

Approved: 4-1-91  
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson George Teagarden at 5:30p.m. on March 7, 1991 in room 514-S of the Capitol.

All members were present except: Representatives Fuller and Turnquist (excused)

Committee staff present:

Ellen Piekalkiewicz, Legislative Research Department  
Debra Duncan, Legislative Research Department  
Jim Wilson, Revisor of Statutes  
Susan Miller, Administrative Aide  
Sue Krische, Committee Secretary

Conferees appearing before the committee:

Representative Kathleen Sebelius  
Senator Alicia Salisbury  
Representative Walker Hendrix  
Representative Don Rezac

HB 2404 - KPERS, elected state officials, limitations on special member provisions.

Alan Conroy, Kansas Legislative Research Department, explained that HB 2404 makes three major changes concerning the KPERS special elected official class: (1) the special class would be closed on 7-1-91; (2) current members of the special class may revoke their memberships in the special class; and (3) current members who do not revoke their memberships would be moved back to regular KPERS after their present terms of office if they are eligible and elect to be members. He distributed a current supplemental note on the bill (Attachment 1).

Representative Kathleen Sebelius appeared in support of HB 2404 and submitted written testimony (Attachment 2). She noted this bill would have a positive fiscal impact on the state of \$400,000. Representative Sebelius stated the issues her constituency has raised about the special class pension plan have been that of parity and the procedure used to pass the plan, i.e., no public hearings.

Senator Alicia Salisbury testified in support of HB 2404. She cited an IRS ruling this summer stating there must be equity in state retirement systems and noted this bill could also address the issue of annualizing legislative salaries for pension purposes. Senator Salisbury advised the cost to upgrade the pension plan of all state employees to the special class provisions would be approximately \$64 million in FY94. Representative Solbach suggested the rationale for passage of the pension plan may still be valid, which was to encourage legislators to stay longer when their experience is more valuable to the state, to allow members to retire after many years of public service with dignity, and to try to attract citizens to run for the legislature.

Representative Walker Hendrix appeared in support of HB 2404 stating the legislative pension plan was an issue in his recent campaign due to the perception by the public of inequity. He feels this bill should be passed to address that problem.

Representative Don Rezac, Chairman, House Pensions, Investments and Benefits Committee, testified in support of HB 2404 (Attachment 3).

In response to a question, Marshall Crowther, KPERS, stated that under current law there is no provision for an elected official to opt out of the special class until he is out of office. Representative Helgerson suggested amending the bill so that options to get out of the special class would only be available after the next election, as he feels everyone should have the opportunity to finish out their terms under the original effective contract. Representative Helgerson made a conceptual motion that no one can enter the special class after 7-1-91, but elected officials that want to opt out of the special class can do so on the swearing-in date following the next election. Representative Dean seconded. On further discussion, Representative Helgerson amended his motion to strike the provision that allows a special member to revoke his election into the special class, which begins on line 33, page 1 with "any" through line 8, page 2 of the bill. Representative Dean seconded. Motion carried.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, room 514-S Statehouse, at 5:30 p.m.  
on March 7, 1991.

Representative Patrick made a conceptual motion to amend the bill to establish a Legislative Compensation and Benefits Commission of 8 persons (non-legislators) to be appointed--two by the Speaker, two by the Senate President, two by the House Minority Leader, and two by the Senate Minority Leader with the Commission recommending a legislative compensation package back to the 1992 Legislature. Representative Dean seconded. Several members expressed concern that this amendment constitutes a second and separate subject and should be introduced in a separate bill. On a show of hands, the motion carried.

Representative Chronister moved that HB 2404, as amended, be recommended favorably for passage. Representative Hochhauser seconded. Motion failed. Representative Hochhauser is recorded as voting in favor of the motion to pass HB 2404 favorably, as amended.

Representative Helgerson advised that further information has been received regarding HB 2086 dealing with KUMC which he feels should be considered in the Committee. Representative Helgerson moved to reconsider committee action on HB 2086. Representative Goossen seconded. Motion carried. Representative Helgerson stated his specific concern is with the ending balance of the KUMC Hospital Fees Fund. In an effort to address some questions raised at yesterday's meeting, Representative Chronister distributed a chart of FY91 and FY92 SGF monies in the Regents' institutions (Attachment 4).

The meeting was adjourned at 7:10 p.m. The next meeting is scheduled for Friday, March 8 at 8:00 a.m. in 514-S.

SESSION OF 1991

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2404

As Recommended by House Committee on  
Pensions, Investments, and Benefits

**Brief\***

H.B. 2404 makes three major changes concerning the Kansas Public Employees Retirement System (KPERs) special state elected official class (eligibles are the Governor, Lieutenant Governor, Attorney General, Secretary of State, Insurance Commissioner, State Treasurer, and members of the Legislature). The changes are:

1. The special class would be closed on July 1, 1991, which is the effective date of the bill. No individual could join the special class after that date. All future members of the Legislature could elect to be regular members of KPERs with the same benefits as any other state employee.
2. Current members of the special class may revoke their membership in the special class. These individuals would receive a refund of their higher employee contribution paid while a member of the special class. (The official in the special class contributes 5 percent of gross salary, compared to 4 percent for regular KPERs members.)
3. Current members in the special class who do not revoke their membership would be moved back to regular KPERs after their present term of office if they are eligible and elect to be members. These individuals would eventually receive a benefit based on two calculations. One part would be based on the years of service under the special class (including past service counted in the special class) and the other part on the years of service under regular KPERs.

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\* Supplemental Notes are prepared by the Legislative Research Department and do not express legislative intent.

HA  
3-7-91 (b)  
Attachment 1

Persons who have already retired as special class members would not be affected by the bill.

### Background

The special class was created by 1988 legislation. To become a member of the class, an eligible elective official had to file an election with KPERS by November 18, 1988 or within 30 days after the official takes the oath of office, whichever is later. The key differences between the special class and regular KPERS are shown below.

	<u>Special Class</u>	<u>Regular KPERS</u>
Vesting	8 years	10 years
Final Average Salary (FAS)	Highest 3 years	Highest 4 years
Participating Service Benefit Formula	2% of FAS for each year of service, not to exceed 60% of FAS	Generally, 1.4% of FAS for each year of service; 1.5% for those who retire on or after 8/1/87 with 35 years of credited service
Employee Contribution	5% of compensation (2% with 30 years of credited service)	4% of compensation
Employer Contribution (State)		
FY 1991	7.90%	3.2%
FY 1992	8.30%	3.6%
FY 1993	7.90%	3.3%

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TOPEKA

HOUSE OF  
REPRESENTATIVES

CHAIR: FEDERAL & STATE AFFAIRS  
MAJORITY PARTY CAUCUS  
MEMBER: ARTS & CULTURAL RESOURCES  
JUDICIARY  
SENTENCING COMMISSION

KPERS Special Elected Official Class

This bill contains three major changes concerning the special class:

1. The special class would be closed on July 1, 1991, which is the effective date of the bill. No individual could join the special class after that date. All future members of the Legislature could elect to be regular members of KPERS with the same benefits as any other state employee.
2. Current members of the special class may revoke their membership in the special class. These individuals would receive a refund of their higher employee contribution paid while a member of the special class. The employee in the special class contributes 5 percent of gross salary, compared to 4 percent for regular KPERS members.
3. Current members in the special class who do not revoke their membership would be moved back to regular KPERS after their present term of office if they are eligible and elect to be members. These individuals would eventually receive a benefit based on two calculations. One part would be based on the years of service under the special class (including past service counted in the special class) and the other part on the years of service under regular KPERS.

Persons who have already retired as special class members would not be affected by this bill.

HA  
3-7-91(b)  
Attachment 2



TOPEKA

HOUSE OF  
REPRESENTATIVES

DON M. REZAC  
REPRESENTATIVE, SIXTY-FIRST DISTRICT  
PARTS OF POTTAWATOMIE,  
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COMMITTEE ASSIGNMENTS  
CHAIRMAN: PENSIONS, INVESTMENTS AND BENEFITS  
VICE CHAIRMAN: AGRICULTURE  
MEMBER: ENERGY AND NATURAL RESOURCES  
TRANSPORTATION

TESTIMONY ON HB 2404  
APPROPRIATIONS COMMITTEE  
March 7, 1991

Thank you, Mr. Chairman and members of the Committee.

I am here today to testify in favor of HB 2404. In the House Pensions Committee, we held hearings on two identical bills - HB 2197 which was signed by 31 Democrats, and HB 2203 which was signed by 15 Republicans. After the hearings in a bipartisan support, the Committee passed out the bill you're looking at today, HB 2404.

This bill, 2404, did come out of the Pensions Committee unanimous, with several members being recorded as voting "yes". In our Committee hearings, we heard a lot about the columnist, Dick Snider, and his views on pensions. Even as late as this morning in Committee testimony, my Pensions Committee still heard about Dick Snider. After the testimony, I advised the Committee of some facts. I did contact Dick Snider to come testify on this bill, and his comment to me was, "You already know my feeling on pensions; I couldn't add anything to testimony." What I have found out in listening to testimony in my Committee is that the public thinks that everything Dick Snider says is absolutely correct. This may or may not always be the case. I think we have to decide this issue on sound facts. All the newspaper comments have, I think, brought this bill to where it is today.

This bill will put us as legislators back in the regular public employee retirement system. I think the time has come to enact this bill, and I ask for your support.

I will be happy to try and answer questions.

DON REZAC

HA  
3-7-91 (b)  
Attachment 3

<u>Regents</u>	<u>'91</u>	<u>SGF</u>	<u>'92</u>	
W.S.U.	\$ 47.237 M		\$ 45.666 M	- 3.3%
KCT	\$ 3.988 M		\$ 4,013 M	+ 0.6%
<del>Regents</del>	<del>4.456 M</del>		<del>4.518 M</del>	
Regents	\$ 8.718 M		\$ 8,641 M	- 0.9%
P.S.U.	\$ 21.845 M		\$ 21.690 M	- 0.7%
K.U.	\$ 100.988 M		\$ 94.022 M	- 6.9%
E.S.U.	\$ 20.506 M		\$ 20.251 M	- 1.2%
F.H.S.U.	\$ 20.269 M		\$ 20.004 M	- 1.3%
K.S.U.	\$ 103.745 M		\$ 102.067 M	- 1.6%
Vet Med.	\$ 7.790 M		\$ 7.818 M	+ 0.36%
Kumc	\$ <u>67,232 M</u>		\$ <u>63,463 M</u>	- 5.6%
	\$ 402.318 M		\$ 387.635 M	( - \$ 14.683 M )

Below FY'91  
3.65%