

I would like to address this committee as an OPPONENT to a DC plan. Here is my written testimony--

This is the second time I have addressed this committee in 2013. I am speaking as an individual, yet as the face and voice of many teachers and public sector employees. Kansas public employees feel attacked in many areas: no more civil service for state employees, taking away payroll deduct for PAC, the Core Curriculum, bargaining rights, and cutting funding which reduces people to do the work. This began with the governor's election, and has escalated yearly and exploded in this 2013 legislative session. I will only address pensions for this committee.

On February 24th I emailed you all individually, *asking the committee to consider going back to a defined benefit, as I do believe that is the least costly for the taxpayers and brings the most benefit to our public workers. If the KPERS staff could do the numbers... about the unfunded liability reaching a 80% funded ratio around 2020 (when Tier II was added and contribution increased by 50% to 6%), it might show the committee that HB2194 is the most cost effective, as well as still remain a very good reason for employees to take a public sector job. Maybe the UAL could be gone before 2033???*

I again ask you to have KPERS compare a DB plan from HB 2194 to 2012 HB 2333 (cash balance plan) and whatever comes out in 2013. Due diligence would beg re-examining the DB after 2008. This is from a handout Exhibit A1 dated 2/18/2013.

My reason to hang onto a DB plan is not to beat a dead horse, but to be persistent in what is best for tax payers and employees. The DB plan with HB 2194, when Tier II and the 6% contribution were added, the unfunded liability could have been paid off by about 2020. This was just as the market changed in 2008. The Cash balance pays it off in 2033. Compare it to your home mortgage, which is better? If I remember right, the DC plan does not address the UAL.

As this committee considers all the KPERS issues, I want to thank the following for their comments on March 13, 2013:

Rep. WolfeMoore for saying “ concern with bonding is it will create a pension holiday for the state” “what are our values to recruit and retain employees, emphasizing teachers and doesn't like comparing the government to private sector”. She reminded us of “what Doug Mays and Ron Estees said about new cost study going forward on any new legislation and to take it slow”.

Rep. Rubin said “minimize risk to taxpayers and it is a mistake to issue pension bonds because the 2004 issue didn't work out so well”. I recognize “we are in a buyer's market for new employees” so I appreciate his suggestion “to take a full year to study with an interim committee”

Chairman Johnson “we are intrusted to the tax payers in the future” and “bonding and plan are two different things”.

Rep. Hawkins recalled the handout from Alan Conroy at KPERS with the adv/dis of all plans and asked “what is our philosophy”? “Our philosophy will lead us to the plan”.

“Philosophically, do we want to take away the guarantee for employees?” He stated “continue with current law 2301 which has not even been implemented”

Rep. Proehl “new plan not been implemented, should we give the cash plan time to work?”

These comments lead me to conclude that there are some on this committee who do value the work we do, and want time to study further while listening to the people on the direction we want the state to take.

I also remind you that in HB2333, the guarantee rate was 5.25%, and I recall from discussions in 2012, how a loop hole entered the bill something like “but if there’s not enough money, we can change the law” and 2301 does that – to 5% - before the cash balance plan begins. So, can we trust the legislators when these new hires retire in say 30-50 years to even stay at 5%? There was also the bonus loop hole which is a gamble to be more than the %.

I again ask for the DB numbers, I challenge you to prove me wrong!!! Show ME, Chris Huntsman, that staying with a DB is the worst plan. I await the numbers!

Thank you!

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