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Testimony to the KPERS Study Commission

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Our testimony is intended to be more informational than providing recommendations for changes to the KPERS system or suggesting how we got where we are today. We believe you have been provided a great deal of information on those topics and are well aware of the available options. As such, it is not our intent to cover every concern we have regarding changes in the retirement system. Most of our concerns apply to all public employees and have been well addressed by others.

Julian Efird has provided information that 62 local governing bodies have opted to have their police and fire employees under the KP&F retirement plans. In Kansas, there are 438 law enforcement agencies. 403 of those are governed by local government or local subdivisions. That leaves 341 (86%) local law enforcement agencies with officers under the KPERS (non-KP&F) plans. Using that information and information from the KS-CPOST, the certifying agency for law enforcement officers, we estimate approximately 33% (around 2350) of Kansas local government law enforcement officers are under KPERS, not under KP&F. These officers are primarily outside of the larger metropolitan areas and generally are in agencies with 23 or fewer officers. They will work longer (to an older age) before retiring and have a smaller salary with fewer options for supplemental income than officers in the larger agencies.

The KP&F retirement is designed to address the needs of law enforcement officers and firefighters and the unique physical demands of those public safety employees recognizing the need to allow aging employees to retire earlier than non-public safety employees. It is unfortunate that so many local government agencies have chosen not to provide these retirement benefits to their law enforcement and firefighter employees. It is our belief these local decisions were based on the additional costs of the KP&F plan rather than on public safety considerations or the health and safety of older officers and firefighters placed in these physically demanding positions.

We recognize this Commission was not specifically charged with recommending changes to KP&F. But as you can see from the above information, Kansas law enforcement has a critical interest in the KPERS retirement plans.

As the Commission proceeds with deliberations and decision making we ask you to consider the following:

Impact of requiring public safety employees to work longer

Public safety employees are in positions of performing high stress and physically demanding tasks. The ability of these public safety employees to perform these tasks very much effect their ability to prevent the victimization, injury, loss of life, and loss of property of the people they serve. It also has a large impact on whether or not these public safety employees survive a physically demanding encounter and are able to return home at the end of their shift. I can tell you from personal experience that wrestling with a 20 something felon who is resisting arrest, thwarting the attack of a 25 year old drunk in a bar fight, or chasing after a young felon is much more difficult as an officer reaches the mid to late 50's. I am not convinced Kansans are expecting a post 60 year old officer, let alone a post 65 year old officer, to be the one to stand between them and an armed or assaultive assailant. This is not to say that age is the determining factor of an officer's ability to perform their duty, but clearly age impacts that ability.

Ability to recruit qualified applicants

Law enforcement has faced many recruiting challenges over the past ten years or so. This is especially true of the smaller communities, those with officers under KPERS, not KP&F. Law enforcement administrators continue to consider the benefits package, including retirement plans, an important factor in recruiting qualified applicants who are also considering private sector employment or comparing agencies with which they choose to apply. By necessity the qualifications, physical risks, odd work hours, requirements to work holidays, and other factors mandatory for public safety jobs limit the pool of interested applicants.

If new employees are switched to a defined contribution plan or a reduced benefit/higher cost retirement plan, the plan must provide a reasonably comparable retirement benefit to the competing employers to have a similar enticement to employment as the current plans. The defined contribution plans we have seen proposed by the legislature seem to miss that mark. A 3% employer contribution rate is substantially less than the current employer contribution to public safety officers' retirement plans, both KPERS and KP&F. It is our belief, after conferring with financial planning experts, that a 3% or less employer contribution and 6% employee contribution for a defined contribution plan will reduce the retirement benefit substantially from what it is today and more importantly from what an employee will need to fund their retirement years. It should be noted these percentages represent a significant increase in the employee's contribution rate and a significant decrease in the portion of the employer's current contribution rate for the actuarial requirements. This shifts not only the investment risk to the employees but also requires them to commit more of their earnings to retirement beyond the increased contribution rate mandated by the plan. This creates a triple hit on the employees: Assuming the investment risk, increased employee plan contributions, increased retirement savings above the plan.

Many employees consider the benefits, including retirement, when making choices regarding their career paths. Employees deserve and expect stability in those benefit plans. This is especially true once an employee reaches a point in their career or reach an age where changing careers is difficult. This difficulty is further increased when the unemployment is high and many younger applicants are available. Public safety employees are somewhat unique in that once they are well into their careers they do not have an option of switching to other employers within their chosen careers. Moving to another agency usually means the employee starts at the bottom of the pay scale again, or at best at a greatly reduced pay. There are no public employers offering jobs with similar job descriptions of the law enforcement profession. Public safety employees have few options of changing employers after ten or so years in the profession without abandoning that profession for a totally different career.

We understand the current system must be changed to assure a viable long range and properly funded retirement system. We also understand those changes will necessarily impact employees to some degree, especially future employees. We strongly believe the state's promises and commitment to current employees should be retained as much as possible. We also know these changes will have consequences. Some of those consequences will be expected and calculated, but unintended consequences are also likely. We suggest changes that do not shift a disproportionate share of risks or contribution increases to the employees and changes that minimize benefit reductions.

The Kansas Association of Chiefs of Police, the Kansas Sheriffs Association, and the Kansas Peace Officers Association respectfully request you keep these points in mind as you consider the massive amount of information you will receive, as you evaluate the various options you will have before you, and as you formulate your recommendations to the legislature.

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