



P. O. Box 4091  
Topeka, KS 66604  
(785) 267-1515

---

**Written Testimony before the House Committee on  
Pensions, Investments and Benefits  
March 20, 2013**

Mr. Chairman and members of the committee, my name is Gary Adkins and I am Executive Director of the State Employees Association of Kansas. Thank you for the opportunity to present written testimony regarding KPERS options.

I would like to begin with a few words of introduction. SEAK is an employee organization that was founded in 1994. We are dedicated to ensuring the State of Kansas has a workforce of the highest possible quality. Unlike a collective bargaining agent, we do not focus on specific workforce related issues such as working conditions, uniforms and other day-to-day issues facing both the State of Kansas as an employer and its employees. Instead we focus on issues that result in a highly-productive and efficient workforce. Toward this end, we look at economic issues facing State of Kansas staff such as salaries, benefits and the KPERS retirement system. Also, unlike other state employee organizations, we represent all employees, regardless of position or active/retiree status.

As you know, a Joint Committee of KPERS was established in 2011 to study KPERS alternatives. Goals before the committee were to take on the task of determining ways to deal with the Unfunded Actuarial Liability (UAL) and to ensure that, once dealt with, find ways to ensure the State of Kansas does not again find itself in the same financial condition. Based on the committee deliberations, a defined contribution (DC) alternative was proposed for KPERS for all future employees.

During the 2012 Kansas Legislature, the DC proposal was scrapped because of cost and the fact that it did nothing to eliminate, over time, the UAL. A third problem with the DC approach is that for most employees the retirement would be substantially

less than the current defined benefit (DB) system. The only real benefit of the DC system was that it protected the State of Kansas from again amassing a UAL.

As an alternative, legislation for a cash balance system (CB) was crafted. It limited State of Kansas liability, ensured a livable benefit, was less costly than the DC system and it eliminates the UAL by 2033. This bill was crafted using solid actuarial data. About the only real criticism of the CB system was that it assumes an 8% investment return for KPERS that some find unrealistic.

We support letting the CB system “run its course.” The benefits of the system far surpass those of any other system under consideration. The “Next Generation Kansas Pension Solution,” while revolutionary, does not have a proven track record and may not prove to be in the best financial interests of the State of Kansas, its citizens and retirees.

In considering employment with the State of Kansas, potential employees look at a lot of factors including salaries, working conditions and eventual retirement. At present, salaries are significantly below the market for many positions and legislation under consideration has the potential to significantly reduce pension benefits. The end result will be that the State of Kansas will not be in a competitive position to hire high quality workers.

We urge the committee to take these factors into consideration when considering KEPRS alternatives and choose instead to continue with the existing CB program.