

February 20, 2013

The Honorable Marc Rhoades, Chairperson
House Committee on Appropriations
Statehouse, Room 111-N
Topeka, Kansas 66612

Dear Representative Rhoades:

SUBJECT: Fiscal Note for HB 2325 by House Committee on Appropriations

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2325 is respectfully submitted to your committee.

Current law provides for a longevity bonus payment to certain classified employees. It is paid on the basis of \$40 per year starting at ten years of service (\$400) up to 25 years of service (\$1,000). Only employees hired prior to June 15, 2008, are eligible for the bonus payment. HB 2325 would repeal the authorization for any state employee or officer to receive the payment effective July 1, 2013.

Contained within *The FY 2014 Governor's Budget Report* is funding for agencies to pay eligible employees their longevity bonus in both FY 2014 and FY 2015 at the \$40 per year rate. In total, \$8.5 million is identified within agencies' budgets for this purpose. Agencies would not incur this expense with enactment of HB 2325.

It should be noted, however, that for the past four years, the Legislature has removed funding from agency budgets each year for the longevity bonus, while still requiring that agencies make the payment. Funding has not then been added back in the budget process. This reduction subsequently compels agencies that rely on State General Fund support for their salary budget to hold vacant positions open longer or make other budget or programmatic reductions that affect services to make up the difference. Specifically, this has required the Department of Corrections to hold correctional officer positions vacant to free money to finance the longevity bonuses. Any fiscal effect associated with HB 2325 is not reflected in *The FY 2014 Governor's Budget Report*.

Sincerely,



Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Pam Fink, DofA