

MINUTES OF THE SENATE COMMITTEE ON GOVERNMENTAL ORGANIZATION

The meeting was called to order by Chairperson Al Ramirez at 1:30 p.m. on February 17, 1994 in Room 531-N of the Capitol.

All members were present except: Senator Lee

Committee staff present: Julian Efird, Legislative Research Department
Fred Carman, Revisor of Statutes
Jackie Breymeyer, Committee Secretary

Conferees appearing before the committee: Senator Tiahrt
Gene Bicknell, Pittsburg, KS
Susan Seltsam, Secretary of Administration
Bobbi Mariani, Division of Personnel Services,
Dept. of Administration

Others attending: See attached list

The meeting was called to order by Chairman Ramirez at 1:42 p.m. He introduced Senator Todd Tiahrt, bill sponsor, **SB 672**, Kansas productivity teams program.

Senator Tiahrt provided copies of his testimony to the committee. (Attachment 1) He quoted from page 1 of his testimony, "vision without action is merely dreaming. Action without vision is merely activity. Only when you combine Vision and Action do you bring about long-term change." Joel Barks KQM 2:1
The KQM concept is derived from principles brought forward by Dr. W. Edward Deming. Senator Tiahrt sees **SB 672** working in cooperation with this document and its principles. What is trying to be done is to create opportunity for state workers; to create incentives for people to work in small groups to figure out how to conduct the business of government more efficiently.

Senator Tiahrt referred to page 2 of his testimony where Albert C. Hyde in his article The Bureaucrat entitled "Rescuing Quality Measurement from TQM" argues that three things must be present to make a system like KQM work. 1) measurement systems must be in place; 2) employees must be involved in the design stage, and 3) reform of the work should include redesigning the work, compensation, performance evaluations, training, and development systems.

Senator Tiahrt summed up what **SB 672** basically does. It works in cooperation with the Kansas Quality Management Plan currently in place. It provides incentives to workers and it will help conduct the business of government more efficiently with less cost. The Senator ended his presentation by urging favorable passage of the bill and answered several questions from the members of the committee.

Mr. Gene Bicknell, Pittsburg businessman, appeared next on the bill. He stated he was present to speak in support of the bill because it exemplifies the principle of sound business practices. He provided copies of his testimony to the committee (Attachment 2) and read his testimony. Mr. Bicknell's companies have made it their policy to share the profits of high productivity with employees. The success of **SB 672** will be measured by reduced cost for the agency operation. The Secretary of Administration will oversee the productivity teams in much the same way as a CEO watches over the company.

Mr. Bicknell stated that he would like to see the incorporation of the private sector, where people would be willing to give some time as a public service to meet with the brightest people in state government and work together. All individuals from every agency and department should be asked what exactly they expect to accomplish on a daily, weekly, monthly and yearly basis. This would be reviewed and productivity levels assessed based on what the goals are and go back in and review and guide from that. Many times the peer pressure goes a long way to provide productivity also.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON GOVERNMENTAL ORGANIZATION, Room 531-N
Statehouse, at 1:30 p.m. on February 17, 1994.

Susan Seltsam, Secretary of Administration, distributed copies of her testimony (Attachment 3) The Secretary told what the proposed legislation does and reviewed the Governor Finney's Executive Order 902-149 of January 1992 which directed implementation of Kansas Quality Management. The goals of KQM are: -to make continuing improvements in work processes ; to increase employee involvement in decision-making; enhance job satisfaction; and, provide quality service to customers. The Council, consisting of five pilot agencies, is chaired by the Secretary of Administration and is responsible for coordinating statewide implementation of KQM. The KQM Planning and Guidance Management Committee is established to formulate the plan and its goals and objectives. Phase three will begin in October of this year.

Secretary Seltsam brought material with her that included the KQM Guidebook, a Handbook which provides tools for measurement of statistical analysis, and stated there are also several training manuals under development. (KQM Guidebook and Handbook on file in Department of Administration offices.)

After further comments on the KQM focus, Secretary Seltsam ended her testimony by encouraging the committee's favorable consideration of **SB 672**.

Secretary Seltsam responded to a question about the fiscal note. Not everyone has to be tried or have a productivity team by July 1. A large amount of the dollars are for staffing. By coordinating rather than conducting there can be as much production.

Bobbi Mariani, Division of Personnel Services, Department of Administration, was the last conferee to speak on **SB 672**. (Attachment 4) Ms. Mariani spoke of **SB 536**, currently in Ways and Means Committee. This bill would establish a Quality Award Program geared to recognizing employees for work process improvements in their agency operations. The program would compliment the existing suggestion program and also the quality management efforts already being pursued by the State of Kansas. The main responsibility for the Quality Award Program in **SB 536** would be with the agencies. The Department of Administration would develop broad guidelines for the Quality Award Program with limitations on the amount or type of awards. Recognition is given to employees who take the initiative to make work improvements. Ms. Mariani stated that elements of both bills are good. She supports both bills or a combination of the two.

Ms. Mariani and the Secretary were asked if they would have a problem combining certain provisions of both **SB 672** and **SB 536** into one bill. They stated they had no problem with doing that.

The Vice Chairman of the committee, who is also the Chairman of Ways and Means committee, was asked his opinion and stated there would be no problem with only that part which pertains to awards being incorporated into **SB 672**.

Ms. Mariani said there were three different subject in **SB 536**. The fiscal note on that bill is related to two other aspects. The quality award part of the bill has no fiscal impact.

Senator Tiahrt stated that he would try to get the pertinent portion of **SB 536** incorporated into **SB 672**.

The Chairman thanked everyone present and adjourned the meeting.

The next meeting is scheduled for February 21, 1994.

Separate

COMMITTEE: Governmental Organization

DATE: Feb. 17, 1994

[illegible]

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SENATE CHAMBER

Senate Governmental Organization Committee

Thank you for hearing Chairman Ramirez and committee members for the opportunity for hearing SB 672 Kansas Productivity Teams (KPT).

I would like to quote to you from the Kansas Quality Management (KQM) document dated 10/12/92

"Vision without action is merely dreaming. Action without vision is merely activity. Only when you combine Vision and Action do you bring about long-term change." Joel Barks KQM 2:1

In Kansas state government in 1992 we captured a vision. We even documented it in the KQM document. What SB 672 contributes is a measurement system structure and an incentive for the Action. Action that will come by demand from the workers in state government up to the Secretaries for the respective Departments.

The basis of KQM and KPT is not a new concept. It is derived from the concepts brought forward by Dr. W. Edward Deming and his Total Quality Concept. It has two basic premises. First, that the customer defines needs and second, that everything is a process.

When one thinks of the state government bureaucracy it is sometimes hard to see who is the customer. But everyone in government has customers. Everyone delivers a service to someone. It may be a proof reader who has revisors and legislators for customers or it may be an SRS field representative who is working with foster children. Each have customers.

Dr. Deming's theory is you view everyone who you provide something to as a customer and therefore, the customer defines the needs. No longer is it the government worker defines the clients opportunity, it is the customer who defines the needs. This adds a new perspective to the state's workers and it gives them the opportunity to be innovative.

*Senate Gov. Org.
Attachment I
2/17/94*

By stepping back from each task in state government and viewing each as a process, measurements can be established. Often these measurements are called metrics. One of the problems in any large organization has been, how do you measure progress. How do you know when you are doing better. Metrics provides that opportunity. This puts measurement systems in place.

What is interesting in this theory is that it will not work if you do not involve the people who actually do the job. And you won't involve the front line workers, if the management fears giving up control. SB 672 provides an incentive that will involve everyone, supervision as well as workers. It is a win-win piece of legislation.

Albert C. Hyde in his article in The Bureaucrat titled, "Rescuing Quality Measurement from TQM" Hyde argues that three things must be present to make a system like KQM work:

First, measurement systems must be in place.

Second, employees must be involved in the design stage.

Third, reform of the work should include redesigning the work, compensation, performance evaluations, training, and development systems.

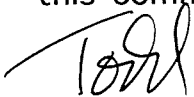
The KQM program needs rescuing. It needs a ground swell of support. SB 672 will be the catalyst that is needed.

SB 672 provides for the development of a measurement systems.

KQM provides the structure to carry out the task of renewing the system.

SB 672 provides the financial incentive for workers to gain up to a 10% bonus for documented improvement.

Mr. Chairman, for these reasons and others I urge you and the members of this committee to favorably pass SB 672.



Todd Tiaht
State Senator

TESTIMONY OF GENE BICKNELL BEFORE THE GOVERNMENTAL
ORGANIZATION COMMITTEE FEBRUARY 17, 1994, ON SENATE BILL 672.

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, I WOULD LIKE TO THANK YOU FOR ALLOWING ME TO COME BEFORE YOU TO TESTIFY ON SENATE BILL 672.

I COME BEFORE YOU TODAY TO TELL YOU THAT I SUPPORT THIS BILL, WITH SOME SPECIFICS AND REVISIONS, BECAUSE IT EXEMPLIFIES THE PRINCIPLES OF SOUND BUSINESS PRACTICES...HIGH PRODUCTIVITY AND COST REDUCTION. IT IS THESE PRINCIPLES THAT WE NEED TO INCORPORATE INTO OUR STATE GOVERNMENT.

OUR COMPANIES HAVE MADE IT THEIR POLICY TO SHARE THE PROFITS OF HIGH PRODUCTIVITY WITH EMPLOYEES. THE MONEY THAT IS SAVED IN THE OPERATION OF THE BUSINESS BRINGS FINANCIAL REWARDS AND PROFITS TO THE COMPANY AND WE SHARE THOSE WITH THE EMPLOYEES AT THE END OF THE FISCAL YEAR. THIS SAME PRINCIPLE CAN BE USED TO INCREASE PRODUCTIVITY AND REDUCE COSTS IN STATE AGENCIES AS WELL. I BELIEVE THE INPUT AND ASSISTANCE FROM THE PRIVATE SECTOR, THROUGH PUBLIC SERVICE, SHOULD BE A PART OF THE OVERALL PLAN.

SENATE BILL NUMBER 672 SUGGESTS A PLAN TO INCREASE INCENTIVES TO BE MORE EFFICIENT AND PRODUCTIVE. THE BILL CREATES CRITERIA AND GUIDELINES FOR EVALUATING THE RESULTS OF SUCH ACTIVITIES. THE SUCCESS OF THIS PLAN WILL BE MEASURED BY REDUCED COST FOR THE OPERATION OF THE AGENCY. THIS AGAIN, IS AN EXAMPLE OF GOOD BUSINESS PRINCIPLES WHERE SUCCESS IS MEASURED BY HOW EFFICIENTLY THE DOLLAR IS SPENT.

THE SECRETARY OF ADMINISTRATION WILL OVERSEE THE PRODUCTIVITY TEAMS IN MUCH THE SAME WAY A CEO WATCHES OVER HIS COMPANY. THIS MAKES THE TEAM MEMBERS ACCOUNTABLE FOR THE HIGHEST LEVEL OF PRODUCTIVITY.

ALTHOUGH SPECIFICS ARE NOT YET DEFINED PROPERLY, THE OBJECTIVE IS FOR THE FISCAL YEAR TO END FOR THE STATE IN MUCH THE SAME WAY IT DOES IN THE CORPORATE WORLD. THE MORE MONEY SAVED IN THE OPERATION, THE HIGHER THE REWARDS FOR EMPLOYEES.

THIS SUGGESTS THE PRINCIPLES OF GOOD BUSINESS TO BE USED IN THE OPERATION OF OUR STATE GOVERNMENT. THAT IS WHY I AM SUPPORTIVE OF SENATE BILL NUMBER 672.

GENE BICKNELL
FEBRUARY 17, 1994

Sen. Gov. Org.
Attachment 2
2/17/94

SENATE GOVERNMENTAL ORGANIZATION COMMITTEE

February 17, 1994

PRESENTED BY SUSAN M. SELTSAM
SECRETARY OF ADMINISTRATION

Mr. Chairman, Members of the Committee:

I appreciate the opportunity to appear before you in support of Senate Bill 672.

This proposed legislation establishes the Kansas Productivity Team Program. This program would be based on Total Quality Management (TQM) principles and practices - a management philosophy proven successful in both the private and public sector.

I am pleased that the executive and legislative branches are parallel in setting goals to promote a more responsive, cost-effective government with involvement and decision-making from all levels of our state workforce.

Initially, I will review Governor Finney's Executive Order 92-149 of January 1992, which directed the implementation of Kansas Quality Management (KQM) within the executive branch of the State of Kansas. KQM is a tailored version of TQM to meet the specific needs of state government. The goals of Kansas Quality Management are:

- to make continuing improvements in work processes;
- increase employee involvement in decision-making;
- enhance job satisfaction; and,
- provide quality service to customers.

This E.O. established the Kansas Quality Management Council which consisted of the heads of the five pilot agencies and is chaired by the Secretary of Administration. The Council is responsible for coordinating the implementation and institutionalization of KQM statewide.

The KQM Planning and Guidance Committee, which reports to the KQM Council, was established to formulate the state plan, goals and objectives, training materials and timeframe for implementation. The committee is chaired by the Governor's Office of Efficiency Management with representation and active involvement from the Division of Personnel Services and all agencies involved in the KQM journey.

Phase II of KQM implementation began during Quality Month this past October. Presently, all executive branch agencies and the State Fire Marshal, the Lottery, the Board of Regents (central office) and the Water Office are at varying stages of KQM implementation. Phase III, beginning in October of this year, will include other state boards, commissions, agencies and institutions.

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A stipulation of the Governor's Executive Order is that KQM be implemented within current budget resources. With the assistance and guidance from the private sector, educational institutions and other state governments, KQM materials have been developed and are available at minimal cost. Those materials include: the KQM Guidebook, the Handbook (tools), and the KQM Awareness, Team Member, Team Leader and Facilitator Training manuals. With these materials we insure consistency in KQM knowledge and training and agencies have a commonality of KQM language. This facilitates cross-agency communication and teamwork.

Senate Bill 672 promotes the use of objective and quantitative measures. Although KQM was developed to balance the customer service and statistical analysis components, the Handbook contains frequently used quantitative measures and outlines when, where and how to use such tools. This Handbook is a ready resource and quick reference for all levels of the state workforce. Through quantitative measures decision-making is based on compiled and studied data.

KQM focuses on teamwork, processes, statistical tools, training/retraining, communication and recognition and reward. Likewise, all of these elements are noted in Senate Bill 672. However, KQM has made a concerted effort to balance the teamwork focus with the importance of the individual's contribution to continuous quality improvement. Although an individual may not be on a team - each employee must be accountable and responsible "to create a government that works better and costs less." (Report of the National Performance Review.)

Senate Bill 672 is important to the institutionalization of sound quality management principles and practices within our state government. This bill supports current KQM efforts and provides for the continuation of quality management through changes in administration. I encourage your favorable consideration of Senate Bill 672.

Testimony To The
SENATE GOVERNMENTAL ORGANIZATION COMMITTEE

By
Bobbi Mariani
Division of Personnel Services
Department of Administration

Thursday, February 17, 1994
RE: Senate Bill 672

I appreciate the opportunity to appear before you in support of SB 672. We also believe that an incentive for employees tied to enhanced quality of state service is necessary.

In this same light, the Department requested introduction of SB 536, which is currently in the Senate Ways and Means Committee. SB 536 would expand the current employee suggestion program by establishing a Quality Award Program geared to recognizing employees for work process improvements in their agency operations. In conjunction with quality efforts, agencies have requested a program that would allow employees and supervisors to work together to adopt and implement quality improvement ideas within the scope of their responsibilities. This Quality Award Program would not only compliment the existing suggestion program, but would compliment quality management efforts already being pursued by the State of Kansas. More employee participation and involvement in quality initiatives will greatly improve Kansas government's overall efficiency and effectiveness. SB 672 also addresses this need, although, there are a couple of subtle differences.

The main responsibility for the Quality Award Program in SB 536 would be with the agencies. The Department of Administration would develop broad guidelines for the Quality Award Program with limitations on the amount or type of awards. Agencies would then establish an agency program within these parameters to encompass all teams and individual employees in the agency. This would also provide flexibility for the agencies. In contrast, SB 672 provides for each team to submit a plan or plans to the Department of Administration for review and approval rather than for the agency to have a comprehensive plan.

The proposed Quality Award Program in SB 536 provides a mechanism to allow agencies to reward an employee or teams of employees with mementos, symbolic awards, small cash awards or other awards that are consistent with agency goals and objectives and the needs of the employee. Quality awards would be presented in a manner that would allow employees to achieve visibility among their peers. The Quality Award Program in SB 536 would allow agencies to recognize employees both in teams or for independent efforts

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in a number of meaningful but inexpensive ways for improving work procedures, whereas, the productivity awards established in SB 672 only address teams and provide simply for cash bonuses.

With either program, recognition is given to employees who take the initiative to make work improvements. The people that know how to improve particular jobs or processes are the individuals or teams who are actually doing the jobs. All they need is the authority, responsibility, and incentive to do so, thus improving the overall quality of state government operations.

Again, we believe an incentive tied to enhanced quality of state services is necessary. Either plan is workable and elements of both are good. Senate Bill 672 supports current quality efforts and we encourage favorable consideration of the bill.