Approved: March 31, 1994

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson August Bogina at 2:45 p.m. on March 25, 1994 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Kathy Porter, Legislative Research Department

Tim Colton, Legislative Research Department Julian Efird, Legislative Research Department

Norm Furse, Revisor of Statutes Judy Bromich, Administrative Assistant Ronda Miller, Committee Secretary

Conferees appearing before the committee: Jolene Brauer, Appointee to State Civil Service Board

Secretary Susan Seltsam, Department of Administration

Others attending: See attached list

The Chairman noted that the first order of business would be the confirmation hearing for the appointment of Ms. Jolene Brauer to the State Civil Service Board. Copies of Ms. Brauer's statement of substantial interest (Attachment 1) and Senate confirmation questionnaire (Attachment 2) were distributed to members. Ms. Brauer provided members with a copy of her personal and professional record (Attachment 3). In answer to questions, she stated that she has been a resident of Ellinwood since 1975, substitute teaches in elementary and secondary schools in Ellinwood, is married to a farmer who does city planning for the city of Ellinwood, and has served on the State Civil Service Board since March 21, 1994. Senator Morris offered a motion which was seconded by Senator Salisbury to recommend favorably the appointment of Jolene Brauer to the State Civil Service Board. The motion carried on a voice vote.

SB 652 -- LEASED BUILDING AND STORAGE SPACE OF STATE AGENCIES; DATABASE

Secretary Seltsam, Department of Administration, testified in support of <u>SB 652</u> and reviewed <u>Attachment 4</u>. In answer to questions, the Secretary stated that the proposal would require all state agencies to submit current data on space utilization to the Department which would in turn develop a database to be administered by the Division of Facilities Management. In answer to Senator Petty, she stated that she did not believe the Division would need to hire 22 new architects. Senator Petty expressed her opinion that job function should be a part of data collection and the focus of space utilization should be consolidation instead of expansion. Secretary Seltsam told members that the proposals contained in <u>SB 652</u> were offered in response to an inventory and asset report which stated that there is not uniform utilization of space by state agencies.

Senator Karr moved, Senator Kerr seconded, that SB 652 be technically amended by deleting the words "except as provided for office and storage space reports" from line 17, page 1 of the bill. The motion carried on a voice vote.

Senator Vancrum requested that the Committee consider that the annual report of state-owned or leased building and storage space information be made available to a broader scope of people. It was moved by Senator Vancrum and seconded by Senator Kerr that SB 652 be conceptually amended to include that a notice of the availability of this report be sent to the Secretary of the Senate and the Clerk of the House of Representatives. The motion carried on a voice vote.

SB 842 -- STATE OFFICERS AND EMPLOYEES; PAYROLL PERIODS

Secretary Seltsam testified as a proponent for <u>SB 842</u> and reviewed <u>Attachment 5</u> which contained a balloon of suggested amendments. She told members that currently all employees are paid a monthly salary, and, because the number of hours in a work period varies, the hourly wage varies, making computation of overtime

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S Statehouse, at 2:45 p.m. on March 25, 1994.

difficult. SB 842 would allow employees entitled to overtime to be paid on an hourly rather than a monthly basis and would give the Secretary of Administration the ability to pay employees more often than monthly if feasible. Senator Rock stated that he believed that converting to an hourly basis and paying any way other than weekly has significant risks and also noted that exemption is not dependent upon title but on job description. Senator Bogina questioned what the conversion to an hourly basis would do to the pay matrix. Sec. Seltsam stated that the Department currently publishes an hourly matrix which is the annual salary divided by 2,080. She said that the non-exempt personnel are eligible for overtime whether they're paid on a salary basis or an hourly basis.

Senator Salisbury moved, Senator Lawrence seconded, that SB 842 be amended by the balloon contained in Attachment 5. The motion carried on a voice vote.

Senator Vancrum offered a motion which was seconded by Senator Karr to recommend SB 652 as amended and SB 842 as amended favorable for passage. The motion carried on a roll call vote.

SB 841 -- CANCELED STATE WARRANTS; SPECIAL CLAIMS

Secretary Seltsam presented testimony in support of <u>SB 841</u> (<u>Attachment 6</u>). She told members that <u>SB 841</u> takes away the ability to go to the Joint Committee on Claims Against the State with claims filed more than five years after the date the warrant was originally issued and would allow the Department to dispose of old records on warrants. It was noted that the Joint Committee could adopt this policy, but, without the bill, the Division of Accounts and Reports would have to maintain the records.

In answer to a question, Secretary Seltsam said that state warrants have not been considered unclaimed property since the inception of the act in 1979. <u>It was moved by Senator Vancrum and seconded by Senator Rock that SB 841 be recommended favorable for passage.</u> The motion carried on a roll call vote.

SB 840 -- STATE OFFICERS AND EMPLOYEES, APPLICANTS FOR STATE POSITIONS; MOVING EXPENSES

Secretary Seltsam reviewed her written testimony in support of <u>SB 840</u> found in <u>Attachment 7</u>. She told members that the majority of moving expenses are paid within the Department of Social and Rehabilitation Services, the Kansas Highway Patrol, the Department of Wildlife and Parks, and the Department of Transportation. In answer to questions, she stated that <u>SB 840</u> is proposed to provide the Department of Administration with the ability to change rules and regulations governing the reimbursement of moving expenses in response to changes in Federal IRS regulations. She told members that the moving reimbursement is currently in statute and the reimbursements for meals, house-hunting trips, temporary lodging, and temporary storage are in rules and regulations. The Secretary stated that if moving expenses are paid which are not in compliance with the Federal regulations, the payment would be considered taxable income for any state employee. In answer to Senator Karr, she indicated that the Federal regulations are specific to include temporary lodging while an employee is in the process of moving and would not include temporary lodging for temporary employees, such as guest lecturers at one of the universities.

Senator Vancrum voiced his opposition to state reimbursement for moving expenses of persons other than security personnel.

It was moved by Senator Rock and seconded by Senator Moran that SB 840 be recommended favorable for passage. The motion carried on a roll call vote.

HB 2572 -- PROHIBITING CERTAIN PERSONS FROM BIDDING DATA PROCESSING AND TELECOMMUNICATIONS EQUIPMENT, PRODUCTS AND SERVICES

Secretary Seltsam appeared before the Committee and reviewed Attachment 8 which contained a balloon addressing the Department's concerns regarding HB 2572. It was noted that HB 2572 addresses a proprietary concern of the Joint Committee on Computers and Telecommunications that an entity hired to write a needs analysis for data processing or telecommunications equipment could design the analysis so that only their products would meet bid specifications. It was moved by Senator Morris and seconded by Senator Brady that HB 2572 be amended by inclusion of the balloon contained in Attachment 8. The motion carried on a voice vote.

Senator Brady moved, Senator Lawrence seconded that HB 2572 as amended be recommended favorable for passage. The motion carried on a roll call vote.

The meeting was adjourned at 4:20 P.M.

The next meeting is scheduled for March 28, 1994.

GUEST LIST

COMMITTEE: SENATE WAYS AND ME	CANS	DATE: March 25, 1994		
NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION		
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KARSAS COMMISSION ON GOVERNMENTAL STANDARDS AND CONTUCT STATEMENT OF SUBSTANTIAL INTERESTS FOR INDIVIDUALS WHOSE

APPOINTMENT TO STATE OFFICE IS SUBJECT TO SENATE CONFIRMATION

INSTRUCTIONS. This statement (pages 1 through 4) must be completed by each person who appointment to a state position is subject to Senate confirmation (K.S.A. 46-247 and 46-248 Failure to complete and return this statement may result in a fine of \$18 per day for each day remains unfiled. Also, any individual who intentionally fails to fille as required by law, intentionally files a false statement, is subject to prosecution for a class B misdemeanor.

Please read the "Guide" and 'Definition" section provided with this form for additional assistant in completing sections "G" through "G". If you have questions or wish assistance, please contithe Commission office at 189 West 9th, Topeka, KS on call 913-196-4219.

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March 25, 1994 March 25, 1994

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 - 1. YOUR PLACE(S) OF EMPLOYMENT OR OTHER BUSINESS IN THE PRECEDING CALENDAR YEAR. IF SAY AS SECTION "B", CHECK HERE _____.

 If you have nothing to report in Section "H"1, check here _____.

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TOLENGE REALIES, declare that this statement of substantial interes (including any accompanying pages and statements) has been examined by me and to the best my knowledge and belief is a true, correct and complete statement of all of my substant; interests and other matters required by law. I understand that the intentional failure file this statement as required by law or intentionally filling a false statement is a cla B misdemeanor.

Signature of Person Labing Statement

HUPERS OF ADDITIONAL PAGES ___

Seturn your completed sustement to the Securitary of State, State House, Topeum, Kanses 66612.

Name: Jolene Lydia Braner
Home Address: Rt Box154 Ellinwood, Ko 67526
City, State, Zip Code:
Home Phone: 3/6/ 564-200/
Business Address: Same
City, State, Zip Code:
Business Phone:/
Date of Birth: Feb 23, 1945 Place of Birth Great Ben L 16 6753 C
Party Affiliation Republican
Appointed as: <u>Civil Service Board</u>
ending 131 M Succeeding Lilian Papar
Salary Statutory Authority 75-2029
Statutory Requirements
1. EDUCATION: High School Ellinwood High School
Year Graduated 1963
Postsecondary Degree, etc. Dates
Kalparaiso University Sociology 1967
Barton Co Community College 9 additional hrs 1980-
SWAM
March 25, 1994 AHachment 2

6.	EXPERIENCE OR INTERESTS WHICH QUALIFY YOU FOR THE OFFICE TO WHICH YOU HAVE BEEN APPOINTED:
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	I feel I can listen to all parties in cases presented
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	Social worker in richigan
	Substitute toach at present
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10.	DISPOSITION OF ANY INTERESTS THAT MIGHT HAVE PRESENTED $f A$ POTENTIAL CONFLICT OF INTEREST FOR THIS POSITION.
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Ret	urn to: Mary Holladay Appointment Secretary Signature
	Office of the Governor 2nd Floor, State Capitol
	Topeka KS 66612

PERSONAL AND PROFESSIONAL RECORD

Jolene L. Brauer

SS# 514-48-8691

Home Address: Route 1 Box 154

Ellinwood, Kansas 67526

316-564-2001

Personal Information: Married; Three Children - Kimberly (24)

Alan (21)

Christene (17)

U.S. Citizen - Born February 23,1945,

in Great Bend, Kansas

Professional Record: Ellinwood School District #355 - Substitute

Teaching

Kalamazoo Container Co.- Billing Clerk

State of Michigan-Department of Social Welfare - Assumed responsibility in the Aid to Dependent

Children Program

Case Load 60. Responsibilities ranged from providing guidance in financial matters for those families on welfare for a short time to those on

assistance programs for as long as three (3)

generations.

Developed case studies and made monthly visits at

home or office

Worked with local agencies in helping to secure employment for those families on assistance Initiated conferences with family members,

professional staff and supervisory personel

Education: Barton County Community College - Credit Hours in

Introduction to Corrrections and Criminal Justice- Interview

and Interrogation

Valparaiso University - Graduated 1967 with B.A. Major in

Sociology with Minors in Psychology and Home Economics

Ellinwood High School - Graduated 1963

Extra-Curricular Activities: Mother to Mothers - Member of Ad Hoc Comm.

Beta Sigma Phi

SWAM March 25, 1994 AHachment 3

SENATE WAYS AND MEANS COMMITTEE March 25, 1994

TESTIMONY PRESENTED BY SUSAN M. SELTSAM SECRETARY OF ADMINISTRATION

Mr. Chairman, Members of the Committee:

Senate Bill 652 would eliminate the statutory requirement for each state agency to prepare an office and storage report as a part of the agencies budget submitted by July 1 of each year.

The bill directs the Secretary of Administration to require a five year space utilization plan from each state agency and develop a database of all state-owned or leased building and storage space. The database would serve as the central repository of state-owned or leased building and storage space information.

Changes in the ownership or leasing status of all space must be reported to the Secretary of Administration for entry into the database. Additionally, the Secretary shall provide an annual report of state-owned and leased building and storage space information to the Joint Committee on State Building Construction.

This bill is an outgrowth of the Reinventing Kansas Government initiative. Two of the project teams made recommendations pertaining to this office and storage space report.

The Budget Team recommended that a bill be introduced to transform the office and storage space report (DA 419) into a database. The Inventory/Asset Team recommended that the state utilize the data on the DA 419 form to focus attention on areas that may not be fully utilizing their facilities.

This bill would provide both executive and legislative decisionmakers better quality information with less paperwork and direct the information to those who most often use it.

The Bill would have no discernable fiscal impact on the Department of Administration. Operating expenses may increase slightly in the Division of Facilities Management, but efficiencies would be achieved in the Division of Budget.

I urge your support of Senate Bill 652.

SWAM March 25, 1994 Attachment 4

SENATE WAYS AND MEANS COMMITTEE

March 25, 1994

TESTIMONY PRESENTED BY SUSAN M. SELTSAM SECRETARY OF ADMINISTRATION

Mr. Chairman, Members of the Committee:

Senate Bill 842 includes two changes to current law that would simplify the payroll and time keeping process for employees. These amendments are timely in that the Department of Administration is currently in the process of developing a new personnel/payroll system which would be facilitated by these changes. Additionally, they will aid the state in complying with federal employment laws and the federal Fair Labor Standards Act.

This bill would allow the state to pay certain employees under FLSA on an hourly basis instead of the current monthly salary method. Non-exempt state employees are paid a monthly salary, which must be converted to an hourly rate for overtime purposes. By converting to an hourly rate basis, calculation of the employees regular rate of pay becomes simpler and more straight forward as the basic hourly rate would form the basis for regular pay and overtime pay. The private sector traditionally pays employees who are eligible for overtime on an hourly basis. In fact, many private employers differentiate between exempt and non-exempt employees by simply referring to them as "salaried" and "hourly" employees.

The bill also amends current law to permit the Secretary of Administration to approve the establishment of bi-weekly payroll periods for any or all of the employees of a state agency. Under existing law, legislative approval is required to deviate from the standard monthly pay procedure. (A bi-weekly payroll period is currently in use only for the University of Kansas Medical Center.)

The flexibility to establish bi-weekly payroll periods in additional circumstances with the approval of the Secretary of Administration is desirable so that such changes could be evaluated and implemented during an interim or in conjunction with the new personnel/payroll system.

Advantages to bi-weekly payroll periods would include simplified time keeping payroll calculations and overtime calculations due to the stable number of hours in each payroll period. These

> SWAM March 25, 1994 Attachment 5

advantages must be weighed against additional effort and cost which may be incurred in implementing bi-weekly pay schedules.

This bill provides the flexibility for the state to explore and utilize a different schedule of paying employees if it is determined feasible.

Since the introduction of this bill, the Department has developed two balloon amendments which clarify that the provisions of this statute are intended to apply to and control agency-specific statutes relating to state employee pay.

I urge your support of Senate Bill 842 and I will be pleased to stand for questions.

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SENATE BILL No. 842

By Committee on Ways and Means

3-21

AN ACT concerning state officers and employees; relating to the designation of payroll periods; amending K.S.A. 75-1017, 75-5501a and 75-5515 and repealing the existing sections; also repealing K.S.A. 75-5502.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 75-1017 is hereby amended to read as follows: 75-1017. The compensation to be paid employees of the division of printing shall be no greater than that paid by other printing and binding offices employing the same class of labor. For the purpose of paying compensation to officers and employees of the division of printing, unless biweekly payroll periods are established under K.S.A. 75-5501n, and amendments thereto, which apply to such officers and employees, the director of printing shall file a semimonthly payroll with the director of accounts and reports which shall cover a work period from the first to the fifteenth 15th, and the sixteenth 16th to the close of the month. If biweekly payroll periods are so established which apply to such officers and employees, the director of printing shall file biweekly payrolls with the director of accounts and reports therefor. The compensation for semimonthly payrolls shall be paid to the officers and employees semimonthly on the lifth day following the end of the preceding semimonthly work period; and the biweekly earnings shall be paid to officers and emplayees on the twelfth calendar day following the end of the biweekly work period.

Sec. 2. K.S.A. 75-5501a is hereby amended to read as follows: 75-5501a. (a) The secretary of administration shall approve the establishment of biweekly payroll periods for all officers and employees of the university of Kansas medical center. The secretary of administration may approve the establishment of biweekly payroll periods for all any officers and employees of one or more other state agencies only after biweekly payroll periods have been specifically nutherized by statute for such state agencies. As used in this act, the term "approval date" means the date on which such approval is given by the secretary of administration.

(b) Subject to the provisions of subsection (c), the director of

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accounts and reports shall integrate biweekly payroll periods into the system of payroll accounting established under this act, for purposes of the officers and employees to whom the biweekly payroll periods established apply, on a date fixed by the secretary of administration. As used in this act, the term "implementation date" means the date fixed under this subsection by the secretary of administration.

- (c) The period preceding an implementation date for biweekly payroll periods shall be a transition period during which the director of accounts and reports may vary the procedures and requirements of this act concerning biweekly payroll periods, in order to provide the orderly transition contemplated by this act.
- √Sec. 3. K.S.A. 75-5515 is hereby amended to read as follows: 75-5515. (a) Except as may be otherwise fixed under the Kansas civil service act or other applicable laws, salaries and wages shall be fixed on an annual basis prior to the beginning of each fiscal year by any state agency for all officers and employees under its control or jurisdiction.
- (b) When salaries or wages have been so fixed; the director of accounts and reports shall be advised in writing and the director shall be guided by such advice in passing payrolls for payment. Changes in such salaries or wages made during the fiscal year shall be reported to the director of accounts and reports; in writing, for the director's guidance secretary of administration.
- (e) Except as otherwise provided by law, and unless biweekly payroll periods applying thereto are established under K.S.A. 75-550th; each officer and employee of a state agency shall be paid for the proportion of the amount salary carned by such officer or employee for the period commencing on the eighteenth day of one month and ending on the seventeenth day of the following month; both such days inclusive; and as soon as practicable after the end of each month. If biweekly payroll periods are established under K.S.A. 75-5501a; each officer and employee to whom such biweekly payroll periods apply shall be paid subsequent to the implementation date for the proportion of the annual salary earned by such officer or employee during successive biweekly periods. Salary payments shall be made on alternate Fridays; except where such payday Us on a holiday, in which case the pay date shall be desig-
- (c) The payroll period for monthly paid employees shall commence on the 18th day of one month through the 17th day of the following month and shall be paid as soon as practicable following

Aed by the director of accounts and reports:

(d)The provisions of this section shall be controlling over any statute making reference to monthly payment of salaries or compensation of state officers and employees. Ţ

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27 28 the end of the month. The secretary of administration shall specify the payroll period beginning and ending dates and the payment dates for any bi-weekly payroll periods hereafter established.

- (d) For budget and accounting purposes each payment of annual salary salaries and wages shall be charged to appropriations for the fiscal period or year in which the last day of the payroll period occurs.
- (e) (1) The wages for any officers and employees in positions which are not exempt under the fair labor standards act, 29 U.S.C. 201 et seq., may be paid on an hourly basis, when authorized by the secretary of administration. The wages for employees who are paid hourly shall be determined by dividing the annual wages for the employee's job position by the number of hours required for the position on an annual basis as specified in paragraph (2) of this subsection. The annual wages for each position shall be as fixed pursuant to the Kansas civil service act for classified positions and as fixed by other applicable law for unclassified positions.
- (2) In determining hourly wage rates, the number of hours required for the position shall be:
- (A) 2080 hours for employees working the standard work week specified by K.S.A. 75-5505, and amendments thereto; or
- (B) for those classes of positions for which a deviation has been established pursuant to K.S.A. 75-5505 and amendments thereto, the number of hours required for the position on an annual basis, as determined by the director of personnel services, subject to approval by the secretary of administration.
- Sec. 4. K.S.A. 75-1017, 75-5501a, 75-5502 and 75-5515 are hereby repealed.
- Sec. 5. This act shall take effect and be in force from and after its publication in the statute book.

The provisions of this section shall be controlling over any statute making reference to monthly payment of salaries or compensation of state officers and employees.

SENATE COMMITTEE ON WAYS & MEANS

March 25, 1994

PRESENTED BY SUSAN M. SELTSAM SECRETARY OF ADMINISTRATION

Mr. Chairman, Members of the Committee:

K.S.A. 10-811 currently allows the Director of Accounts and Reports to cancel state warrants that have not been cashed within one year. Canceled warrants are credited to the canceled warrants payment fund. On July 1 of each year, the unencumbered balance in excess of \$100,000 is transferred to the general fund.

Under the current two-step claim process, the Director of Accounts and Reports is authorized by K.S.A. 46-921 to pay claims submitted against the canceled warrant fund within four years after the warrant was canceled. Additionally, K.S.A. 46-924 allows claimants to proceed to the joint claims committee to receive payment for warrants that have been canceled for more than four years.

This bill would continue to allow the Director of Accounts and Reports to honor claims made within five years after the warrant was issued. However, the claims committee would no longer be authorized to grant claims for canceled warrants which are more than five years old. Since 1990, just 14 claims totaling \$3,900 have been paid from this fund by the claims committee.

It is our goal to reduce the record keeping burden and information search time for claims and eliminate the current two-step process required to handle relatively few claims. This change would allow the Department to dispose of records on canceled warrants that are more than five years old.

The proposed five year limitation in which claims could ultimately be made on canceled warrants matches the five year statute of limitations for suits regarding written contracts found in K.S.A. 60-511. This would bring consistency to:

- a claimant's ability to submit a warrant for payment, with
- the claimant's ability to bring an action to enforce the underlying obligation which the warrant was intended to satisfy.

Senate Bill 841 also amends K.S.A. 10-811(c) to clarify statutory language that canceled warrants are not considered "unclaimed property" under the provisions of K.S.A. 58-3901 et seq.

Thank you for the opportunity to appear in regard to Senate Bill 841. I would stand for any questions the committee may have.

SWAM Marcio 25, 1994 Attachment 6

SENATE WAYS AND MEANS COMMITTEE March 25, 1994

PRESENTED BY SUSAN M. SELTSAM SECRETARY OF ADMINISTRATION

Mr. Chairman, Members of the Committee:

Senate Bill 840 amends the statutes governing moving expense reimbursements to state officers and employees. The amendments in the bill are an effort to provide simpler and more efficient reimbursement procedures, to provide consistency with federal law and to reduce statewide expenditures while keeping the primary employee benefit intact. The amendments accomplish these objectives as follows:

- Removal of the remaining technical moving expense reimbursement requirements from the statutes for inclusion in rule and regulation will allow future changes in federal law to be incorporated as they occur. Specialized procedures implemented to comply with such changes in the interim between Legislative sessions will no longer be necessary.
- Disallowance of those moving expense reimbursements not defined as "qualified moving expense reimbursements" by the federal Internal Revenue Code will streamline and simplify reporting and record keeping requirements and reduce statewide expenditures. Changes in the federal code effective January 1, 1994, discontinue non-taxable treatment for certain payments currently authorized by the State. Thus, state and federal taxes must now be withheld and employer payroll contributions must be assessed on all reimbursements outside the federal definition. Given current rates, the employee would receive a net reimbursement of just greater than 59% and the State would pay 110% for each reimbursement.

The specific reimbursements that would no longer be paid to state officers and employees are as follows:

- Expenses for moves of less than 50 miles.
- Meals while en route to the new location.
- Expenses for house-hunting trips.
- Expenses for temporary lodging at the new work site.
- Expenses for temporary storage beyond 30 days.

Thank you for the opportunity to appear in regard to Senate Bill 840. I would stand for any questions the Committee may have.

SWAM YMARLN 25, 1994 Attachment 7

SENATE WAYS AND MEANS COMMITTEE March 25, 1994

TESTIMONY PRESENTED BY SUSAN M. SELTSAM SECRETARY OF ADMINISTRATION

Mr. Chairman and Members of the Committee:

House Bill 2572 is an act relating to the acquisition of data processing and telecommunications equipment, products and services; prohibiting certain persons from bidding thereon. Section 1 (b) states that "No person who conducts a needs analysis for any state agency shall submit a bid to provide any data processing or telecommunications equipment, products or services or a bid to provide the whole or any part of a data processing or telecommunications system development project which equipment, products, services or project was recommended by the needs analysis conducted by such person, unless the director of purchases determines that such person is the only available source in the marketplace for the equipment, products, services or project."

To not allow a vendor that has been awarded the needs analysis contract the opportunity to bid on any part of the recommendations from the needs analysis may place the state at risk. I believe qualified vendors may not bid on the needs analysis portion awaiting the implementation and design phase. This will limit competition and may lead to a lower quality work product which may have to be revisited during the implementation and design phase at an additional cost to the state. I have no knowledge of any instance where a vendor performed a needs analysis who subsequently bid the design and implementation phase separately caused a problem.

If there is concern that a needs analysis could be negotiated into an implementation and design contract, perhaps a change in the bills language to require that the needs analysis contract and the implementation and design contract utilize separate requests for proposal and bid submission would be prudent. Certainly requiring separate proposals and bids would enhance competition, provide the best work product possible to the state and provide for less risk.

In closing, thank you for the opportunity to appear and voice my concerns regarding HB 2572.

SWAM March 25, 1994 Attachment 8 Session of 1994

HOUSE BILL No. 2572

By Joint Committee on Computers and Telecommunications

12-21

AN ACT relating to the acquisition of data processing and telecommunications equipment, products and services; prohibiting certain persons from bidding thereon.

Be it enacted by the Legislature of the State of Kansas:

Section 1. (a) As used in this section:

- (1) "Acquisition" includes any leasing, causing to be leased, purchasing, contracting for, issuing a letter of intent to contract for, or causing to be installed;
- (2) "data processing or telecommunications system development project" means any project undertaken to establish, develop, replace or modify any data processing or telecommunications system for one or more state agencies which includes the acquisition, development, replacement, modification, installation, programming or reprogramming of any data processing or telecommunications equipment, products or services, or any combination of such activities for such purpose;
- (3) "equipment" includes all computers and other data processing units and auxiliary equipment and all telecommunications equipment;
- (4) "needs analysis" means a written report reviewing a proposed acquisition of data processing or telecommunications equipment, products or services or a proposed data processing or telecommunications system development project;
- (5) person" means any individual, corporation, partnership, as sociation or other entity.
- (6) "products" includes all computer, data processing and telecommunications programs and systems and does not include any operations or maintenance supplies;
- (*) "services" includes all services that may be required for a data processing or telecommunications system development project, including operating, maintaining, programming, planning, analyzing and consulting services, and includes any of such services that may be required for the data processing or telecommunications operations of a state agency;

(4) "state agency" has the meaning ascribed thereto by K.S.A.

75-3701 and amendments thereto; and

(b) "telecommunications" has the meaning ascribed to telecommunications services by K.S.A. 75-4710 and amendments thereto.

(b) No person who conducts a needs-analysis for any state agency shall submit a bid to provide any data processing or telecommunications equipment, products or services or a bid to provide the whole or any part of a data processing or telecommunications system development project which equipment, products, services or project was recommended by the needs analysis conducted by such person, unless the director of purchases determines that such person is the enly available source in the marketplace for the equipment, products, services or project!

(c) The provisions of this section shall not apply to the acquisition of any data processing or telecommunications equipment, products or services or the acquisition of all or any part of a data processing or telecommunications system development project for a state agency if the estimated costs of the acquisition and all related costs associated therewith do not in the aggregate exceed \$50,000 for any fiscal year or \$250,000 for the entire acquisition.

Sec. 2. This act shall take effect and be in force from and after its publication in the statute book.

_8.

Each contract with a state agency for a data processing or telecommunications system development project, or the acquisition of data processing or telecommunications equipment, products and services, shall be based on a request for proposal and competitive bidding which is separate from any request for proposal and competitive bidding for needs analysis services for that project or for such equipment, products or services.