House Pension and Benefits Committee
Testimony on HB 2250
William H. Layes
February 23, 2015

Good morning Mr. Chairman and members of the Committee. Thank you for allowing me to speak today in favor of HB 2250. My name is William Layes and I am a retired State employee where I worked for 35 years and served as Director of the Labor Market Information Division of the Kansas Department of Labor. I am also a member of the Kansas Coalition of Public Retirees, KCPR.

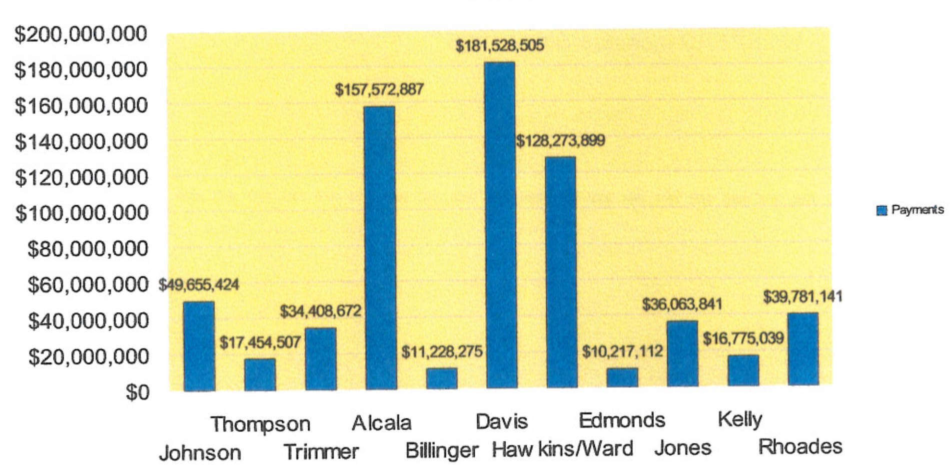
Today I wish to speak concerning the importance of the Kansas Public Employee Retirement System, KPERS and the critical role payments from that fund make to retired public members as well as to the local Kansas economy. I also would like to point out the effect of no increase in the Monthly Benefit Amount has on retirees, especially those retired for an extended period. I support passage of HB 2250 to provide a hardship Monthly Benefit Amount (MBA) increase for retired KPERS members.

Recent annual KPERS payments are illustrated in the table below.

Calendar Year	Amount	Percent Change
2011	$ 1,246,391,982	na
2012	$ 1,290,901,312	3.6
2013	$ 1,379,004,366	6.8

While KPERS paid a total of nearly $1.4 Billion in CY 2013, Chart 1 below contains information about KPERS payments made during CY 2013 in the counties of the current members of the House Pension and Benefits Committee. The sum of these payments was approximately $683 Million or about one-half of all payments. These are dollars paid directly into the economy of local Kansas counties, each month. It should also be mentioned that these payments have a "multiplier effect" in the areas. Economists may differ on the level of the "multiplier" that these payments generate but I believe we can agree that such an effect exists.

Chart 1 -KPERS Payments in Counties of Pension and Benefit Legislators
CY 2013



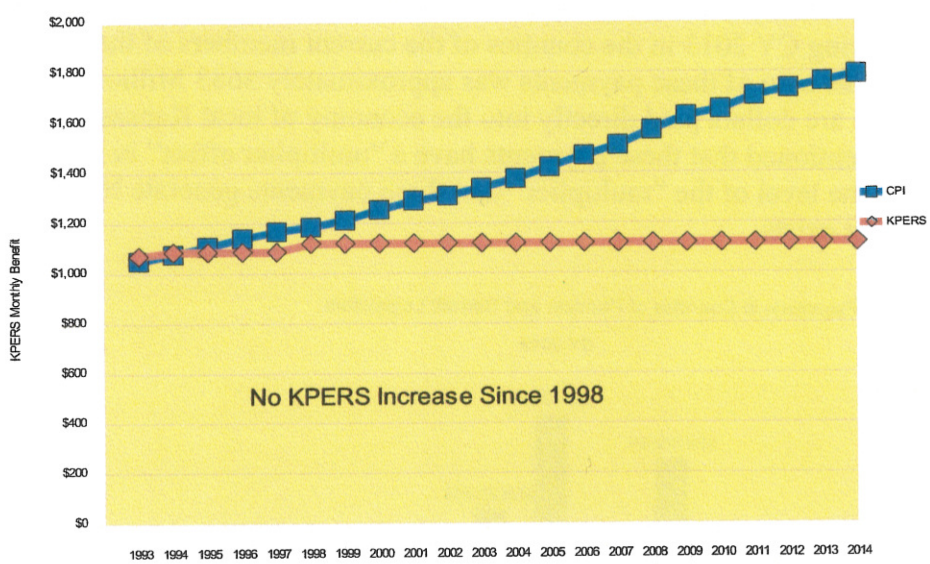
Total CY 2013 KPERS Payments $1,379,004,366

The second part of my testimony relates to the effect of no adjustment in the monthly amount of benefits, particularly for those who have been retired for an extended period. HB 2250 would help with this problem by permitting a small benefit adjustment for those retired for long periods.

Chart 2 below illustrates the problem of a KPERS retiree with no adjustment over an extended period of time. This is an example of an Administrative Assistant who retired in 1993. In this example the retiree KPERS benefit at the time of retirement (1993) represents about 50 percent of the final monthly salary ($1,020). During the early years of retirement the KPERS benefit is somewhat keeping pace with inflation because Monthly Benefit Amount adjustments have been granted. However, the last adjustment was made during the early years of the Governor Graves Administration (1997). And, as shown by the graph however, as time progresses the effects of inflation dramatically reduce the "effective benefit" of the retiree. For these reasons we are seeking a "hardship adjustment" through HB 2250.

Chart 2 - KPERS Benefit for Administrative Assistant Retired in 1993

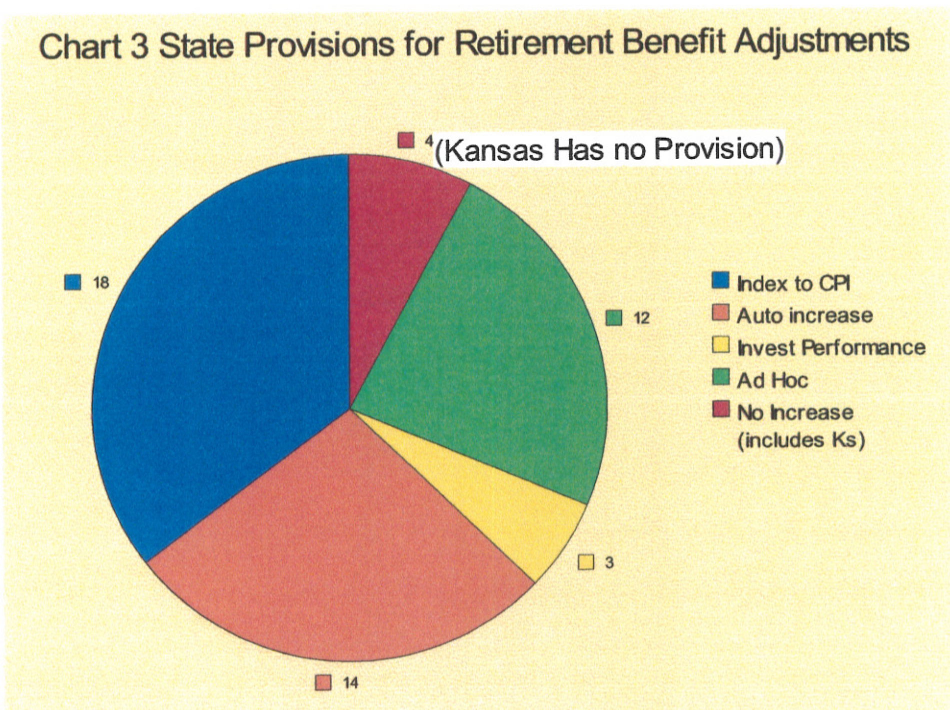
KPERS Benefits Fail to Keep Pace with CPI



Finally Mr. Chairman, we have provided Chart 3 taken from the Kansas Coalition of Public Retirees Annual Report for 2015. This information illustrates the number of states that have a legal provision for adjustment of retirement benefits. The source of the information is the National Association of State Retirement Administrations.

State Retirement Plan Adjustment Provisions

Provision	Number	Percent
Index to CPI	18	35.29
Auto increase	14	27.45
Invest Performance	3	5.88
Ad Hoc	12	23.53
No Increase (includes Ks)	4	7.84
	51	100.00



Mr. Chairman this concludes my testimony. I want to again thank you for the opportunity to appear today and provide testimony on HB 2250. I would be pleased to answer questions that you may have.