

Approved 3/1/84
Date

MINUTES OF THE House COMMITTEE ON Pensions, Investments and Benefits

The meeting was called to order by Representative Bob Ott at
Chairperson

9:05 a.m. ~~pm~~ on February 28, 1984 in room 527-S of the Capitol.

All members were present except:
Rep. Shriver - E

Committee staff present:
Alan Conroy, Legislative Research
Gordon Self, Revisor's Office

Conferees appearing before the committee:
Marshall Crowther, Executive Director, Kansas Public Employees Retirement System
Rep. William Reardon
Dave Lewin, Director of Personnel Service, University of Kansas
Ruth Wilkin, American Association of University Professors
Tom Swearingen, Regent's Classified Council

The Chairman called the meeting to order. Rep. R.H. Miller moved the minutes of the February 20 and February 21 meetings be approved, Rep. Schweiker seconded the motion, motion carried.

The Chairman opened the hearing on HB 2903. Rep. Wisdom, a sponsor of the bill and also a committee member, explained the bill was introduced upon request from the school superintendent of #500 school district in Kansas City, Kansas, and that the school district will assume the cost involved, there will be no cost to KPERS. Rep. Reardon, also a sponsor of the bill, explained that this bill allows for early retirement instead of requiring the teacher to retire on September 1. Rep. Branson asked why this affects only District #500; Rep. Reardon said that this district had the first retirement system paid out of its own funds and therefore there are only 68 teachers left who are under this system. Marshall Crowther said that the only contact KPERS has with these 68 teachers who were employed before KPERS started was in the event that one of them retired before July 1 KPERS might possibly pay them a thirteenth check or a retirement dividend payment. For years, members of the state school retirement system and the KPERS school members were only permitted to retire on September 1 of each year. Two years ^{ago} that was amended to permit them to retire as early as July 1, so this is moving in the same direction. This brings the Kansas City district more in line with the KPERS position. There being no others to testify on HB 2903, the hearing was closed.

The Chairman opened the hearing on HB 3058. Marshall Crowther explained the bill as it applies to the school and non-school retirement systems under KPERS, the police and fire retirement system and the judges retirement system. At the present time all participants are required to contribute a percentage to the retirement system and this is part of their taxable income each year. When they receive back that money, either through a refund at termination or retirement benefits, at that point those amounts are not subject to tax liability. This bill reverses that treatment. The employees contribution will be "picked up" by the employer for tax purposes, but the same amount will be deducted from the employees compensation. These benefits are not subject to state income tax when paid as benefits; this is a policy question the committee may wish to consider. These amounts will probably not be exempted from Social Security contributions. Mr. Crowther then answered a few questions from the committee.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Pensions, Investments & Benefits,
room 527-S Statehouse, at 9:05 a.m./~~p.m.~~ on February 28, 1984

Dave Lewin, Director of Personnel Services, University of Kansas, appeared as a proponent of HB 3058, saying that this keeps money in Kansas.

Ruth Wilkin, AAUP, appeared in support of the bill (see Attachment A).

Tom Swearingen, Regent's Classified Council, appeared in support of the bill (see Attachment B).

There being no other conferees, the hearing on HB 3058 was closed.

Rep. Wisdom made the motion that HB 2903 be passed out favorable for passage, Rep. Meacham seconded the motion, motion carried.

Rep. Patrick made the motion that HB 3058 be passed out favorable for passage, Rep. Branson seconded the motion, motion carried.

There being no further business before the Committee, the meeting was adjourned.

AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS

Testimony Before Pensions, Investments and Benefits
Committee, February 28, 1984 on HB 3058

Mr. Chairman, and Members of the Committee:

I am Ruth Wilkin, representing the American Association of University Professors, and I am speaking in favor of HB 3058. The AAUP was founded in 1915 by a group that included many of the outstanding faculty members of the time, and now has a national membership of 68,000, with nearly 400 members in Kansas. It is the sole national faculty organization concerned directly with higher education above all else.

You are all aware, I am sure, of the impact of the budget cuts over the past couple of years on higher education, and on faculty salaries, in particular. It is difficult to keep and attract the quality of faculty all of us want for our colleges in Kansas when we cannot grant the kind of salary increases needed. An additional fringe benefit, such as offered by HB 3058, is welcomed. Although some faculty members, as I understand it, have a plan by which they defer taxes on their contribution to retirement, not all of them participate. The amount saved on social security would benefit everyone.

For several years AAUP has supported a plan similar to this which would allow the state to pay for a family plan health insurance, with pre-tax dollars, and reduce the employee's salary by a like amount. Depending on the tax bracket someone was in, the savings in income tax and social security tax to the employee could amount to from \$50.00 to \$60 per month--and all at no additional cost to the state. While the effect of HB 3058 would not be that large, it certainly offers a way to increase faculty salaries without reducing the general fund. We urge your support of this innovative measure.


27 February 1984

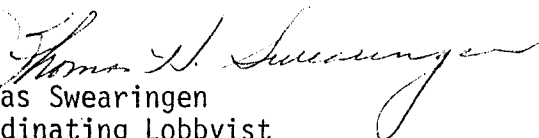
To: Members, House Committee on Pensions, Investments
and Benefits

From: Regent's Classified Council and the KU Classified Senate

The classified employees of the Regent's Classified Council strongly urge the passage of HB 3058. Our members feel that adjusting the Kansas Public Employees Retirement System (KPERs) to allow employees contributions to be tax-sheltered is an excellent means of enhancing employee benefits with little or no cost to the citizens of Kansas.

Our Council and the KU Classified Senate wish to thank the legislators of this committee for their attention to this matter, and to Marshall Crowther for his assistance in bringing it before the committee. We feel that HB 3058 is an excellent example of creative legislation that can only benefit the state, its citizens and its employees.


Joseph T. Collins
President
University of Kansas Classified Senate

and 
Thomas Swearingen
Coordinating Lobbyist
Regent's Classified Council
Representing:
Emporia State University
Fort Hays State University
Pittsburg State University
The University of Kansas