

Approved March 19, 1991
Date

MINUTES OF THE HOUSE COMMITTEE ON PENSIONS, INVESTMENTS AND BENEFITS

The meeting was called to order by Don Rezac at
Chairperson

7:33 a.m./~~p.m.~~ on March 7, 1991 in room 522-S of the Capitol.

All members were present except: All present

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

Conferees appearing before the committee:
Representative Jim Cates
Representative Darlene Cornfield

Others attending: See attached sheet

Meeting was called to order by Chairman Rezac at 7:33 a.m.

Alan Conroy of staff presented HB 2078 for hearings.

HB 2078 - establishing a state employee fiscal bonus program

The Chairman called on Representative Jim Cates who was the prime sponsor of this bill. He spoke from material handed out (Attachment #1). He told the Committee that the bill would create an incentive bonus program for state employees whose fee agency comes in under budget at the end of the fiscal year.

Questions and discussion followed his comments. Representative Wisdom suggested that an amendment needs to be made to this bill before passing it. He felt that it should be some other larger agency rather than fee agencies.

Hearings were then closed on HB 2078.

The Chairman then called again on Alan Conroy of staff to present the next three bills, HB 2300, 2301 and 2286 for hearings.

HB 2300 - KPERS, election as special member by elected state officials

HB 2301 - KPERS, rate of compensation for member of legislature

HB 2286 - KPERS, retirement benefits for certain employees of legislative agencies

Chairman Rezac then called on Representative Darlene Cornfield to testify on her three bills. She spoke from material previously handed out (Attachment #2). She had "one basic premise for the introduction of all these bills and that is to cut government spending and address the blatant disregard for the public trust." "HB 2300 asks for a total repeal of the statute concerning the special class." "HB 2301 addresses the inflated and exaggerated way the salary for our legislative pension is figured." HB 2286 addresses the special pension plan for legislative session employees."

Many questions and discussion followed.

Hearings on HB 2300, HB 2301 and HB 2286 were then closed.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON PENSIONS, INVESTMENTS AND BENEFITS,
room 522-S, Statehouse, at 7:33 a.m. ~~pm~~ on March 7, 1991

Various bills previously heard were then acted upon.

HB 2170 - creating the Kansas public employee retirement study commission

Representative Wisdom made a motion to pass favorably HB 2170, seconded by Representative Watson. After discussion, motion carried.

HB 2103 - KPERS, relating to postretirement benefit increase

Representative Love made a motion to pass HB 2103 favorably, seconded by Representative Wisdom. After discussion, motion carried.

HB 2095 - KPERS, relating to postretirement benefit adjustment

Representative Macy made a motion to pass HB 2095, seconded by Representative Sader. The Chairman asked for a technical amendment on this bill. Alan Conroy of staff explained that the portion that talks of retirants (anyone who retires before July 1, 1991), to be consistent with past practices, should be a year lag; it should be July 1, 1990.

A motion was made by Representative Amos to make this change, seconded by Representative Wisdom. After discussion, the motion to amend carried.

Representative Macy made a motion to pass HB 2095 as amended, seconded by Representative Sader, motion carried.

HB 2094 - KPERS, relating to lump-sum death benefit

Representative Wisdom made a motion to pass favorably HB 2094, seconded by Representative Macy, motion carried (with Representative Amos abstaining).

HB 2387 - KP&F retirement system relating to early retirement benefit reduction

A motion was made by Representative Macy to pass HB 2387 favorably, seconded by Representative Wisdom, motion carried.

HB 2516 - KP&F retirement system relating to disability benefits

Motion made by Representative Love to pass HB 2516 favorably, seconded by Representative Macy, motion carried.

HB 2386 - KP&F retirement system relating to determination of benefits

A motion was made by Representative Macy to pass HB 2386. The motion died for lack of a second.

HB 2078 - establishing a state employee fiscal bonus program

Representative Ensminger made a motion to have HB 2078 touch an exempt committee and be referred back to this committee, seconded by Representative Love, motion carried.

Representative Amos moved that the minutes of the meeting from March 6 be approved, seconded by Representative Grotewiel, motion carried.

Chairman Rezac told the Committee that the minutes of today's meeting, March 7, will be mailed to the Committee members and if no one replies within 7 days, minutes will be approved as read.

Meeting adjourned at 8:44 a.m.

JIM CATES
REPRESENTATIVE, 52ND DISTRICT

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TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
MEMBER: COMMERCIAL AND FINANCIAL
INSTITUTIONS
ELECTIONS
FEDERAL AND STATE AFFAIRS

HB 2078

March 6, 1991

TESTIMONY ON HB 2078
BEFORE THE PENSIONS, INVESTMENTS AND BENEFITS COMMITTEE
BY
REPRESENTATIVE JIM CATES

Mr. Chairman and members of the committee, thank you for allowing me to appear in support of HB 2078.

The average Kansas voter's conception of state government is it's bloated, there is a tremendous amount of waste, and growth of government shows no signs of abating.

Many of our fellow Kansans feel our state employees are at fault because of the current amount of waste.

I feel we should focus our attention and efforts at the root of the problem, which are not our state employees, rather the system we have created.

The purpose of HB 2078 is to re-direct our system, taking a privatization concept and integrating it into government practice.

The bill would create an incentive bonus program for state employees whose fee agency comes in under budget at the end of the fiscal year. I think we are all aware of the problem; currently there is no incentive for any department or agency to turn money back to the state at the end of the year. For agencies that have money left at the end of the tenth month, they buy new furniture, carpet, computers, etc., so they "won't be penalized the following fiscal year". I feel HB 2078 creates a mechanism that will correct the ~~program~~.

The mechanics of the bill are as follows. Ninety percent of monies saved are transferred to the state general fund, thus lowering the cost of government. The remaining ten percent would be set aside for financial bonuses to be paid to all fulltime employees within the agency. Bonuses would be limited to a maximum of 10% of the employees salary.

If a fee agency imposes a fee increase during the fiscal year, no bonuses would be paid. This provision has a two-fold purpose, to hold the line on increased budget requests and holding the line on fee increases ~~for~~ our realtors,

barbers, bankers, etc.

I realize fee agencies comprise a very small portion of our overall state budget. I do feel the positive ramifications of this bill could be far-reaching once the concept is adopted and we broaden our base of eligible state employees and agencies.

I have yet to discuss this bill with a state employee where I don't receive a positive response and encouragement that our system must be re-directed if we are going to make a serious attempt to cut unnecessary spending.

Mr. Chairman, thank you again. I will be happy to stand for questions.

DARLENE CORNFIELD
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TOPEKA

HOUSE OF
 REPRESENTATIVES

COMMITTEE ASSIGNMENTS
 MEMBER: INSURANCE
 LABOR AND INDUSTRY
 LOCAL GOVERNMENT
 PENSIONS, INVESTMENTS AND BENEFITS
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Mr. Chairman and members of the Committee:

I thank you for the opportunity to have a hearing on these three bills. There is one basic premise for the introduction of all of these bills and that is to cut government spending and address the blatant disregard for the public trust. Is it any wonder that our constituents do not have faith or trust in the Legislature when we pass such unfair and self-gratifying legislation at the expense of the taxpayers of Kansas especially without their knowledge!

As you know, this is my first session and I did campaign against the special legislative pension plan. I did promise my constituents that I would address this situation. As I was researching the remedy to that situation which is what is now House Bill 2300 I accidentally stumbled onto other equally outrageous inequities in pensions which are now House bills 2286 and 2301.

HOUSE BILL 2300

I will address H.B.2300 first. As you know, this Committee passed a bill to eliminate the special class. This bill goes further and asks for a total repeal of the statute. I believe this can be done contrary to the views that say otherwise. I believe there is legal argument on the grounds that the bill was unconstitutional at it's inception by virtue of the inequality of the special benefits. Secondly, I believe it can be argued that what the Legislature gives itself it can take away. I believe this should be pursued since many of the parties who initiate this legislation are now retired and are reaping the benefits at our expense and therefore should be repealed to affect all involved.

Mr. Chairman I will stand for questions on this bill.

HOUSE BILL 2301

This bill addresses the inflated and exaggerated way the salary for our Legislative pension is figured. Right now our salary for figuring the pension is based on 372 days a year! I cannot believe that this figure alone has never been questioned by anyone! The rest of the calculation as you are probably aware is annualized by taking the compensation rate of \$60 x 31 days x 12 months, and also the expense of \$69 x 31 x 12 totaling 22,320 and \$25,668 respectively. Then we add our non-session money of \$600 x 9 mo. and get \$5,400. This gives us the great untrue salary of \$53,388. My bill will make us go back to using the actual salary that we earn per year which is \$21,900 approximately. This is a substantial difference. I don't know how much this would save the taxpayers but the real issue is that we owe it to our constituents to be HONEST and above reproach in our dealings with ourselves so that they can trust us with their money and be assured that we will spend it wisely and on their behalf. I urge you to give this bill serious consideration and pass it favorably. I will stand for questions.

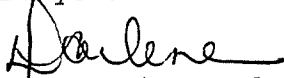
HOUSE BILL 2286

Finally I address the last of my bills for this session. I suppose this is the most unfair of the three. This bill addresses the special pension plan for legislative session employees. The current statute allows 1) person having reached age 65; and 2) been employed by the legislative branch of the State of Kansas for a minimum of 50 days in ten or more calendar years are entitled to a monthly retirement benefit equal to \$15 per month per year of service.

We as a governing body are not obliged to give pensions or any other special benefits to State employees just because they work for the State nor should we be. The very idea of a pension is for someone who works full-time for an employer and together they work out a plan to assist the employee in creating retirement income upon retiring from the workplace and the employee also contributes to this plan. This is not true of this plan in either instance. These employees need only work 50 days a year to qualify and they do NOT contribute one cent into the plan. This comes directly from the taxpayer, out of the general fund budget, not KPERS funds. The injustice of this plan is unequalled as far as I have been able to research upon private industry in Kansas. It not only is unfair to the taxpayers but also to many State employees who ~~who~~ work full-time. I have attached an article by Dick Snider which illustates this and I will read it. But before I do, I must tell you that my secretary thought I called him to get publicity on this issue since when Mr. Crowther was in my office and we were discussing these things that this article is verbatim of our conversation!

The public has not voice and outcry for this and why not? Because they do not even know it exists and that they are paying for it. I dare say that some of you other freshmen legislators are aware of this plan either. This is not good public policy and I am confident that if you presented this plan to your constituents in your district that they would wholeheartedly support its repeal. I ask that you pass this bill out favorably and I will stand for questions.

Thank you.



Representative Darlene Cornfield
90th District

Viewpoints

The oil change that was a miracle

The Mail bag:
"John Doe" of Topeka didn't write, but he called and told me



Dick Snider

This morning

about a miracle he witnessed, right here in River City. He said a friend took her car to the Amoco station at I-470 and Gage and told the men there to "fix anything that needs fixing, and do anything that needs to be done." When she went back to get it they told her

nothing needed fixing, and nothing needed to be done.

Another caller, whose name I immediately lost, said students at Topeka West have their own terminology for two previous wars and the one in the Persian Gulf. They talk about "World War I, World War II and CNN 3."

Ruth Wilkin of Topeka took me to task in a letter to the editor for calling our loud, crude and unrefined legislators loud, crude and unrefined. Actually, that was watered down by the editors. What I really wrote is that legislators tend to be stentorian, raucous, crass, inelegant, churlish, inept and cloddish. And, in the case of those who voted for the pension plan, greedy. And grasping. And so on.

Speaking of the pension plan, here is a letter from Leland B. Grimes of Wamego: "Thank you for not letting the pension fraud die. I am a 73-year-old rabid Republican. I was appalled that my Republican governor and Republican Legislature had passed a bill raping the KPERS retirement system.

"After 35 years in teaching and school administration, I get a pension of \$292 per month. Then, these part-time state employees vote themselves \$30,000 a year... Who do we have to redress this greedy, self-serving Legislature?"

I have been asked again to shed some light on another segment of the legislative pension plan, that

which is set up for secretaries, clerks and so on who work only during the session. If they work for the Legislature a minimum of only 50 days per year, and do it for 10 or more years, they earn a lifetime pension, starting at \$5. of \$15 per month for every year worked. And, they pay NOTHING into the plan.

In other words, if they worked three months per year for 10 years, the pension is \$150 per month. If they work 20 years at this less-than-part-time job, the pension is \$300 per month. For 30 years, it's \$450.

How outlandish is that? Plenty. A regular full-time state employee making \$10,000 per year, going to work week in and week out, month in and month out, year after year, would pay \$4,000 into the pension plan over 10 years, and at the end of that time would have earned, starting at \$5, a pension of only \$120 per month.

Giving the legislative employees the benefit of the doubt and saying they work there months each year during the session, it means they work 30 months in 10 years and get a \$150 per month lifetime pension without contributing a dime, while the regular state employee works 120 months, contributes \$4,000 and earns a pension of \$120 per month.

A Topeka woman wrote: "After working as a secretary in private industry here (FULL TIME) for 21 years, I receive a pension of \$243 per month." Too bad for her. If she had worked 21 years in the Legislature, taking most of the year off, her pension would be \$300, and maybe more, depending on the number of months she actually worked.

These some-time legislative employees once earned only \$5 in retirement pay for each month worked, but when the Legislature voted itself a 43 percent increase in its pension benefits, it magnanimously increased the benefits of its helpers to \$15 per month worked.

Speaking of pay, Hal Pottorf of Topeka writes, of my column about pilots who flew the "hump" into China in World War II, "Am disappointed in your lack of attention of details from your research. Not much research?" I said civilian pilots for CNAC, which they called "See-

nack," could make as much as \$1,400 per month. Pottorf said the correct figure is \$327.

A pilot named Charlie Uban, who flew the hump 524 times, second highest total of any CNAC pilot, told the Des Moines Register he was paid \$800 per month for the first 60 hours of flying, \$7 per hour in Indian rupees for the next 10, and \$20 American money per hour for anything over 70 hours. Thus a 100-hour month would pay more than \$1,400.

Uban served for a time in the Iowa Legislature, and I ask you: Would a legislator - any legislator - lie to you? Uban and his CNAC friends used to sing this song about Army Air Corps Fliers:

Oh, the mountains they are rugged, so the Army boys all say. The Army gets the medals and the Sea-nack gets the pay.

Clarence Gideon of Silver Lake sent the clipping of an ad run by your U.S. government, announcing it will pay \$172,775 to a living artist for a work of art for the lobby of the new Federal Building in Kansas City, Kan. It says diverse styles and media will be considered.

I suggest a 40-foot blowup, cast in bronze, of a collection of newspaper headlines on the subject of waste in government. Or, limit the applicants to dead artists, and save the money.

Ron Schneider of Topeka writes, "You recently missed the mark badly. You indicated Ron Todd was elected over a relative lightweight and that he was a more acceptable candidate than Paul Feleciano. (What I said was that he was less unacceptable.)"

"The fact that Todd was able to outspend Feleciano by a three-to-one margin had a lot more to do with who won than the reasons you mentioned. Special interests from the insurance industry and lawyers who receive business from the office contributed heavily to keep their good thing going."

Topeka veterinarian William Bracken recalls a Burma Shave sign: *He saw the train and tried to duck it.*

Kicked first the gas, then the bucket.

Dick Snider is a retired local newsman.