

State of Kansas

Kansas Department of Administration

Notice of Hearing on Proposed

Administrative Regulations

A public hearing will be conducted at 10 a.m. Monday, September 19, in Room 108, Landon State Office Building, 900 SW Jackson, Topeka to consider adoption of a proposed regulation of the Kansas Department of Administration. The changes are proposed for adoption on a permanent basis.

This 60-day notice of the public hearing shall constitute a public comment period for the purpose of receiving written public comments on the proposed regulation. All interested parties may submit written comments prior to the hearing to Kansas Department of Administration, Attn: Nancy Ruoff, Rm. 351-S, Landon State Office Building, 900 SW Jackson, Topeka, 66612, or by e-mail to nancy.ruoff@da.ks.gov. All interested parties will be given a reasonable opportunity to present their views either orally or in writing, or both, concerning the adoption of the proposed regulation. In order to give all parties an opportunity to present their views, it may be necessary to request that each participant limit oral presentation to five minutes.

Any individual with a disability may request accommodation in order to participate in the public hearing and may request the proposed regulation and economic impact statement in an accessible format. Requests for accommodation should be made at least five working days in advance of the hearing by contacting Maye Wenger at (785) 296-2314. Parking for individuals with disabilities is located on Jackson Street on the west side of the Landon State Office Building, as well as in front of the Memorial Building at 10th and Jackson. The north entrance to the Landon State Office Building is accessible to individuals with disabilities.

Copies of the proposed regulations and the economic impact statement can be viewed at <http://www2.da.ks.gov/ar/>. A brief summary of the proposed regulation and the economic impact follows:

K.A.R. 1-9-5a. Limits on state leave payment reserve fund payouts. This new regulation limits the accumulated hours of vacation leave paid from the State Leave Payment Reserve Fund (SLPRF) to the maximum accumulated hours specified in K.A.R. 1-9-4 for an employee separating from state service due to retirement. It is estimated that the economic impact on the Department of Administration would be related to computer programming changes and would cost approximately \$1,675.00. The impact on state agencies that maintain or implement a policy that allows for

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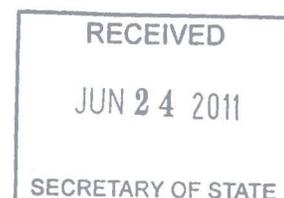
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Proposed

accumulation and payout of vacation leave in excess of 240 hours upon retirement will be based on the hours in excess of 240 paid to retiring employees and the specific employee's rate of pay. The payout for excess hours will be the responsibility of that agency upon the implementation of this regulation.

The remainder of this regulation confirms that the payout for sick leave upon retirement is made according to the statutory limit specified in K.S.A. 75-5517.

Dennis R. Taylor
Secretary, Department of Administration



1-9-5a. Limits on state leave payment reserve fund payouts. (a) The amount of payout from the state leave payment reserve fund for accumulated vacation leave for any employee separating from state service due to retirement shall be limited to the accumulated hour limits specified in K.A.R. 1-9-4.

(b) The amount of payout from the state leave payment reserve fund for accumulated sick leave upon any employee's retirement shall be limited to the accumulated hour limits specified in K.S.A. 75-5517, and amendments thereto. (Authorized by K.S.A. 75-5545; implementing K.S.A. 75-5517, K.S.A. 2010 Supp. 75-5543, and K.S.A. 75-5544; effective, T- _____, _____; effective P- _____.)

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ECONOMIC IMPACT STATEMENT

Proposed

I. Summary of Proposed Regulation Changes, Including the Purpose.

K.A.R. 1-9-5a is proposed as a new regulation to limit the accumulated hours of vacation leave paid from the State Leave Payment Reserve Fund (SLPRF) for an employee separating from state service due to retirement. The payout for vacation leave from the SLPRF will be limited to the maximum accumulated hours specified in K.A.R. 1-9-4. In addition, this regulation will limit the amount of payout from the State Leave Payment Reserve Fund for accumulated sick leave upon retirement to the accumulated hour limits specified in K.S.A. 75-5517. The purpose of these changes is to align the maximum accumulated vacation and sick leave hours for which the fund can be utilized to the limits established in statutes and administrative regulations. These changes will provide for the development of a Statewide State Leave Payment Reserve Fund Assessment Rate and establish equity in the use of the fund across all agencies.

II. Reason the Proposed Change to the Regulations is Required, Including Whether or Not the Regulation is Mandated by Federal Law.

The change to the regulations is required in order to maintain an equitable, statewide rate for all agencies. K.S.A. 77-5543(b) specifies that the annual rate for the leave payment reserve assessment "shall be expressed as a percentage and shall be the same for all state agencies." Recent policy action by a small number of agencies that resulted in vacation leave payouts in excess of 240 hours has had a significant impact on the fund balance and created inequitable use of the fund. Payouts in excess of a 240-hour maximum ranged from 5.65 to 2,011.50 hours for a total cost to the fund of \$406,528 for 21 employees. The implementation of a maximum vacation leave payout for the State Leave Payment Reserve Fund will create an equitable use of the fund for all agencies, maintain a statewide rate, and require agencies to utilize agency funding sources to fund any payouts in excess of 240 hours of annual leave paid as a result of agency policies. These changes are not mandated by federal law.

III. Anticipated Economic Impact upon Department of Administration

Modifications to an existing custom program would be required to enforce the maximum payout of vacation leave hours from the State Leave Payment Reserve Fund to 240 hours and provide for the ability of agencies with policies in place that allow a higher maximum accumulation of vacation hours to have those hours paid out of agency funds. It is estimated that this modification would cost approximately \$1,675.00, which is based on the number of hours necessary to design, build, and test the programming change.

IV. Anticipated Economic Impact upon State Agencies and State Employees

The equitable application of vacation leave maximum accruals will help achieve an equitable, single assessment rate for all state agencies. The impact to state agencies that maintain or implement a policy which allows for the accumulation and payout of vacation leave in excess of 240 hours upon retirement will be based on the hours in excess of 240 paid to retiring employees and the specific employee's rate of pay. The payout for excess hours will become the responsibility of the agency upon the implementation of this regulation. There is no anticipated impact to state employees unless an agency that previously allowed a maximum vacation leave accrual in excess of 240 reverses that policy to the detriment of agency employees.

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V. Less Costly or Intrusive Methods That Were Considered, but Rejected and the Reason for the Rejection.

Other methods to address the impact of the payout of vacation leave balances in excess of 240 hours were considered, including statutory changes requiring annual experience rating for state agencies to develop the state leave payment assessment rate and/or limiting the maximum accrual of vacation leave for all agencies. The implementation of the proposed K.A.R. 1-9-5a was determined to be the least costly and least intrusive to address the issue of excess vacation leave payouts.

