

Approved \_\_\_\_\_  
Date 3/4/88

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 Thursday, Feb. 25, 1988, 19\_\_ in room 527-S of the Capitol.

All members were present except: All present

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

Conferees appearing before the committee: Charles Dodson, KAPE  
Gerry Henderson, Executive Director, USA  
Ernie Mosher, League of Municipalities  
Jerry Ray  
Basil Covey  
Craig Grant

The Chairman called the meeting to order and the first conferee to appear is Craig Grant, KNEA in support of HB 2782. He also incorporated HB 2786 in his testimony - the first provision would change the normal retirement date to 62 after 30 years of credited service. The second provision would modify two ways the change instituted last year. It would lower to 25 years of service the eligibility for the 1.5% multiplying factor. His written testimony is attached to and made a part of these minutes. See Attachment #1

The next conferee is Gerald W. Henderson, Exec. Director, USA who remarked that the provisions of the window were much more attractive, but if this bill is the way things will go they will support HB 2782 and HB 2786. His written testimony is attached to and made a part of these minutes. See Attachment #2.

The chairman closed the hearing on HB 2782

Hearing on HB 2786 now open with Ernie Mosher, League of Municipalities, urging support of bill. however, he is concerned with the fact that while the employer and employee should be contributing an equal amount to the fund right now the employee is contributing 4% while the employer only 1.7%. His written testimony is attached to and made a part of these minutes. See Attachment #3.

Hearing on HB 2787 now open and conferee Jerry Ray, Intergovernmental Coordinator for Johnson County supports HB 2787 and the reduction of the vesting period from 10 to 6 years. Her written testimony is attached to and made a part of these minutes. See Attachment #4.

Hearing on HB 2788 - Craig Grant, KNEA, believe that HB 2788 is a relatively inexpensive way to improve a benefit for retirant's family upon the death of that retirant. His written testimony is attached to and made a part of these minutes. See Attachment #5

Basil Covey, Retired Teachers Association, next conferee to speak on HB 2788 supports that bill that increases the death benefit for retired members under KPERS. His written testimony is attached to and is made a part of these minutes. See Attachment #6

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON PENSIONS, INVESTMENTS & BENEFITS,  
room 527-S, Statehouse, at 9:00 AM a.m./p.m. on Thursday, Feb. 25, 1988, 19   .

Marshall Crowther explained that the KPERS System is not a pay as you go system. That may be the social security approach, but it is not the KPERS approach. He also cautioned the committee that cost estimates provided by KPERS actuaries are annual costs.

The Chairman announced that action will be taken soon on some of our bills.

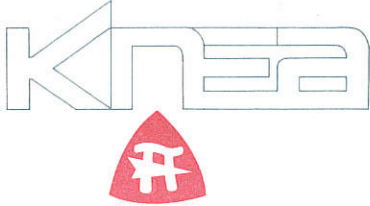
The hearing was closed and the meeting adjourned at 9:30 AM

*Rep. VanWinkle*

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

2/25/88

NAME	ADDRESS	ORGANIZATION	BILL NO.
Craig Grant	Topeka	K-NEA	
Bilal Covey	Topeka	KRTA	2788
Harold Pitts	Topeka	KRTA	
Shelley Sutton	Topeka	KES	
Gaul & Clark	Marshall, Mo.		
Barb Remert	Topeka	KPCA	
Cindy Hoener	Topeka	Judicial	
Jessie Underwood	Topeka	USA	
Ernie Mosher	Topeka	League of BS Men	
Bernie Hays	"	"	



Craig Grant Testimony Before The House  
Pensions, Investments & Benefits Committee  
Thursday, February 25, 1988

Thank you, Mr. Chairman. My name is Craig Grant and I represent Kansas-NEA. I appreciate this chance to speak in favor of HB 2786 and HB 2782. It appears that the change in HB 2786 is already incorporated in HB 2782 so that is what I will visit about today.

The first provision is the changing of the normal retirement date to 62 after 30 years of credited service. We believe that this would be a good addition to our retirement system, but should not be done in lieu of keeping the provisions of the window (in the previous three lines on page 8). An additional benefit change would be welcomed and accepted.

The second provision, found on page 12 of the bill, would modify two ways the change which was instituted last year. It would lower to 25 years of service the eligibility for the 1.5% multiplying factor and improves credit for prior service for these people. Kansas-NEA believes that both changes are positive and would ask that the legislature improve the retirement for those long-time participants in this way.

Kansas-NEA would suggest that HB 2782 be reported favorably. Thank you for listening to our concerns.





HB 2782 and 2786

Testimony presented before the House Committee  
on Pensions, Investments and Benefits  
by Gerald W. Henderson, Executive Director  
United School Administrators of Kansas

February 25, 1988

Mister Chairman and members of the committee.

United School Administrators of Kansas again appreciates the opportunity to speak in support of efforts to improve retirement options and benefits for Kansas educators. The provisions in both bills which change the mutlipliers to 1.25% FAS for prior service and 1.5% FAS for participating service will be welcomed by our members not only for selfish reasons, but for reasons mentioned last week by Superintendent Shuler when he talked about attracting new people.

The provision in HB 2782 which allows for retirement at age 62 with 30 years of credited service is obviously not as attractive as the provisions under the window. 62 and 30 do however address the problem we mentioned last week about retaining people who may well jump prematurely through a closing window.

If retaining the option of retirement at age 60 with 35 years of service or at any age with 40 years of service is impossible, the early retirement provisions of HB 2782 are an acceptable next best step.

ATTACHMENT #2 2/25/88



# League of Kansas Municipalities

PUBLISHERS OF KANSAS GOVERNMENT JOURNAL/112 WEST SEVENTH ST., TOPEKA, KANSAS 66603/AREA 913-354-9565

RE: HB 2786--Increase in KPERS Benefits  
TO: House Committee on Pensions, Investments and Benefits  
FROM: E.A. Mosher, Executive Director  
DATE: February 25, 1988

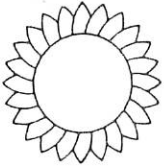
The League is in support of HB 2786, by action of our Public Personnel Committee. This position is consistent with our convention-adopted Statement of Municipal Policy, as follows:

We generally support improvements to the Kansas Public Employees Retirement System (KPERS) retirement benefits schedule, including an increase in the participating service benefit from 1.4% to 1.5% of final average salary. As a matter of fairness and equity, an increase in current, participating service benefits is merited since the employee contribution rate of 4.0% is significantly more than the actuarially-required employer contribution rate for such benefits, in conflict with the basic principle that both the employer and employee contribution rates to finance normal, participating service benefits should be approximately equal.

Our primary legislative objective in the KPERS area this session is to uncouple the local employer contribution rate from the employer rate for teachers, which is resulting in cities, counties and other local units contributing about 1.4% of payroll more than is necessary to actuarially fund the KPERS non-teachers system. However, we have a continuing policy objective of increasing KPERS benefits, particularly for participating service, as noted in the above-quoted Statement.

Much of our concern about benefit levels stems simply from a matter of fairness and equity. During 1988, local governments will be contributing only .700% toward the cost of participating service, while the employee is required to pay 4%. While local governments are not necessarily enthused about increasing the employer contribution, they do feel an obligation of fairness. Increasing the participating service benefit from 1.4% to 1.5% will help improve the fairness of the system.

ATTACHMENT #3 2/2/88



FEBRUARY 25, 1988

HOUSE PENSIONS, INVESTMENTS AND BENEFITS COMMITTEE

HOUSE BILL 2787

TESTIMONY OF GERRY RAY, INTERGOVERNMENTAL COORDINATOR  
JOHNSON COUNTY BOARD OF COMMISSIONERS

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, MY NAME IS GERRY RAY AND I THANK YOU FOR THE OPPORTUNITY TO APPEAR BEFORE THE COMMITTEE TO EXPRESS THE JOHNSON COUNTY COMMISSION'S SUPPORT OF HOUSE BILL 2787.

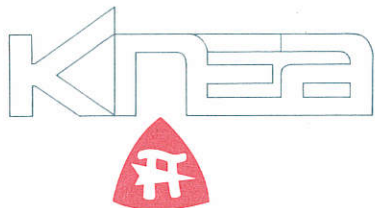
OUR BOARD SUPPORTS THE REDUCTION OF THE VESTING PERIOD FOR KPERS FROM 10 YEARS TO 6 YEARS FOR SEVERAL REASONS:

FIRST: IT PROVIDES BETTER CONSISTENCY WITH FEDERAL LAW FOR A FIVE YEAR VESTING PERIOD IN THE PRIVATE SECTOR. THUS HELPING PUBLIC ORGANIZATION TO BECOME MORE COMPETITIVE.

SECOND: MANY OF OUR EMPLOYEES DO NOT REMAIN WITH THE COUNTY FOR THE 10 YEAR PERIOD. WHEN THEY TERMINATE ONLY THE EMPLOYEES CONTRIBUTION IS RECOVERED AND THE COUNTY RECEIVES NO BENEFIT FROM ITS CONTRIBUTION.

THIRD: CURRENTLY THE KPERS IS IN AN EXCELLENT ACTUARIAL SITUATION AND THIS SEEMS AN APPROPRIATE TIME TO ENHANCE THE BENEFITS IN THIS MANNER.

THE JOHNSON COUNTY COMMISSION URGES THE COMMITTEE TO REPORT HB 2787 FAVORABLY FOR PASSAGE.



Craig Grant Testimony Before The House  
Pensions, Investments & Benefits Committee  
Thursday, February 25, 1988

Thank you, Mr. Chairman. I am Craig Grant and I represent Kansas-NEA. I appreciate this opportunity to visit with the committee about HB 2788.

Kansas-NEA believes that HB 2788 is a relatively inexpensive way to improve a benefit for retirant's family upon the death of that retirant. With the myriad of costs related to funerals and getting an estate settled, this would be a welcomed improvement to our KPERS system.

Thank you for listening to our concerns.





# Kansas Retired Teachers Association

Retired — Not Withdrawn

1987 - 1988



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Basil Covey  
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Phone 913-272-5914

February 25, 1988

Members of the Committee on Pensions, Investments and Benefits:

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

We support HB 2788 that increases the death benefit for retired members under KPERs.

This bill represents a goal that had been set by your committee and chairman over the past several years. Your concern for the surviving spouse for a death of a marriage partner is certainly to be applauded.

We appreciate the brevity and clarity of the bill. Those of us without trained legal minds can easily see and feel the great significance of this bill.

The cost of death, as well as the cost of living, is a major part of a retired person's worry and concern. The \$3000 death benefit will go a long way in relieving the grief and suffering of the surviving spouse.

We urge your support of HB 2788.

Sincerely,

*Basil Covey*  
Basil Covey  
KRTA

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ATTACHMENT #6

2/25/88