

State of Kansas

Senate Chamber

MARTHA J. "MOLLY" BAUMGARDNER
STATE SENATOR, 37TH DISTRICT
29467 MASTERS COURT
LOUISBURG, KANSAS 66053
(913) 709-1069

ROOM 224-E, STATE CAPITOL
TOPEKA, KANSAS 66612
OFFICE: (785) 296-7368
molly.baumgardner@senate.ks.gov



February 11, 2019

Committee Chair Waymaster and fellow members of the House Appropriations Committee,

Good morning and thank you for this opportunity to stand before you in support of SB 9, of which I am one of 18 co-sponsors.

For the last four years, I have been inundated with emails, phone calls, and questions at legislative coffees about what the legislature was doing to reduce the unfunded liability of KPERS. With so many Kansans being either active or retired KPERS members, it is paramount that we take appropriate action to assure a stable retirement, disability and survivor system.

I believe SB 9 allows us to take a significant step in preserving our fiduciary duty. As you know, in FY 2016, employer contributions were reduced by \$97 million through a special allotment authority, with a promise to be paid – with interest – by FY 2018 end. This promise was not upheld. It should be noted that the **larger than expected ending balance in FY-18 forward is a direct result of skipping this KPERS payment**. The passage of SB 9 out of this committee and both legislative houses, preserves the promise made to KPERS members and the taxpayers of Kansas.

The interest alone on this unfunded liability has ballooned to \$18 million. To delay action will mean the continued accrual of interest upon interest. In fact, each day that passes incurs an interest cost of \$20,712.32. SB 9 presents several realistic opportunities for our state:

- We can meet the actuarial required contribution for this fiscal year
- We can increase the school group's funding ratio, which is hovering too near critical status
- We can realize the overall funded ratio of 70%, which seemed an impossible aspiration eight years ago

I appreciate your thoughtful and prompt action on SB 9. Now is our opportunity for the Kansas Legislature to honor a promise made and take concrete action that will have positive long-term fiscal effect.

Respectfully submitted,

Molly Baumgardner