

MINUTES OF THE HOUSE SELECT COMMITTEE ON KPERS COMMITTEE

The meeting was called to order by Chair Sharon Schwartz at 8:00 a.m. on March 19, 2010, in Room 142-S of the Capitol.

All members were present except:

Representative Clark Shultz, Excused  
Representative Robert Olson, Absent

Committee staff present:

Gordon Self, Office of the Revisor of Statutes  
Julian Efird, Kansas Legislative Research Department  
Michael Steiner, Kansas Legislative Research Department  
Carol Bertram, Committee Assistant

Conferees appearing before the Committee:

Others attending:

See attached list.

Julian Efird, Legislative Research Department, briefed the Committee on **HB 2400 - As Amended**. He stated **HB 2400** as amended in 2009 would raise the annual cap on employer contribution increases from the current 0.6 percent to 1.0 percent for the state's payments for KPERS state and school groups, effective July 1, 2011. In addition, the bill would appropriate \$18.41 million from federal stimulus funds for the additional costs attributed to the FY 2011 annual increase of 1.0 percent. He reviewed a couple of changes the Committee could make to update and revise the bill, and distributed a summary regarding the latest developments related to KPERS (Attachment #1).

Questions and answers followed where a full discussion by the Committee ensued.

It was moved by Representative Carlson, seconded by Representative Lane to amend **HB 2400** by changing the implementation date to July 1, 2012 and striking section 2 of the bill. A new section two was added to the bill authorizing the use of money from the Expanded Lottery Act to be used for KPERS. The motion carried

It was moved by Representative Carlson, seconded by Representative Lane to recommend **HB 2400** favorably for passage as amended. The motion carried.

A letter in support of **HB 2400** from Jane Carter, Executive Director, Kansas Organization of State Employees (KOSE), was received by Chair Schwartz and distributed to the Committee members for their information (Attachment #2),.

For informational purposes, Julian Efird distributed copies of a statement which projects the number of state employees eligible for **HB 2730 - Retirement health care benefit payments for certain retirants** provisions age 62+ with 10 or more years of service as of July 1, 2010 (Attachment #3).

The meeting was adjourned at 8:30 a.m.



## Julian Efirm

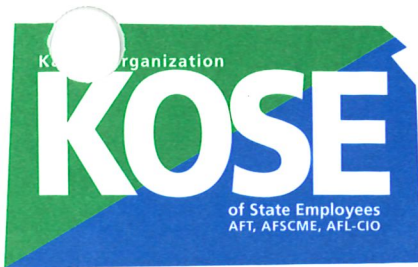
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**To:** Sharon Schwartz  
**Subject:** Summary of KPERS Items

The following items may be of interest regarding the latest developments related to KPERS.

1. The Senate Ways and Means Committee heard SB 564 which was recommended by the Joint Committee on Pensions, Investments and Benefits to address the long-term funding problem. No action has been taken.
2. The House Appropriations Committee yesterday recommended in its appropriations bill that KPERS employer (state and school) contributions be frozen (approximately \$37.9 million) in FY 2011 at the FY 2010 level; that KPERS death and disability be reduced 25 percent (approximately \$4 million) in FY 2011; and that there be a 1.0 percent across-the-board reduction for the State General Fund in FY 2011 (approximately \$3 million) for KPERS state and school contributions).

Julian Efirm  
Principal Analyst  
Kansas Legislative Research Department  
010-W Statehouse  
Topeka, KS 66612



**A NEW DAY... A BETTER WAY... FOR STATE EMPLOYEES**

Testimony before the  
House Select Committee on KPERs

On  
**HB 2400**

By  
**Jane Carter, Executive Director**  
Kansas Organization of State Employees  
March 18, 2010

It is the position of KOSE that HB 2400 is a positive step in the right direction. HB 2400 raises the employer contribution to KPERs from 0.6 percent to 1 percent of the State's annual payment which is necessary to address future funding problems. KOSE supports this bill because it addresses the problems with the State's failure to adequately fund our retirement obligations.

According to the Pew Center Report<sup>1</sup>, "Kansas is one of twenty one states that have failed to make its annual payments at the levels recommended by their own actuaries." State Employees, on the other hand, are required to make their contributions whether the State lives up to its end or not. Therefore, it is encouraging to see this Committee taking initiative to live up to its obligations to state employee retirees.

Additionally, it should be noted that KPERs Executive Director Glen Deck has previously testified in support of HB 2400 making it clear that raising the employer contribution rate is an action that will resolve KPERs long-term liability.

This is a meaningful step in the right direction and we urge this Committee to push this bill forward in order to reform our pension liabilities for future generations.

<sup>1</sup> "The Trillion Dollar Gap: Underfunded Retirement Systems and the Road to Reforms." Feb. 18, 2010.

**HOUSE SELECT COMMITTEE  
ON KPERs**

Kansas Organization of State Employees, AFT/AFSCME

DATE: 3-19-10  
ATTACHMENT: D




**Projected Number of State Employees Eligible for HB 2730 Provisions  
Age 62+ with 10 or More Years of Service  
As of July 1, 2010**

	Number of Eligible Members <sup>(a)</sup>		
	Age 62-65	Over Age 65	Total
Department of Social & Rehabilitation Services	134	54	188
Kansas State University	75	50	125
Department of Transportation	77	40	117
Judicial Branch	70	44	114
University of Kansas	61	36	97
Wichita State University	34	29	63
Department of Revenue	25	26	51
Department of Labor	28	19	47
Department of Health & Environment	26	16	42
Department of Administration	25	11	36
Pittsburg State University	26	9	35
Osawatomie State Hospital	17	16	33
Fort Hays State University	17	13	30
Larned State Hospital	18	12	30
Kansas Neurological Institute	16	13	29
University of Kansas Medical Center	22	7	29
Legislative Administrative Services	10	17	27
Emporia State University	19	6	25
Department of Education	15	9	24
Parsons State Hospital	13	9	22
<b>Subtotal</b>	<u>728</u>	<u>436</u>	<u>1,164</u>
All Other State Agencies <sup>(b)</sup>	<u>239</u>	<u>129</u>	<u>368</u>
<b>Total</b>	<u><u>967</u></u>	<u><u>565</u></u>	<u><u>1,532</u></u>

(a) Projections based on membership data as of December 31, 2008, adjusted for retirements and terminations reported through March 17, 2010, with age and years of credited service projected to July 1, 2010.

(b) Other individual state agencies with 15 or more eligible members include the Department on Aging, the Department of Wildlife & Parks, the Insurance Department, the Kansas Highway Patrol, the Commission on Veterans Affairs, and the El Dorado, Hutchinson, Lansing, Norton, and Winfield correctional facilities.

March 18, 2010

  
**HOUSE SELECT COMMITTEE**  
**ON KPERS**  
 DATE: 3-19-10  
 ATTACHMENT: 3