

MINUTES OF THE HOUSE COMMITTEE ON PENSIONS, INVESTMENTS AND BENEFITS

The meeting was called to order by REPRESENTATIVE DAVID F. LOUIS, CHAIRMAN at
Chairperson

9:00 a.m. on Thursday, February 13, 1986 in room 527-S of the Capitol.

All members were present except:

Representatives Dyck, Peterson, Ott - excused

Committee staff present:

Richard Ryan
Alan Conroy
Gordon Self
Rosalie Black

Conferees appearing before the committee:

See attached list.

The meeting was called to order by David F. Louis, Chairman, to hear House Bill 2362 and House Bill 2683.

HOUSE BILL 2683 - Hearing

Representative Vernon Williams indicated he wanted to hear from various conferees on the subject of HB 2683 which would provide for KPERS early retirement; the final average salary for computation of retirement benefits would be the highest annual compensation paid to the member for any three years (instead of four years) of participating service; any member who retires on or after January 1, 1988, shall be entitled to receive an annual retirement benefit for both participating and prior service credits equal to 1.4 percent; increase of benefit for funeral expenses from \$1,500 to \$3,000; that employees first hired after July 1, 1986, would not have interest credited to their accounts until they have completed ten years of credited service; and that all KPERS members contribute .5% as a health care program assessment which would be credited to the health care benefits program fund to pay one-half of premium cost for retirants in the health care benefits program for state employees.

Gerald Henderson, Executive Director, United School Administrators of Kansas; introduced Max Wilson, Kansas Association of School Administrators; Cecil Deel, President of Kansas Association of School Administrators;

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON PENSIONS, INVESTMENTS AND BENEFITS,
room 527-S, Statehouse, at 9:00 a.m./p.m. on February 13, 1986

House Bill 2683 - con't.

and Jim Harris, Superintendent, Sedan; to testify in favor of HB 2683 stating passage would provide greater incentive for persons to stay in the teaching profession in the State. They emphasized the importance of the early retirement section to avoid teacher "burn out." Attachments 1, 2, 3, and 4.

Representative Larry Erne told the committee that dollars funneled into education through HB 2683 would improve the quality of education more than any other available method.

Basil Covey, Kansas Retired Teachers Association, spoke of teacher shortage in Kansas and noted the improved formula set forth in the bill should encourage more young people to enter the teaching profession. Attachment 5.

As spokesperson for 1700 classified (non certificated) employees of the Wichita School District, Charlotte Foster, said one of the most important proposed changes that HB 2683 would produce is the 1.4% for all prior and participating years of service, since the group is not as well paid as many members of KPERS. Attachment 6.

Teachers Gary Robertson and Laurene Luckeroth explained "teacher burn out" and the necessity of such teachers leaving the profession at an earlier date. Ms. Luckeroth described today's burn out may be partially attributed to the fact that teachers must also act as parents during the school day. Attachments 7 and 8.

Craig Grant said Kansas-NEA is concerned with the section of HB 2683 which negates the forward funding philosophy the Association practices, and as present social security does, has present participants pay for benefits of those who have retired. He added the Association believes the KPERS system should move away from the policy of being a savings plan for short time employees. Attachment 9.

Claudia Orton, Regent's Classified Council, indicated the group of classified employees she represents favors HB 2683 but believes future employees will not support a retirement program that provides that when

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON PENSIONS, INVESTMENTS AND BENEFITS,
room 527-S, Statehouse, at 9:00 a.m. a.m./p.m. on February 13, 1986.

House Bill 2683 - con't.

new employees leave state service, they would not receive any interest accrued by money held in KPERS accounts. The Council also disapproves of the .5% assessment contribution by state employees for health care. Attachment 10.

Neva Entrikin, President, Classified Senate, Kansas University, stated if the early retirement benefits were to be in addition to respectable salary increases, the group she represents would give an enthusiastic endorsement. She added that if money to fund HB 2683 were to be subtracted from funds earmarked for urgently needed salary increases, the group has no choice but to favor compensation that is immediately usable over that for future use. Attachment 11.

Robert Clester, Director of Kansas Sheriffs Association, indicating that many sheriffs are still members of KPERS because of local option of belonging to KP&F, said the Association supports the concept of HB 2683.

Richard Ryan, Kansas Legislative Research Department testified the costs of KPERS non-school (state), KPERS non-school (local) and KPERS school would total \$41.4 million if HB 2683 is passed.

HOUSE BILL 2362 - Hearing

Representative Vernon Williams discussed HB 2362 which would provide a medicare supplement program for retirants under KPERS, KP&F and the Judges Retirement System.

Craig Grant, Kansas-NEA stated hope that eventually the KPERS system would fund total payment of the medicare benefit, but the one-half cost payment considered under HB 2362 would benefit retired members.

Attachment 12.

Neva Entrikin, KU Classified Senate, agreed with Claudia Orton, Regent's Classified Council, that classified employees approve of the stable approach to payment, relying on KPERS investment abilities rather than a reduction in employees' spending power.

Richard Ryan, Kansas Legislative Research Department, indicated costs to fund HB 2362 would be \$24 million from the state general fund and

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON PENSIONS, INVESTMENTS AND BENEFITS,
room 527-S, Statehouse, at 9:00 a.m. on February 13, 1986

House Bill 2362 - con't.

\$26 million from all funds.

Policy questions listed by Marshall Crowther, Executive Director of KPERS include payment upon retirement to certain groups who accrue large amounts of sick and annual leave, the question of whether or not there should be restrictions on returning to public employment after retirement, state payment of one-half health insurance benefits for retirants and the question of proper age of retirement and whether there are reasons for treating different groups of employees differently regarding age.



Please PRINT Name, Address, the organization you represent, and the Number of the Bill in which you are interested. Thank you.

Thurs. Feb. 13, 1986

NAME	ADDRESS	ORGANIZATION	BILL NO.
Walter E. Tieszen	727 E. 87 th St. ^{Wichita} 67133	NEA-W.	2683
Charlotte Foster	324 N. Emporia, ⁶⁷²⁰² Wichita	USD 259	2683
Nary Robertson	918 N. Yale, Wichita	NEA-W	2683
Stan Giles	1565 Woodrow Ct	NEA-W	2683
Kaupere L. Luckeroth	903 N. 13th	MTA USD #364	2683
Sue Rowland	Pt 1 Mansfield, Ks #364		2683
Jenny Bartok	1001 N 13 th Marysville, Ks	MTA USD #364	2683
Pete Lawbe	1156 Henry	Augusta USD 402	2683
Bob Claster	Speka	Ks Sheriff's Ass'n	2683
Margaret Smith	Topoka	Const. Serv.	2362
Christina Smith	Orton Lawrence	County Classified Council	2683 & 2362
Neva Entukin	Lawrence	K.U. Classified Assn	2683
Bob Redling	Topoka	KAPE	2683 & 2362
Coig Grant	Lawrence	K-NEA	2683 & 2362
Mild Hammond	Topoka	K-NEA	2683 & 2362
Basil Covey	Topoka	KRTA	2683 & 2362
Len Raga	Topoka	S Q E	" "
Dennis Williams	Topoka	Dw A Budget	
Joe Lieber	Topoka	Ks Co-op Council	2635
Marshall Conther	Lawrence	KPERS	
Jack Hauer	Topoka	KPERS	



Testimony Presented to the House Committee on
Pensions, Investments, & Benefits

by

Gerald W. Henderson, Executive Director
United School Administrators of Kansas

Concerning HB 2683

Mister Chairman, members of the committee. I am Gerry Henderson, executive director of the United School Administrators of Kansas. USA is appreciative of the opportunity to visit briefly with you about HB 2683.

Our organization has long had a resolution calling for improvements in the retirement system for school employees, especially in the area of providing options for early retirement. HB 2683 addresses that issue. Specific issues under the bill will be discussed by two practicing administrators who are here this morning. The first is Mr. Max Wilson, Superintendent at Fredonia, who serves on the USA Legislative Committee. The second is Mr. Cecil Deel, Superintendent at Sterling, who serves as President of the Kansas Association of School Administrators, one of the member associations under the USA umbrella. With permission of the chairman, I would like to turn the podium over to these gentlemen and answer questions at the close of their testimony.

2-13-86

Attachments 1, 2, 3 + 4
2/13/86 P/B

TESTIMONY FOR THE HOUSE COMMITTEE

House Committee On Pension, Investments and Benefits

Superintendent Max Wilson
Fredonia U.S.D. #484
Fredonia KS 66736

Testimony in Support of House Bill 2683
Thursday, February 13, 1986

Chairman Louis and Committee Members:

I would like to thank you for the opportunity to speak in support of House Bill 2683. I would also like to thank you for your efforts in the past and hopefully in the future to improve retirement benefits for school employees.

My name is Max Wilson. I am Superintendent of schools at Unified School District #484 in Fredonia Kansas. The #484 school district is approximately 110 miles south of Topeka. It is comprised of 400 square miles with approximately 900 students, 61 teachers, 5 administrators, and 40 classified employees. I also serve as chairman this year of the KSA Legislative Committee (Kansas Superintendents organization.) I am not an expert on KPERS retirement or an expert on anything. I am sure you are well aware that Superintendents probably know a little bit about a lot of things but not very much about any one area.

I am very interested in the retirement program and would like to see it improved for school employees as much as the Kansas resources will allow. It is very important to improve the retirement program if we are to keep the excellent teachers we now have in Kansas, if we are to attract teachers into the profession, and if we are to be competitive in the teacher job market.

I do have some experience with retirement programs as U.S.D. #484 did have an early retirement program for the 1981-82 and 1982-83 school years. We had seven people involved in this program and we were able to finance the program because we did not fill three of those seven positions. Our school district could not

*Attch. 2
2/13/86 PIB*

afford to continue the early retirement program after the staff reductions were completed. I am not sure U.S.D.'s should have an early retirement program. To have the 306 unified school districts and the other educational agencies in Kansas develop their own early retirement plans may not be a very sound policy. I would hope the state of Kansas would develop an early retirement plan and avoid the wide variety of plans that might be developed by these different agencies.

I would encourage you to support the three year average on salaries and provide that all service be credited at 1.4%. Under the current plan school employees are not included in the 1.4% until 1996.

I would also encourage your support for full benefits with 40 years service and full benefits at age 62 with 35 years of service. Many states have early retirement programs. Missouri and Oklahoma allow professional educators to retire at age 55 with 30 years of service.

It is very important for Kansas to start some kind of program so that teachers may have the option to retire at age 55 even if this is with a penalty.

Financing these proposals will be very difficult. The proposal in HB 2638 to not pay interest on withdrawals for the first ten years of service would be a source of possible revenue. Kansas should emphasize that KPERS program is a retirement program not a savings account.

We are not unaware of the fiscal cost of this retirement improvement program and if it is not feasible to implement the plan in one year it might be advisable to consider phasing it in over a three to five year time span.

Thank you again on behalf of KASA and my school district for the opportunity to speak in support of house bill 2683.

Thank you.

Comments Concerning House Bill # 2683

Jim Harris, Superintendent
USD # 286, Sedan, KS

I would appreciate your support of HB#2683 to allow for early retirement at age 62 with full benefits. I would prefer early retirement with full benefits at age 60 as many teachers will have put in 38 years by age 60. At age 62 with full benefits from KPERS and reduced benefits of Social Security, teachers and administrators would at least have an attractive option to consider.

Having spent twenty-two years in education, the last fifteen as an administrator, I feel that education should at least have the option for early retirement available without penalty by age 62. Many administrators and teachers are just trying to survive between the age of 60-65 until they can retire. I feel if a study were made you would find the number of discipline incidences in the classroom increase with this age group. It could be burnout, loss of patience, "don't rock the boat" philosophy, etc. If police and firemen can retire early after 30 years, federal officials and armed forces in 20-30 years, why not educators?

The most important profession in the U.S. today is education. If it weren't for educators who would teach the doctors, lawyers, union officials, legislators, etc. to read, write and bargain? Yet as the law presently stands, these people cannot retire before age 65 without paying a penalty when many have put in 43 years of service.

I would urge your support of HB 2683 for early retirement and increased benefits.

*Attch. 3
2/13/86 PIB*

Mr. Chairman and members of the committee. My name is Cecil Deel and I'm representing the Kansas Association of School Administrators.

We would urge your favorable consideration of HB 2683. We believe in the merit of improving benefits for those in the profession and feel this bill accomplishes that goal.

An equally important aspect of the bill is the positive effect we believe it would bring to education. Earlier retirement incentives will provide options to educators who have served long and well, but who may now have reached a stage in their careers where the enthusiasm and energy have lessened; where the stress and burn out factors come into play; and, where they no longer are able to effectively meet the demands of today's youth. We all know that there are people in this category in every school district. For those experienced and talented teachers and administrators who still want to and are capable of teaching and supervising, we would hope they see fit to stay in the profession and that salaries and benefits we offer will induce them to continue as productive members of the educational community.

We should also consider the financial effect earlier retirements would have as we, in all likelihood, will replace retirees with those lower on the salary schedule. Of particular benefit would be our ability to restructure some of the salary dollars toward the lower end of the salary schedules and thus make entry level salaries more competitive with other professions.

Earlier retirement incentives will also improve the difficult position schools now find themselves in with regard to extra-curricular sponsorships and assignments. In most cases, the older members of our profession have opted to give up these jobs. As they are replaced, it seems reasonable to expect their replacements will assume greater responsibilities for the supervision and direction of student activities.

In summary, the improvements in retirement this bill offers will not only benefit the retirant, but also benefit the educational community as a whole and thus to the state itself.

Thank you for your consideration.

*Atch. 4
2/13/86 PIB*



Kansas Retired Teachers Association



1985-1986

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February 13, 1986

Members of the House Pensions, Investments and Benefits Committee:

My name is Basil Covey and I represent the Kansas Retired Teachers Association.

I want to speak in support of HB 2362 and Master Plan HB 2683.

The loss of a teacher in the shuttle explosion touched the heart of the nation. This brought into focus the importance of the teaching profession and those involved in working with the youth of the nation.

Kansas youth is our greatest resource and 97% of Kansas young people are free from fears, frustrations and anger. Only a year ago a member of the profession at Wichita lost his life by a bullet from a student's gun.

The fate of teachers, like Christa, is determined many times by conditions over which they have no control. Yet teachers choose to teach, not for the money, but for the challenge to help develop productive citizens. Children are diamonds in the rough waiting to be polished by patient and caring teachers to reach the polish of their full potential.

The people I represent are members of the teaching profession that have completed their careers in Kansas and hopefully to live out their lives on an adequate retirement program. Most retired teachers in Kansas that served 40 years or more, earned an average career salary of \$8000 a year. As you know retirement benefits are based on earnings of the employee in any program.

We are now in another period of teacher shortage. There are parts of this bill that do not apply to retired teachers, but the improved formula set forth in the bill, should encourage more young people to enter the teaching profession in Kansas.

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Attachment 5
2/13/86 H. PIB

We support the two special provisions that do apply to retired teachers.

We frequently talk about the cost of living, but do not want to talk about the cost of death. But we all know that provision must be made for death. This can be devastating to a spouse, depleting needed savings, unless proper provision is made. You have made improvements in this area the past years for which we thank you. This bill brings the cost of death benefits up to \$3000 which is a reasonable amount.

The matter of health care cost has always been a problem for the retired. Elementary and secondary teachers are the only retired members of the teaching profession that are not now on a group health plan. University retired teachers are on the state health group plan. Elementary and secondary teachers before they retired were on school district group plans with part of their cost paid. This stopped when the teacher retired and had to go on Plan 65 which is an individual plan costing now \$38.73 a month for each person.

This bill calls for the state to pay one-half of the cost of medicare supplement. This represents considerable saving for retired teachers and gives the state a chance to participate in the health care cost of all retired teachers in Kansas.

Again, we thank you for your concern for retired teachers in the past years, and urge you to support HB 2683.

Sincerely,


Basil Covey
KRTA

Chairperson David Louis and the other members of the Pensions, Investments and Benefits Committee. My name is Charlotte Foster. I am a secretary in the Wichita Public Schools. I am a member of the Wichita Association of Educational Office Personnel and the Kansas Association of Educational Office Personnel. I am here as a spokesperson for the 1700 classified (non certificated) employees of the Wichita School District. I wish to express our appreciation and thanks to Vernon Williams and Ken Francisco for drafting and endorsing House Bill 2683.

The group I represent is in favor of the proposed changes in House Bill 2683. One of the most important proposed changes is the 1.4% for all prior and participating years of service. This improvement in benefits after a person retires is certainly a plus for us. We as a group are not as well paid as many members of KPERS. This would be a big advantage for us. Our average gross monthly salary is \$1,562.

Also important is the change from the highest four years of salary to the highest three years. This would be another strong financial advantage for my group.

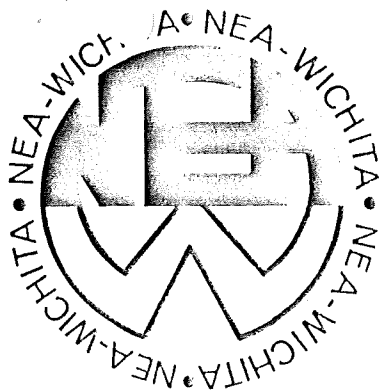
Another change proposed by this Bill would be extremely beneficial to my group and that is the proposed benefits in state health care for retirants. Our Board's self-funded plan does not extend beyond age 65. There is a real need for a good medical plan that would supplement Medicare and cover catastrophic illnesses for my group. I would like to know if this proposed health plan covers early retirants.

Atch. 6
2/13/86 H.P.I.B. *William H. ...* 6

Retirement with full benefits at any age after 40 years of credited service or at age 62 with 35 years would also be a benefit for my group. Some of our employees could have started at age 18. After age 58 with 40 years of service, they are entitled to some benefits.

Thank you for the opportunity to appear before this group and I look forward to House Bill 2683 becoming a reality this session.

Charlotte Foster, Secretary
Wichita Public Schools
324 North Emporia
Wichita, KS 67202
316-265-8666



NEA-WICHITA UNIBERV / 806 GEORGE WASHINGTON DRIVE / WICHITA, KANSAS 67211

[316] 685-2397

February 13, 1986

TO: Pensions, Benefits and Investments Committee

FROM: Gary Robertson, NEA-Wichita Political Action Committee Chair

RE: testimony in support of HB 2683

I would like to thank Representative Lewis, chair of this committee for allowing me to speak today. I am Gary Robertson, English teacher at Hadley Junior High School in Wichita. I am here representing approximately 2700 teachers in U.S.D. 259 to explain our support of HB 2683. First, I would like to thank Representative Vern Williams for drafting this bill and Representative Ken Francisco for endorsing it.

I believe improving the benefit formula from the four highest salaried years to the three highest salaried years and increasing the percentage to 1.4% times years in service will certainly increase the amount of benefits for retirees under KPERS. This also brings all groups involved into alignment with the Kansas Police and Firemen who already have this arraignment. This improvement is necessary to show the Legislature's support of career teachers in Kansas. It is also necessary because of what is going on in neighboring states for teacher retirees. Under the proposed system, a Kansas teacher of thirty years would be paid a monthly benefit equaling 42% of their highest three year average salary; in Oklahoma, a teacher, after 28 years of service, would receive 56% of their best salary; and in Arkansas, 47.7%. The saving grace presently is the higher teacher salaries in Kansas which make the benefits about equal.

Another option presented in HB 2683 that teachers deeply desire, and is a stated K-NEA goal, is the option to retire as early as 55 years of age if they have enough years of service. Teaching has become a high stress job and teachers want the option to retire early if they feel the need. Here again, this type of option is needed to help Kansas keep its career teachers. Neighboring states like Colorado and Oklahoma have 80 and out plans (when the years of service plus the years of age equal 80, the person is eligible to retire) which are very attractive to the career teacher who has been successful in teaching for five to ten years and is looking around to see where to spend the next twenty to thirty years. A shortage of teachers already exists in math, science, and industrial arts and shortages in other areas will become more apparent throughout this decade. Teacher training institutions in Kansas do not fill the state's teacher needs; the state must be able to keep its present teachers as well as recruit from other states.

These are considerations about the long-range effects of earlier retirement, but the most immediate effect would be on the present career teachers in

*Atch. 7
2/13/86 H.P.I.B. Attachment 7 & 8*

Kansas. Some of these teachers who started teaching in the Fifties and early Sixties have an immediate need. As I said earlier, teaching has become a high stress job. These career teachers have had to adapt to constant change in the last two and a half decades. They have seen the tremendous flux, up and down, in class sizes as the baby boomers went through; a more varied student population to deal with; a social revolution; a more adversarial relationship with administrators; and an ever-changing curriculum. Some of these career teachers who have served for nearly thirty years are feeling used-up and burned-out. It is very hard to teach up to previous standards feeling this way. Don't make these people hang on losing their self-respect and the children's respect. Allow them to go if they want. The teachers who want to stay will, and Kansas education will be the better for it.

February 13, 1986

Testimony: Laurene L. Luckeroth

USD #364

Marysville, Kansas 66508

I. Introduction

Sue Rowland--vocational business teacher in high school, USD# 364, Graduated from Emporia State in 1964, 21 years teaching experience, twenty in Marysville

Lenora Bartek--seventh grade math (3 sections), one section of accelerated seventh grade math, and one section of senior high Consumer Math. Teaching history similar to mine.

Luckeroth--attended rural school seven years, where I completed eight years of study, graduated Waterville High in 1946, immediately began summer school at Kansas State, began teaching rural school that same autumn, continued teaching and going to summer school, Saturday school, night school, taking correspondence work, until I completed my B.S. degree in 1957 in elementary education. Completed work for master's degree in elementary administration in 1964. Have 13 years experience in rural schools, three years in Waterville elementary sixth grade, one year sixth grade in Marysville, and 23 years in junior high in Marysville. Have taught math, English, social science and even two years of girls' physical education (in my younger days)

II. Reasons for seeking early retirement

A. Lack of motivated students

- (1) Learning must be "fun"
- (2) Lack of basic learning skills

B. General changes in society

- (1) Breakdown of family units
- (2) Our role as "parents"
- (3) Problems with drugs, alcohol and teen-age pregnancies

C. Additional burdens demanded of teachers in today's "modern" schools

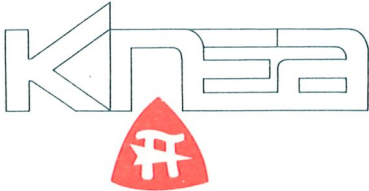
- (1) Accountability
- (2) Paperwork
- (3) Meetings, meetings

D. Conclusion

In summing up this presentation, I find that I can justify asking for early retirement after forty years on the basis of two words--"I'm TIRED!" I am willing to remove myself from the classroom, in order to make room for a younger teacher. The forty years behind me do not worry me in the least--they have been GOOD YEARS. But, when I think of having to spend eight more years of my life in the classroom in order to draw full retirement in the state of Kansas--well, I don't think I can make it without a breakdown in my health.

To quote my friend, Mrs. Bartek, "When one spends forty plus years on the battle field, it's time for some R and R!"

Atch. 8
2/13/86
H.P.I.B



Craig Grant Testimony Before The
House Pensions & Investments Committee
February 13, 1986

Thank you, Mr. Chairman. Members of the Committee, my name is Craig Grant and I represent Kansas-NEA. I appreciate this opportunity to speak to HB 2683.

Kansas-NEA has long had as part of its legislative concerns improvement in our retirement system, including earlier possible retirement with full benefits. We applaud the authors to HB 2683 for their attempt to improve benefits for a number of KPERS participants. Knowing that moneys are possibly not readily available to fund all parts of this proposal, I will attempt to talk about the pieces in the order of importance. I will also preface my remarks by stating that even if all provisions of HB 2683 were adopted, we would still feel some improvements could be made.

The first topic would be the full retirement at 65 or after 40 years of credited service, or 62 with 35 years of credited service. There is no question that a person who has given that many years of service should be able to retire will full benefits. I have noticed bills with other concepts such as "90 and out" have been introduced. We would certainly support that concept.

Next, the health care benefits program. I have already spoken to the need for health care insurance in previous testimony. Our concern with HB 2683 is that it charges active members a 1/2 percent fee to fund the program. This negates the "forward funding" philosophy we have practiced and, as present social security does, has present participants pay for benefits of

those who have retired. We need to find the funds to provide this benefit.

Next, the clause which would allow participants to retire at 55 years of age with 30 years experience, even with an adjusted benefit, would allow those with much service to retire if they chose to do so. Many times teachers, or other employees, should take that early retirement so they might be able to enjoy their retirement years rather than work themselves into poor health and not be able to enjoy retirement. Representative Graeber has introduced a bill to allow such early retirement (at 55 with 30 years experience) for teachers only. I can speak for the teaching profession when I state that teachers giving that much service are certainly deserving of such a privilege.

The next area would be changing the number of years from four to three when averaging the average salary from which to base retirement compensation. The first issue would be the date change. That change is vital to correspond with the date of elimination of the permanent 13th check. Changing the number of years would provide a higher benefit to the retired member.

The lump sum death benefit change from \$1,500 to \$3,000 might help the estate get things in order, and that benefit would not cost the system a great deal of money.

The last major change of the bill would not allow interest to be credited to the member's account until such member had ten years of service. If all or part of the plan for the state to pick up the employee's share of pension payments is implemented, this portion could be moot. We believe, however, that the purpose of the KPERS system should be an excellent sound retirement

Craig Grant Testimony Before House Pensions & Investments Committee
February 13, 1986, Page Three

system rather than a savings plan for short time employees. We will work with you to that end.

I hope this has clarified Kansas-NEA's position on HB 2683. We hope that all or a part can be funded so that we can have a better retirement system for the public employees in this state. We believe they deserve it.

Thank you, Mr. Chairman and Members of the Committee, for listening to our concerns.

REGENTS CLASSIFIED COUNCIL
EMPLOYEES OF KANSAS

February 12, 1986

Chairperson Louis, & Members of Pensions, Investments & Benefits Committee
527-S State Capitol Building
Topeka, KS 66612

Dear Committee Members:

On behalf of classified employees from Wichita State University, Pittsburg State University, Fort Hays State University and the University of Kansas, I would like to thank you for the opportunity to voice opinion on HB 2683 and HB 2362.

HB 2683: The sponsors of this bill should be commended on their concern for those who contribute to KPERS. Any enhancement in the retirement system that benefits the employee would indeed be an improvement. There are many good points in this bill such as:

- changing the number of years the final average salary is figured to three years;
- computing all prior or participating service at 1.4% per year for those who retire January 1988;
- retiring with full benefits at age 62 plus 35 years of service, and;
- reduced graduated benefits for early retirement after 10 or more years of service.

However the method used to fund the benefits does not appeal to classified employees. Even though employees hired after July 86 would be affected, more experienced (older) employees feel that future employees' contributions should not be penalized. For example, should HB 2683 be adopted, a new employee who leaves state service and withdraws KPERS contributions would not receive any interest accrued by money held in KPERS accounts. However, if current employees choose to leave state service, they may withdraw not only their contributions but interest as well. We fear future employees will not lend support to a retirement program that provides no "return" on their "investment." Adoption of HB 2683 may even prompt future employees to mount a campaign opposing any state-level retirement system.

Recommendations to double the death benefits and pay half the retirant's health insurance are excellent ideas. But again, funding is the issue. The authors are asking the already burdened state employee to provide .5% for funding. Few employees are willing to pay additional contributions to KPERS; contributions they could not recover should they leave state service.

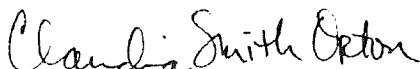
*Feb. 10
3/13/86 H.FIB*

Attachment 10

HB 2362: Classified employees would rather lend support to HB 2362, which allows the state to pay half the retirants health insurance. This bill reflects a more stable approach to payment, relying on KPERS investment abilities (putting money to work) rather than a reduction in employees' spending power and lack of flexibility to manage what money employees receive.

The Regents Classified Council employees stress their appreciation for innovative planning and introducing progressive legislation. Thank you for this opportunity to express our opinions.

Respectfully submitted,



Claudia S. Orton
Lobbyist, Regents Classified Council



XXXXXXXXXX 209 Spencer Museum of Art
913-864-4713

CLASSIFIED
SENATE
CLASSIFIED
EXECUTIVE COUNCIL

February 13, 1986

TO: House Pensions, Investments, and Benefits Committee
FROM: Neva Entrikin, President
Classified Senate, KU
RE: HB 2683

There is no doubt that under the proper circumstances HB 2683 would benefit classified employees, but we are in the unfortunate position of having some reservations about endorsing it without more information about funding.

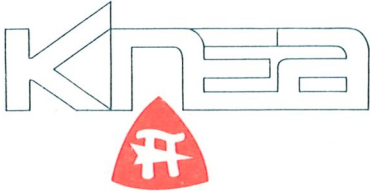
Our quandary is this: if the early retirement benefits were to be in addition to respectable salary increases, then we could give the proposal our enthusiastic endorsement. However, if money to fund this bill were to be subtracted from funds earmarked for current, urgently needed salary increases, then we have no choice but to favor compensation that is immediately usable over that for future use. Salary increases always impact favorably on our retirement benefits, so this stance does not abdicate our responsibility for future financial planning.

The bill states that in order to help fund these changes, no interest would be credited or paid to participants contribution during the first ten years. One of the most common complaints from classified workers now is that KPERs does not pay high enough interest to our accounts; I'm afraid that to tell my constituents that no interest would be credited, for whatever reason, would not be acceptable.

Frankly, it would be wonderful if we could have it all, but realistically, we fear that we can't. We want the sponsors of this bill to know that we appreciate their consideration and if there is any chance that funding is available for these benefits, we could support the bill without reservation.

Atch. 11
2/13/86 H.P.I.B

Attachment 11



Craig Grant Testimony Before The
House Pensions & Investments Committee
February 13, 1986

Thank you, Mr. Chairman. Members of the Committee, my name is Craig Grant and I represent Kansas-NEA. I appreciate this opportunity to speak to you about HB 2362.

If there is one overriding concern which I have had expressed to me by retirees, both teachers and non-teachers, it is the concern that the person will be covered with adequate medical insurance so that any savings accumulated for retirement will not be depleted by the ever-rising cost of medical care. The fear is heightened by the television ads which depict a terrible case scenario if someone does not purchase a certain type of medicare supplement insurance.

Kansas-NEA believes that HB 2362 will assist the retirants of the KPERS system greatly, both actually and psychologically. We would hope someday that the system could fund total payment of the benefit, but the one-half cost will certainly be of benefit to our retired members.

Kansas-NEA would urge that the committee report HB 2362 favorably for passage. Thank you for listening to our concerns.

*Atch. 12
2/13/86 H. PEB*

Attachment 12