

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Kevin Yoder at 9:07 a.m. on April 29, 2009, in Room 143-N of the Capitol.

All members were present except:

Representative Mitch Holmes  
Representative Kasha Kelley  
Representative Harold Lane

Committee staff present:

Alan Conroy, Kansas Legislative Research Department  
Jim Wilson, Office of the Revisor of Statutes  
Christina Butler, Kansas Legislative Research Department  
Audrey Dunkel, Kansas Legislative Research Department  
J.G. Scott, Kansas Legislative Research Department  
Kelly Cure, Chief of Staff  
Kathy Holscher, Committee Assistant

Conferees appearing before the Committee:

None

Others attending:

See attached list.

Representative Kleeb requested the introduction of legislation regarding the transparency and accountability of the State Spending Act. Representative Watkins made a motion to introduce legislation as presented by Representative Kleeb. The motion was seconded by Representative Watkins. Motion carried.

Kraig Knowlton, Division of Personnel Services, presented an overview of Considerations Regarding Furloughs, (Attachment 1). The duration of a furlough consists of either a set number of hours taken over the course of a fiscal year or during a pay period. Issues regarding the Fair Labor Standards Act (FLSA) were reviewed, especially in respect to exempt employees. The US Department of Labor stance is that exempt employees that are furloughed should be converted to non-exempt status for the entire duration of the furlough. Other concerns regarding furloughs included: job classifications and duties; employee moral; and the current pay plan.

Mr. Knowlton responded to questions from Committee members. He stated that employees wages paid in part by federal dollars would need to be considered, and he expressed the need for flexibility within agencies.

George Vega, Director of Personnel Services, presented information on the Management of Reduced Budgets, (Attachment 2). He discussed layoffs and closures, and the increased demands on agencies and staff members in response to increased needs. The department's position is to allow agency managers to use their knowledge and expertise to manage their agency, while focusing on ways to cut costs with the least amount of impact to services and programs.

Mr. Vega responded to questions from Committee members. He stated that furloughed employees could not use vacation or sick leave during this time. Agencies have the flexibility to implement furloughs and layoffs. As of FY 2008, a total of 139 employees have been effected by layoffs, resulting in increased staff work loads. He noted that the legislature would have the authority to roll back salaries.

Jim Wilson, Office of Revisor of Statutes, reviewed the Kansas Constitution regarding State Officer Compensation, (Attachment 3). Executive officers, justices and judges compensation, established by law, shall not be diminished during their terms of office unless by general law applicable to all salaried officers of the state. Members of the legislature receive compensation as provided by law or as determined according to law.

Mr. Wilson responded to questions from Committee members. He stated that a general bill would be required to reduce compensation for officers of the state. Other considerations included contractors, employee wages paid by federal grant dollars, and federal laws that may govern policies.

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 9:07 a.m. on April 29, 2009, in Room 143-N of the Capitol.

The meeting recessed at 9:55 a.m.

Committee Meeting Reconvened at 10:55 a.m.

Don Jordan, Secretary of Social and Rehabilitation Services, presented information on the Department of Social and Rehabilitation Services State Employee Furloughs, (Attachment 4). Anticipating revenue shortfalls in FY 2008, the agency began taking measures to address staffing issues by reducing overtime and holding vacant positions open. 44 percent of salaries are from SGF, while other salaries are funded in part or fully by federal dollars. Since April, 2009 there are 925 vacant positions and caseloads have increased. Over 58 percent of the workforce provides direct services, and the challenges furloughs would create was discussed.

Secretary Jordan responded to questions from Committee members. He stated that total budget cuts to date represent \$44 million in SGF, which does not include reductions for FY 2010. Overtime issues for non-exempt employees was reviewed.

Secretary Jordan reviewed the Omnibus List of Potential SRS/Hospitals FY 2010 Reductions, (Attachment 5), and the FY 2010 SRS Governor's Budget Recommendations, (Attachment 6). This information reflects agency reductions at 2.5, 3.0 and 5.0 percent. He noted that salaries have not been cut as staff vacancies have off-set this reduction, while staff work loads have increased. The mission of this agency was reviewed and it was recommended that agency heads should have the discretion to manage any reductions to budgets. All vacancies were due to attrition, and efforts are on-going to monitor staffing issues, budget cuts and minimizing the impact on programs.

Jane Carter, Executive Director, Kansas Organization of State Employees (KOSE), presented testimony in opposition to the State Employee Furlough Proposal, (Attachment 7). The impact of furlough and reduction in wages on employees was emphasized. State of Kansas employees rank 26<sup>th</sup> out of 26 states for benefits, according to the central States Survey. One in three state employees are more than 25 percent below market in wage comparisons and caseloads have substantially increased. Low wages, poor benefits and employee morale continues to be a concern in the state workforce.

Jane Carter responded to questions from Committee members regarding preferred options to address budget reductions. Suggestions included an analysis of the State's pay structure, the preference of furloughs over layoffs and input from employees to identify cost cutting areas. Ms. Carter gave a brief overview of (KOSE).

Meeting adjourned at: 12:00 p.m.

Next meeting on call of the Chair.

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Kevin Yoder, Chairman