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**Testimony to the House Pensions and Benefits Committee
In Support of HB2542
February 10, 2016**

Chairman Johnson and Committee Members,

Our associations continue to support legislation to provide a hardship adjustment for current retirees of the KPERS retirement plans. We know this is a difficult decision. But clearly we have many retirees who have now gone many years without any adjustment.

While we understand the statutes do not provide for retirement benefit increases it is worth noting that from the inception of KPERS the legislature regularly provided adjustments. These regular adjustments for more than 25 years certainly set a precedent and expectation the legislature recognized the need for periodic adjustments. That stopped in 1998 and there have only been very limited and sporadic adjustments since then. Most of those were one time payments. It has now been 18 years since any meaningful adjustment beyond small one time payments was given.

We have been frustrated by the removal of the cost of living adjustment option previously approved for tier II KPERS members. When this was passed we thought at least there would be a point in the future where retirees could receive a provided adjustment that was funded by the employee contributions. That adjustment option was in exchange for a 2% increase in employee contributions. As we recall, the actuarial estimate was slightly less than the 2% meaning the system was actually taking in more funding than was required and any excess would in reality help reduce the UAL. Then when the newest plan was passed that all went away, except for the 2% increase we are paying. So now we have set up our future retirees to be in the same dilemma of a constantly shrinking buying power from their retirement.

We are further frustrated by the reason commonly given for not providing an adjustment for retirees is the status of the UAL, only to now have legislative consideration being given to once again underfund and delay payments to the established KPERS actuarial costs.

Although we did not directly participate in the development of the proposal in this bill, we understand the proposal in HB2542 is responsive to the reasons given in the past that Kansas can't afford to return to taking care of retired public service employees.

There are other conferees that have a much deeper knowledge of the proposed plan than we do. For that reason we will leave the discussion of those details to them. But one thing that is clear is that those that have been retired for a significant time have a greatly reduced buying power from their retirement payments. Even though this increase is small, it will make a big difference to the lives of many of those who are struggling to pay their ever increasing costs of food, utilities, and other necessities.

Your consideration of this bill is appreciated. We encourage you to make every attempt to make this much needed relief of retired Kansas public servants to become a reality.

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