

April 24, 2014

The Honorable Ty Masterson, Chairperson
Senate Committee on Ways and Means
Statehouse, Room 545-S
Topeka, Kansas 66612

Dear Senator Masterson:

SUBJECT: Fiscal Note for SB 454 by Senate Committee on Ways and Means

In accordance with KSA 75-3715a, the following fiscal note concerning SB 454 is respectfully submitted to your committee.

SB 454 authorizes annual payments of \$300 for all full-time, regular classified employees and individuals in the following positions:

1. The Governor;
2. The Lieutenant Governor;
3. The Attorney General;
4. The Secretary of State;
5. The State Treasurer;
6. The Commissioner of Insurance;
7. The Chief Justice and Justices of the Supreme Court;
8. The Chief Judge and judges of the Court of Appeals;
9. Chief District Court judges;
10. District Court judges; and
11. District Magistrate judges.

The bill also authorizes annual payments of \$150 for all part-time, regular classified employees and each member of the Legislature. The bill provides that these payments are to be included in each eligible officer or employee's final regular pay warrant of the calendar year and are to be displayed separately on the warrant stub or advice. These payments are in addition to the regular earnings to which an officer or employee may become eligible and are to be considered compensation for purposes of calculating KPERS benefits. However, the bill clarifies that these annual payments are not to be considered an increase in the rate of compensation of the pay plan for persons in the classified service under the Kansas civil service act.

The bill states that no longevity bonus payment shall be paid by any state agency to any state officer or employee who has a service anniversary date on or after June 8, 2014. Language in the section clarifies that the term "state officer or employee" includes any state officer or employee in the classified or unclassified service under the Kansas civil service act and any other

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state officer or employee in state service. SB 454 also repeals K.S.A. 75-5541, which is the statute that authorizes longevity bonuses for state employees.

Finally, the bill deletes the language that states it is the intent of the Legislature that longevity bonus payments are not to be considered as part of base pay.

Based on payroll data available to the Department of Administration at the time this fiscal note was prepared, the annual payments authorized by the bill would have a total annual cost of approximately \$4.2 million. The breakdown of the cost is as follows:

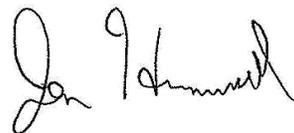
1. Classified Regular Full-Time Employees (13,577 x 300) = \$4,073,100
2. Classified Regular Part-Time Employees (73 x 150) = \$10,950
3. Statewide Elected Officials (6 x 300) = \$1,800
4. Judges (267 x 300) = \$80,100
5. Legislators (165 x 150) = \$24,750

All but one of the Regents universities have recently elected to move all employees out of the classified service, and the remaining university will be holding an election to that effect at the beginning of May. For that reason, the estimates above do not include Regents employees. Since the timing of these payments is at the end of the calendar year, the Department assumes that there will be no classified employees remaining at Regents universities by the time the payments would be due.

The Judiciary reports that the bill would not provide any bonus payments for nonjudicial employees, but it would result in savings from no longer paying longevity bonus payments.

According to the Department of Administration, the state's payroll system (SHARP) will require some programming and testing in order to be ready for implementation. The cost of the estimated time amounts to approximately \$4,800 in FY 2014. Finally, elimination of the longevity bonus would result in a savings of approximately \$8.6 million from all funds in FY 2015. Any fiscal effect associated with SB 454 is not reflected in *The FY 2015 Governor's Budget Report*.

Sincerely,



Jon Hummell,
Interim Director of the Budget

cc: Pam Fink, DofA
Mary Rinehart, Judiciary
Kelly Oliver, Regents