



March 11, 2016

Testimony in Support of HB 2725

Chairman Ryckman and Members of the Committee:

On behalf of Americans for Prosperity activists across the state, thank you for this opportunity to voice our support for HB 2725.

The state retirement plan, KPERS, allows members hired before July 1, 1993 to count payouts of unused leave, vacation and sick time accrued during employment toward the final salary calculation. This has resulted in significantly higher compensation rate calculations for some members' final year of employment which are not reflective of compensation during the term of employment.

This issue has been addressed for members hired after July 1, 1993. However, members hired before that date have the option to choose a three year compensation average without 'additional compensation' or a four year average with 'additional compensation'.

HB 2725 will provide a mechanism to give an accurate average of member salaries for benefit calculation purposes. The bill imposes a 240 hour cap for accrued vacation leave. The bill would allow only inclusion of sick, vacation and annual leave earned in the proceeding four years prior to retirement in the final compensation average.

Although there is not a fiscal note available for HB 2725 currently available, this bill shares similar elements with HB 2426. That fiscal note indicated a State General Fund savings of approximately \$29.6 million. However, the SGF savings associated with HB 2725 would be slightly lower due the differences in employees covered by the bill, and member retirements since the HB 2426 fiscal note was calculated.

Vacation days, sick leave, holiday pay and other types of leave are intended as a benefit for employees during the course of employment, not as a mechanism for increased retirement benefits. HB 2725 will help ensure KPERS is sound, stable and sustainable for members retiring now and in the future.

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