

## 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 2, 2010, in Room 546-S of the Capitol.

All members were present except:

Representative Richard Carlson, Absent

Representative Robert Olson, Absent

Committee staff present:

Gordon Self, Office of the Revisor of Statutes

Alan Conroy, Kansas Legislative Research Department

Julian Efird, Kansas Legislative Research Department

Michael Steiner, Kansas Legislative Research Department

Carol Bertram, Committee Assistant

Conferees appearing before the Committee:

Representative Eber Phelps, 111<sup>th</sup> District

Glenn Deck, Executive Director, Kansas Public Employees Retirement System (KPERS)

Others attending:

See attached list.

After calling the meeting to order, Chair Schwartz opened the hearing on **HB 2716 - Computation of KPERS benefits for certain state officers and employees placed on furlough.**

Julian Efird, Legislative Research Department, explained that this bill revives and makes a few changes to a prior law that was on the books until 2007. It relates to furloughs and the reduction of compensation of employees in state agencies. The bill identifies employees that have attained 20 or more years of service who would be furloughed; it would protect them when computing their final average salary and other benefits should they be furloughed.

Chair Schwartz recognized Representative Eber Phelps who appeared before the committee to offer testimony for Representative Tom Hawk (Sponsor of the original bill introduction) who was unable to be present (Attachment #1). He stated that **HB 2716** provides for some employees, should they be furloughed, to retain the calculation of their final KPERS benefit as if they had remained on full pay. The agency would make the KPERS payment for the designated employees as if they had not been furloughed. Also, he stated it is in the state's best interest to have some method available to encourage the retention of the senior talent who might retire before they really wish or in a situation that might harm the agency by the loss of their seasoned and skilled expertise.

Questions and answers followed.

Chair Schwartz recognized Glenn Deck, Executive Director, Kansas Public Employees Retirement System (KPERS) who answered questions concerning how the calculations for retirement may reduce the benefits of a retiree who is furloughed.

Since there were no other proponents or opponents to testify on **HB 2716**, Chair Schwartz closed the hearing on **HB 2716**.

**SB 146 - Kansas public employees retirement system; computation of benefits when rate of computation is reduced or placed on furlough; removing sunset provision**

For informational purposes, Chair Schwartz drew the Committee's attention to **SB 146**.

Julian Efird explained the differences between **HB 2716** and **SB 146**. He drew the Committee's attention to New Section 2 on line 14 page two of the bill which refers to closure of offices and hourly furloughs. He stated both bills revive the prior law, but each bill includes different changes in that law differently.

Chair Schwartz recognized Gordon Self, Office of the Revisor of Statutes, who further explained the

## CONTINUATION SHEET

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differences between **HB 2716** and **SB 146**. Glenn Deck (KPERS) also offered background information in regard to the two bills. Questions and answers followed.

### Early Retirement Options

Representative Schultz reported that the Subcommittee is having a bill drafted which is to be introduced by the Committee at the rail. This proposed bill relates to the retirement of certain public employees and their health care benefit payments. Sh said the subcommittee does plan to meet again and will have a report for the Committee at its next meeting..

Gordon Self, Office of the Revisor of Statutes, distributed copies of the proposed legislation which the subcommittee had requested (Attachment #2). Mr. Self explained its contents. He stated there remains a lot of details to work out but that this language is a start.

Questions and answers followed.

Chair Schwartz recognized Julian Efird, Legislative Research Department, who distributed copies of the Joint Committee on Pensions, Investments and Benefits' items on KPERS Long-term Funding Proposal which provided the following information: (1) Increase the current cap on the maximum year-to-year increase in employer contributions from .6% to 1.0%. (2) Increase the employee contribution rate .5% per year for four years to a maximum of 6% for KPERS tier I and 8% for KPERS tier II. (3) Increase the current multiplier for retirant benefit calculations from 1.75% to 1.85% for KPERS tier I and II (Attachment #3). Mr. Efird guided the Committee through the items explaining each handout page and answering questions.

The meeting was adjourned at 9:00 a.m.

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Representative Sharon Schwartz, Chair