

Approved:

03-26-2012

---

(Date)

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE  
COMMITTEE

The meeting was called to order by Chairperson Ruth Teichman at 9:30 AM on Thursday, February 2, 2012 in 152-S of the Capitol.

All members were present except:

Senator Holland

Committee staff present:

Melissa Calderwood, Kansas Legislative Research Department  
Heather O'Hara, Kansas Legislative Research Department  
Ken Wilke, Revisor of Statutes Office  
Marilyn Arnone, Committee Assistant

Conferees appearing before the Committee:

Ed Splichal, State of Kansas Bank Commissioner  
Doug Wareham, Senior Vice President-Government Relations, Kansas Banking  
Association  
Kirk Knudson, Freedom Bank, Overland Park, Kansas  
John Smith, Administrator, State Credit Union

Others in attendance:

See attached list.

The Chair opened the meeting and asked for introduction of bills. Dan Murray, on behalf of Health Care Compact Alliance, requested a committee introduction of a bill concerning the interstate health care compact.

*Senator Merrick moved that the introduction be accepted. Senator Schmidt seconded the motion and the motion passed.*

---

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

Minutes of the SENATE FINANCIAL INSTITUTIONS AND INSURANCE Committee at 9:30 AM on Thursday, February 2, in 152-S of the Capitol.

---

The Chair opened the hearing on **SB 315–Bank Commissioner; appointment of and salaries for certain unclassified positions.** Melissa Calderwood presented an overview of the bill. This bill was requested by the Office of the State Bank Commissioner. It would amend the law pertaining to employment in the unclassified service to add certain employees in the Bank Commissioner’s office, allow the Bank Commissioner to establish an equitable salary schedule for all unclassified positions, and to allow the Bank Commissioner to appoint certain positions from the unclassified service.

Ed Splichal spoke in support of **SB 315**. This bill would allow the Bank Commissioner to appoint agency examination staff into positions within the unclassified service. If this bill passed, the Commissioner could hire new examiners to the agency in the unclassified service and allow existing classified staff the voluntary option to “convert” to unclassified positions. The agency has tried unsuccessfully for a number of years to increase salary levels of the examination staff and as a result has lost several qualified and experienced staff because of low salaries. The bill would mandate that the Commissioner set and maintain a salary schedule for the unclassified positions within the agency and that schedule would be reported annually to the banking board. An increase in the budget was requested to allow for salary increases for the last three months of fiscal year 2012 and for fiscal year 2013. This request was granted by the Governor and included in the budget recommendations for the next two years. The banking community supports this bill because the need to retain qualified, knowledgeable, and experienced examiners to supervise and examine their banks is well understood. Also as part of this bill, the Commissioner is requesting to hire a business manager in the unclassified service to oversee the administrative functions of the agency. (Attachment 1)

Doug Wareham testified in support of **SB 315** to allow specified positions within the Office of the State Bank Commissioner to become unclassified. This bill will ensure salaries for these newly unclassified positions do not exceed the average compensation of corresponding state regulatory positions in similar geographic areas, and that the salary schedule shall be reported to the bank board annually. The KBA represents 300 banks across the state. These bankers realize that the disparity in salaries between Kansas experienced bank examiners and those in surrounding states is making it difficult for the OSBC to retain experienced examiners, so after thorough review and deliberation, the bankers support **SB 315**. (Attachment 2)

---

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

## CONTINUATION SHEET

Minutes of the SENATE FINANCIAL INSTITUTIONS AND INSURANCE Committee at 9:30 AM on Thursday, February 2, in 152-S of the Capitol.

---

The Chair recognized Kirk Knudson who is a member of the State Banking Commission for comment. Mr. Knudson said there is a trend of national banks changing to state banks. He said it is extremely valuable to have experienced bank examiners. It has been a rough time for bankers and that makes it even more important to have good examiners. As a Kansas banker, Mr. Knudson supports the bill.

Chair Teichman commented that inexperienced examiners put a burden on banks while the examiner is in the learning process. There is a movement for state banks to be more friendly and to keep good people in place.

John Smith spoke of a possible amendment to the Credit Union Code to allow the same reclassification as the Commissioner is asking for. Although the credit unions are structured differently, the credit unions have the same problem of losing experienced personnel because of salaries. Personnel are trained, but often move on to another place because of difference in pay.

The Chair suggested to Mr. Smith that credit unions first look at appropriations, and then prepare language for an amendment. The Committee would then look at an amendment. Mr. Wilke said it might even be appropriate for the amendment to be put into another bill.

The Chair closed the hearing on **SB 315**.

There being no further business, the Chair adjourned the meeting at 10:15 AM.  
The next meeting will be on February 7, 2012.