

Report of the Special Committee on State Employee Compensation to the 2025 Kansas Legislature

CHAIRPERSON: Representative Troy Waymaster

VICE-CHAIRPERSON: Senator Rick Billinger

OTHER MEMBERS: Senators Larry Alley, Michael Fagg, Marci Francisco, and Carolyn McGinn; and Representatives Susan Estes, Shannon Francis, Kyle Hoffman, Vic Miller, and Brandon Woodard

STUDY TOPIC

The Committee is directed to study state employee compensation (legislative charges noted):

- Pursuant to 2024 HB 2551 (Section 10), an interim study committee is established to review a market rate study on employees of the State Board of Regents and Washburn University and also review the comprehensive studies conducted pursuant to Section 145(k) of 2024 SB 28; and
- Pursuant to 2024 SB 28 (Section 145(k)), the Secretary of Administration, in consultation with the Director of Personnel Services, shall conduct a comprehensive study of market pay and benefits of job classifications in both the public and private sectors. Further, the State Board of Regents shall conduct a comprehensive study of market pay and benefits of professors and employees at both the public and private postsecondary educational institutions. Such studies shall be submitted on or before January 13, 2025, to the House Committee on Appropriations and the Senate Committee on Ways and Means.

March 2025

Special Committee on State Employee Compensation

REPORT

Conclusions and Recommendations

The Special Committee on State Employee Compensation notes continued challenges in retaining qualified employees and recommends the Legislature continue with market-based salary adjustments consistent with the pay plan included in 2024 SB 28.

Proposed Legislation: None.

BACKGROUND

The 2024 Legislature directed the Department of Administration and the State Board of Regents (Regents) to conduct comprehensive studies on state employee compensation for public employees (2024 SB 28) and for employees at Regents universities and Washburn University (2024 HB 2511). Accordingly, the Legislative Coordinating Council created the Special Committee on State Employee Compensation (Committee) to study market pay and benefits of job classifications in both the public and private sectors.

In 2022, a special committee was authorized to study state employee and board member compensation. This committee was authorized to study state employee compensation in these areas: state compensation as compared with compensation for other public sector and private sector employees, using market studies prepared by the Department of Administration; continued use of classified and unclassified service; compliance with existing Kansas statutes regarding state employees; other states' employment systems for comparison with the Kansas system; options to tie compensation to performance reviews; and other duties as determined by the Chairperson related to state employees and the state employment system.

COMMITTEE ACTIVITIES

The Legislative Coordinating Council authorized one meeting day for the Committee during the 2024 Interim. The Committee met on January 8, 2025.

Overview of Compensation

A Managing Fiscal Analyst from the Kansas Legislative Research Department (KLRD) provided the Committee with a summary of increases in state employee pay, classroom teacher compensation, private sector wages, and inflation from fiscal year (FY) 2006 to FY 2025.

Employee Compensation Market Survey

The Deputy Secretary of Management from the Department of Administration (Deputy Secretary) provided a summary of the 2024 Market and Benefits Survey (Survey), which compares state employee compensation with that in public and private markets within Kansas and from eight surrounding states: Arkansas, Colorado, Iowa, Missouri, Nebraska, New Mexico, Oklahoma, and Wyoming. Data from in-state employers are weighted at a 3:1 ratio to data from other states.

Market Pay

In 2024, surveys were sent to 506 in-state employers in both public and private sectors; 119 of those employers responded. Respondent

employers were asked to match their current workforce with key benchmarks and job position descriptions provided by the Office of Personnel Services (OPS). For benchmarks for which in-state data are not available, data from the National Compensation Association of State Governments (NCASG) is exclusively used to determine market rate.

The Survey includes 140 benchmarks, covering 9,943 employees—an increase of 42 percent in the number of employees included in benchmarks. When accounting for all levels of positions included in benchmarks, the Survey covers 78.6 percent of active, benefits-eligible, non-Regents Executive Branch employees as of December 2024.

Benefits

Speaking on benefits, the Deputy Secretary presented information from a NCASG benefits survey for the eight states in the comparator market, identified above, and on Department of Administration research conducted on the paid holiday and leave policies of the 45 public employers that responded to the Survey.

Based on that information, OPS found the State of Kansas provides the fewest number of both vacation days and sick leave days to employees, compared with the eight comparator states: 5 of those states provide vacation accrual rates of up to 24 or 25 days per year, while the State of Kansas provides accrual of up to 21 days only after an employee has 15 years of service. Additionally, 5 of those states provide sick leave accrual rates of up to 15 or 30 days per year, while the State of Kansas provides accrual rates of up to 12 days, regardless of years of service.

The Executive Director of the Kansas Public Employees Retirement System (KPERs) provided a summary of KPERs plan design and cost-of-living adjustments in Kansas. In particular, the Executive Director described various adjustments to the KPERs Tier 3 cash balance plan, including potential changes to employer pay credits, interest credits, and annuitization rates.

University Compensation Plans

The President of the State Board of Regents provided a broad summary of recent state

employee pay plans and of the state university workforce. The President stated that, of the 10,314 university employees supported by general-use funds, compensation for approximately 69.7 percent, or 7,193 employees, is below market rates. This includes 2,541 faculty members and 4,652 administrative staff. Based on its market study, the State Board of Regents determined approximately \$88.2 million would be needed to bring those employees to market-rate pay.

Responding to a question from the Chairperson about the market-based salary adjustment included in 2024 SB 28, the President stated the State Board of Regents would provide statistics to the Committee ahead of future market-based adjustments on how above or below market compensation rates for university employees are.

Agency Briefings

Representatives from the Kansas Highway Patrol (KHP) and the Kansas Bureau of Investigation (KBI) spoke to the Committee on their respective career progression plans (CPPs).

Kansas Highway Patrol

The representative from the KHP provided background information on the KHP CPP, stating it was approved by the 2015 Legislature and implemented pursuant to Executive Directive 15-470 to address a decline in the number of state troopers from 2006 to 2015. The representative also described the impacts of recent adjustments to the CPP, including an increase to the top-out pay approved by the 2024 Legislature (2024 SB 28).

The representative responded to questions from Committee members on topics including trooper training and vacancy rates.

Kansas Bureau of Investigation

The representative from the KBI provided background information on the KBI CPP, which was implemented in 2016. Similar to that of the KHP, the KBI CPP is structured as a pay matrix and is intended to address difficulties in recruitment and retention.

Speaking to recent struggles with attracting qualified personnel, the representative highlighted trends in recent class sizes for its agents. In 2020,

the KBI received 118 applicants, of which 7 were admitted. Those figures decline for the next two years, from 51 applicants and 8 admissions in 2021 to 35 applicants and 4 admissions in 2022. In 2023 and 2024, the Legislature enhanced the CPP to include laboratory scientists and to increase top-out pay. The representative stated that, as a result, the KBI received 110 applicants in 2024, of which 18 were admitted—the largest class in 10 years.

Kansas Department of Corrections

The Secretary of Corrections provided an update on its current workforce and on the 24/7 and statewide pay plans. The Secretary stated that, for FY 2025, the correctional system has 3,476.5 full-time equivalent (FTE) positions, including 2,123.5 FTE uniformed positions and 1,353.0 FTE non-uniformed positions. Speaking on recent legislatively approved pay increases, the Secretary stated the overall vacancy rates at correctional facilities decreased in 2023 and 2024.

Kansas Department for Aging and Disability Services

The Deputy Secretary of Hospitals and Facilities at the Kansas Department for Aging and Disability Services (KDADS) provided information on staffing at state hospitals. In particular, as of January 1, 2025, state hospitals experienced a turnover rate ranging from 13.2 percent to 28.8 percent, and a vacancy rate ranging from 19.6 percent to 36.0 percent. As a result, KDADS has needed to rely on contract staffing, which places a significant strain on state hospital budgets. For example, as of January 1, 2025, Larned State Hospital had spent \$19.0 million on contract staff and is projected to spend a total of \$43.8 million through the end of FY 2025.

The Deputy Secretary also reviewed recommendations from the House Committee on Appropriations Subcommittee on Contract Staffing, which met during the 2024 Session. The Subcommittee's recommendations included approving statutory changes in the Employee Award and Recognition Program, setting the starting pay rate for state employees at \$15 per hour, and funding state-operated tuition reimbursement or student loan repayment programs.

The Deputy Secretary also updated the Committee on the bonus program authorized by 2024 HB 2551 and developed with OPS. The Deputy Secretary stated bonuses started on July 21, 2024, and included various bonuses, such as:

- A one-time \$1,000 sign-on bonus,
- A \$500 referral bonus,
- A \$2,000 retention bonus,
- A \$100 pick-up shift bonus, and
- Up to \$1,000 for a longevity bonus.

Lastly, the Deputy Secretary described additional actions to address staffing shortages, including a Nursing Education Incentive Program and staff optimization strategies, including a self-scheduling model for registered nurses.

CONCLUSIONS AND RECOMMENDATIONS

The Committee recommends the continued practice of market-based salary adjustments based on the results of the 2024 Market and Benefits Survey and the Regents market survey.