

Approved February 27, 1991
Date

MINUTES OF THE HOUSE COMMITTEE ON PENSIONS, INVESTMENTS AND BENEFITS

The meeting was called to order by Don Rezac at
Chairperson

7:37 a.m./~~p.m.~~ on February 20, 1991 in room 526-S of the Capitol.

All members were present except: Representative Bill Wisdom (excused)

Committee staff present: Alan Conroy - Legislative Research
Richard Ryan - Legislative Research
Gordon Self - Revisor's Office
Juanita Blasdel - Committee Secretary

Conferees appearing before the committee:

Representative Kathleen Sebelius
Larry Fischer - Kansans for Fair Taxation, Inc.
Senator Alicia Salisbury
Representative Sheila Hochhauser
Duane Thiem - state worker
Byron Patton - Topeka
Fred Phelps, Sr. - Topeka
Burton Buser - Kansas Taxpayers Association
Harlow Preston - Topeka
Dick Foust - Topeka
Representative Walker Hendrix

The meeting was called to order by Chairman Rezac at 7:37 a.m.

HB 2197 and HB 2203: relating to retirement benefits of elected state officials.

Representative Kathleen Sebelius, the prime sponsor of HB 2197, was the first proponent to testify on these bills. She spoke of the three major changes concerning the special class (Attachment #1). She suggested that the committee would consider refileing the two bills as one from the committee and bringing it to the floor.

The next proponent was Larry Fischer of Kansans for Fair Taxation, Inc. He spoke from material handed out (Attachment #2). He stressed that the bills must be repealed.

Questions were then asked of Mr. Fischer from the Committee members. Representative Flottman brought out that at the time the pension bill was voted on, it was only part of a four-part bill. She explained she had voted "yes" due to the other three sections, one of which involved state employee raises.

Senator Alicia Salisbury was then called on to testify. She quoted figures involved concerning a retirement benefit improvement for the KPERS (Attachment #3). Because of the amount of money, the current economy and the current fiscal constraints, she would not favor doing this at this time, but she would encourage both the House and Senate to deliberate the benefits for all state employees.

Questions were then asked of Senator Salisbury by Committee members.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON PENSIONS, INVESTMENTS AND BENEFITS,
room 526-S, Statehouse, at 7:37 a.m. ~~xxxx~~ on February 20, 1991

Representative Sheila Hochhauser then testified as one of the co-sponsors of HB 2197. She brought out the difference in this bill and the one in 1989 was the bill introduced in 1989 did not provide for the revocation of benefits by the people who are in the program now and who are all still serving in the legislature. She also felt that one of the problems of the previous bill was that it had been passed without openly discussing it and the pensions were raised, and that there might be a more appropriate time for this than this year. She closed by saying that she supports HB 2197.

A young man in the guest section asked if he could make a few remarks although he had not previously made arrangements to do so. He was given a couple of minutes to respond.

The Chairman then called on Byron Patton from Topeka. He read from a sheet that had been previously passed out (Attachment #4). He was against "this excessive, special plan for legislators and other elected state officials," but was in favor of the plan as it existed before.

Fred Phelps, Sr. was the next proponent of these bills. He also spoke from a sheet that was then passed out (Attachment #5). He was urging repeal of the pension enhancement bill of 1988. He said everywhere he goes, this is the third biggest beef that Kansans have (behind property taxes and lobbyists).

Mr. Phelps then responded to questions asked by the Committee members.

The next proponent to speak was Burton Buser of Kansas Taxpayers Assoc. who also serves on the Committee on Legislative Pension Review. He wanted to point out what the perception of the people of this state have of the representatives of this state in both the House and Senate on the pension plan. He felt they should have their leadership here in this meeting. He thought the legislators should develop more trust in the people and let them know what is going on.

In responding to questions and remarks from the Committee members, he was told that there were 9 members of this Committee who were sponsoring these bills so the leaders (at least 9 of them) were here to get something done.

Harlow Preston of Topeka was then introduced as the next conferee. He spoke from a sheet handed out (Attachment #6). He started by saying he was an old retired lawyer and that Dick Snider had been on his case too. He stressed that he had been advocating for years that a public hearing on the pension plans was what was needed and he is now asking for repeal of these past bills.

Dick Foust was then called on to make a comment. He felt that they should listen to their constituents on this matter; the people want this repealed.

Representative Walker Hendrix was then called on as the sponsor of HB 2203. He proposed to eliminate the special class. Representative Hendrix made a motion that this Committee adopt a committee bill that contains the language of both Representative Sebelius' bill and his bill and the other sponsors as part of the Committee's work today. Representative Amos seconded, motion carried.

Hearings were then closed on HB 2197 and HB 2203.

The chairman then called for approval of the minutes of previous meetings that had been passed out earlier. Representative Wells made the motion to approve the minutes, seconded by Representative Flottman, motion carried.

Meeting was adjourned at 8:40 a.m.

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GUEST LIST

COMMITTEE: PENSIONS, INVESTMENTS AND BENEFITS

DATE: 2-20-91

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
FRED PHELPS	3701 W 12 Topoka	SELF
HARLOW PRESTON	701 JACKSON Topeka	Self
Basil Covey	TOPEKA	KRTA
Donald W Cook	Topoka Ks	Ks For Fair Taxation
Henry S. Meitz	topoka K.S.	K.F.F.T.
Byron Patton	Topoka	K.F.F.T. Citizens For Responsible Govt
Larry Fischer	1132 Wanamaker Topoka	K.F.F.T., INC
Cedric Meege	3045 Kentucky	SHL
Horton B. Benge	1911 Wilcox Ct. Topoka	Self
RICHARD C. FAUST	4100 SW EMERSON DR	SELF
Burton L Buser	4206 SHUNGAR DR	K.F.F.T.
Galen Weiland	Berlin Ks	Flat Rys
John D McNeal	Topoka KS	self
Lundy Smith	Topoka	self
Alvin Smith	Lanark	K.F.F.T.
W. A. ...	TOP KS	K.F.F.T.
LeAnn ...	Top KA	" " "
Cynthia ...	Topoka	" " "
Wanda Grant	Topoka	K.F.F.T.
Claudia Montzer	"	"
Ed Engel	5858 SW 28 th	self
Charles Anderson	Topoka	KCAPE
W. H. Hanson	1924 Union Topoka	K.F.F.T.
Irvin E. Metz	Topoka	K.F.F.T.

KATHLEEN SEBELIUS
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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.

KANSANS FOR FAIR TAXATION, INC.

PO Box 3820

Topeka, Kansas 66604

273-0401

February 20, 1991

Mr. Chairman and Honorable Members of the House Committee on
Pensions, Investments, and Benefit

My name is Larry Fischer and I am speaking on behalf of the 400 member strong Kansans For Fair Taxation, Inc. as proponents for HB 2203 and HB 2197 which speak for repeal of the present legislative pension plan.

Our group actively informed Northeast Kansas about this folly before the primary election. We distributed handouts in many cities in the area and perceived the public outcry as being very great. Additionally, we interviewed 18 candidates for the House of Representative prior to the primary. They all felt the pension plan should be repealed.

The subject of salaries and retirement for legislators has always been a topic for debate. Benjamin Franklin perhaps summed it up best when speaking at the Constitutional Convention of 1787 on the subject of salaries:

"Sir, there are two passions which have a powerful influence in the affairs of men. These are ambition and avarice; the love of

power and the love of money. Separately, each of these has great force in prompting men to action; but when united in view of the same object, they have in many minds the most violent effects. Place before the eyes of such men a post of honor, that will at the same time be a place of profit, and they will move heaven and earth to obtain it."

We have a citizen legislature by design. That individuals who serve perhaps suffer a financial setback is understood; but it must be emphasized they do so voluntarily. Nobody makes them run for office. We presume they seek office for the honor of being able to establish government. This is why the lavish pension plan is so wrong.

The legislature is in a unique position to set it's own financial plan subject only to the reaction of an informed electorate. This type legislation is not allowed in Wyoming. Article III, Section 6 of their Constitution strictly forbids the legislature to fix its own compensation. A few state constitutions mandate an appointed citizen committee to review ad set members' salaries; Idaho, Article III, Section 23. Other states specifically address incomes by placing a limit on salaries: Nebraska, Article III, Section 7 (not to exceed \$400 per month); Texas, Article III, Section 24 (\$600 per month); Tennessee, Article II, Section 23 (\$1800 per year); and Rhode Island, Article XI, Section 1 (\$5 per day, but only if in actual attendance).

Although these are not pensions, it reinforces the concept that people should not serve in the legislature for monetary return.

Indeed, Kansas' pension plan becomes a reason within itself to serve
For this and other reasons it must be repealed. Again, Ben Franklin
said it best, "And indeed, in all cases of public service, the less
the profit the greater the honor." We believe the taxpayers of Kansas
will always abide by a reasonable compensation for its' legislators
but we strongly feel this "reasonableness" has been exceeded where
the pension plan is concerned.

Kansans For Fair Taxation, Inc. will watch with interest the
debate surrounding these two bills.

Respectfully submitted,

Anita Metz

Anita Metz 

Larry Fischer

Larry Fischer 

Jack Bengt

Jack Bengt 

Board of Directors

Legislator's Outrageous Retirement

We support the statement of clay Center residents and tax-payers state-wide who said they were angered and appalled with the pension benefits our part-time Legislators voted for themselves. Donna Whiteman, a Representative who voted no on House Bill #2838 stated, "To restore confidence in the integrity of the Legislative Process we must demand that legislators retirement pension increase be addressed in a single separate bill."

An editorial in the Hutchinson News stated (6-5-88)

"They quietly wired the system so that the lush, disgusting, and disgraceful padding of their personal pensions would slither unobstructed to the governor's desk. ...Governor Mike Hayden added his contribution to greed. He signed the law."

Representative Joe Knopp in his comments on his no vote says it all:

Mr. speaker: I vote no on HB 2838. Historically, the Legislature has kept its salary increases and benefits consistent with other state employees. Giving this special retirement treatment to Legislators violates this important principle. Once violated, the greed and self-dealing evidenced by this vote may lead to other excesses in the future.

The most important component of good government is the public's confidence in the integrity and honesty of its leaders. "Hidden" raises, when voted on in this manner, destroy the confidence of the public and cheapen the reputations of all who serve, regardless of whether they voted for this featherbedding. - Joe Knopp

You Can Help: ask your legislators to sponsor and support legislative correction to this irresponsible plan.

Vote With Your Ballot in August and November

Vote With a Buck or two to help get the message out

Send contributions to: Kansans For Fair taxation, Inc.
P.O. Box 3820 - Gage Center - Topeka Kansas 66604

Also sponsored by Citizens for Responsible Government and Kansas Taxpayers Coalition.

Voting Record On House Bill 2838

25 SENATORS VOTED YES

Arasmith, Bogina, Bond, Doyen, Ehrlich, Feleciano, Francisco, Frey, Gannon, Gordon, Harder, Hoferer, Langworthy, Montgomery, Morris, Mulich, Norvell, Reilly, Salisbury, Steiner, Strick, Talkington, Thiessen, Vidricksen

PRESENT AND PASSING: Anderson, Hayden, Warren, Yost

89 HOUSE MEMBERS VOTED YES

Acheson, Allen, Amos, Apt, Aylward, Baker, Barr, Beauchamp, Borum, Bowden, Branson, Brown, Buehler, Bunten, Campbell, C., Charlton, Cribbs, Crumbaker, Dean, Dillon, Douville, Dyck, Empson, Flottman, Foster, Francisco, Freeman, Fry, Fuller, Gatlin, Gjerstad, Goossen, Graeber, Green, Guldner, Harder, Harper, Hassler, Hoy, Jenkins, Johnson, Justice, Kennard, Kline, Lacey, Laird, Leach, Littlejohn, Long, Love, Mainey, Mead, Miller, R.D., Mollenkamp, Neufeld, O'Neal, Ott, Patrick, Peterson, Pottorff, Ramirez, Reardon, Roenbaugh, Rope, Rosenau, Russell, Sallee, Sand, Schauf, Shallenburger, Shore, Shriver, smith, Snowbarger, Solbach, Spaniol, Sprague, Sughrue, Sutter, Teagarden, Turnquist, Wagnon, Webb, Weimer, Wells, Wilburt, Williams, Wisdom, Wunsch.

ABSENT OR NOT VOTING: Rolfs

We give credit for responsible voting:

11 SENATORS VOTED NO

Allen, Burke, Daniels, Gaines, Johnston, Karr, D. Kerr, F. Kerr, Martin, Parrish, Winter

35 HOUSE MEMBERS VOTED NO

Adam, Barkis, Bideau, Blumenthal, Braden, Brady, Bryant, Campbell, K., Chronister, Crowell, Eckert, Gross, Grotewiel, Hamm, Heinemann, Helgerson, Hensley, Holmes, King, Knopp, Larkin, Lowther, Miller, D., Miller, R.H., Moomaw, Rezac, Roe, Roy, Sader, Sawyer, Sebelius, Sifers, Vancrum, Walker, Whiteman.

STATE OF KANSAS

RICHARD W. RYAN,
DIRECTOR
BEN F. BARRETT,
ASSOCIATE DIRECTOR
EDMUND G. AHRENS,
CHIEF FISCAL ANALYST



STAFF—
LEGISLATIVE COORDINATING COUNCIL
INTERIM COMMITTEES
STANDING COMMITTEES
LEGISLATIVE INQUIRIES

THE LEGISLATIVE RESEARCH DEPARTMENT

ROOM 545-N, STATEHOUSE
PHONE: (913) 296-3181
TOPEKA, KANSAS 66612

October 18, 1990

Senator Alicia Salisbury
1455 Southwest Lakeside Drive
Topeka, Kansas 66604

Dear Senator Salisbury:

You had requested that this office provide you with information on a certain retirement benefit improvement for the Kansas Public Employees Retirement System (KPERs). In particular, you had requested the fiscal note for future service only costs for providing the same benefits for regular KPERs members as the members of the state-elected official class of KPERs. The enhancements would generally include an increase in the basic retirement benefit from 1.4 percent to 2.0 percent, vesting after eight years instead of ten, and an employee contribution of 5 percent instead of 4 percent.

I contacted KPERs who in turn requested the cost figures from their consulting actuary, the Martin E. Segal Company of New York City. The following information reflects the increased **annual** employer contributions that would be required of the state starting in FY 1994 and CY 1993 for local units of government. The rate has already been certified for FY 1992 and the rate for FY 1993 will be in the near future. The current employer contributions for state (school and nonschool) KPERs is 3.2 percent (will be 3.6 percent in FY 1992) and for KPERs local is 2.4 percent. The state pays the employer contribution (financed from the State General Fund) for all public school employees. The following table displays the **additional annual** employer contributions required by the benefit enhancement.

<u>Retirement Enhancement</u>	<u>Additional Employer Contrib.</u>	<u>Total Cost</u>	<u>State Cost</u>	<u>State General Fund Cost</u>
Future Years of Participating Service at 2.0% (Same as State-Elected Official Class)				
KPERs State (School and Nonschool)	2.8%	\$64,203,951	\$64,203,951	\$55,215,398
KPERs Local	2.6%	12,314,850	--	--
TOTAL		<u>\$76,518,801</u>	<u>\$64,203,951</u>	<u>\$55,215,398</u>

TESTIMONY OF BYRON PATTON of Topeka, Kansas
HB 2197 and HB 2203
PENSIONS, INVESTMENTS AND BENEFITS COMMITTEE
February 20, 1991

I do support the retirement system for legislators as it existed before they were designated as special members of KPERS.

I am opposed and I am offended by the special treatment for retirement of elected public officials.

For those in favor of the special plan, I would ask: "How can we face our grandchildren when we set such precedent of excess?" Our grandchildren will be paying our excesses in the federal deficit for generations to come. Our trend in state government is all too much like the federal trend.

Let's reverse this excessive, special plan for legislators and other elected state officials. Surely we can set a precedent for fiscal responsibility when our cost of government now includes war.

BYRON L. PATTON
Topeka, Kansas

FRED W. PHELPS

3701 W. 12TH - P. O. BOX 1886 - TOPEKA, KS. 66601

February 20, 1991

913 273-0338

BEFORE THE HOUSE COMMITTEE ON PENSIONS,
INVESTMENTS AND BENEFITS

KANSAS HOUSE OF REPRESENTATIVES

Testimony of Fred Phelps

Mr. Chairman and Members of the Committee:

My name is Fred Phelps, and I appreciate the opportunity to appear before this distinguished committee, urging repeal of the pension enhancement bill of 1988.

To many Kansans, this pension plan has become a symbol for all that they perceive to be wrong with state government, because it is a simple issue, easy to identify, and outrageous on its face.

For six months last year I toured all 105 Kansas counties, speaking one-on-one to almost 5,000 taxpayers in 465 towns and cities on the subject of what they think of our government, and I continue to field an average of 20 - 25 calls a day from all over Kansas. This issue is third (behind property taxes and lobbyists) in frequency of complaints. I don't believe it's going away short of repeal.

A lady in the Pawnee Co. Courthouse in Larned, where I was invited by the commissioners to speak to a group of tax protesters who happened to be gathered there when I cycled through, illustrates how most put it to me: "As long as that law remains on the books, I cannot have any faith in our government."

I seldom agree with *The Wichita Eagle*, but last week a short editorial appeared (attached) which seems to express the true sentiments of our people on this subject.

Grab Bloated 1988 pension plan makes it hard for Kansans to trust legislators

WICHITA EAGLE Wednesday, February 13, 1991

One of the dirtier tricks the Legislature has played on the people of Kansas was its approval, late in the 1988 session, of fat new pension benefits for legislators and other state elected officials. The measure, on which no public hearings were held, effectively gives a participating legislator a pension calculated as if he or she had worked full-time, even though the job is only part-time.

Now come 13 senators and 33 representatives with proposals to abolish this pension grab. Aware that public outrage over the matter is still high, the bills' sponsors would bar legislators and other elected officials from joining the plan after July 1, and force them to return to their old pension plan after their current terms expire.

Unfortunately, the bill would do nothing to reverse the flow of undeserved pension money to legislators who retire before its provisions take effect. Pension plans are contracts with individuals that can't legally

be abridged or revoked. The politicians who signed up for the plan — including more than 100 legislators — would face a tough choice come 1992: give up their seats and collect a bloated pension, or vie for re-election and (assuming the voters go along) collect a more modest pension.

What makes the 1988 pension grab outrageous, then, isn't its cost: \$400,000 a year out of a state budget of more than \$5 billion. It's that legislators voted themselves an irrevocable benefit without seeking public approval — perhaps because they knew that most Kansans would never agree to full-time pensions for part-time work.

Few Kansans would begrudge legislators, whose work is important, reasonable pensions in return for their contributions to the state. But the current pension plan is unreasonable. Legislators can't count on the full support of the people of Kansas until they get rid of it. They should do so this year.

February 20, 1991

I am appearing here today in support of pending House Bills seeking repeal of Legislative Pension Bills of the 1985 and 1988 Sessions.

I have been advocating for the past five years that a public hearing on the Pension Plans during either the 1985 or 1988 Sessions would have rendered the Bills dead on arrival. The public would not have stood for it, and that is why the proposers or sponsors decided to sneak it through in the manner which was used.

I wonder if anyone knows who the proposers or sponsors were. I know of no one who has publicly defended these pension bills.

I maintain that the secret and sneaky way that the bills were escorted through the Legislative underground, being submitted for the Governor's signature on the final hour of the Session, reveals that the proposers were afraid to have the public know of the incredible, immoral, and greedy motives, and the unconventional formula for computing the pensions, which in my opinion constitutes a fraud against the Kansas taxpayers.

I have seriously considered personally filing a taxpayer lawsuit against the Legislature, seeking injunctive relief from the funding of the Plan. I could have stood for the normal legal fees but the expense of hundreds of depositions and interrogatories would have been too much.

I still wonder what happened to the oversight authority which I thought the Governor's and Attorney General's offices had to prevent abuses by the Legislature against the voter taxpayers.

An interesting problem could arise. Would the Governor, now former State Treasurer, sign a Bill repealing the one passed in 1988 granting her super official privileges under the Bill being repealed?

I fully realize that not all of the legislators supported or voted for these outrageous Pension Plans, but the Legislature as a whole must bare the responsibility of the Plans because they did go through the Legislative process and become law.

I hope that sufficient Legislative members will join in some form of repeal. This controversy is not going to go away!

Respectfully,



HARLOW PRESTON
701 S.W. Jackson
Topeka, Kansas 66603