

Approved: _____

Date

1/19/99

MINUTES OF THE SENATE WAYS & MEANS.

The meeting was called to order by Chairperson Dave Kerr at 11:00 a.m. on January 13, 1999 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Alan Conroy, Legislative Research Department
Debra Hollon, Legislative Research Department
Rae Anne Davis, Legislative Research Department
Norman Furse, Revisor of Statutes
Michael Corrigan, Revisor of Statutes
Judy Bromich, Administrative Assistant
Ann Deitcher, Committee Secretary

Conferees appearing before the committee: Major General James F. Rueger, Adjutant General
Chris McKenzie, Executive Director,
League of Kansas Municipalities

Others attending: See attached list

The meeting was called to order by Chairman Kerr who introduced Major General James F. Rueger, Adjutant General.

The General spoke to the Committee in regard to **SB 39**, the Legislative Summary of the Federal Emergency Management Agency (FEMA) programs requiring state matching funds. (Attachment 1).

The first request for state matching funds was in the amount of \$78,715 or 10% for the DeBruce Grain Elevator rescue efforts in Sedgwick County near Haysville, Kansas. The second request was for 25% for Individual Assistance Programs, 10% for Public Assistance Programs and 10% match for the Hazard Mitigation Program in the amount of \$1,676,667. This was for assistance needed in areas where during the early part of October, 1998, heavy rains and tornadoes caused severely damaged highways, streets, county roads and other public properties in northeast Kansas. Other effected counties were Shawnee, Douglas, Johnson, Franklin, Jefferson, Leavenworth and Wyandotte. During late October a storm front moved through south central Kansas producing heavy rain, isolated thunderstorms and subsequent flooding. The 25% state match for Individual Assistance assessment and the additional Public Assistance at 10% amounted to \$3,146,398.

Also on hand to give information and answer questions were, Gene Krase, Janice Harper and Geneva Tucker of the State Adjutant General Office.

It was explained that the office of the Adjutant General does not have funding budgeted for disasters. These funds are budgeted through the Governor's Budget and released by the Finance Council.

Next to speak to the Committee was Representative Ray Cox, a proponent of **SB 41**, which would allow local government employers to pay off certain KPERS liabilities over 15 years at actuarially established rates. Representative Cox introduced Chris McKenzie, Executive Director of the League of Kansas Municipalities, (Attachment 2), who recommended support for the bill.

It was moved and seconded by Senators Feleciano and Petty that **SB 41** be passed. The motion carried by a roll call vote.

Senator Morris moved and Senator Salisbury seconded the motion that **SB 39** be passed. The motion carried by a roll call vote.

The meeting was adjourned at 12 noon. The next meeting is scheduled for Thursday, January 14.

SENATE WAYS AND MEANS COMMITTEE GUEST LIST

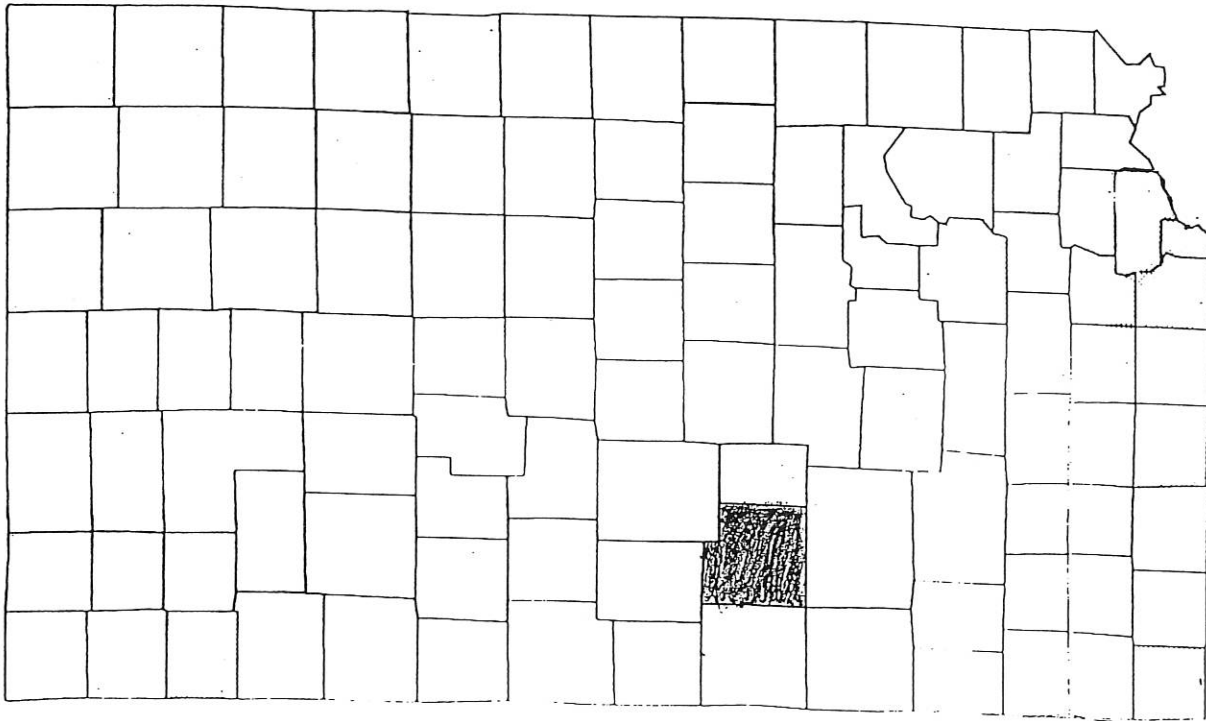
DATE: 1/13/99

NAME	REPRESENTING
Jack Hawn	KIFERS
Mercedez Williams	"
Ken Bahr	Ks. Governmental Consulting
Chuck Buddah	Adi General's Dept.
Bonnie Jackson	Adj General Dept
Janice Hays	Adj General's Dept
M & SAMKS RUTHER	ADJ GEN DEPT
Gene Kruse	ADJ GEN DEPT
Whitney Darrin	WYCO/KC, KS
Chris McKernie	League of Ks. Municip.
Gene M. Gabriel	KTLA
Nicholas Rudman	Inter-Gen. Lawrence
Jim Wood	VIA CHRISTI Health System

LEGISLATIVE SUMMARY

(As of January 7, 1999)

FEMA-3126-EM-KS



Senate Ways and Means Committee

Date 1/13/99

Attachment # 1-1

Prepared by: Information and Planning

**Testimony to Kansas Legislature
January 13, 1999**

**Major General James F Rueger
The Adjutant General**

There are several disaster programs implemented by a Presidential Disaster Declaration. The only Federal Emergency Management Agency programs requiring state match are the Individual Family Grant program, the Public Assistance program and the Hazard Mitigation program. The Individual Family Grant program requires a 25% state match. The Public Assistance and Hazard Mitigation programs require a 25% nonfederal match. These requests are computed with a 10% state match and 15% local match.

FEMA-3126-EM

The first request is to provide the 10% state match in the amount of \$78,715 for Presidential Emergency Declaration (FEMA-3126-EM) for the DeBruce Grain Elevator rescue efforts.

On June 8, 1998 a grain dust explosion in DeBruce Grain in Sedgwick County near Haysville, Kansas injured and trapped several workers. To provide immediate and responsive measures, the Governor declared a State of Disaster Emergency, activating the State Emergency Plan. Also, June 8, 1998, in response to a request from the Incident Commander at the rescue site and validated by Sedgwick County, the Governor requested a National Urban Search and Rescue Team be dispatched to assist in the rescue efforts. This team is provided following a request from a governor and a presidential declaration on a 75% federal and 25% non-federal basis. The invoice for this team is still pending from FEMA, but estimated to be \$410,000 with a state share of \$41,000, which is included in this request. July 10, 1998, the Governor requested the President amend the Presidential Emergency Declaration to include federal reimbursement for emergency protective measures taken by local governments This request was approved on August 31, 1998.

FEMA-3126-EM Disaster Assistance Emergency Protective Measures

	Total	Federal	State	Local
City of Newton	\$ 3,525	\$ 2,644	\$ 352	\$ 529
Sedgwick County	300,154	225,116	30,015	45,023
City of Wichita	67,779	50,834	6,778	10167
USD 281	<u>5,701</u>	<u>4,276</u>	<u>570</u>	<u>855</u>
	<u>\$377,159</u>	<u>\$282,870</u>	<u>\$37,715</u>	<u>\$56574</u>

FEMA-3126-EM Urban Search and Rescue Team

	Total	Federal	State	Local
Total cost	\$410,000	\$307,500	\$41,000	\$61,500
Total State cost for both Urban Search and Rescue and Disaster Emergency Protective Measures at a 10% cost share	\$78,715			

**Testimony to Kansas Legislature
January 13, 1999**

**Major General James F Rueger
The Adjutant General**

FEMA-1254-DR-KS

The second request is to provide the 25% match for Individual Assistance Programs, 10% match for Public Assistance Programs, and 10% match for the Hazard Mitigation Program in the amount of \$1,676,667 for Presidential Major Disaster Declaration (KS-1254-DR).

Heavy rains in Liberal on October 1, 1998 and heavy rains and tornadoes the night of October 4, 1998, and the earlier morning hours of October 5, left behind severely damaged highways, streets, county roads and other public properties in northeast Kansas. Hundreds of homes, business and automobiles sustained heavy damage as well. Two people lost their lives in Johnson County.

As a part of the State response, the Governor declared a State of Disaster Emergency on October 7, 1998, for the effected counties of Shawnee, Douglas, Johnson, Franklin, Jefferson, Leavenworth and Wyandotte. On October 9, 1998, the Governor requested the President declare a Major Disaster for the effected counties. The President approved the request for Individual Assistance (75% federal/25% state) on October 14, 1998.

	<u>Federal 75%</u>	<u>State Match</u>	<u>Local Match</u>	<u>Total</u>
Disaster Declaration (KS-1254-DR)	<u>10,887,499</u>	<u>1,676,667</u>	<u>1,952,500</u>	<u>14,516,666</u>



7-1

Response to 1998 flood disaster in Augusta



1-7

○ **Response to 1998 flood disaster in Augusta**



1-8

Response to 1998 flood disaster in Augusta



Response to 1998 flood disaster in Augusta

**Testimony to Kansas Legislature
January 13, 1999**

**Major General James F Rueger
The Adjutant General**

FEMA-1258-DR-KS

The third request is for state general funds to provide the state match for presidential declaration FEMA-1258-DR-KS.

During the evening hours of October 30th, 1998, a storm system generated by the Hurricane Mitch storm front moved through south central Kansas producing heavy rain, isolated thunderstorms and subsequent flooding. The National Weather Service reported rainfall totals ranging from 3.83 to 9.65 inches over the first two days of the event. As rains continued, massive flooding occurred in these areas. The storm events resulted in significant impact in terms of loss of life, immediate danger to citizens, severe economic damage to businesses and homes and to the public infrastructure. The incident period for this event was October 30, 1998 through November 15, 1998.

Flooding was widespread with numerous roads underwater. There were over 100 water rescues reported. Emergency and public works crews expended long hours and heroic efforts in saving lives, clearing debris and effecting emergency assistance to citizens and to their homes. Business districts and public infrastructure these counties were also affected.

As a result of this situation, The Governor declared a state of disaster emergency and directed the initial execution of the State Emergency Plan on November 2, 1998. He also directed that all appropriate actions under Kansas Statutes be taken and that agencies of State government provide all possible assistance.

On November 5, 1998, the Governor requested the President declare a Major Disaster for the effected counties for Individual Assistance. The President approved the request for Individual Assistance (75% federal/25% state) on November 5, 1998. As a result of this Joint Damage Assessment for Public Assistance, the Lieutenant Governor requested the addition of the Public Assistance programs (75% federal, 10% state, 15% Local) on November 17, 1998.

	<u>Federal 75%</u>	<u>State Match</u>	<u>Local Match</u>	<u>Total</u>
Disaster Declaration (FEMA-1258-DR-KS)	\$13,754,235	\$3,146,398	\$ 1,438,347	\$18,338,980

Incident: FEMA-1254-DR-KS AND FEMA-1258-DR-KS
 Pre-Application Deadline: January 8, 1999

HAZARD MITIGATION GRANT:

Number of counties designated for HM: 105

Number of pre-applications received
 by January 9, 1999, deadline: 85

Acquisition Projects: 25
 Critical Facilities Projects Submitted: 8
 Minor Flood Mitigation Projects: 19
 Other: 33

Total Dollar amount of Mitigation
 Pre-applications submitted: \$ 88,565,160

Number of Counties represented
 in Mitigation Pre-Applications submitted: 27

Hazard Mitigation Grant Program Dollars
 Available as of January 8, 1999: \$ 3,556,531

Estimated Non-Hazard Mitigation Grant
 Program Dollars Currently Known
 (Non-Federal or Special Appropriation) \$ 5,100,000

Applications submitted from the 12
 declared counties (1254)* 8

Applications submitted from the 19
 declared counties (1258)* 14

*Counties declared in both 1254 and 1258 :
 Wyandotte, Leavenworth, Johnson, and
 Douglas.



**League
of Kansas
Municipalities**

PUBLISHERS OF KANSAS GOVERNMENT JOURNAL 300 S.W. 8TH TOPEKA, KS 66603-3896 (785) 354-9565 FAX (785) 354-4186

TO: Senate Committee on Ways and Means
FROM: Chris McKenzie, Executive Director *Chris McKenzie*
DATE: January 13, 1999
SUBJECT: Support for SB 41

Thank you for the opportunity to appear today in support of SB 41, which addresses the subject of payments by KPERS participating employers for any excess cost resulting from increases in final average salary in excess of 15%. In October, 1998 the League's Convention of Voting Delegates adopted the following policy on the issues raised by SB 41 is as follows:

In order to avoid impairing any existing vested rights, the legislature should reconsider those parts of 1998 SB 11 which require KPERS participating employers to pay any actuarial liability incurred when reporting termination pay that increases a member's final average salary by 15.0 percent or more when computing retirement benefits.

SB 41 represents a fair attempt to reconsider the legislative policy in this area by allowing employers with enriched early retirement incentives that may increase final average salary to amortize the cost of the employer's responsibility. In testifying last interim on this issue, the League endorsed such a plan. Furthermore, I shared with the Committee that I believe the vast majority of the League's membership supports the 15% policy, but we recognize that requiring affected cities to pay the entire actuarial amount in one lump sum may be unduly burdensome.

Attached to my testimony is a letter which I received from the Budget and Research Director of the City of Topeka which reinforces these concerns. As you can see, the City of Topeka expects to face a financial challenge due to this policy, beginning in 1999.

Thank you for your consideration on this issue.

RECOMMENDATION: We recommend support for 1999 SB 41.

President: John R. Zutavern, Commissioner, Abilene * Vice President: Carol Marinovich, CEO/Mayor, Wyandotte County/Kansas City * Past Presidents: Donald L. Anderson, Mayor, Lindsborg * Chris Cherches, City Manager, Wichita * Ed Eilert, Mayor, Overland Park * Irene French, Mayor, Merriam * Frances Garcia, Councilmember, Hutchinson * Ralph T. Goodnight, Mayor, Lakin * Directors: James Arnold, Mayor, Seaside * Dalke, Mayor, Hillsboro * Tony Fiedler, Commissioner, McPherson * Rod Franz, Finance Director, Sa... Senate Ways and Means Committee
Knappenberger, City Attorney, St. John * J. Patrick Lawless, Jr., Mayor, Osage City * Ralph Soelter, May...
Welden, City Manager, Parsons * Ed Wiltse, Councilmember, Ulysses * Executive Director: Christopher K

Date 1/13/99

Attachment # 2 - 1



CITY OF TOPEKA

Attachment A

Chief Administrative Officer
215 S.E. 7th Street Room 355
Topeka, Kansas 66603-3914
785-368-3725

October 13, 1998

Chris McKenzie
Executive Director
League of Kansas Municipalities
300 SW Eighth
Topeka, Kansas 66603

Dear Chris:

The purpose of this letter is to respond to your request for information regarding the impact on the City of Topeka of the KPERS final average compensation issue. I hope the following will assist in your testimony preparation.

Approximately 30 Topeka police officers and 50 Topeka firefighters will become eligible to retire between 1998 and 2001. We, in fact, anticipate 11 police officers and 18 firefighters to retire in 1999 alone. The cost of these retirement pay-outs in 1999 is projected at \$900,000, with an additional \$1 million needed over the subsequent two years for the remainder of the retirements.

According to our payroll coordinator, the 15% issue is typically not a problem for our regular KPERS members. We will, however, run into the 15% issue with *almost all* of our police and fire retirements.

Our challenge at this point is three-fold: (1) we have already completed our budget for 1999; (2) due to council action during budget deliberations, we may not have enough in our retirement reserve fund to adequately cover the costs of our anticipated retirements (any excess costs will fall back on the shoulders of the police and fire operating budgets); and, (3) *we have not received any information from KPERS indicating what the fiscal impact of the 15% issue will mean to us.*

We certainly understand KPERS' need to anticipate actuarially its financing requirements and the challenges excessive final pay-outs present to those calculations. At the same time, we are simply unable to finance additional cash payments at retirement without adversely affecting our ability to provide police and fire services in 1999.

I hope this information is helpful to you and apologize that we cannot be represented on Thursday. Please let me know if you require additional information.

Cordially,


Jeff White
Budget and Research Director

c: Mayor Joan Wagnon



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Municipalities**

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Cordially,


Jeff White
Budget and Research Director

c: Mayor Joan Wagnon

2-54

SENATE BILL No. 41

By Joint Committee on Pensions, Investments and Benefits

1-12

9 AN ACT concerning retirement and pensions; relating to the Kansas
10 public employees retirement system; employer contributions; amend-
11 ing K.S.A. 1998 Supp. 74-49,126 and repealing the existing section.
12

13 *Be it enacted by the Legislature of the State of Kansas:*

14 Section 1. K.S.A. 1998 Supp. 74-49,126 is hereby amended to read
15 as follows: 74-49,126. (1) Notwithstanding the provisions of subsection
16 (9) of K.S.A. 74-4902 and amendments thereto, any payment for accu-
17 mulated sick leave, vacation or annual leave, severance pay or any other
18 payments to the member which, when upon retirement, increases the
19 member's final average salary by more than 15%, shall require the par-
20 ticipating employer to pay the system a lump-sum amount equal to the
21 system's actuarial liability for benefits attributable to and payable on ac-
22 count of such excess over the 15% or require the participating employer
23 to pay the system as provided in subsection (2).

24 (2) *In lieu of a lump-sum amount as provided in subsection (1), such*
25 *participating employer may elect to pay the system in an amount sufficient*
26 *to amortize over a period of no more than 15 years commencing January*
27 *1, 2000, the system's actuarial liability for such benefits attributable to*
28 *and payable on account of such excess over the 15%. The board shall*
29 *determine for each such participating employer the amount sufficient for*
30 *amortization. On the basis of such determination the board shall annually*
31 *certify to each such participating employer separately an actuarially de-*
32 *termined rate of contribution which shall be required to be paid by that*
33 *participating employer. Such rate shall be termed the participating em-*
34 *ployer's excess liability contribution.*

35 ~~(2)~~ (3) As used in this section, "system" means the Kansas public
36 employees retirement system, the Kansas police and firemen's retirement
37 system and the retirement system for judges.

38 Sec. 2. K.S.A. 1998 Supp. 74-49,126 is hereby repealed.

39 Sec. 3. This act shall take effect and be in force from and after its
40 publication in the statute book.

SENATE BILL No. 39

By Committee on Ways and Means

1-12

9 AN ACT making and concerning appropriations for the fiscal year ending
10 June 30, 1999, for the adjutant general; authorizing certain transfers
11 and imposing certain restrictions and limitations, and directing or au-
12 thorizing certain receipts and disbursements and acts incidental to the
13 foregoing.
14

15 *Be it enacted by the Legislature of the State of Kansas:*

16 Section 1. (a) For the fiscal year ending June 30, 1999, appropriations
17 are hereby made, restrictions and limitations are hereby imposed, and
18 transfers, fees, receipts, disbursements and acts incidental to the fore-
19 going are hereby directed or authorized as provided in this act.

20 Sec. 2.

21 ADJUTANT GENERAL

22 (a) There is appropriated for the above agency from the state general
23 fund the following:

24 Disaster relief \$2,801,780

25 Sec. 3. This act shall take effect from and after its publication in the
26 Kansas register.