

Approved March 27, 1989
Date

MINUTES OF THE HOUSE COMMITTEE ON PENSIONS, INVESTMENTS AND BENEFITS

The meeting was called to order by Representative Vernon L. Williams at
Chairperson

8:02 a.m./~~8:00~~ on March 16, 1989 in room 521-S of the Capitol.

All members were present except:

Rep. Hurt-Excused Rep. Flottman-Excused
Rep. Shallenburger-Excused Rep. Justice-Excused
Rep. Guldner-Excused

Committee staff present:

Alan Conroy
Richard Ryan
Gordon Self
Jack Hawn
Mary Meier

Conferees appearing before the committee:

Chairman Williams announced the opening of hearing on HB-2357.

Representative Carol Sader spoke as a proponent of HB-2357. Her written testimony is attached. (Attachment 1) She emphasized that people who are forced to work to age 65 often do so with diminished capacity; that most states allow the working until 60 with a minimum of 30 years service; that only 7 states require employees to work until 65. She urged favorable passage of the bill.

Craig Grant, KNEA, then spoke briefly in support of the bill. Written testimony is attached. (Attachment 2). He spoke in favor of an expanded "window" and its enhancements. He stated that he had spoken to many people in favor of this bill.

Bill Curtis, Association of School Boards, spoke and submitted written testimony in favor of HB-2357. (Attachment 3). He stated that even though his association does not deal directly with KPERS that they were very supportive of this bill. He urged the establishment of a permanent "window" in order that employees anticipating retirement might more accurately make retirement plans.

Chuck Stuart, United School Administrators, stated that HB-2357 was considered by his organization to be the most important of any currently before the legislative bodies, dealing with retirement issues, and was completely supportive of the bill. (Attachment 4).

Ernie Mosher, Kansas League of Municipalities, spoke as a proponent of HB-2357, but urged that it also address HB-2358 which increases the basic benefit package.

There was no discussion.
Hearing closed on HB-2357
Hearing adjourned at 8:16 a.m.



Representative Vernon L. Williams
Chairman

CAROL H. SADER
 REPRESENTATIVE, TWENTY-SECOND DISTRICT
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 SHAWNEE MISSION, KANSAS 66207
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HOUSE OF
 REPRESENTATIVES

COMMITTEE ASSIGNMENTS
 RANKING MINORITY MEMBER:
 PENSIONS, INVESTMENTS AND BENEFITS
 MEMBER: ECONOMIC DEVELOPMENT
 ELECTIONS
 PUBLIC HEALTH AND WELFARE
 JOINT COMMITTEE ON ECONOMIC
 DEVELOPMENT

TESTIMONY ON HB 2357
 PENSIONS, INVESTMENTS AND BENEFITS COMMITTEE
 March 16, 1989

Mr. Chairman and Members of the Committee:

I come before you today as a sponsor and proponent of HB2357. This bill would extend the early retirement "window of opportunity" for members of KPERS for one year commencing July 1, 1989. It would permit an individual to retire with full benefits after 40 years of service regardless of age or at age 60 with 30 years of service. This bill modifies the existing window from full retirement benefits at age 60 with 35 years of service to age 60 with 30 years of service.

An early retirement window was initially approved by the 1986 Legislature for a two-year period from July 1, 1986 to June 30, 1988. During that time period, 525 individuals utilized the window. The 1988 Legislature extended the window for one year until June 30, 1989. HB 2357 would again extend the window for another year until June 30, 1990.

Please note that the initial fiscal note on this bill of \$2.7 million from the State General Fund was in error. The revised, corrected note indicates that this bill's enactment would increase the employer contribution rate for both the state and local units of government by only .02%. This would require additional annual employer contributions for the state of \$343,000 from the State General Fund and \$87,519 for local units of government.

The following are a number of compelling reasons to keep the "window" open: 1) In the school setting, the early retirement option benefits teachers who suffer from burn-out; it benefits students by relieving them from exposure to the "burned-out" teachers; and it benefits the school districts when staff reductions are required.

2) To force people who have worked at a given job for 30 years to continue to work at that job until they are 65 years old can lead to diminished productivity when the individual no longer finds the job satisfying.

3) If the window is closed now, local school boards will be faced with a large number of teachers retiring this year to take advantage of the early retirement provision that will end on June 30th.

4) Most other states (at least 39) allow retirement at age 60 with a minimum service requirement of 30 years. Only seven states require employees to work for 35 years before becoming eligible for

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 ATTACHMENT 1

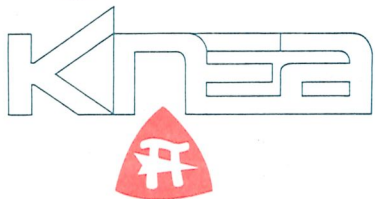
retirement with full benefits. To close the window would make Kansas less competitive with most other states.

5) An early retirement option is a significant incentive for young people to consider a career in teaching or public employment in Kansas.

Our state's public policy should encourage, not discourage, the brightest and the best to work as teachers and public employees in Kansas. HB2357 is a clear statement in support of this policy and I urge its favorable passage.

Thank you.

Carol H. Sader



Craig Grant Testimony Before The
House Pensions, Investments, and Benefits Committee
Thursday, March 16, 1989

Thank you Mr. Chairman. I am Craig Grant and I represent Kansas-NEA. I appreciate this opportunity to visit with the committee about HB 2357.

Kansas-NEA supports the extension of the "window" with the enhanced window of opportunity as outlined in HB 2357. There is probably no other retirement issue which has generated teacher support as this one has. After forty years of service or after 30 years at age 60, a person ought to be able to retire with no reduction in benefits. The teachers affected by this provision know if they have reached the "burn out" stage or not. It is not too much to ask for those people who have dedicated their lives to the teaching profession to be able to retire and enjoy their retirement with no penalty for early retirement. They have provided good and faithful service to the state and this benefit provides them a real "thank you" for their long years of teaching the children of our state.

Kansas-NEA supports HB 2357 and considers it one of our highest priorities in the retirement area. Thank you for listening to the concerns of our members.

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ATTACHMENT 2



Testimony on HB 2357
before the
House Pensions, Investments and Benefits Committee

by

Bill Curtis, Assistant Executive Director
Kansas Association of School Boards

March 16, 1989

Mr. Chairman and members of the committee, we appreciate the opportunity to testify today on behalf of the 301 members of the Kansas Association of School Boards. Normally, KASB does not testify on retirement issues as school boards do not contribute to KPERS. However, in the instance of HB 2357, our members have taken a position of strong support. KASB has a specific resolution supporting the permanent extension of this early retirement opportunity.

The early retirement window was first approved by the Legislature in 1986. During 1987, several employee groups appeared before the KASB Legislative Committee and requested our support for early retirement. The association did approve support for early retirement without penalty and KASB supported the extension last year. We would again support extension of the window but would also ask that the committee give consideration to making these provisions permanent.

Thank you for listening to our concerns. We would urge your favorable consideration of HB 2357.

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ATTACHMENT 3*



HB 2357

Testimony presented before the House Committee on
Pensions, Investments and Benefits
presented by Charles L. Stuart, Legislative Liaison
United School Administrators of Kansas

March 15, 1989

Mr. Chairman and members of the committee.

The United School Administrators of Kansas strongly supports passage of HB 2357. Making the early retirement provisions of this bill permanent is the number one retirement goal of our organization.

Many employee groups under KPERS are recognized for their stress level with an early retirement provision. I submit to you that a career in elementary and secondary education also carries a stress factor. There are people who need to leave the employment of school districts before reaching the age of 65. Education of children will be best served by this early retirement privilege.

Having just completed 41 years in education, the last 29 being in the superintendency, I can personally attest to the need for early retirement. Teachers and administrators do burn out. Their reservoir of energy and ability to cope with new ideas and students from a more complex social background has been depleted. In some cases it is recognized by staff members who willingly use the early retirement. In some cases early retirement provides an avenue to successfully counsel out those who have lost a portion of their effectiveness.

Due to the recent year to year early retirement option many staff members have planned their upcoming retirement based on the current law. To not make it permanent or to withdraw the current early retirement option renewed annually, would be a blow to their plans of ending their career with their good health intact.

The United School Administrators of Kansas urges the committee to give favorable action to HB 2357.

CLS/sh

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3-16-89
ATTACHMENT 4*