

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairperson Ron Ryckman at 9:00 am on Friday, March 11, 2016, 112-N of the Capitol.

All members were present except:

Representative Jerry Henry – Excused
Representative Gene Suellentrop – Excused
Representative Ron Highland – Excused

Committee staff present:

Kathy Holscher, Kansas Legislative Committee Assistant
David Fye, Legislative Research Department
Jennifer Ouellette, Legislative Research Department
Jill Wolters, Office of Revisor of Statutes
Daniel Yoza, Office of Revisor of Statutes
J.G. Scott, Legislative Research Department
Melinda Gaul, Administrative Assistant

Conferees appearing before the Committee:

Representative Lunn
Alan Conroy, KPERS
Judge Creitz, Kansas District Judges Association
Rebecca Procter, Ks. Organization of State Employees
Ed Klumpp, Kansas Associations of Chiefs of Police, Sheriffs Associations and Peace Officers Association
Brock Ingmire, League of Kansas Municipalities
Pam Moses, Kansas Association of District Court Clerks and Administrators
Tom Weisharr, Kansas Association of Court Services
Marc Galbraith, State Employee Association of Kansas

Others in attendance:

[See Attached List](#)

Opening Remarks

Chairman Ryckman called the meeting to order and reviewed the meeting agenda.

Representative Schwartz made a motion to approve the minutes from the March 7 and March 8, 2016 committee meetings. Representative Hoffman seconded the motion. Motion carried.

Hearing on: HB2725 — Limiting compensation related to accumulated leave and 409A and 457(f) plans for purposes of computing final average salary for retirement benefits under KPERS.

Chairman Ryckman opened the hearing on **HB 2725**.

CONTINUATION SHEET

MINUTES of the Committee on Appropriations at 9:00 am on Friday, March 11, 2016 in Room 112-N of the Capitol.

Daniel Yoza, Office of the Revisor of Statutes, provided a briefing on the bill ([Attachment 1](#)) . He stated that in 1993, the legislature closed the groups for using sick leave and vacation time to increase their compensation for the purpose of increasing Kansas Public Employees Retirement System (KPERS). The bill includes the following: no additional accrued leave may be used for this purpose after July 1, 2016; prevents the use of certain increases in compensation earned over the last 4 years; prevents the use of certain compensation plans to increase KPERS benefits; and does not apply to Kansas Police or Fire (KP&F) members. A review of the provisions of the bill followed.

Daniel Yoza responded to questions from committee members. The effective date for this bill is July 1, 2016 and only applies to those employed prior to 1993. As requested, additional information will be forthcoming regarding legislation related to this issue prior to 1993.

Representative Lunn, presented testimony as a proponent of the bill ([Attachment 2](#)) .

Representative Lunn responded to questions from committee members regarding pension spiking that has occurred thus far, and a greater concern was expressed for approximately 22,000 eligible employees in the future. Chairman Ryckman noted that after July 1, 2016 accrued leave is capped at 240 hours of vacation leave and will not include accrued sick leave in the final pay calculation. He noted that some local school boards negotiate their own contracts with school superintendents and discussed the exposure to state and local taxpayers. A review of other states in comparison to public sector employees followed.

Alan Conroy, Executive Director, KPERS presented testimony in neutral of the bill ([Attachment 3](#)) .

Alan Conroy responded to questions from committee members. He stated that the system is pre-funded and the local group has a rate and the state school group has a rate and the final calculation would not impact the judges system or the police and fire system. If the annual leave payout exceeds 15 percent, the employer pays the actuarial costs and the employee receives the benefit in the final salary. The employer payment may be in a lump sum or over a period of time. An example of a scenario followed. In the opinion of general counsel position is that it is contract vested legal right, which may need to be resolved in court. If eliminated, the actuarial cost is approximately \$52 million, and he added the longer an employee stays in the plan., the better from the actuarial standpoint. He stated that classified employees are limited to 240 hours of vacation leave and there is no cap for sick leave until retirement with the maximum amount for their payout would be 60 days for an employee with 25 years of service. In order to generate data to determine administrative costs, all leave benefit balances and rate of pay by employee would be reported to KPERS. If the bill passes, there would be a one time cost for internal information technology data collections of \$300,000, which would be done through existing resources, he stated.

Judge Daniel Creitz, presented testimony as an opponent of the bill ([Attachment 4](#)) . He stated that one in five employees would be effected, which does not include judges.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

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Ed Klumpp, Kansas Association of Chiefs of Police, Kansas Sheriffs Association and Kansas Peace Officers Association, presented testimony as an opponent of the bill ([Attachment 5](#)) .

Rebecca Proctor, Kansas Organization of State Employees (KOSE), presented testimony as an opponent of the bill ([Attachment 6](#)) .

Brock Ingmire, League of Kansas Municipalities, presented testimony as an opponent of the bill ([Attachment 7](#)) .

Pam Moses, Kansas Association of District Court Clerks and Administrators, presented testimony as an opponent of the bill ([Attachment 8](#)) .

Tom Weisharr, Kansas Association of Court Services, presented testimony as an opponent of the bill ([Attachment 9](#)) .

Marc Galbraith, State Employee Association of Kansas, presented testimony as an opponent of the bill ([Attachment 10](#)) .

Discussion continued by committee members regarding the impact of the bill.

Written testimony as a proponent of the bill was provided by Alan Cobb, Americans for Prosperity ([Attachment 11](#)) .

Written testimony as opponents of the bill was provided by Riley County Commissioners ([Attachment 12](#)) , Katie Killern City of Shawnee ([Attachment 13](#)) , Melissa Wangemann, Kansas Association of Counties ([Attachment 14](#)) , Kevin Flory, Kansas State Firefighters ([Attachment 15](#)) .

Meeting adjourned at: 10:34 a.m.