Kansas Organization KOSE of State Employees AFT, AFSCME, AFL-CIO

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Testimony IN OPPOSITION to HB 2426
Before the House Committee on Commerce, Labor, and Economic Development
Submitted By: Rebecca Proctor
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Chairman Hutton and Members of the Committee:

Thank you for allowing me to address you today. My name is Rebecca Proctor. I am a life-long Kansan, a labor and employee benefits attorney by trade, and currently serve as Executive Director for the Kansas Organization of State Employees (KOSE). KOSE is a public employee union representing over 8,000 executive branch employees in over 300 workplaces spread across all counties of our State. On behalf of those employees, I urge you to oppose HB 2426.

This bill was proposed to eliminate so-called "pension spikes," Representative Lunn's term for the ability to increase a monthly pension benefit by including pay for longevity, holiday pay, compensatory time, and pay outs for sick and vacation leave. This bill, as drafted, impacts only those who became particpants in KPERS before July 1,1993 or were in a waiting period as of July 1, 1993. In other words, this bill targets those employees with twenty-two or more years of service, a group already shrinking in size.

Very honestly, this is a slap in the face to long-serving state employees. If there was a "problem" here, it was corrected back in 1993. What this bill does is go to those long-serving employees still with the state and take away yet another benefit. Keep in mind state employees last had an across-the-board pay increase in 2009. From 2009 to the present, employee contributions for both retirement benefits and health benefits have increased. The result is a de facto pay cut in net pay.

In March, this committee heard testimony on HB 2391, the HR Modernizations bill. This committee chose to amend out the changes to longevity payments contained in that bill, so as not to penalized long-term employees. HB 2426 imposes an even worse penalty on long-term employees than HB 2391 did.

In many State agencies, employees are receiving written counseling documents for not banking enough sick leave. Several agencies, especially those with 24-7 operations, are requiring employees to bank 60-70% of the potential sick leave that could be accrued (based on years of service). The reason? The agencies want to insure employees have enough time to cover catastrophic health events. As an example, one employee with three weeks of sick leave was told the agency would consider those three weeks a “near zero” balance because it was a small portion of the total an employee with twenty-five years of service could have accrued.

So, you have employees who are being encouraged by their agencies to bank large amounts of sick leave. Most long-term employees do not have a problem with banking that time because they know they can include that banked time in their final average salary calculation. If you eliminate the ability to bank sick leave for KPERS purposes, there is less incentive for these employees to keep that time banked and more incentive to use the time.

Employees using large banks of sick leave can create tremendous problems for the employer. While the employee is on sick leave, the employee’s position is not open or empty. It is filled by, and must be held open for, that employee. Accordingly, there can be many, many weeks where an employee is off of work using their banked sick time and shifts must be covered by other employees, resulting in significant unbudgeted overtime.

Additionally, earlier in the session the pension committees considered a deferred retirement option for public safety positions. The deferred retirement option was a way to incentivize retirement-eligible individuals for staying on the job. The reason? Positions are becoming harder and harder to fill, so it is important to keep employees on the job longer.

This bill does nothing to incentivize employees to stay on the job. Instead, it incentivizes those with large vacation or sick accruals to retire within the next four years (because it requires any vacation or sick used towards final average salary to be accrued in the four years prior to retirement) or to use all of their sick time prior to retirement.

With the current state of public employee pay and benefits in Kansas, the last thing a good policy maker should do is encourage even more people to leave state service.

Finally, there is an issue of fundamental fairness. This bill takes away the right of long-term state employees with twenty-two or more years of service to use their rightfully earned and accured vacation and sick time towards their retirement benefit. However, Kansas legislators have their KPERS benefits calculated based on a final average salary that annualizes session pay. Instead of receiving benefits based on actual yearly pay, legislators are credited with an average state salary of over $80,000.00 per year. I fail to understand how counting earned vacation and sick time is considered a “spike” but turning a ninety-day salary into a 365-day salary is not.

Budgets should not be balanced on the backs of state employees. We are talking about the people who maintain our highways, man our correctional facilities and state hospitals, clean this beautiful statehouse, and keep the daily business of our state running. They don’t deserve yet another attack on the few benefits they have left. Please vote against HB 2426.

Thank you for your time and I am happy to answer any questions you may have.