

Approved _____

3/4/88

Date

MINUTES OF THE HOUSE COMMITTEE ON PENSIONS, INVESTMENTS & BENEFITS

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

9:00 AM a.m./p.m. on Friday, March 4, 1988, 19__ in room 527-S of the Capitol.

All members were present except: Reps. Dyck, Ott, Sand, who were excused.

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

Conferees appearing before the committee: none

Chairman Williams opened the meeting by advising this was the last day we could pass out of this committee to the House bills that originated in the House. We do have a safe harbor in this committee since we are in effect a sub-committee of Appropriations, so any bill we pass having to do with investments, benefits or pensions with KPERS will automatically go to the Appropriations Committee where they will have additional hearings and consideration. The first bill to be considered is HB 2232. After considerable discussion concerning the amendment to be added, Rep. Wisdom moved that lines 80 to 82 be stricken and the words "not caused in whole or in part by the member's use of tobacco or tobacco products, alcohol or drugs" be inserted. Seconded by Rep. Guldner, the amendment was carried. Upon motion by Rep. Sutter that the bill be passed out as amended, seconded by Rep. Sader, the motion carried, with Rep. Laird voting NO.

HB 2918 - This bill was introduced by Rep. Brady and others to change the composition of the HCC by adding two members to the commission - one a state employee and the other a member of the legislature to be appointed by the legislative council. The other change was to commence on July 1, 1989, making it a fiscal year rather than a calendar year. On motion by Rep. Laird, seconded by Rep. Kennard, the motion carried unanimously.

HB 2836 - Marshall Crowther made some detailed explanations concerning some cost estimates for alternatives to the bonus arrangement. (His written explanation is attached and marked Attachment #1). Chairman Williams recommended the bill be passed out without recommendation and that an alternative amendment be made to HB 2839. Motion was made by Rep. Wisdom to accept AB&C columns in Marshall Crowther's explanation as an amendment to HB 2839. It was seconded by Rep. Justice and the motion carried. Upon motion of Rep. Laird and seconded by Rep. Sutter, the motion carried to pass HB 2839.

Upon motion by Rep. Long and seconded by Rep. Wilbert, the motion carried to approve the minutes for Feb. 23, 24, 25, and March 1, 2, 3, 4.

Meeting adjourned 9:34 AM

Rep. Vernon Williams

3/4/88

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.
Charles Dodson	Topeka	KAPE	
Bill Perdue	Topeka	KAPE	
Jerry Marlatt	"	RCE77	
Barb Reinert	"	RPOA	



Kansas Public Employees Retirement System
 MARSHALL CROWTHER, Executive Secretary

March 3, 1988

MEMORANDUM

TO: Representative Vernon Williams, Chairman
 Pensions, Investments and Benefits Committee

FROM: Marshall Crowther, Executive Secretary

RE: Cost Estimates

Following the meeting of the Pensions, Investments and Benefits Committee on March 3, 1988, you asked me to secure cost figures from our actuary regarding several proposals. We have received estimates by phone from the actuary as provided below. All dollar figures use estimated payroll for FY 1989.

1. Increasing the participating service rate for all years of credited service over 20 would result in an increased employer contribution rate of .07%. This would result in an increased annual employer contribution rate for KPERS school of \$853,197 SGF. There would be an increased annual contribution rate for the state of \$384,861, of which \$211,674 would be SGF. Local government contributions would increase by \$324,745.

2. A reduction of employee contributions from 4% to 2% for all KPERS members with 20 or more years of credited service would result in an increased employer contribution rate of .03%. This would result in an increased annual employer contribution rate of KPERS school of \$365,656 SGF. There would be an increased annual contribution rate for the state of \$164,941, of which \$90,717 would be SGF. Local government contributions would increase by \$139,177.

3. A reduction in the factor for early retirement from .3% for each month prior to attainment of age 65 to .2% would result in an increased employer contribution of .02%. This would result in an increased annual employer contribution rate for KPERS school of \$243,771 SGF. There would be an increased annual contribution rate for the state of \$109,960, of which \$60,478 would be SGF. Local government contributions would increase by \$92,784.

MC:bw

	<i>A</i> 1.6% over 20 years .07%	<i>B</i> Reduce Contributions .03%	<i>C</i> .2% Early Factor .02%	Total
School	\$ 853,197	\$365,656	\$243,771	\$1,462,624
State	384,861	164,941	109,960	659,762
General Fund	211,674	90,717	60,478	362,869
Local	324,745	139,177	92,784	556,706
Total	\$1,562,803	\$669,774	\$446,515	\$2,679,092
Total General Fund	\$1,064,871	\$456,373	\$304,249	\$1,825,493