Approved: March 4, 2005
Date

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Melvin Neufeld at 9:00 A.M. on February 17, 2005, in Room 514-S of the Capitol.

All members were present except:
Representative Newton- excused
Representative Sawyer- excused
Representative Schwab- excused

Committee staff present:
Alan Conroy, Legislative Research Department
J. G. Scott, Legislative Research Department
Amy VanHouse, Legislative Research Department
Reagan Cussimanio, Legislative Research Department
Julian Efird, Legislative Research Department
Jim Wilson, Revisor of Statutes
Mike Corrigan, Revisor of Statutes
Nikki Feuerborn, Administrative Assistant
Shirley Jepson, Committee Secretary

Conferees appearing before the committee:
Ann Mah, Representative, 53rd District
Jan Sides, State Employees Association of Kansas
Susan Bumsted, RN, Kansas State Nurses Association
Mary Winams, KPERS participant
Deborah Stern, Kansas Hospital Association
George Vega, Executive Director of Human Resources, Department of Social and Rehabilitation Services

Others attending:
See attached list.

- Attachment 1 Budget Committee Report on Kansas Guardianship Program
- Attachment 2 Budget Committee Report on Kansas Public Employees Retirement System (KPERS)
- Attachment 3 Budget Committee Report on **HB 2037**
- Attachment 4 Fiscal Note on **HB 2379**
- Attachment 5 Testimony on **HB 2379** by Representative Ann Mah
- Attachment 6 Testimony on **HB 2379** by Jan Sides, State Employees Association of Kansas
- Attachment 7 Testimony on **HB 2379** by Susan Bumsted, RN, Kansas State Nurses Association
- Attachment 8 Testimony on **HB 2379** by Mary Winans, KPERS retiree
- Attachment 9 Testimony on **HB 2379** by Deborah Stern, Kansas Hospital Association
- Attachment 10 Testimony on **HB 2379** by George Vega, Executive Director of Human Resources, Department of Social and Rehabilitation Services
- Attachment 11 Written testimony on **HB 2379** by Robert Vancrum, Blue Valley School District
- Attachment 12 Written testimony on **HB 2379** by Gary Groves, Elmont Elementary School
- Attachment 13 Written testimony on **HB 2379** by Mike Mathes, Seaman School District
- Attachment 14 Written testimony on **HB 2379** by Brenda Dietrich, Auburn-Washburn School Dist
- Attachment 15 Written testimony on **HB 2379** by Ken Jones, Columbus School District

Representative Pottorff, Chair of the General Government & Commerce Budget Committee, presented the Budget Committee report on the Kansas Guardianship Program for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 1). The motion was seconded by Representative Lane. Motion carried.

Representative Pottorff, Chair of the General Government & Commerce Budget Committee, presented the Budget Committee report on the Kansas Guardianship Program for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 1). The motion was seconded by Representative Lane. Motion carried.

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on February 17, 2005, in Room 514-S of the Capitol.

Representative McCreary, Chair of the Revenue, Judicial, Transportation and Retirement Budget Committee, presented the Budget Committee report on the Kansas Public Employees Retirement System (KPERS) for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 2). The motion was seconded by Representative Weber. Motion carried.

Representative McCreary, Chair of the Revenue, Judicial, Transportation and Retirement Budget Committee, presented the Budget Committee report on the Kansas Public Employees Retirement System (KPERS) for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 2). The motion was seconded by Representative Gatewood. Motion carried.

Discussion and action on HB 2037 - KPERS, public employee disability benefits, age requirements.

Representative Feuerborn, member of the Appropriations Retirement Subcommittee, presented the Subcommittee report on **HB 2037** and moved to recommend **HB 2037** favorable for passage (Attachment 3). The motion was seconded by Representative Gatewood. Motion carried.

In response to a question from the Committee, Glenn Deck, Executive Director, KPERS, noted that **HB 2037** could have a potential financial impact of approximately $250,000 within 10-15 years as KPERS participants advance in age. The state has the potential for a lawsuit if no action is taken.

Hearing on HB 2379 - Suspension of earnings limitation for retirants of KPERS.

Julian Efird, Legislative Research Department, explained that **HB 2379** would suspend the current $15,000 annual earnings limitation for a four-year period, July, 2005 through June 30, 2009. Beginning July 1, 2009, the $15,000 limitation would be restored. The bill also requires the KPERS Board of Trustees to review the impact of the bill by collecting designated data and reporting the results to the Legislature. This legislation would allow KPERS retirants, particularly teachers, to collect KPERS retirement payments and return to a teaching position where earnings could surpass the current $15,000 earnings limitation. The fiscal note for **HB 2379** was distributed to the Committee (Attachment 4).

Responding to a question from the Committee, Dr. Efird stated that the proposed four-year period would allow time to collect data and research the impact of the legislation to determine the feasibility of extending the legislation beyond four years. The Committee noted that this legislation could increase the state's unfunded liability. Dr. Efird stated that a retiree who is drawing a KPERS pension and returns to work, would not be contributing to KPERS nor would the employer be contributing to KPERS for the employee. The Committee also noted that there is a need for teachers in specific fields of K-12 education, particularly in the rural areas of the state, and this legislation would allow those teachers to return to a former position.

Dr. Efird stated that an important component of the issue, is that under the current law, if a KPERS covered employee of a school district or state agency, retires from that entity and goes to work for a different participating employer, the employment is not considered employment by the same participating employer, and the $15,000 earnings limitation does not apply. Additionally, the retiree would not be making a KPERS retirement contribution nor would there be a contribution from the employer on behalf of the employee.

Chair Neufeld recognized Representative Ann Mah, who presented testimony in support of **HB 2379** (Attachment 5).

Chair Neufeld recognized Jan Sides, State Employees Association of Kansas, who presented testimony in support of **HB 2379** (Attachment 6).

The Chair recognized Susan Bumsted, Kansas State Nurses Association, who presented testimony in support of **HB 2379** (Attachment 7).

Chair Neufeld recognized Mary Winans, KPERS retiree, who presented testimony in support of **HB 2379** (Attachment 8).

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on February 17, 2005, in Room 514-S of the Capitol.

Chair Neufeld recognized Deborah Stern, Kansas Hospital Association, who presented testimony in support of **HB 2379** (Attachment 9).

Chair Neufeld recognized George Vega, Executive Director of Human Resources, Department of Social and Rehabilitation Services, who presented testimony in support of **HB 2379** (Attachment 10).

Written testimony was distributed from Bob Vancrum, Blue Valley School District (Attachment 11), Gary Groves, Elmont Elementary School (Attachment 12), Mike Mathes, Seaman School District (Attachment 13), Brenda Dietrich, Auburn-Washburn School District (Attachment 14), and Ken Jones, Columbus School District (Attachment 15).

Chair Neufeld closed the hearing on **HB 2379.**

HB 2379 was re-referred to the Appropriations Retirement Subcommittee.

The meeting was adjourned at 10:15 a.m. The next meeting of the Committee will be held at 9:00 a.m. on February 18, 2005.

Melvin Neufeld, Chair

HOUSE APPROPRIATIONS COMMITTEE
February 17, 2005
9:00 A.M.

NAME	REPRESENTING
George Vega	Dept of SRS
Andy Sanchez	KAPE
Jan Sides	SEAK
Keith Haxton	SEAK
Jeon Krahn	KGP
Mark Tomb	LKM
Andrea Nil	Lane
Mary Winans	DISC
TERRY FORSYTH	KNEA
Carolyn Middendorf	Ks St Ns Assn
Jeff Arpin	Budget
Glenn Deck	KPERS
Don M Rezac	SEAK
Ryan Setter	ESU/NDN
Julie Craft	ESU/NDN
Dennis Phillips	KSCFF
Teri Collins	Ballard
Ann Mah	State Rep - Dist 53
Susan Bumsted	Ks State Nurses Assoc.
DEBORAH STERN	KS. HOSP. ASSN.

House Budget Committee Report

FY 2005 and FY 2006

on

Kansas Guardianship Program

Representative JoAnn Pottorff, Chairperson

Representative Richard Carlson

Representative David Huff

Representative Annie Kuether

Representative Harold Lane

Representative Scott Schwab

Representative Clark Shultz

HOUSE APPROPRIATIONS

DATE 2-17-2005

ATTACHMENT 1

House Budget Committee Report

Agency: Kansas Guardianship Program **Bill No.** **Bill Sec.**

Analyst: Spurgin **Analysis Pg. No.** **Budget Page No.** 173

Expenditure Summary	Agency Estimate FY 2005	Governor's Recommendation FY 2005	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	$ 1,046,736	$ 1,046,736	$ 0
Other Funds	0	0	0
TOTAL	$ 1,046,736	$ 1,046,736	$ 0
Percentage Change:			
Operating Expenditures:			
All Funds	2.1	2.1	2.1
State General Fund	2.1	2.1	2.1
FTE Positions	12.0	12.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	12.0	12.0	0.0

Agency Estimate/Governor's Recommendation

The agency's current year estimate for operating expenditures of $1,046,736, is an increase of $13,806 (1.3 percent) above the amount approved by the 2004 Legislature. The entire agency financing is through the State General Fund. The increase represents an unlimited reappropriation of funding that was available for expenditure, but not expended in FY 2004, which carried forward and is now available for expenditure in FY 2005.

The Governor recommends current year expenditures of $1,043,236, an increase of $10,306 (1.0 percent) above the approved amount. The recommendation reduces the agency request by $3,500. The agency was appropriated $1,032,930 by the 2004 Legislature. The agency also had an unlimited reappropriation of funding not expended in FY 2004 of $13,806. The Governor recommends expenditures of $10,306 of this reappropriation and recommends the remaining $3,500 from that amount be carried forward to FY 2006.

House Budget Committee Recommendation

The House Budget Committee concurs with the recommendations of the Governor, with the following adjustments and observations:

1. **Change from FY 2005 Approved.** The Budget Committee notes that the Governor's FY 2005 revised recommendation is a State General Fund increase of $10,306 or 1.0 percent above the FY 2005 State General Fund amount approved by the 2004 Legislature.

House Budget Committee Report

Agency: Kansas Guardianship Program **Bill No.** **Bill Sec.**

Analyst: Spurgin **Analysis Pg. No.** **Budget Page No.** 173

Expenditure Summary	Agency Request FY 2006	Governor's Recommendation FY 2006	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	$ 1,086,346	$ 1,071,121	$ (18,702)
Other Funds	0	0	0
TOTAL	$ 1,086,346	$ 1,071,121	$ (18,702)
FTE Positions	12.0	12.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	12.0	12.0	0.0

Agency Request/Governor's Recommendation

The agency requests FY 2006 operating expenditures of $1,086,346, an increase of $39,610 (3.8 percent) above the FY 2005 estimates. The agency requests includes $542,319 for salaries and wages, $528,771 for contractual services, and $15,256 for commodities. The request includes an enhancement request of $51,731 to restore full funding of volunteer stipends suggested by the agency as a reduced resources package.

The Governor recommends FY 2006 operating expenditures of $1,071,121, an increase of $27,885 (2.7 percent above the FY 2005 recommendation. The includes $575,325 in salaries and wages, $484,140 for contractual services, and $11,656 for commodities.

Statutory Budget Submission

K.S.A. 75-6701 requires that the budget submitted by the Governor and the budget ultimately approved by the Legislature provide for a State General Fund ending balance of at least 7.5 percent of expenditures for FY 2006. To comply with this provision, Volume 1 of the *Governor's Budget Report* includes a "statutory budget" designed to provide for a 7.5 ending balance. In general, this requires a 8.9 percent reduction to the FY 2006 State General Fund executive branch budget recommendations submitted by the Governor. That reduction has not been applied to school finance funding in the Department of Education, to the Board of Regents and its institutions, or to the judicial or legislative branches. **For this agency, the reduction to the Governor's recommended FY 2006 State General Fund budget would total $95,644.**

House Budget Committee Recommendation

The House Budget Committee concurs with the recommendations of the Governor, with the following adjustments and observations:

1. **Change from FY 2005 Approved.** The Budget Committee notes that the Governor's FY 2006 State General Fund recommendation for the agency totals $1,071,121, an increase of $38,191 above the FY 2005 State General Fund amount approved by the 2004 Legislature. Absent amounts recommended for the 2.5 percent base salary adjustment ($12,624), the 27th payroll period ($18,702), and the Kansas Public Employees Retirement System (KPERS) death and disability increase ($1,680), the recommendation is an increase of $5,185 or 0.5 percent above the approved amount.

2. Delete $18,702 from the recommended amount. This amount represents the funding recommended by the Governor for the 27th payroll period. The Budget Committee notes that the Guardianship Program, a quasi-state agency, pays monthly, and will not require funding for the 27th payroll period. The Budget Committee notes that a Governor's Budget Amendment will be issued to note this change.

3. The Budget Committee recognizes the fact that the Kansas Guardianship Program is unique among similar programs in other states. The agency provided testimony that the program is unique in the country in that it serves persons across the state with volunteers who accept appointment as guardians and conservators.

4. The Budget Committee commends the agency for its work in serving those persons in need of a guardian or conservator, and for the agency's service to the public.

HOUSE BUDGET COMMITTEE REPORT

Kansas Public Employees Retirement System (KPERS)

February 17, 2005

Representative Bill McCreary, Chairperson

Representative Eric Carter

x Representative Doug Gatewood

Representative John Grange

Representative Mike O'Neil

Representative Tom Thull

x Representative Shari Weber

HOUSE APPROPRIATIONS

DATE 2-17-2005

ATTACHMENT 2

House Budget Committee Report

Agency: Kansas Public Employees Retirement System **Bill No.** **Bill Sec.**

Analyst: Efird **Analysis Pg. No.** Vol. II-1321 **Budget Page No.** 281

Expenditure	Agency Est. FY 05	Governor Rec. FY 05	Budget Committee Adjustments
Operating Expenditures:			
State General Fund	$ 3,212,624	$ 3,212,624	$ 0
Other Funds*	763,707,356	763,597,833	(385,547)
TOTAL	$ 766,919,980	$ 766,810,457	$ (385,547)
FTE Positions	85.0	85.2	0.0

* **Note**: Nonreportable benefit payments also included.

Agency Estimate/Governor's Recommendation

The **agency's revised request** includes a net increase of $16.9 million in expenditures approved by the 2004 Legislature. Reductions from approved amounts include $2.1 million for investment expenses and $106,128 for agency operations. These reductions are offset by increases requested for benefit payments of $18.8 million and for Kansas Saving Incentive Program expenses of $336,725 above the approved amounts. No change from the approved amount of $3.2 million is estimated in the State General Fund bond payments that amortize the costs of principal and interest on the 13th check revenue bonds issuance authorized by the 2003 Legislature. As required by the bond covenants, KPERS shall request that the Legislature appropriate the annual amount for quarterly payments from the State General Fund, and then KPERS will repay the State General Fund as contributions are received throughout the year from participating employers who are required to pay an assessment dedicated for repaying the bonds. The agency requests continuation of staffing at 85.0 FTE positions.

The **Governor concurs** with the revised estimates and further recommends an additional shrinkage savings adjustment of $109,523 in agency salaries and benefits for a net reduction of $215,651 in agency operations from the approved amount. The Governor recommends recalculating the FTE positions with 85.2 recommended. No change is recommended in the approved State General Fund expenditures of $3.2 million for bond payments.

House Budget Committee Recommendation

The House Budget Committee concurs with the recommendations of the Governor, with the following adjustments and observations:

1. **Change from FY 2005 Approved.** The Budget Committee notes that the Governor's FY 2005 revised recommendation does not change the FY 2005 State General Fund amount approved by the 2004 Legislature.

2. **Shift Technology Project Expenditures.** The Budget Committee recommends a decrease of $385,547 in FY 2005 expenditures of $1,783,707 recommended by the Governor and based on information provided by the agency that $385,547 would carry over from FY 2005 to be expended in FY 2006.

3. **Change in Investment Management Expenditures.** KPERS provided information that due to higher than expected investment performance in FY 2004, expenses are expected to be 18.7 percent above the amount of the Governor's revised FY 2005 recommendations. The Budget Committee recommends this item be reviewed during Omnibus when later information will be available and that no adjustment be made at this time.

House Budget Committee Report

Agency: Kansas Public Employees Retirement System **Bill No.** **Bill Sec.**

Analyst: Efird **Analysis Pg. No.** Vol II-1321 **Budget Page No.** 281

Expenditure	Agency Req. FY 06	Governor Rec. FY 06	Budget Committee Adjustments
Operating Expenditures:			
State General Fund	$ 3,211,692	$ 3,211,692	$ 0
Other Funds*	816,059,489	816,284,574	(868,971)
TOTAL	$ 819,271,181	$ 819,496,266	$ (868,971)
FTE Positions	85.0	85.2	0.0

* **Note**: Nonreportable benefit payments also included.

Agency Request/Governor's Recommendation

The agency's request includes an increase of almost $52.4 million in expenditures, including increases of $49.6 million for benefit payments, $179,678 for agency operations, $1.2 million for a technology project and $1.7 million for investment-related expenses. A recast technology project includes expenses of $1,783,707. State General Fund financing of $3.2 million is included for bond payments related to the 13th check funding that originally was authorized by the 2003 Legislature. As required by the bond covenants, KPERS shall request that the Legislature appropriate the annual amount for quarterly payments from the State General Fund, and then KPERS will repay the State General Fund as contributions are received throughout the year from participating employers who are required to pay an assessment dedicated for repaying the bonds. The agency requests continued staffing of 85.0 FTE positions.

The Governor concurs and makes additional adjustments for shrinkage savings, pay plan enhancements, the 27th payroll period, and death and disability insurance that would allow agency operations to increase $506,962 in FY 2006. No adjustment is made in State General Fund expenditures of $3.2 million. The Governor recalculates the FTE positions with 85.2 recommended.

House Budget Committee Recommendation

The House Budget Committee concurs with the recommendations of the Governor, with the following adjustments and observations:

1. **Change from FY 2005 Approved.** The Budget Committee notes that the Governor's FY 2006 State General Fund recommendation for the agency totals $3,211,692, a decrease of $932 below the FY 2005 State General Fund amount approved by the 2004 Legislature.

2. **Shift Technology Project Expenditures**. The Budget Committee recommends a net decrease of $868,971 in FY 2006 expenditures of $2,972,500 recommended by the Governor and based on information provided by the agency

that $385,547 would carry over from FY 2005 and $1,254,518 would carry over to FY 2007, with corresponding adjustments in expenditures for those fiscal years.

3. **Change in Investment Management Expenditures.** KPERS provided information that due to higher than expected investment performance in FY 2004, expenses are expected to be 18.7 percent above the amount of the Governor's revised FY 2005 recommendations. The Budget Committee recommends this item be reviewed during Omnibus when later information will be available and that an adjustment may be considered at that time relative to FY 2006 changes in estimated costs.

HOUSE APPROPRIATIONS RETIREMENT SUBCOMMITTEE

Recommendation and Report on HB 2037

February 10, 2005

The Subcommittee recommends this bill favorable for passage by the House Committee on Appropriations in order to address a potential age discrimination compliance issue in the KPERS death and long-term disability benefits program.

Melvin Neufeld, Chairperson

Bill Feuerborn

Doug Gatewood.

Brenda Landwehr

Bill McCreary

Sharon Schwartz

Shari Weber

HOUSE APPROPRIATIONS

DATE 2-17-2005

ATTACHMENT 3

House Appropriations Retirement Subcommittee

Recommendation on House Bill No. 2037

Brief

HB 2037 would eliminate the statutory age 70 as cutoff for receiving benefits from the Kansas Public Employees Retirement System's death and long-term disability plan by those eligible public employees who become disabled at age 60 to 70, and also eliminate the duration limitations for employees who become disabled at or after age 70. With the proposed change, the maximum duration of benefit payments would be allowed as follows for active employees who become disabled and qualify for long-term benefits:

- Disabilities occurring before age 60: to the earlier of either age 65 or retirement.
- Disabilities occurring on or after age 60: to the earlier of either five years or retirement.

Background

This statutory change would impact those eligible public employees who become disabled after age 60. The change is intended to insure compliance with the federal Age Discrimination and Employment Act (ADEA). The bill was requested by the KPERS Board of Trustees and recommended for introduction by the Joint Committee on Pensions, Investments and Benefits. The KPERS Executive Director explained the bill. No other conferees appeared at the Subcommittee meeting.

Under current law, employees who become disabled may receive KPERS disability benefits for set time periods based on actual age at the time of disability, as follows:

- Disabilities occurring before age 60: to the earlier of either age 65 or retirement.
- Disabilities occurring on or after age 60, but before age 70: to the earliest of age 70, a period of 5 years, or retirement.
- Disabilities occurring on or after age 70, but before age 75: to the earlier of 12 months or retirement.
- Disabilities occurring on or after age 75: to the earlier of 6 months or retirement.

The estimated increase in costs attributed to HB 2037 for the KPERS Death and Disability Fund over the next three fiscal years is $8,000 in FY 2006, $30,000 in FY 2007 and $57,000 in FY 2008.

41036~(2/9/5{1:15PM})

February 16, 2005

The Honorable Melvin Neufeld, Chairperson
House Committee on Appropriations
Statehouse, Room 517-S
Topeka, Kansas 66612

Dear Representative Neufeld:

SUBJECT: Fiscal Note for HB 2379 by House Committee on Federal and Sate Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2379 is respectfully submitted to your committee.

Under current law, if a KPERS retiree returns to work with the same employer from which he or she retired, the retiree's annual earnings are capped at $15,000. Upon reaching this threshold, the retiree must either stop working to continue receiving benefits, or continue working and have the benefit payments suspended for the remainder of the year. HB 2379 would temporarily remove the $15,000 cap for a four-year period, from July 1, 2005, through June 30, 2009.

Passage of HB 2379 would increase costs to the state's retirement system, as it would change the retirement behavior of members in future years, resulting in more members retiring at an earlier age than is assumed under the existing $15,000 earnings limitation. Based on research by KPERS, most employees do not retire when they first meet retirement eligibility. However, with the earnings cap removed, the agency states that the bill has the potential to affect retirement patterns significantly.

With the earnings limitation removed for four years and the number of employees who would retire increasing by 5.0 to 10.0 percent, the following table illustrates the additional cost to the retirement system:

HOUSE APPROPRIATIONS

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ATTACHMENT 4

	5.0% Increase in Retirees		10.0% Increase in Retirees	
	State Group	School Group	State Group	School Group
Unfunded Liability	$6.5 million	$17.5 million	$13.0 million	$35.0 million
Employer Contribution Rate	0.04%	0.05%	0.09%	0.10%
First-Year Contributions	$360,000	$1.4 million	$807,000	$2.9 million

KPERS notes that the above table summarizes the costs for the KPERS State and School Groups only. Passage of HB 2379 would also result in a cost for the KPERS Local Group, the Kansas Police and Firemen's Retirement System, and the Retirement System for Judges. However, the actuarial cost analysis of these groups has not been completed. When this information is available, an updated fiscal note will be provided.

Sincerely,

Duane A. Goossen

Duane A. Goossen
Director of the Budget

cc: Mary Beth Green, KPERS

STATE OF KANSAS

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TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
EDUCATION
FEDERAL AND STATE AFFAIRS
WILDLIFE, PARKS AND TOURISM

Testimony in Support of HB 2379
House Appropriations Committee

Thank you for allowing me to speak before you today about HB 2379. This bill repeals the $15,000 earnings limitation on KPERS retirees who return to work for the same entity from which they retired. The repeal would be in effect for four years, during which time the KPERS board of trustees would collect data on the returning retirees and their impact on the fund.

I support this bill because there are many retirees whose talents would be of benefit to the State of Kansas or local school districts, but they are now restricted to a part-time position. Once the retiree reaches the $15,000 limit, they must quit working or give up their retirement pay for the remainder of the year.

It is no secret that we are facing a severe shortage of schoolteachers in subject areas like science, math, and special education. Rural schools have difficulty attracting teachers in many other subject areas. Likewise, some rural/specialty hospitals find it difficult to attract qualified nurses. Passage of this bill will help relieve this shortage and help schools work through the coming years when Baby-Boomers are expected to retire en masse. It will also help current KPERS retirees who have not had a cost of living increase in six years and want to work more than part time.

It is the teacher retirees that seem to be of the most concern in regard to impact on KPERS. The interesting thing is that retired teachers can go to work for any of the 301 districts in the state with no restrictions – except the one from which they retired. In speaking with over a dozen school superintendents around the state, nearly every one said they have on staff retired teachers and administrators from neighboring districts. Every superintendent said they would like to have the flexibility to hire back their own faculty on a selected basis. This was especially true in the rural areas. The current system only penalizes the district of the retiree.

The current restriction is in place because of a concern that allowing retirees to return to work full time for their previous employer would encourage them to retire early and thus increase the length of time they receive KPERS benefits. Apparently there is no KPERS funding problem if the teachers go to work for any of 300 other districts in the state; but there is a problem if they go to work for the 301st district – their own. This makes little sense to me, as most teachers work in close proximity to other districts and have for years been retiring early and going to work "down the street".

I asked Mr. Glenn Deck, KPERS Executive Director, to determine the increased cost to KPERS of both raising the current $15,000 limitation to $20,000 and of lifting the limitation altogether. Mr. Deck reported that raising the limit to $20,000 would have no impact on the fu[illegible] not be enough incentive for employees to retire early.

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ATTACHMENT 5

Mr. Deck then provided two scenarios on full-time rehires, one where 5% more of all retirees left the first year eligible and one where 10% more left the first year eligible. To mitigate the impact on the fund, I asked Mr. Deck to factor in that the employer would pay into KPERS a 4% contribution for the full-time rehire. Nearly all of the superintendents with whom I spoke indicated they would be willing to pay that additional amount to keep certain teachers. (The 4% employer contribution is not currently in the bill language.)

The worst-case scenario was an impact of $48 million on the fund over 30 years (10% more retire the first year eligible). The impact was $24 million over 30 years at a 5% increase. While these estimates are not devastating, I believe they are still higher than what we would actually see for the following reasons:

- Teachers have been retiring "early" for years now because those who want to can go to work nearby with no penalty or they change careers altogether and draw retirement. This means that the average retirement age should have been coming down for years, reducing the difference between the average retirement age and "early" retirement. In other words, if we have a problem, we've been having it for years. Adding a 301st school to the mix would not significantly increase the number of people who retire their first year of eligibility over what we already see.
- Not everyone who would want to retire and rehire would get an offer, so even the estimate of 5% is probably on the high side. Most superintendents told me they would only rehire those teachers who were in subject areas difficult to fill or teachers who had a special talent they did not want to lose. They would rather hire a new teacher at a lower salary if qualified and available. The superintendents I talked to had 1% to 7% full-time rehires on their staffs. The 4% contribution could also be a barrier for some superintendents, who would just continue to hire retirees from other districts.
- I don't see the State of Kansas hiring back many at all, except in areas such as engineering and nursing. Last year only 10 state employees hit the $15,000 retiree limitation.
- Some rehires would be those who have been retired for some time and want to go back to work. These retirees would have no impact on KPERS at all because they simply retired when they wanted to and not "early".
- Some teachers retire and want to just work part time (i.e., for $20,000 or less per year). They would have no impact on the system at all. If school districts had to pay 4% to KPERS on full-time retirees, but not part time, they would hire more part-timers, mitigating the impact on the fund.
- Not everyone who wants to rehire will be leaving the first year eligible during the four-year trial period, because they are already past the first year eligible.

This proposal is one that has been put forward for many years. It is now time to help out our school districts, hospitals, and retirees and give it a try. The impact on KPERS can be mitigated and the benefits to the state would be well worth the effort.

SEAK

State
Employee
Association
Kansas

Testimony to the
House Appropriations Committee
by
Jan O. Sides
State Employees Association of Kansas
February 17, 2005
Regarding
HB 2379–Retirement and Pensions

Mr. Chairman and members of the Committee, thank you for the opportunity to provide testimony on this bill regarding employment after retirement. My name is Jan O. Sides, and today I am representating the State Employees Association of Kansas (SEAK).

We continue to hear about retirees that have to go back to work to make ends meet due to inadequate increases in KPERS benefits, small increases in Social Security that is nullified by increases in Medicare Part B premiums, and poor market returns.

Some of our retirees only want part time work to cover such issues as increases in health care premiums especially when they are paying 100% of the premiums. There are a few that are interested in full time employment.

We do not have an accurate count of those that would go back into the workforce and at what level. From input that we receive from retirees, it is our opinion that the retirees on the low end of the benefit scale are the persons that would need to work full time to provide adequate income to maintain their lifestyle at 60% to 70% of their previous full time income. Therefore, one of our main concerns is for those at the low end of the benefit scale.

We support this bill as it will provide a four year database to evaluate if such a program is needed as a permanent solution for our seniors. We sincerely appreciate your consideration on this issue.

Thank you for you time and consideration on this issue. I stand for questions.

PO Box 5110 Topeka, KS 66605-0110 Phone: 785-267-1515 Fax: 785-379-9519

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KSNA
KANSAS STATE NURSES ASSOCIATION

1208 SW TYLER
TOPEKA, KANSAS 66612-1735
785.233.8638 * FAX 785.233.5222
www.nursingworld.org/snas/ks
THE VOICE AND VISION OF NURSING IN KANSAS

JANICE JONES, R.N., M.N., C.N.S.
PRESIDENT

TERRI ROBERTS J.D., R.N.
EXECUTIVE DIRECTOR

For More Information Contact:
Terri Roberts J.D., R.N., Executive Director
785.233.8638 troberts@ksna.net

H.B. 2379 SUSPENSION OF EARNINGS LIMITATION FOR RETIRANTS OF KPERS–
Four-Year Sunset Provision
February 17, 2005

Representative Neufeld and members of the House Appropriations Committee, my name is Susan Bumsted, M.N., R.N., and I am here representing the KANSAS STATE NURSES ASSOCIATION (KSNA). KSNA is the professional organization for Registered Nurses in the state; we are a voluntary membership organization. There are over 27,000 RN's licensed in the state of Kansas, with about 82% of them employed part-time or full-time. KSNA is in support of H.B. 2379, which would lift the $15,000 earnings limitations from KPERS eligible employees returning to work in the same facilities or institutions.

KSNA supports this bill because it will permit previously-retired RN's to return to the workforce and earn more than $15,000. Because RN's are paid a professional wage, the $15,000 is reached rapidly. Eliminating the cap will assist both state institutions and eighteen community hospitals in addressing their current staffing needs. Registered nurses employed at the state institutions--Larned, Osawatomie, Parsons, KNI, Rainbow , and the Veterans Commission Homes--will be affected by this provision. This bill also calls for the preparation of a report by KPERS about the impact of the cap being lifted.

HISTORY/BACKGROUND

Attached is a history of the KANSAS STATE NURSES ASSOCIATION's support for various versions of this bill since 2002.

NURSING SHORTAGE STATISTICS

Kansas currently is experiencing a nursing shortage projected to last through at least 2010, unless trends are reversed. Registered Nurse vacancies are on the rise, and will reach severe levels by 2006-2007 due to the increasing demand for these services. The State of Kansas Department of Human Resources forecasts nursing in the top of professions with the largest growth in demand and in new positions through 2010.

We have not provided a lot of data about the nursing shortage, but we could if the Committee needs a greater demonstration of the need in Kansas communities.

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A couple of observations regarding what opportunities this bill will provide:

- *Training and orientation costs for specialty nursing practice, such as the special populations served in the five SRS facilities, would be reduced for previously employed nurses returning to their workforce.*

- *Registered nurses are in such high demand that those institutions covered by KPERS will be significantly disadvantaged from a recruitment perspective if the RN is going to return to the workforce and doesn't want to be limited to the $15,000 earning restrictions, and selects another employer. Their ability to compete is in some cases compromised now due to salary compression and lower-than-market wages, so this additional limitation becomes just another barrier to recruitment/retention that would be addressed by H.B. 2379 changes.*

Thank you for this opportunity to address the committee.

KSNA
KANSAS STATE NURSES ASSOCIATION

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PRESIDENT

TERRI ROBERTS J.D., R.N.
EXECUTIVE DIRECTOR

KSNA History of Support of Legislation to Eliminate KPERS Earnings Limitations

2002

In 2002, KSNA supported S.B. 530 which provided statutory language applying to RN's employed by SRS facilities. It would "exempt licensed nurses who return to work at certain state institutions from a statutory $15,000 limit on salary earnings if retired from KPERS and returning to work for a state agency."

After the hearing at which KSNA provided supporting testimony, the Senate Ways and Means Committee KPERS Subcommittee amended the bill to include a three-year sunset provision, and specifically spelled out those institutions that would qualify.

The Senate Ways and Means Committee passed S.B. 530, but it was never put on General Orders in the Senate for Committee of the Whole debate.

2003

On February 24, 2003, KSNA gave testimony in support of H.B. 2127, citing a state nursing shortage projected to last through at least 2010 unless trends were reversed. KSNA Executive Director Terri Roberts pointed out in her testimony that this bill would have provided a reduction in training and orientation costs for specialty nursing practices (such as those needed to serve the special populations served in the five SRS facilities), by leading to an increase in the number of previously-employed nurses returning to their workplace. She also pointed out the disadvantage at which the current regulations place institutions covered by KPERS, from a recruitment perspective, if a retired RN returning to the workforce does not wish to be limited to the $15,000 earning restriction, and so seeks another employer.

H.B. 2127, KPERS Earnings Limitations Eliminated for RNs, was introduced and heard in 2003 by the House Tax, Judicial, Transportation, and Retirement Budget Committee, but it did not progress during the legislative session.

2004

On March 19, 2004, KSNA gave testimony in support of H.B. 2517, which would have lifted the $15,000 earnings limitations from KPERS-eligible employees returning to work in the same facilities or institutions, and put a three-year sunset on the KPERS restriction lift.

This bill was introduced as a result of 2003 Interim discussions about hard-to-fill positions in the fields of teaching and nursing.

KSNA Legislative Chair Carolyn Middendorf made points similar to those made in 2003, specifically regarding the nursing shortage in the state, and the advantages accruing to state facilities if permitted to re-hire retired nurses without the earnings-cap restriction.

H.B. 2517 was introduced and referred to the Select Committee on Pensions in January, and was heard in March, but it did not progress during the legislative session.

2442 Highway 15
Abilene, KS 67410
February 8, 2003

KPERS Board
Topeka, KS

Dear Board,

I am a Registered Nurse, retired to part time with KPERS pension since 1999. I had worked at Memorial Hospital, Abilene, since 1975 and now work one shift each week, thus earning within my $15,000 limit required by KPERS regs.

As you all probably know, there is a RN shortage in Kansas, & perhaps a teacher shortage as well. Recent statistics warn that the RN supply is aging & nearing retirement. Many RNs would like to work part time more than KPERS currently allows. The nurse shortage has also led employers to raise nurse wages, making the $15,000 limit even "more limiting" for time worked.

I am asking KPERS Board members to take this situation into consideration as they work on changes in KPERS regs. for retirees who want to continue working part time. A change would benefit the health care system & the education system of Kansas.

Sincerely yours,

Ramey Schmidt R.N.

7-4

– OVER –

Any legislation would have the benefit also of making legislators look good without having to spend any money in this tight budget time.

N.

7-5

785 368.6365

KPERS

Kansas Public Employees Retirement System

February 17, 2003

Nancy Schmidt, R.N.
2442 Highway 15
Abilene, KS 67410

Dear Ms. Schmidt:

Thank you for your recent letter to the KPERS Board of Trustees regarding the $15,000 earnings limitation. The Board Chairman asked that I respond on behalf of the Board to your letter.

The annual earnings limitation was first established in statute by the Legislature in 1988 and was raised to its current $15,000 level in 1998. Under this statute if a retirant returns to work with the same employer from which they retired, they are subject to a $15,000 earnings limitation. Upon reaching that threshold they must either quit working to continue to receive their benefit or continue working and have their benefit suspended for the balance of the calendar year.

This earnings limitation is a policy decision by the Kansas Legislature regarding the System's plan design. The KPERS Board and staff have a fiduciary responsibility for the prudent management of the System's assets and the proper administration of benefits in accordance with the statutes, but the Board is not involved in legislative plan design issues like the earnings limitation.

You make some very valid points in your letter about the nurse and teacher shortages in Kansas and the impact of this earnings limitation on working after retirement for these persons. This issue is currently being considered in the Kansas Legislature and several bills have been introduced in the 2003 session on this topic. For example HB 2127 would eliminate the earnings limitation entirely and SB 60 exempts retired teachers in "hard-to-fill" teaching disciplines from the earnings limitation. I recommend that you express your viewpoints on this issue to your state representative and state senator.

Please contact me if you have any questions or I can be of assistance.

Sincerely,

Glenn Deck

Glenn Deck
Executive Director

cc: KPERS Board of Trustees

611 S. Kansas Ave., Suite 100 ■ Topeka, KS 66603-3803 ■ Phone: (785) 296-6166
Fax: (785) 296-2422 ■ E-mail: kpers@kpers.org ■ Home Page: www.kpers.org
Toll Free: (888) 275-5737

TESTIMONY- HB 2379

My name is Mary Winans and this is my testimony on why having the cap limit of $15,000 needs to be lifted as stated in the HB2379. Doing this would be to my benefit as well as other retired state employees and school teachers. I am writing to ask for HB2379 to be passed to help me in my situation. I want to tell you of my hardship case and why I had to retire and then why I rehired back to where I use to work. Maybe after you hear my situation, you can see why the rule on the $15,000-per-year earning limits is needed to be removed.

Background: It 1st starts with my husband's situation. He has been an independent insurance agent the last 27 years. We have always struggled making ends meet but have never filed for bankruptcy. We have raised 2 children. My husband is now 57 years old and was diagnosis with Huntington's disease in 2002 when he was 55. He worked until we could get him on disability social security in May of 2003. We never did take out a retirement for him and therefore he gets no other funds except Social Security Disability. Who knew that he would be struck down 10-15 years before retirement time? Well, his story is a hard one because besides him having Huntington's disease, he has Polio (which he has had since 4 ½ years old) and affected both his hands and left arm and then Post-Polio struck his body at age 45. He never complains but as you see, he couldn't do much more than he has and a 2nd job isn't feasible in his situation.

My background: I went straight into working for the State of Kansas Government at age 18. I have worked many jobs with the Dept. of Administration, always striving to better myself with each new job. During these 35 years, I pride myself in always doing my best and following the rules of each division and working hard at whatever duty I was assigned. The last 7 years have been my very most favorite ones because I have been doing a job that I love; working hard at being a reliable Information Technology Consultant, Computer Technician and Help Desk Consultant.

During all these 35 years that I have been a State of Kansas Government employee, I have been fortunate to have KPERS coming out of my check A good retirement system for when I need it. I even bought back my 1st year not long ago, just so I would have all the points (85) and be able to take retirement at an early age, if needed to take care of my husband. Well, the time came and went when I had 85 points and I held out for a couple more years, until this year (2004). With my husband on disability retirement and no other means of income, we are dipping into our small saving account every month to make ends meet. Then I looked into what I could do with my retirement. I found that since I had 90 points, I could retire, take out a lump sum from my retirement and then could go back to work after 30 days out of the state system.

When I announced to my bosses that this was what I needed to do, they tried to figure out some other way in which for me to get some cash so I wouldn't have to retire. They didn't want me to leave. I work so well with all the others within our group that they offered me back a job, through the proper channels, and so I'm going to go back to work at the same office starting today (Feb. 15, 2005). They and I knew of this cap limit on retires but didn't know that the retirement checks stop entirely until the next year and then started back up until the cap limit is met again.

I had planned on working at least another 10-15 years because I'm only 54 years old. Health insurance is very expensive paying for it on my own ($1021.00 per month) but if I work fulltime, state pays for part of it. Having to retire and then come back has several disadvantages: No more longevity pay; no more 6.5 hrs. vacation leave per pay period; no retirement; no more seniority; and the job that I took is $5 less each hour. I shouldn't be penalized for retiring from a State agency and then going back to work at the same place. I'm sure you can see my problem. I'm going back to a state agency that I have worked for before. I really didn't want to retire but it was the only way I could see getting some cash to live on as well as a monthly retirement check.

I would really like for you to consider my situation and lift the earnings limit of $15,000-per-year so I can still draw my full retirement amount each month as well as work for DISC. By July 2005, I'll be at the $15,000 cap limit and then my retirement checks will stop until next year.

I'm testifying to you that my case is a hardship case that could have good results if you will rule in favor of HB2379 and lift the earnings cap limit of $15,000-per-year for state retirees.

Respectfully submitted,

Mary E. Winans
2831 SE Shawnee Dr., Topeka, Ks 66605

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KANSAS HOSPITAL
KHA
ASSOCIATION

Thomas L. Bell
President

To: House Appropriations Committee Members
From: Deborah Stern
Vice President Clinical Services/ Legal Counsel
Date: February 17, 2005
RE: House Bill 2379

TESTIMONY ON HOUSE BILL 2379

Good morning. My name is Deborah Stern and I am vice president of clinical services and legal counsel at the Kansas Hospital Association. I am here today to testify in favor of House Bill 2379 which amends current law by permitting retired LPNs and RNs to return to work at a KPERS-participating facility without being subject to an annual income cap of $15,000.

Here is some background information as to how KHA became aware of the problem that exists with the current law. On November 1, 2002, several nursing leaders and educators from across the state were asked to testify before the Legislative Budget Committee regarding the nursing shortage in Kansas. At the conclusion of the presented testimony, the Budget Committee requested that a group comprised of those who testified meet and report back to the Committee those ways in which the legislature could assist with the nursing shortage without the expenditure of state funds.

In response to the above request, a group calling itself the Kansas Nursing Workforce Partnership, met and drafted several recommendations for the legislature to implement to assist with the nursing shortage in Kansas.

One of these recommendations is to lift the current KPERS restriction which applies to retirees returning to work for their former employer. The health care entities experiencing nurse shortages and impacted by this law are state

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hospitals such as Osawatomie and Larned, as well as 18 community hospitals that participate in the KPERS program.

The Kansas Nursing Workforce Partnership and the Kansas Hospital Association support House Bill 2379 which would exempt nurses from the statutory $15,000 limit on earnings if they retire from a KPERS participating facility and wished to return to work at that facility.

Last year, I testified that Osawatomie State Hospital had 7 registered nurses who retired from that facility and wanted to continue to work part-time at Osawatomie. Due to the income cap in our current law, all of these nurses had to find employment at other facilities. Currently, Osawatomie employs 4 registered nurses who work part-time but are held captive by the $15,000 income restriction. Because the hospital has experienced a decrease in operating funds, resulting in the loss of RN positions, the need for the elimination of the income cap to allow these 4 nurses to work additional hours is more crucial than ever before. Currently, Osawatomie has to be careful as to how many times these trained nurses are called in to work so as not to exceed the $15,000 income maximum under the current law. At the present time, Osawatomie needs every nurse it can employ, especially those possessing many years of clinical experience dealing with difficult, psychiatric patients.

Unable to get nurses from anywhere else, Geary Community Hospital in Junction City currently employs 3 contract nurses, also called traveling nurses, who go from hospital to hospital as independent contractors. These nurses are usually from out of state, are unfamiliar with the facility they go to, and must be put through several weeks of expensive orientation before they ever go near a patient.

On the other hand, Geary Community Hospital currently employs three registered nurses who retired from that facility. They include a house supervisor, an ER nurse, and a pre-operative orthopedic teaching nurse. If the current income cap was lifted, Geary Community Hospital could increase the number of hours these former retirees work and not have to depend on expensive outside nurses. Once again, the hours these experienced nurses can be employed must be carefully monitored to stay within the $15,000 income limitation currently in place. Often these nurses, like the house supervisor, already very familiar with the hospital, can only work weekends for fear that they may exceed the income restriction in our current law.

According to data collected by the Kansas Hospital Association, twenty-eight per cent (28%) of the registered nurses in Kansas are over the age of 51. With the lack of enough young people entering the nursing field, it is imperative that we facilitate the ability of retired nurses to fill the vacant positions that exist at every hospital in the state.

The experience and knowledge that these retirees possess cannot be replaced. We must allow retirees to continue to be productive after retirement if they choose to return to the workforce.

Retired workers, be they nurses or teachers who are seasoned workers and possess invaluable experience should be given every opportunity to return to the workforce without the fear of earning more than $15,000 per year. For this reason, the Kansas Hospital Association and the Kansas Nursing Workforce Partnership are asking for your support of House Bill 2379.

<u>Kansas Nursing Workforce Partnership members:</u>
Deborah Stern, Kansas Hospital Association, Chairperson;
Ann Abel, Health Careers Coalition, Wichita;
Mary Blubaugh, Kansas State Board of Nursing;
Emma Doherty, Kansas Organization of Nurse Leaders;
Sheila Frahm, Kansas Association of Community Colleges;
Barbara Gibson, Kansas Department of Health & Environment;
Ann Hess, Kansas Council of Practical Nurse Educators;
Cynthia Hornberger, Kansas Association of Colleges of Nursing;
Tammy Hutchison, Gove County Medical Center;
Janet Jacobs, Kansas Federation of Licensed Practical Nurses
Janice Jones, Kansas State Nurses Association;
Diane Lindeman, Kansas Board of Regents;
Karen Miller, University of Kansas Medical Center;
Carol Moore, Kansas Association of Homes & Services for the Aging;
Mary Carol Pomatto, Pittsburg State University;
Terri Roberts, Kansas State Nurses Association;
Lou Saadi, Kansas Department of Health & Environment;
Fran Seymour-Hunter, SRS;
Pat Thompson, Kansas Council of Associate Degree Educators;
Jeanne Walsh, Johnson County Community College;

Kansas Department of

Social and Rehabilitation Services

Gary Daniels, Acting Secretary

House Appropriations Committee
February 17, 2005

HB 2379 - Suspension of Earnings Limitation for Retirants of KPERS

SRS Human Resources
George Vega, Director

For additional information contact:
Public and Governmental Services Division
Kyle Kessler, Director of Legislative and Media Affairs

Docking State Office Building
915 SW Harrison, 6th Floor North
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Kansas Department of Social and Rehabilitation Services
Gary Daniels, Acting Secretary

House Appropriations Committee
February 17, 2005

HB 2379 - Suspension of Earnings Limitation for Retirants of KPERS

Chairperson Neufeld and members of the Committee, I am George Vega, Director of Human Resources for the Department of Social and Rehabilitation Services. Thank you for the opportunity to testify before you today on HB 2379. We recognize that this bill applies to all state employees and support the bill as written. We are very interested in the ability to rehire Registered Nurses after they retire without the usual $15,000 earnings limitation. We are appreciative of your efforts to consider tools which we believe will be beneficial in assisting the state hospitals and institutions to use in recruiting nurses.

Our preference has been, and continues to be, that we have the ability to rehire nurses and not be burdened with the $15,000 annual earnings cap. This would assist the hospitals in hiring nurses with vast knowledge and experience.

We currently employ retired nurses in what we call PRN nurse positions. These nurses work, perhaps, one weekend a month or help with infrequent gaps in nursing coverage. These nurses do not work beyond the $15,000 annual earnings cap. Neither the hospital nor the employee contributes to KPERS. We view HB 2379 as a way to assist in addressing the shortage of nurses in our hospitals and institutions and we appreciate the opportunity to provide testimony on this issue. I would be happy to stand for questions.

Testimony to House Appropriations Committee
Robert J. Vancrum, Government Affairs Specialist
Blue Valley Unified School District No. 229

February 17, 2005

Chairman Neufeld and the Honorable Members of the Committee:

We support House Bill 2379, which would remove the $15,000 limit on compensation for services that can be earned from any participating employer. Currently, anyone earning over that amount from a participating KPERS employer has to forfeit the payment of their retirement benefits for the period of such extended service. We are going to face a significant recruitment problem in the next several years across Kansas as a high percentage of experienced teachers, and administrators, and other hard to replace employees, will be reaching retirement age.

Similar efforts have been made to remove this cap in the past. We understand that the KPERS system believes that there is significant actuarial impact of such a change unless school districts continue to pay into the mandatory employer contribution to the retirement plan for the employee. Frankly, this makes no sense to any participating employer or to the employee, since as a defined benefit plan the additional payments will not benefit such retired employee or any other employee of the participating employer. We, therefore, cannot support the bill if it is to be amended in that way.

This has been the very issue that has caused the bill to die several times in the past. The plain fact is Representative Mah has identified a Very Real problem which needs to be addressed in the very near future or we are going to have increasing numbers of experienced and talented employees retiring and a serious shortfall of new ones entering the profession. I wish I had an easy fix for this problem, but there isn't one.

As long as we stay with the current defined benefit pension system, we are going to have talented, experienced people choosing to take their retirement benefits when it is most advantageous to them, and either leave their career for another one where they can earn a salary in addition to the benefit or leave the state, in which case they can also draw their benefit and still pursue their career.

Thank you for the opportunity to address this very important issue.

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TESTIMONY
HOUSE APPROPRIATIONS COMMITTEE
House Bill 2379

As a Principal in Seaman USD 345, I support House Bill 2379. I would like the option of keeping an excellent teacher working with students in my building. Our patrons would appreciate that option also.

This "double dipping" perk is one of the few perks teachers have. It's seems almost silly that they can continue to work in a district that adjoins but can not continue to work in the district they retire. This punishes teachers that do not live in populous areas.

They often need to travel too long a distance to work for another district. I believe KPERS claims they cannot afford for this to happen. I believe our legislature could create a formula that could make it affordable.

Please help us find a way to keep excellent teachers and administrators in their own districts.

Gary Groves
Principal
Elmont Elementary
Topeka

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HOUSE APPROPRIATIONS COMMITTEE

TESTIMONY FOR HB 2379

As the superintendent for Seaman , USD 345, I would like to support House Bill 2379. Our district has 51 teachers and 10 administrators who will be KPERS eligible over the next 5 years. To be able to keep those highly qualified people in our district would be hugely beneficial to our students.

A $25,000 cap on earnings would help as it would allow those teachers who wanted to continue teaching part-time to continue with the district. However, it would be much more beneficial to allow them to draw their KPERS benefits and continue to draw their full salary.

We suggest that those people who choose to continue working in their own district while receiving KPERS benefits continue to pay into the KPERS fund with no match by the district or state. For example , an administrator or teacher could retire and take his or her KPERS benefits and keep the same job.

They could then pay the 4% KPERS contribution from their paycheck but would not receive any additional benefits from that contribution other than receiving their normal benefit. This would allow the KPERS fund to continue to grow even with additional personnel receiving benefits. Your attention to this bill is greatly appreciated.

I appreciate the opportunity to appear this morning in support of House Bill 2379 and I will be glad to stand for questions.

Mike Mathes
Superintendent, Seaman, USD 345

TESTIMONY
House Appropriations Committee
House Bill 2379

In support of HB 2379

The Auburn-Washburn School District supports legislation that would repeal the earnings cap on rehired retirees. If school employees want to receive the benefits they have earned but continue working, they are forced to move to another district. The cap results in no savings for the state but is detrimental to districts like Auburn-Washburn.

We vigorously hire, retain, and develop the best possible staff. Many times our employees want to tap into the benefits to which they are entitled and continue working for us. The current cap does not allow this. Often times these staff are in hard-to-fill positions and replacing them with a person of similar caliber is difficult or impossible. Removing the cap would allow staff to receive their benefits while continuing to provide a much-needed service to our students.

We don't believe that removing the cap would cause an increase in the number of retirees, just an increase in the number of staff who will be able to stay where they are needed and where they want to work.

In recent years we have lost many excellent staff members due to this cap and likewise we have employed many (8 since 2000) others who may have preferred to remain in their previous districts.

Dr. Brenda Dietrich
Superintendent
Auburn-Washburn USD 437
5928 SW 53rd
Topeka, KS 66610

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House Bill No. 2379
Testimony

Respectfully Submitted
By
Ken Jones
Superintendent
Columbus U.S.D. #493

Columbus U.S.D. #493 is a located in Cherokee County in southeast Kansas. U.S.D. #493 is a rural school district consisting of 354 square miles boarding both Missouri and Oklahoma. There are six elementary buildings in the district, one Jr. high school and one high school. U.S.D. #493 currently employs approximately 200 total staff members. The official full-time equivalent enrollment on September 20, 2004 was 1199.5 students.

Due to our proximity to Oklahoma, we have successfully hired a number of quality teachers and administrators who have retired from Oklahoma and served our district with distinction. The decision to hire Oklahoma retirees is not by design. When making personnel decisions, we first and foremost look for the best possible candidate to fill our vacancies. The retired personnel hired into our district have provided us with not only experience, but also energy and enthusiasm in the classrooms and buildings.

We have also attracted a very good teacher who retired from a neighboring Kansas district as well as an excellent counselor from Missouri. The maturity and experience these individuals bring to U.S.D. #493 has enhanced the quality of education we provide.

Based on the success of hiring retired personnel from neighboring districts and states, I believe it would be beneficial to allow teachers, counselors, and administrators who have reached 85 points in Kansas to have the option of retiring and returning to their current district at a pay more representative of their experience and expertise than currently allowed.

Many of these individuals have the enthusiasm and energy to be very effective educators and should not be required to leave the district if they choose to retire once reaching 85 points. We would like to have the option of retaining those members of our staff rather than lose them to another district.

Please consider my support for House Bill No. 2379. This bill provides school districts with the option of retaining and rewarding experienced staff who have proven to be effective educators.