



To: Senate Select Committee on KPERS

From: Nicole Proulx Aiken, Legal Counsel

Date: March 31, 2015

Re: Neutral testimony on SB 299

Thank you for allowing me to appear before you today on behalf of the League of Kansas Municipalities and its member cities. This bill would prohibit most retired employees returning to work for a KPERS employer from collecting their KPERS' benefits while working. The League's 2015 Statement of Municipal Policy, approved by our members at our annual conference in October 2014, states: "We support the current statutory framework regarding KPERS. The local KPERS system should remain separate from the state and school retirement system. Changes to the KPERS system should consider the impact on cities' ability to hire and retain qualified public employees."

The League and its member cities understand the importance of maintaining a well-funded KPERS system. We support the changes the Legislature has made in the last few years and have seen the positive effects to the unfunded actuarial liability that resulted from these changes. Certainly, preventing retired employees from collecting KPERS while working for a KPERS eligible employer could have further positive effects on the unfunded actuarial liability. The League is concerned, however, that if such a prohibition occurred, cities would potentially lose the ability to hire and retain qualified public employees. Many of our cities, especially in rural areas, rely on retired employees to provide needed city services. Cities in these areas will have an even more difficult time hiring employees to maintain their utilities, provide maintenance, etc., if such a prohibition occurred. As such, the League respectfully asks this Committee to exempt local units of government from such a prohibition. Our system is funded and actuarially sound. We do not believe a change like this is needed in local government at this time.

Thank you again for allowing me to testify on this important issue.