

SESSION OF 2012

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 315**

As Amended by Senate Committee on Financial  
Institutions and Insurance

**Brief\***

SB 315 would amend the laws pertaining to employment in the unclassified service to add certain employees of the Office of the State Bank Commissioner, allow the Bank Commissioner to establish an equitable salary schedule for all unclassified positions, and allow the Bank Commissioner to appoint certain positions in the unclassified service.

Specifically, the bill would add attorneys, officers, and employees of the Office of the State Bank Commissioner to the list of employees in the unclassified service not subject to the approval of the Governor. The bill also would grant the Bank Commissioner authority to appoint certain positions in the unclassified service, subject to appropriations. Those positions include case managers, examiners, and a business manager within the Office of the State Bank Commissioner. Under current law, the Bank Commissioner only is allowed to appoint regional managers and financial examiner administrators.

The bill also would allow the Bank Commissioner to establish an equitable salary schedule for all unclassified positions. The salaries established by the Bank Commissioner, however, would not be permitted to exceed the average compensation of corresponding state regulatory positions in similar geographic areas. Under the bill, the salary schedule must be reported to the state Banking Board on an annual basis.

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

The bill would be in effect upon publication in the *Kansas Register*.

## **Background**

The bill was introduced by the Office of the State Bank Commissioner (OSBC). The Bank Commissioner testified the agency has tried unsuccessfully for many years through the current classified system to increase and sustain the salary levels of its examination staff at a competitive and reasonable level. The agency, however, continues to fall further behind in its compensation for these individuals which has resulted in the loss of some experienced examiners. The Commissioner outlined results from a survey conducted by the OSBC of state and federal financial regulatory agencies to determine compensation for those agencies' experienced examiners. The Commissioner also stated any movement from the classified service to the unclassified service by existing employees would be strictly voluntary. A representative of the Kansas Bankers Association appeared in support of the bill, stating this change is warranted to ensure the retention of experienced bank examiners. A member of the State Banking Board also provided comments in support of the bill at the Senate Committee hearing, noting the need for examiners who have local experience and knowledge of local conditions.

The Senate Committee on Financial Institutions and Insurance recommended an amendment to require reporting of the salary schedule to the State Banking Board on annual basis.

The fiscal note prepared by the Division of the Budget states that the Office of the State Bank Commissioner indicates that the bill would allow the agency to increase expenditures on salaries and wages by \$122,351 in FY 2012 and by \$554,067 in FY 2013. The agency indicates that the additional salaries and wages will allow it to retain experienced examination staff, attract qualified candidates, and address significant salary gaps that exist between current

salary levels and those of other financial regulatory agencies. The fiscal note continues, stating that *The FY 2013 Governor's Budget Report* includes additional expenditures for salaries and wages in the Office of the State Bank Commissioner's budget to allow the agency to reduce employee turnover and to retain its experienced examination staff by providing more competitive salaries and wages.