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Kansas Legislator Briefing Book 2014

State Government

U-2 State Employee Issues

This report discusses a variety of issues regarding state employees, including an explanation of classified and unclassified employees, benefits provided to state employees, recent salary and wage adjustments authorized by the Legislature, general information on the number of state employees, and the characteristics of the classified workforce.

Classified and Unclassified Employees. The state workforce is composed of classified and unclassified employees. Classified employees comprise nearly two-thirds of the state workforce, while unclassified employees comprise the remaining one-third. Classified employees are selected through a competitive process, while unclassified positions can be filled through direct appointment, with or without competition. While unclassified employees are essentially “at will” employees who serve at the discretion of their appointing authority, classified employees are covered by the “merit” or “civil service” system, which provides additional employment safeguards.

- All actions including recruitment, hiring, classification, compensation, training, retention, promotion, discipline, and dismissal of state employees shall be:
 - Based on merit principles and equal opportunity; and
 - Made without regard to race, national origin or ancestry, religion, political affiliation, or other non-merit factors and shall not be based on sex, age, or disability except where those factors constitute a bona fide occupational qualification or where a disability prevents an individual from performing the essential functions of a position.
- Employees are to be retained based on their ability to manage the duties of their position.

State Employee Benefits. Among the benefits available to most state employees are medical, dental, and vision plans; long-term disability insurance; deferred compensation; and a cafeteria benefits plan which allows employees to pay dependent care expenses and non-reimbursable health care expenses with pre-tax dollars. In addition, state employees accrue vacation and sick leave. The vacation leave accrual rate increases after 5, 10, and 15 years. In general, the state also provides nine to ten days of holiday leave for state employees.

Retirement Plans. Most state employees participate in the Kansas Public Employees Retirement System (KPERS). Employees contributions

occur bi-weekly based on salary. The amount of the contribution varies between 4.0 percent and 6.0 percent depending on the date of hire. The state contribution is set by law each year. In addition to the regular KPERS program, there are plans for certain law enforcement groups, correctional officers, judges and justices, and certain Regents unclassified employees. Contributions from both the employee and the state differ from plan to plan.

Characteristics of State Employees. According to the 2012 State Workforce Report, which the Department of Administration prepared, a profile of classified and unclassified state employees reflects the following:

The “average” classified employee:	The “average” unclassified employee:
is 47 years of age;	is 48 years of age;
has 13 years of state service; and	has 11 years of state service; and
earns an average annual salary of \$37,599.	earns an average annual salary of \$62,771.

Compensation of State Employees. Kansas statutes direct the Director of Personnel Services, after consultation with the Director of the Budget and the Secretary of Administration, to prepare a pay plan for classified employees which “shall contain a schedule of salary and wage ranges and steps.” The statutes also provide, however, that this pay plan can be modified by provisions in an appropriation bill or other act. When the Governor recommends step movement on the classified pay plan and a general salary increase, or both, funding equivalent to the percentage increase for classified employees generally is included in agency budgets to be distributed to unclassified employees on a merit basis.

- The previous Kansas Civil Service Basic Pay Plan consisted of 34 pay grades, each with 13 steps.
- The difference between each step was approximately 2.5 percent, and the difference between each salary grade was approximately 5.0 percent.

- Employees typically are hired into a job at the minimum of the salary grade.
- Until recently, assuming satisfactory work performance, the classified employees would receive an annual 2.5 percent step increase, along with any other general adjustment in salary approved by the Legislature. No classified step movement was recommended or approved from FY 2001 to FY 2006. In FY 2007, the Legislature approved a 2.5 percent step movement, effective September 10, 2006. There has been no further step movement since FY 2009.

New Classified Employee Pay Plans. The 2008 Legislature established five new pay plans for Executive Branch classified state employees and authorized multi-year salary increases for classified employees, beginning in FY 2009, who are identified in positions that are below market in salary.

The legislation enacted the recommendations of the State Employee Oversight Commission’s five basic pay plans for classified employees. The exact provisions of the five pay plans are not specified by the legislation, but there is a reference to the pay plans as recommended by the State Employee Oversight Commission. The five pay plans, as recommended by the State Employee Oversight Commission, include:

- Basic Vocational Pay Plan (3,844 employees in 57 classifications) that is a step plan, but with more narrow pay grades than previously existed;
- General Classified Pay Plan (11,917 employees in 282 classifications) that is a hybrid model with movement based on steps up to market and an open range, regulated through the use of zones, beyond market, and would include such classes as Human Service Specialists and Mental Health Developmental Disability Technicians;
- Management Pay Plan (256 employees in 20 classifications) that has open pay grades with pay movement based in position-in-range and performance, and

- would include such classes as public service executives and corrections managers;
- Professional Individual Contributor Pay Plan (2,751 employees in 130 classifications) that is an open range model with market anchors and would include such classes as nurses and scientists; and
- Protective Services Pay Plan (3,215 employees in 42 classifications) that is a step model and would include such classes as uniformed officers of the Department of Corrections and the Kansas Highway Patrol.

The legislation authorized a four-year appropriation totaling \$68.0 million from all funds, including \$34.0 million from the State General Fund, for below-market pay adjustments (excluding the FY 2009 appropriation of \$16.0 million). Due to budgetary considerations, the appropriation for FY 2012 was eliminated, bringing the total appropriation to \$58.7 million. The State Finance Council approved an appropriation of \$11.4 million, including \$8.1 million from the State General Fund for FY 2013.

The legislation also created the State Employee Pay Plan Oversight Committee. The Oversight Committee included seven voting members and two non-voting *ex officio* members:

- One member appointed by the President of the Senate;
- Two members appointed by the Speaker of the House;
- One member appointed by the Minority Leader of the Senate;
- One member appointed by the Minority Leader of the House;

- Two members appointed by the Governor, with at least one being a representative of a state employee labor union; and
- Two non-voting *ex officio* members: the Secretary of Administration or the Secretary's designee, and the Secretary of Labor or the Secretary's designee.

At least one member of the Oversight Committee is required to be a member of the Senate and one member is required to be from the House of Representatives. The Oversight Committee is required to annually report to the Legislature at the beginning of each legislative session on the progress made in the development, implementation and administration of the new pay plans and the associated performance management process. The Oversight Committee will sunset on July 1, 2014.

Finally, the legislation codified a compensation philosophy for state employees. The philosophy was crafted by the State Employee Pay Philosophy Task Force and endorsed by the State Employee Compensation Oversight Commission during the 2007 interim period. The pay philosophy includes:

- The goal of attracting and retaining quality employees with competitive compensation based on relevant labor markets;
- A base of principles of fairness and equity to be administered with sound fiscal discipline; and
- An understanding that longevity bonus payments shall not be considered as part of the base pay for classified employees.

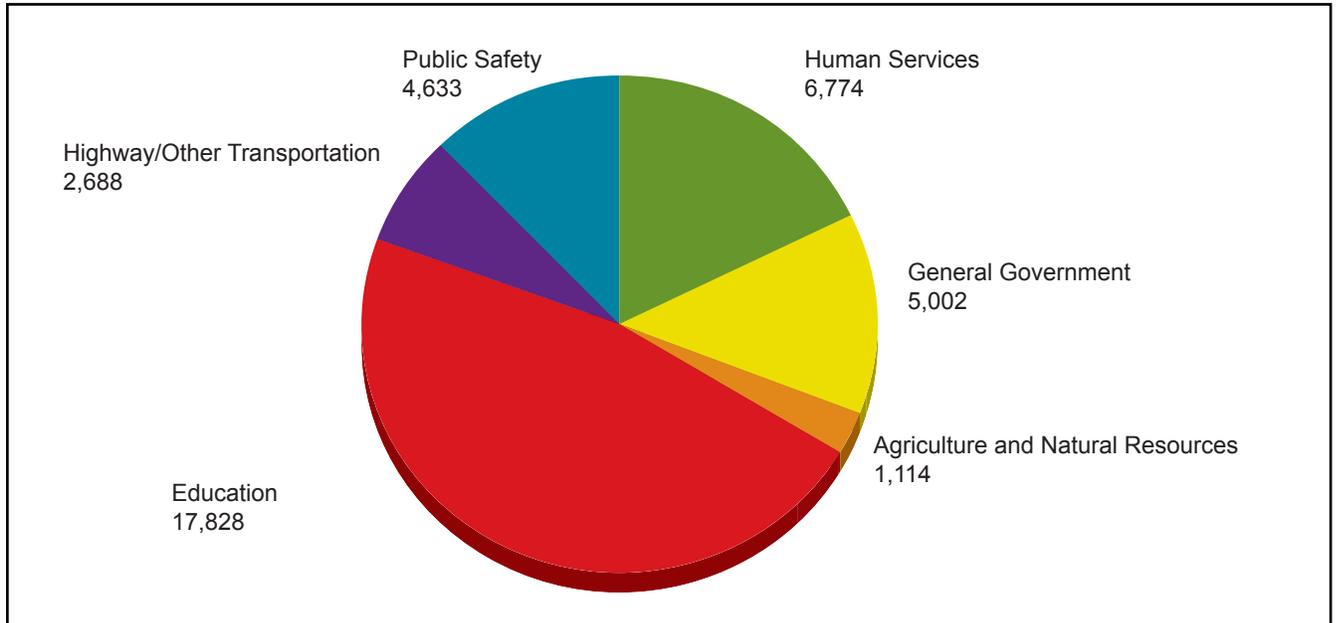
The following table reflects classified step movement and base salary increases since FY 1997:

Fiscal Year	Salary Adjustment
1997	Step Movement: 2.5 percent Base Adjustment: None
1998	Step Movement: 2.5 percent Base Adjustment: 1.0 percent
1999	Step Movement: 2.5 percent Base Adjustment: 1.5 percent
2000	Step Movement: 2.5 percent Base Adjustment: 1.0 percent
2001	Step Movement: 2.5 percent Base Adjustment: None
2002	Step Movement: None Base Adjustment: 3.0 percent, with 1.5 percent effective for full year, and 1.5 percent effective for half a year
2003	Step Movement: None Base Adjustment: None
2004	Step Movement: None Base Adjustment: 1.5 percent effective for last 23 pay periods
2005	Step Movement: None Base Adjustment: 3.0 percent
2006	Step Movement: None Base Adjustment: 2.5 percent, with 1.25 percent effective for full year, and 1.25 percent effective for half a year
2007	Step Movement: 2.5 percent, effective September 10, 2006 Base Adjustment: 1.5 percent
2008	Step Movement: None Base Adjustment: 2.0 percent
2009	Step Movement: None Base Adjustment: 2.5 percent Below Market Salary Adjustments
2010	Step Movement: None Base Adjustment: None Below Market Salary Adjustments
2011	Step Movement: None Base Adjustment: None Below Market Salary Adjustments
2012	Step Movement: None Base Adjustment: None
2013	Step Movement: None Base Adjustment: None

FY 2014. The 2013 Legislature approved a total of 38,027.2 full-time equivalent (FTE) positions, a net decrease of 302.1 positions below the FY 2013 number.

- Full-time equivalent (FTE) positions are permanent positions, either full-time or part-time, but mathematically equated to full-time. For example, two half-time positions equal one full-time position.
- Non-FTE unclassified permanent positions are essentially unclassified temporary positions that are considered “permanent” because they are authorized to participate in the state retirement system.

The following chart reflects approved FY 2014 FTE positions by function of government:



Largest Employers. The following table lists the 10 largest state employers and their numbers of FTE positions:

Agency	FTE Positions
University of Kansas	4,984
Kansas State University	4,669
Social & Rehabilitation Services, Department of	2,799
Transportation, Department of	2,694
University of Kansas Medical Center	2,577
Wichita State University	1,810
Judicial Branch	1,778
Revenue, Department of	1,028
Larned State Hospital	925
Pittsburg State University	823
* Source: 2012 State Workforce Report	

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