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**Testimony to the Senate Select Committee on KPERS
Regarding Proposed Amendment Outline for SB299**

April 29, 2015

Chairman King and Committee Members,

This testimony is based on the outline distributed by e-mail on April 27. We appreciate the opportunity to comment on the proposal as outlined.

While we have concerns with the proposal, let us first address some of the things we appreciate being included. First is the exemption for those working for the Kansas Law Enforcement Training Center. This is absolutely critical for appropriate staffing at the training academy and utilization of years of experience retired law enforcement officers bring to that educational process. Law enforcement training has intensified over the years. Policing today is complex and demands cutting edge training of current and future officers in order to provide the professional public safety services the public expects and deserves. This is also an area where the wording of the bill could be critical but we need more details and more time to explore this.

Secondly, we appreciate the recognition that retirees under the Kansas Police and Fire (KP&F) system is necessarily at an earlier age. These retirees often can still use their law enforcement expertise in non-enforcement post-retirement positions that benefits communities in which they return to work. Recognizing the return to non-KP&F positions is a reasonable exception is a good move for the state in many ways. We asserted more details on this in our earlier testimony on SB299.

Third, we appreciate the grandfather provisions for existing retirees. Although we do question the date of the grandfather provision. More on this later.

Our foremost concern with the concept of "unretiring" for retirees who choose to go back to work is the speed in which this concept has propelled through the final weeks of the session. It was only conceptualized during the waning weeks of the regular session. Committee hearings in both chambers were held with very little lead time to understand the details and potential effects of the proposals and in 2 of 3 occurrences without actual bills available. We strongly believe this process is ripe for unintentional consequences. It has been difficult for many interested parties to adequately respond due to short turnaround times and lack of specific details only available when bills are published.

We also wonder if the number of employees working after retirement is large enough to warrant the risk of rapidly crafted new solution. There also is some doubt in our minds if those working after retirement are really costing KPERS any funds they wouldn't be expending anyway.

There are several things not clear in the proposal summary. In our earlier testimony, prior to the break, on SB299 we indicated our preference for the deferral of the retirement benefits into an account the

retiree would later receive over the House proposal to simply stop the payments with the system retaining the entire benefits the retiree had earned. The summary is not clear on which plan the proposed bill would include. Many other details are lacking when we can't see the actual language of a proposed bill.

As presented in our earlier testimony on SB299, there is concern about smaller agencies and their ability to hire experienced persons who are certified law enforcement officers and have retired from larger agencies. We remind you that about $\frac{3}{4}$ of Kansas law enforcement agencies, representing about $\frac{1}{3}$ of the Kansas law enforcement officers are under KPERS and not KP&F. Many of these smaller agencies struggle with qualified candidates. We have not had adequate time to analyze the effect of the "unretiring" on these agencies, but we believe there is significant potential it could have a negative impact on these agencies. These agencies also often spend significant resources on training new inexperienced persons as law enforcement officers only to see them move on within a few years to larger agencies. Hiring retirees from larger agencies avoids those expenses. There are other advantages but we won't go into those here.

Some things we see in the proposal that we believe needs more discussion and consideration include:

- New Working After Retirement Rules (Page 1)
 - Why have a five year review to see if the \$25,000 cap needs adjusted? The summary indicates that decision would be based on "such factors as inflation or changes in average KPERS active member earnings or retirement benefits. That data is available annually through various sources. Why not make it an annual adjustment based on one of those available factors. More study is need to see what is feasible and reasonable, but to arbitrarily set a five year "consideration" for adjustment seems like a quick fix that only hurts the employees and will have little if any effect on KPERS.
- Exception from Earnings Limitation for "Hardship" Positions (Page 3)
 - In most jobs, especially in a position as a law enforcement officer, an employer being "unsuccessful in its efforts to recruit and fill positions" could be troubling. Are we talking about having to accept any applicant meeting minimal qualifications? Shouldn't we strive to hire the best candidate available?
 - The one year limit on re-employment also seems random and may not be the right length of time. If we have a good employee, why is it necessary to limit the length of time they can serve? What are the cost-benefit considerations of both setting a limit or not setting a limit?
- Grandfathering
 - What is the rationale for setting May 1, 2015 as the grandfathering point. This is a date that will be prior to when this bill even can hit the floor of the Senate for debate. When you add the 60 day waiting period it would mean the grandfather provision applies only to those who retired two months ago. What is the rationale for that? Why not when the plan goes into effect? Why not January 1, 2016, six months prior to when these changes are proposed to go into effect? This needs more discussion and vetting.

We believe this concept was put into production too late in the session and fast tracked at the expense of accurately considering potential issues. Since the plan is to not make it effective until July 1, 2016, why not study it over the interim and be sure the right thing is being proposed before passing a bill. We strongly urge you to reject the "unretiring" proposal at this time and to extend the current working after retirement provisions for one or two years, using that period to better vet this idea.

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