

MINUTES OF MEETING
STATE AFFAIRS COMMITTEE
March 27, 1961

The meeting was called to order by the Chairman and Senator Murray was introduced to discuss S.B. 398. He passed out material which had been prepared by the Public Employees Committee (see attached). He states that this proposal will provide an "adequate" benefit program; that it is endorsed by both parties as well as by the Governor; that as a matter of fact the Governor provided for the proposal in his budget message. He stated that it is his belief, and the belief of experts, that this program will attract and retain better personnel for the state because they will be competing with private industries in their retirement plans.

The proposal provides for a 7-member board to administer the program, with appointment by the Governor on a staggered basis, to be confirmed by the Senate. All employees in the state, counties and municipalities would be eligible to come under this plan, except those already covered by the use of another plan.

This proposal allows for prior service (Section 13) and states the basis of salary; also provides age for retirement (Section 14) and additionally, gives the employee elective powers.

Section 25 provides an additional plan for faculty members at colleges and universities where the Board of Regents will contract for non-profit (TIAA) insurance. This is on a 5 & 5 basis; 5% by employees and 5% by employer.

Members of the committee inquired to some extent concerning elective offices, and costs. It was established that some 73,000 people would probably come under this bill. Mr. Mosher of the Kansas League of Municipalities has research statistics to be contributed if requested.

Time being of the essence, the meeting was adjourned, with the matter to be further discussed at another time.

ESTIMATES OF COST OF RETIREMENT PLANS AS PROPOSED IN SENATE BILL NO. 398

(Based on Salaries and Wages Recommended in Governor's Budget
in Fiscal Year 1962)⁽¹⁾

	General Revenue And Retail Sales Tax Funds	Other Funds	Total
GROSS BASIS: ⁽²⁾			
Payroll Under General State System (\$65,014,673 x 4.67%)	\$ 1,893,300	\$ 1,142,900	\$ 3,036,200
Payroll Under Board of Regents Plan (TIAA): ⁽³⁾			
Current Service (\$16,418,583 x 5%)	820,900	-	820,900
Prior Service (\$16,418,583 x 1.26%)	206,900	-	206,900
Total	\$ <u>2,921,100</u>	\$ <u>1,142,900</u>	\$ <u>4,064,000</u>
NET BASIS: ⁽⁴⁾			
Payroll Under General System less 10% for ineligibles times net factor (\$65,014,673 - 10% = 58,513,200 x 5.35%)	\$ 1,952,055	\$ 1,178,395	\$ 3,130,450
Payroll Under Board of Regents Plan (TIAA): ⁽³⁾			
Current Service (\$16,418,583 - 20% = 13,135,000 x 5%)	656,750	-	656,750
Prior Service (\$16,418,583 - 20% = 13,135,000 x 1.44%)	189,150	-	189,150
Total	\$ <u>2,797,955</u>	\$ <u>1,178,395</u>	\$ <u>3,976,350</u>
MAXIMUM BASIS: ⁽⁵⁾			
Payroll Under General System (\$65,014,673 x 5.35%)	\$ 2,168,950	\$ 1,309,300	\$ 3,478,250
Payroll Under Board of Regents Plan (TIAA): ⁽³⁾			
Current Service (\$16,418,583 x 5%)	820,900	-	820,900
Prior Service (\$16,418,583 x 1.44%)	236,425	-	236,425
Total	\$ <u>3,226,275</u>	\$ <u>1,309,300</u>	\$ <u>4,535,575</u>

- 1) Salaries recommended less F.I.C.A. and seasonal employees amount to \$81,433,256.
- 2) Table assumes total salaries less F.I.C.A. and seasonal employees times contribution factor of 4.67% for current and prior service for general plan and 1.26% factor for prior service for those under Board of Regents Plan.
- 3) Payroll under Board of Regents plan estimated as follows: of the total of 3,412 unclassified employees budgeted at \$24,378,593, 2,298 were in the "College Proper" portion of the budget. Assuming that the teaching faculty is in the college proper section of the budget and assuming that the 67.35% of the total unclassified payroll is in the college proper area (2,298 of 3,412 positions) the gross payroll under TIAA would be \$16,418,583.
- 4) Ten percent of payroll of employers in regular system and 20% of payroll of teaching faculty is assumed to be ineligible for coverage. (Estimate for TIAA based on conversations with university official.) Payroll factor of 5.35% is as contained in bills.
- 5) Estimate based on gross payroll less F.I.C.A. and seasonal employees multiplied by the employers contribution rates in the bill. No reduction of payroll is estimated for employees with less than one year of service in the general plan or for those under the Board of Regents plan who have less than two years of service or do not have tenure.