

Approved: March 22, 2007

Date

MINUTES OF THE SELECT COMMITTEE ON STATE EMPLOYEE PAY PLAN

The meeting was called to order by Chairman Pat George at 7:30 A.M. on March 8, 2007 in Room 519-S of the Capitol.

All members were present.

Committee staff present:

Alan Conroy, Kansas Legislative Research Department

J. G. Scott, Kansas Legislative Research Department

Cyndie Rexer, Committee Assistant

Conferees appearing before the committee:

None

Others attending:

See attached list.

The minutes of March 6, 2007 were distributed. Representative Stan Frownfelter moved the minutes be approved. Representative Charles Roth seconded the motion. The motion carried.

Staff distributed information on State Employee Cost Options (Attachment 1), Pay Plan Options (Attachment 2) and Proposed State Employee Pay Plan for FY 2008 (Attachment 3).

Chairman Pat George opened the floor for brief comments and/or explanations of the proposed plans.

Representative Tom Hawk expressed appreciation to the Governor for setting a dollar figure for the provision of step movement, base salary adjustment and longevity bonus which speaks to inflation. Representative Hawk feels the bonus plan has merit although he is concerned as to where that will put us a year from now and whether people will end up making less money next year, even with a raise, due to not receiving a bonus. He suggests the bonus amount be lowered and put the remaining money in to the base salary. Representative Hawk agrees with addressing the need of those employees earning below market and making an attempt to correct that with the 5 percent increase. He does not think we can afford the increase from \$40 to \$50 for longevity but suggests a compromise of \$45. The difference between the Hawk Plan 1 and the Hawk Plan 2 as stated on (Attachment 2) is that Plan 2 puts money into a step increase rather than a percentage into the base. He hears from employees that a step movement is important to them. To offset the cost of the step increase, the bonus would be decreased from \$1,000 to \$685. Plan 2 sends a message to employees that we do need to make changes in our pay plan and doesn't put us in as big a bind as one time bonus money does. Representative Hawk likes the 457 portion of the Alternative Plan No.1, which lets our employees know that we support them in their planning for the future and contributing to that plan. Hawk Plan 1 is his first choice.

Representative Stan Frownfelter stated he does not know if the bonus plan will be ongoing or just a one time occurrence, but when you give bonuses over an extended time period, employees come to expect them and therefore he tends to shy away from the bonus plan. Representative Frownfelter has heard repeatedly that the issues include retirement, longevity, and addressing the need for immediate income. In his plan, he tried to address (1) increase the longevity bonus to \$50, (2) increase the pay scale so it would help with retirement benefits, (3) addressing the need for immediate funds for young families by giving them cash up front in the form of a bonus, and (4) address the need of employees making 25 percent or more under market. This plan puts it all in the employees check where they can see it.

Representative Charles Roth moved that the committee adopt Alternative Plan No. 1, Representative Jo Ann Pottorff seconded the motion.

Representative Lee Tafaelli requested Chairman Pat George to give an explanation of the Alternative Plan No. 1 or otherwise known as the Proposed State Employee Pay Plan for FY 2008. Representative Roth stated that the part of the plan that appeals to him is the \$150 per employee 457 contribution matched dollar by dollar by the employee because some kind of 457 plan may be in the future and this is a good start.

Representative Hawk pointed out a discrepancy in regard to the amount of bonus proposed on the Proposed State Employee Pay Plan for FY 2008 (Attachment 3) and the Alternative Plan No. 1 (Attachment 2). Alan

CONTINUATION SHEET

MINUTES OF THE Select Committee on State Employee Pay Plan at 7:30 A.M. on March 8, 2007 in Room 519-S of the Capitol.

Conroy, Legislative Research, verified that the amount on both sheets should be \$1,450. The correction was duly noted and Attachment 3 reflects that correction as well as correcting the amount of the first installment payment of \$615 to \$450 as shown on the attachment.

Chairman George followed this discussion with the explanation of the Proposed Pay Plan (Attachment 3).

Representative Lee Tafanelli gave his support for the proposed pay plan. Representative Tafanelli indicated that everyone agrees that the present pay plan is broken and needs to be fixed. Representative Tafanelli feels this is a good start to that fix as it does no harm to any employees, begins to seriously address the inequities, and supports the transition to a new pay plan. This is probably going to be a long process as the pay plan did not become broken over night.

Representative Ann Mah believes this plan hurts the employees in two ways. (1) It doesn't show up in a regular payroll check that they are going to get and (2) it does not help the retirement of those employees who will be retiring in a next few years. Representative Ann Mah made a substitute motion to adopt the Hawk Plan 1 with two changes - (1) change the first bonus installment to \$450 and put the remaining \$150 into a 457 plan, (2) change the base salary increase for elected officials to 1 percent as opposed to the 1.86 percent and put the savings into an increase of base salary for all other employees. Representative Tom Hawk seconded the motion. Representative Mah explained this would solve the retirement problem and would also give more money to the employees. This would still move us toward where we want to go.

Representative Mike Burgess asked for clarification of the bonus payment and if elected officials, including judges would receive the payment.. Staff provided clarification that none of the pay proposals that included a bonus payment, would provide that bonus payment to any state-wide elected officials, legislators or judges.

The substitute motion was defeated.

Representative Joann Pottorff expressed her support of the Alternative Plan No.1 saying she knows it is not a perfect plan but it does have some good points and is a good transition. This is only one step and the committee is only one body in the whole process. The end product may not look like this but it is a good place to start.

Representative Hawk asked staff if the unclassified employees, particularly the Regents, will receive their one (1) present in a block grant as discussed in the last meeting. It is not clearly stated on the Proposed Plan (Attachment 3). Alan Conroy said it would be for all unclassified employees and the appointing authority would be given the pool of money to distribute. Research will modify the Plan to reflect how the unclassified funds would be handled.

Representative Charles Roth restated his motion to adopt the Alternative Plan No. 1 as presented on the Pay Plan Options (Attachment 2) and to make certain that the merit pool will be in the form of a block grant to go to the Regents. Representative Joann Pottorff seconded the motion.

The motion carried. Representatives Ann Mah and Stan Frownfelter voted in opposition.

The meeting was adjourned at 8:15 A.M.