

Approved 2/23/88
Date

MINUTES OF THE HOUSE COMMITTEE ON PENSIONS, INVESTMENTS & BENEFITS

The meeting was called to order by REPRESENTATIVE VERNON L. WILLIAMS at
Chairperson

9:00 AM a.m./p.m. on Tuesday, Feb. 16, 1988, 19__ in room 527-S of the Capitol.

All members were present except: Rep. Dyck, Rep. Guldner and Rep. Wisdom, who were excused.

Committee staff present: Alan Conroy, Richard Ryan, Gordon, Self, Betty Lou Chidester
Marshall Crowther

Conferees appearing before the committee:

- Craig Grant - KNEA
- Gerry Henderson, Executive Director United School Administrators of Kansas
- Charles Dodson, Executive Director KAPE

The Chairman opened the meeting by saying we would be hearing jointly HB 2616 and HB 2785 since both pertain to the same subject.

He then welcomed Craig Grant to the committee. Mr. Grant stated the concepts contained in these two bills are tied somewhat to early retirement benefits which KNEA has been seeking. Tomorrow's hearing will be about HB 2784, which opens and keeps the provisions of the window we've had for a couple of years permanent. KNEA understands the need to do something about restrictions of employment after retirement if a person is still drawing KPEERS. We understand it's a policy question. We're willing to live with certain restrictions. Referring to HB 2616 on the second page on lines 66-68 in which it indicated the provisions of the subsection of No. 5 shall not apply to the employment of a retirant by a school district or an area vocational-technical school as a substitute teacher. KNEA believes retired teachers and principals are excellent sources for use as substitute teachers. KNEA would not want a restriction against using those resources, as needed, in the area of substitute teachers.

We would prefer the penalty being written as in HB 2785. It would be up to the participating employer to pay to the system rather than penalize the retiree for taking employment. It would be up to the employer then to cover that particular cost. We would like also a provision if we're going to have one in HB 2785 to everyone not just to school employees as it does in HB 2616. The only other comment we would make would be line 66 in HB 2785 - I don't know if 30 days is the proper number or if 40 would be better or 45. I'm not sure what that exact number is. I believe if we take care of the substitute teaching part of that's the main concern that we have for our retirees on this particular bill.

The Chairman posed the question - What is a substitute teacher? Mr. Grant responded that in his opinion there are two: one is hired on a contract basis as a permanent substitute teacher who is under contract by the Board to cover absences whenever they occur. That is not what I would envision in this bill as a substitute teacher, but one who is hired on a daily basis to replace a teacher who is under contract. I believe someone hired on a permanent substitute basis is a contract employee and I don't think the exception should apply to a permanent contract.

Gerry Henderson, of USA then spoke in favor of restrictions similar to those of KNEA. Our thoughts are parallel to those of Mr. Grant and I say that because it doesn't happen very often. We are very appreciative of the work of this committee and the chairman in improving the retirement options of educators and we want to support him and at the same time we also want to be supportive of your efforts here to protect the viability and strength of

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

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of the system. We agree very much with the philosophy that if you retire you ought to retire. Our concerns lie in two areas. First, that restrictions against employing retirants as substitute teachers as contained in HB 2785 would prevent the use of the best substitutes available. The chairman's question is an appropriate one - if those become too tight, then the administrators and the people who hire substitute teachers won't have their best possible substitutes. The language you put in there ought to have that in mind. HB 2616 should address that. If a significant number of teachers jump through the window in June, the districts of Kansas may have difficulty in providing quality teachers for the classrooms of our state. I wish we had a handle on that - perhaps you do or perhaps Marshall Crowther could help us there by telling us how many teachers are eligible to go through that window. Rep. Sand asked what is the logic back of not being able to hire back substitute teachers? Are you prevented doing that by current law? Mr. Henderson's response was to the effect that we're afraid if there are too tight restrictions in the retirement system the teacher who retires early can only substitute 30 days and is needed for 31 - what do we do about that? Under the definitions spoken earlier I would agree that one under a contract is not a substitute - they just have an assignment that takes them to different places - but they work every day - that's a very necessary thing in large districts who have a need for a substitute every day so they cover that need with a contract to somebody. Different pay rates are negotiated for full time teachers and substitute teachers. ATTACHMENT #1

The Chairman pointed out that these bills are directed only to retirants who are rehired. He called attention to many newspaper articles where schoolboards have terminated somebody and immediately rehired them or there has been a request to "fire me" and then rehire me so I don't have to pay the contributions, I can get a bigger salary, and you can reduce what you are paying me a little bit and we'll all come out ahead except for the fund. The Chairman related he finds it a commentary that we have only school people here today. This one bill, HB 2785, applies to everybody.

Rep. Ott called attention to a system in the KC area that retired a supt. who was making about \$80,000., and he immediately went to Texas and hired out for more money - the fund was left holding the bag for a 10 yr. retirement. He related cases of maintenance workers and others who were fired and then hired back.

Rep. Sader asked if line 66 could read "for more than 30 consecutive days" but Mr. Henderson said he preferred the language of HB 2616 because a board might need that person for 20, 30, 40 days at a time.

Charles Dodson, KAPE, agreed the bills affected education more than public employees, but if they are to be tied to the permanency of the windows, then they would support it.

Marshall Crowther then gave a brief overview of both bills. There is nothing in either of these bills that limits or prohibits the employment of retirees at any time. There may be some inhibiting factors but as a legal matter there is nothing in these bills to prohibit anyone from being employed for any length of time. At a time in the past there was no provision to rehire anyone, then along came some exceptions of various times or salary restrictions, but there was no way to enforce them. Because of some of the things mentioned above by Mr. Laird and Rep. Ott - it was realized that a policy decision needed to be made so these bills came into discussion to take care of a retirant being rehired, receiving a salary plus his retirement benefits and making no contributions towards the fund. Neither of these two bills prohibit the re-employment of retirants by participating employers. But they do provide for certain conditions. HB 2616 provides that if an individual returns to employment the individual has to make a choice as to whether he wants to revoke his retirement and no longer receive retirement benefits - he (or she) would make contributions and would add to the initial retirement and when he left employment, would again retire with new benefits based on the additional service and additional salary. That

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language and that approach is what is in existence in the KP&F system for those who return to employment with the same employer, that was enacted last year. Basically HB 2616 puts the decision on the employee - If they want to return to work, they have to make the judgment as to what the economics and personal satisfaction is involved in returning to work and just cancelling their retirement and retiring again at some later date. HB 2616 does exclude from having to make this choice of substitute teachers and so substitute teachers would be in the status of the current law and could be employed for any length of time without any choices to make and they would just continue to receive their benefits. That's the direction HB 2616 takes. The direction of HB 2785 is focused on the employer rather than the retirant. There's no change for the retirant. They continue to receive their monthly benefit and they get whatever salary is agreed upon. But the employer has a decision to make if they want to continue to employ these people who have retired and employ them for at least 30 days a year. At that point, the employer has to reimburse the retirement fund the amount of any retirement benefits paid out at that point in time. While it doesn't prohibit, it may have some consequences that makes that decision not a viable one. I hope this is a fair description - I don't think the conferees or myself really disagree about it but just so that everyone perceives it the same. Those are two different approaches to saying that both - I think they both make the policy statement that once someone has been retired that part of the purpose of the retirement system and the money that's being spent is to enable the employees to retire in a reasonable manner and enable employers to get new employees, new ideas, new blood and that sort of thing. But then it becomes, for those who want to return, an economic judgment in either HB 2616 the employee retired has to make, or HB 2785 one that the employer has to make. Those are the approaches and becomes a policy choice whether there ought to be some action in this area - some change - and if so, which direction should it be. Certainly, neither one of these bills is the sort of thing that has a fiscal note that's going to change anybody's employer's contribution or anything like that. We'll have to do some things administratively but that isn't going to affect anybody's employer rate, probably it will be a matching up with some salary with the Dept. of Revenue - periodic basis for us to go ahead and implement this - so we can avoid what we had before - unequal treatment for retirees.

The purpose of the discussion is whether it is a good policy decision for people to retire and go back to work at the same place or whether the policy decision is that once you've retired you've really left and there is opportunity to bring in someone else? That's the question.

Rep. Sader asked if it would be necessary in HB 2616 to define "substitute" Concensus was "yes".

The Chairman declared the hearing closed. He then called attention to the memo in which he recommended clearing our agenda a little bit. I wish you would look at each of the bills and if there is something particularly interesting let me know, otherwise, tomorrow I will ask for a motion to remove them. You'll find that many of them were incorporated in the Omnibus bill last session - many of them are included in bills that have been introduced this session - so the issues are pretty well covered, I think.

Rep. Laird stated that the deadline for introducing individual bills is over; that he was asked by a KNEA lobbyist to add a teacher to the KPER'S board; that somehow he had failed to get this done with the revisor and asked permission of this committee to introduce a bill putting a teacher on KPER's Board - Upon motion by Rep. Laird, second by Rep. Sand, the motion passed.

Meeting adjourned at 9:40 AM

Rep. Van Williams

Feb 16, 1988
Please PRINT Name, Address, the organization you represent, and the Number of the Bill in which you are interested. Thank you.

NAME	ADDRESS	ORGANIZATION	BILL NO.
Jack Hawn	Topeka	KPEKS	
Marshall Cowher	Lawrence	"	
Craig Grant	Topeka	K-WEA	
Gerald Huddell	Topeka	USA	
Charles Dodson	Topeka	KAPE	
Ruth Wilber	Topeka	AAUP	



HB 2616 & 2785

Testimony presented to the House Committee on Pensions,
Investments and Benefits

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

February 16, 1988

Mister Chairman and Members of the Committee:

United School Administrators of Kansas is vitally interested in the continued improvement of retirement options and benefits under the KPERS system. We are appreciative of the efforts of this committee and the chairman during recent years.

Our desire is to be supportive of your efforts to provide retirement options for Kansas educators which are comparable with the private sector and with colleagues in other states. To that end we must also be supportive of efforts outlined in HB 2616 and HB 2785 which serve to protect the fairness and viability of the system.

Our concerns lie in two areas. First, that restrictions against employing retirants as substitute teachers as contained in 2785 would prevent the use of the best substitutes available. The language in 2616 would solve that problem.

Secondly, it would appear that the two bills being heard today are tied to the bill you will hear tomorrow. If a significant number of teachers jump through the window in June, the districts of Kansas may have difficulty in providing quality teachers for the classrooms of our state.

We agree with the philosophy that when one retires and draws benefits from the KPERS system, one should not then be working at the same or similar job which provided that retirement.

GWH/ed

Attachment #1

2/17/88