

Approved: April 6, 2000
Date

MINUTES OF THE SENATE WAYS & MEANS COMMITTEE.

The meeting was called to order by Chairperson Dave Kerr at 11:00 a.m. on March 17, 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
Dan Rezac, State Employees Association of Kansas
Andy Sanchez, Kansas Association of Public Employees
Dick Koerth, Wildlife and Parks
Janet Palmer, Department of Human Resources
Secretary Dean Carlson, Department of Transportation
Secretary Janet Schalansky, Department of Social and Rehabilitation Services
Jamie Clover Adams, Secretary, Department of Agriculture
Susan Duffy, Kansas State Historical Society
Senator Greta Goodwin
Mike Hutfles, The Alliance for Kansans with Developmental Disabilities
Jane Rhys, Kansas Council on Developmental Disabilities
Sherry Diel, Kansas Advocacy & Protective Services
Brad Linnenkamp, Self Advocate Coalition of Kansas
Kathy Lobb, Self Advocate Coalition of Kansas
Mark Elmore, Executive Director of Johnson County Developmental Supports
Tom Laing, InterHab

Others attending: See attached list

Senator Feleciano offered a motion which was seconded by Senator Morris to introduce bill draft 9rs 2454 as requested by the Senate Judiciary Committee. The motion carried on a voice vote.

SB 656: State officers and employees, compensation increases

Alan Conroy, Chief Fiscal Analyst, Kansas Legislative Research Department, explained that **SB 656** is the Governor's recommendation for the state employee pay plan and includes all the amounts deleted by Senate subcommittees for a 2.5% funding increase for step movement and longevity bonus and a merit pool totaling 2.5% for unclassified employees and elected officials.

Secretary Dan Stanley, Department of Administration, appeared before the Committee in support of **SB 656** and reviewed his written testimony (Attachment 1).

Don Rezac, speaking on behalf of the State Employees Association of Kansas, expressed support of **SB 656** but asked that the Committee consider providing funding for those employees at the top of the pay matrix (Attachment 2).

Andy Sanchez, Executive Assistant to the President of the Kansas Association of Public Employees, presented testimony in favor of the 2.5% funding increase for step movement and longevity but expressed

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concern that the bill does not improve the merit system (Attachment 3). In answer to a question from the Chairman, he stated that he is not in favor of merit as it relates to pay for performance.

Chairman Kerr stated that he had asked the Research Department to help formulate an alternate plan for employee salaries which he presented to the Committee for their consideration (Attachment 4). The Chairman stated that under the current plan, longevity doesn't go into base pay for the purpose of calculating retirement. Also, because step increases have been used as defacto COLAS but don't move the matrix as a whole, entry level salaries are no longer competitive. He noted that the proposal would also address those employees who are at the top of the pay matrix and do not get step increases under the current plan. The alternate plan would provide a 2.5% or 3.0% COLA that would provide every classified employee with as much or more money than they get today and it would be helpful to their retirement because it would go into their base salary.

Members discussed the advantages and disadvantages associated with the proposed pay plan. There was general consensus that the present pay system is "broken," but there was little agreement on whether this legislative body should give serious consideration to the proposal or whether it should be assigned to an interim study for further review. It was noted that state employees have a comfort level with the current system, and until the Legislature changes from step movement and longevity to COLAs, there is little hope of moving toward performance based pay.

Senator Petty moved, Senator Lawrence seconded, that SB 656 be recommended favorably for passage. The motion failed on a roll call vote. The Chairman told members that a pay plan for state employees will be passed this session.

SB 327: State officers and employees; reduction in positions based on retirements

A member of the Research staff explained that **SB 327** would repeal the 1:4 retirement reduction provision.

Secretary Dan Stanley, Department of Administration, distributed and reviewed copies of his written testimony in support of **SB 327** (Attachment 5). In discussing the difficulty that **SB 327** presents to agency heads, Sec. Stanley noted that the Department's suggestion to eliminate the Municipal Accounting Division has met with considerable resistance and yet he must choose which critical position of four retirees he will not fill. He told members that he believes real FTE reductions have been achieved from good management practices and that the retirement reduction statute has the potential for age discrimination.

Dick Koerth, Department of Wildlife and Parks, appeared before the Committee in support of **SB 327** and reviewed written testimony from Secretary Williams (Attachment 6).

Janet Palmer, Director of Personnel for the Department of Human Resources, spoke in favor of **SB 327** and reviewed her written testimony (Attachment 7). In answer to Senator Salisbury, Ms. Palmer stated that the retirement reduction statute is applicable to all funds.

The Chairman asked that staff distribute a proposal for the Committee's consideration (Attachment 8). He noted that the current practice causes holding positions open and juggling until decisions can be made.

Secretary Dean Carlson, Department of Transportation, presented written testimony in support of **SB 327** (Attachment 9). The Secretary stated that he agrees with Sec. Stanley that tough decisions about staffing levels are made by the agencies. He commented that if the retirement reduction law is not repealed, the Department will lose all the funding and 136 FTE positions before the Comprehensive Highway Plan is half finished. He expressed his opinion that the 1:5 reduction proposal would force the agency to wait for more people to retire before they can decide which position to fill. He commented that the one year delay for implementation would reduce management time. In answer to Senator Salisbury, staff noted that the retirement reduction law applies only to regular classified FTE positions, not to special project positions. In answer to a question, the Chairman said that some positions are exempt from the 1:4 retirement reduction law and because those exclusions are not included in the calculations, the burden becomes larger

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on the agencies it does impact.

Secretary Charles Simmons, Department of Corrections, appeared before the Committee in support of **SB 327** and reviewed his written testimony (Attachment 10). He spoke to the difficulties in realigning duties and responsibilities of the nonexempt positions, noting that he has four retirees in key positions and, if the law is not repealed, he will be forced to choose which one he does not fill.

Secretary Schalansky, Department of Social and Rehabilitation Services, also spoke in favor of **SB 327** and reviewed her written testimony (Attachment 11). She pointed out that her testimony references the administrative burden the retirement reduction statute places on agencies to redirect and restructure staff.

Jamie Clover Adams, Secretary, Department of Agriculture, presented written testimony in support of **SB 327** (Attachment 12). She commented that her agency charges fees for services and with cuts “below the bone” customers don’t get services they believe they are paying for. In answer to Senator Ranson, Secretary Adams stated that she will probably have to ask the Legislature for more positions next year because there are no positions left to “shuffle.”

Andy Sanchez, Kansas Association of Public Employees, appeared in support of **SB 327**.

Don Rezac, State Employees Association of Kansas, appeared before the Committee in support of **SB 327** and reviewed his written testimony (Attachment 13).

Susan Duffy, Kansas State Historical Society, appeared in support of **SB 327** and reviewed her written testimony (Attachment 14). Ms. Duffy noted that she spoke on behalf of small and medium sized agencies which were listed.

Senator Salmans moved, Senator Ranson seconded, that **SB 327** be amended by changing the retirement reduction ratio to 1:5 and by implementing each year’s requirement one year later.

A substitute motion was offered by Senator Petty and seconded by Senator Salisbury to recommend **SB 327** favorably for passage. The substitute motion carried on a roll call vote.

SB 659: Developmental disabilities reform act amendments

Senator Ranson appeared on behalf of Legislative Post Audit to review the report titled “Examining Issues Related to Community Developmental Disability Organizations, Part II: Reviewing Implementation and Funding Issue” which is on permanent file with Legislative Post Audit. She reviewed the audit questions which Post Audit answered and the recommendations they offered. Senator Ranson noted that a Subcommittee on CDDOs had also been established and she provided copies of their conference call discussion (Attachment 15). Senator Ranson distributed copies of a letter from Representative Wilk, Legislative Post Audit Committee (Attachment 16). She noted that she had attended a number of meetings where parents and guardians had testified about conflict of interest and other problems with CDDOs from across the state.

Senator Greta Goodwin distributed and reviewed copies of her written testimony in support of **SB 659** (Attachment 17). She stated that she had requested the Post Audit study because of concerns expressed by parents and guardians from across the state. In answer to a question, Senator Goodwin stated the bill addresses the areas where CDDOs are the only provider of services.

Mike Hutfles appeared on behalf of The Alliance for Kansans with Developmental Disabilities in support of **SB 659** and reviewed his written testimony (Attachment 18). He distributed testimony presented by Gordon Criswell, Director of Human Services Department of the Unified Government of Wyandotte County that discussed the impact of splitting the CDDO and Community Service Provider functions (Attachment 19). Mr. Hutfles stated that **SB 659** allows counties to make the decision as to whether to split those functions except in areas where the counties are the Board and it requires the community service provider to take the initiative to contract with the state. He added that concerns which have been addressed in **SB 659** are loss of local control, lack of time to implement the changes, and the fiscal impact.

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In answer to a question, he stated that he did not believe that community service providers would have an ongoing fiscal impact on resources in the out years.

Written testimony in support of **SB 659** from Mr. Dan Biles, an attorney in private practice in Overland Park, was distributed to Committee members (Attachment 20).

Jane Rhys, Executive Director, Kansas Council on Developmental Disabilities, appeared before the Committee in opposition to **SB 659** and briefly reviewed her written testimony (Attachment 21). She noted that there was an awareness of the conflict of interest when the Kansas DD Reform Act was enacted and acknowledged that there are problems in the current system. She stated that the program is new and efforts are being made to improve the system.

Sherry Diel, Kansas Advocacy and Protective Services, testified before the Committee in opposition to **SB 659** and reviewed her written testimony (Attachment 22).

Brad Linnenkamp, Self-Advocate Coalition of Kansas, appeared before the Committee and testified in opposition to **SB 659** (Attachment 23). In answer to a question, he stated that he had spent time advising people of the services that are available because some areas don't have as much information about services. He stated that some clients are frustrated because they don't have the ability or don't know how to access the system.

Kathy Lobb distributed copies of her written testimony for the Committee to review (Attachment 24).

Mark Elmore, Executive Director of Johnson County Developmental Supports, appeared before the Committee and reviewed his written testimony in opposition to **SB 659**, noting other issues which he believed should be given higher priority than this bill (Attachment 25).

Tom Laing, InterHab - the Resource Network for Kansans with Disabilities, distributed and reviewed copies of his written testimony in opposition to **SB 659** (Attachment 26). Members discussed conflict of interest, competition, and whether testing should be done by someone other than the service provider.

Secretary Janet Schalansky, Department of Social and Rehabilitation Services, told members that her background is in the field of developmental disabilities and stated that this program has changed more in the last 25 years than any other program. She agreed that 24% of consumers who have been reported to be frustrated with the current system is too high, and added that her office will work to lower that percentage. She reviewed key features of DD reform and addressed some of the concerns expressed by supporters of **SB 659**. Secretary Schalansky reviewed the steps specified in her written testimony which SRS would take to address concerns identified by the Post Audit report and by clients (Attachment 27). Senator Ranson expressed her appreciation of the Secretary's willingness to get involved and the Department's efforts to resolve issues at the local level.

The Chairman adjourned the meeting at 2:30 p.m. The next meeting will be March 20, 2000.