

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chair Sharon Schwartz at 9:00 A.M. on January 30, 2007, in Room 514-S of the Capitol.

All members were present except:

Representative Jerry Henry - excused

Committee staff present:

Alan Conroy, Legislative Research Department
J. G. Scott, Legislative Research Department
Amy VanHouse, Legislative Research Department
Aaron Klaassen, Legislative Research Department
Julian Efird, Legislative Research Department
Jim Wilson, Revisor of Statutes
Nikki Feuerborn, Chief of Staff
Shirley Jepson, Committee Assistant

Conferees appearing before the committee:

Neville Kenning, National Director State Government Consulting Practice, HayGroup
Glenn Deck, Executive Director, Kansas Public Employees Retirement Systems (KPERS)

Others attending:

See attached list.

- Attachment 1 Explanation of Monumental Buildings Surcharge by Julian Efird
- Attachment 2 Presentation by Neville Kenning
- Attachment 3 Presentation by Glenn Deck

HB 2224, HB 2236 and HB 2237 were referred to Social Services Budget Committee.

Representative Watkins moved to introduce legislation concerning the Kansas Turnpike Authority (KTA) with regard to tolls and funding issue. The motion was seconded by Representative Masterson. Motion carried.

Julian Efird, Legislative Research Department, provided an explanation of the Monumental Buildings Surcharge (Attachment 1). Dr. Efird explained that the Governor has recommended an increase in the surcharge assessed on all state agencies located in Shawnee County. The surcharge provides funding for issues such as pay plan adjustments and utility costs. The increase will fund operating expenses on the Capitol Complex parking lots. Dr. Efird noted that federal funds cannot be expended for these issues. The Governor has recommended increases in the surcharge for each year through FY 2009.

Alan Conroy, Legislative Research Department, introduced Neville Kenning, National Director of the State Government Consulting Practice, HayGroup, who provided an overview on Phase I of the Salary Survey Report regarding the classified state employee pay plan (Attachment 2). Also representing the HayGroup were Greg Wolf, Consultant, and Jaimee Chism, Technical Analyst. The study was authorized by the 2006 Legislature. Mr. Kenning reports that salaries in the state pay plan lag behind the market by 10 to 15 percent; principally, because the state has not funded pay raises in recent years to keep pace with the market.

Responding to questions from the Committee, Mr. Kenning noted:

- The elimination of lower steps of the pay plan in 2002 attributed to a large accumulation of present staff at Level 5.
- No unclassified employees were included in the study or those of local governments, such as school district teachers. In addition, no benefits were included in salary considerations in the study.
- Inclusion of non-participating large cities or corporations within the State in the statistics would not have sufficiently changed the results.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on January 30, 2007, in Room 514-S of the Capitol.

- The study did not look at the length of time vacant positions were open or the state benefit package.
- The State's present pay plan is easy to understand with a clear structure.

Chair Schwartz recognized Glenn Deck, Executive Director, Kansas Public Employees Retirement System (KPERS), who presented an overview of KPERS, funding and initiatives (Attachment 3). Responding to a question from the Committee, Mr. Deck stated that KPERS contracts with a money manager to oversee approximately 75 percent of their investments. The balance of investments are controlled internally. The long-term goal of KPERS is to obtain an 8 percent return on their investments.

- The Committee requested further information on the effect of an amendment added on the floor of the House to **SB 30** that would appropriate \$80 million for retirement or defeasement of pension bonds issued for the Kansas Public Employee Retirement System.

The meeting was adjourned at 10:50 a.m. The next meeting of the Committee will be held at 9:00 a.m. on January 31, 2007.

Sharon Schwartz, Chair