attachment 2).

In answer to the Chairman, members of the subcommittee stated that there was a public hearing on **SB 506**. The subcommittee adopted some of the recommendations of the conferees regarding the docket fees but, in general, adopted the national average (Attachment 1-5).

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The Chairman asked called upon a spokesperson for the Judicial Branch and attorney to comment on the subcommittee's recommendations for increasing docket fees. Kathy Porter, Judicial Branch, told members that the subcommittee adopted the national average from 1995 because that was the most recent information available. She stated that in Chapter 61 cases, a debt collection attorney can collect attorney fees and court costs as part of the recovery if money is recovered. She added that there is also a statute that allows trouble recovery of the amount of the bad check or the debt. Responding to questions about the pay plan, Ms. Porter stated that the Judicial Council has made progress in evaluations and in identifying those employees that will begin pay for performance, and will continue to look at fees that might be increased.

Elwaine Pomeroy, representing Kansas Credit Attorneys and Kansas Collectors Association, told members there were 124,000 limited actions cases under \$500 last year and increasing the docket fee from \$19 to \$44 is a disproportionate increase. Senator Jordan noted that the limited actions cases under \$500 generate as much paperwork for nonjudicial employees as some of the other legal actions.

Chairman Kerr inquired whether the Judiciary Committee had expressed concern about the proposed docket fee increases. Senator Ranson responded that only one subset of collection attorneys had expressed concern about the fees. Senator Salmans voiced his opinion that the fees should be rounded to the nearest dollar. It was moved by Senator Ranson and seconded by Senator Morris that any docket fee which was changed in the balloon should be rounded to the nearest dollar, that the amended language of the balloon be substituted into SB 506, and that SB 506 as amended be recommended favorably for passage. The motion carried on a roll call vote.

Alternative plan to:

SB 656: State officers and employees, compensation increases

Chairman Kerr distributed copies of a list of advantages and disadvantages associated with the alternative pay plan for state employees (Attachment 3). He advised the Committee that some members had expressed interest in reviewing the plan since his initial attempt to present it to Committee members for their consideration. He pointed out that this plan assumes an annual cost of living adjustment (COLA) for all classified employees (instead of step movement and longevity bonuses) including the 3,100 employees who would be ineligible for increases under the current system.

Secretary Dan Stanley, Department of Administration, appeared before the Committee and took a neutral position on the alternative pay proposal. He reviewed his written testimony, noting particularly that increases in annual salary budgets for state employees have historically been comparable to those of other employers (Attachment 4). However, the distribution of funding for pay components have varied significantly over the last 10 years when compared to other employers, and that has caused entry level positions to fall below market rate. He added that employees who are at step 8 or 9 on the pay matrix are compensated at about market rate; those who are at the top of the pay matrix are compensated above market rate.

In answer to questions, Secretary Stanley commented that:

- The current pay plan is largely responsible for problems in the recruitment of new employees and the retention of new hires.
- State employees may oppose the alternative pay plan because it is a change from something with which they are familiar. He added that it would be incumbent on the Legislature to fund COLAs, and some employees may have some anxiety about that.
- This proposal would move the pay matrix on an annual basis by a greater percentage than the current pay plan. He noted that the departments would still have to adjust for market.
- In nearly all the analyses of pay plans, one consistent recommendation was to change to a system that would move the pay matrix forward instead of investing the money internally in the pay matrix. He added that in a comparison with other states by Fox-Lawson, Kansas ranks in the lowest 10% of the states that have not broken out of a system that is the least flexible, least aggressive, and least innovative.

Andy Sanchez, Kansas Association of Public Employees, testified in opposition to the alternative pay plan

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and reviewed his written testimony (Attachment 5). He emphasized that the state has done a very poor job of properly funding the pay plan in the past. Senator Salisbury reviewed an exhibit prepared by the Research Department which illustrated the percentage increases for classified employees under step movement and base salary adjustments over the last 10 years (Attachment 6). She noted that Mr. Sanchez's organization was critical of the way the current pay plan is funded, and she questioned why KAPE would oppose a plan that enhances salaries at both the beginning and the end of the pay matrix.

Don Rezac, State Employees Association of Kansas, testified in opposition to the pay proposal and reviewed his written testimony (Attachment 7). To address the issue of not providing pay increases for those employees at the top of the pay matrix, Mr. Rezac asked that the Committee consider adding the 16th step to the current system. He told members that longevity is an important part of the plan to many state employees. Bobbi Mariani, Division of Personnel Services, explained to the Committee that the only time longevity is counted in an employee's final average salary calculation is the last three years the employee receives it. Senator Downey expressed her concern that the comments from state employees regarding the proposed plan was not a broad based sampling (Attachment 7, 2 & 3).

Michael Auschard, V.P. of the KU Classified Senate, appeared before the Committee and delivered comments on the proposed plan. He said he represents 1600 state employees and would support a COLA instead of step movement, but would not support the elimination of longevity in a tight fiscal year. He stated that though longevity does not go into the base and has not been adjusted since 1989, career employees depend on it. In answer to the Chairman, he stated that it would be good to devise a fair and equitable way to eliminate longevity when there is sufficient money because it is a problematic part of the pay plan. Senator Ranson expressed her opinion that the letter from the V.P. of the KU Classified Senate included in Mr. Rezac's testimony was "less than professional."

A comparison of costs of the current pay system (both SGF and all funds) versus those of the proposed plan, and a comparison between the classified base pay under the current system and the alternative plan for fiscal years 2001 and 2002 was distributed to members (Attachment 8). Chairman Kerr explained that in FY 2001, assuming a 2.5% COLA, there would be a savings of \$2.3 million SGF. In the second year, there would be \$2.2 million SGF savings, and the savings from longevity and step would be used to fund base pay by an additional \$8. million. There was lengthy discussion about who might be the "winners and losers" under this proposal. Bobbi Mariani, Division of Personnel Services, stated that those who do not receive longevity and those employees who are at the top of the matrix and receive \$1,000 would benefit under this proposal. She stated that she did not know how it would impact those in the middle of the matrix.

Senator Downey and Senator Salisbury expressed an interest in having more information from the Division of Personnel Services in regard to how the alternative pay plan would impact various samplings of employee groups.

Senator Petty moved, Senator Feleciano seconded, that **SB 656** be amended to include all provisions of **SB 617** (the provision for a 16th step) and be recommended favorably for passage as amended. The motion failed on a roll call vote.

Senator Petty moved, Senator Feleciano seconded, that **SB 656** be recommended favorably for passage. The motion carried on a roll call vote.

The Chairman adjourned the meeting at 2:00 p.m. The next meeting will be March 29, 2000.