



Date: May 9, 2017  
To: Chairman Steven Johnson and House Taxation Committee  
From: Ken Evans, Strategic Communications Director, City of Wichita  
Subject: Written Testimony in Support of HB 2424

The City of Wichita strongly supports the provisions of HB 2424. More than 20 cents of every General Fund dollar spent by the City funds benefit costs. In 2016, the City spent nearly \$47 million on employee benefits (out of a General Fund budget of nearly \$223 million). The City utilizes a number of strategies to mitigate the growth in this area; however, the fact is that many factors outside the control of the City can cause these costs to increase. It is equally true that these costs usually increase at rates significantly higher than the CPI inflation rate. The City of Wichita spent \$21.6 million on health insurance for employees and dependents in 2016, which was 5.9% higher than 2015. Costs increased 6.0% in 2015 and 5.3% in 2014. In the future, rate increases of 8% annually are expected.

Exempting employee benefit costs from the tax lid is a prudent proposal. Since the tax lid limits the City's revenue growth, and since employee benefit costs are consuming an increasing proportion of the revenue growth available under the tax lid, under current law the City would at some point be forced to cut important services and programs in other to adequately fund employee benefit costs. While the tax lid still would reduce the City's ability to respond to increased service level requests from our residents, the provisions of HB 2424 would provide flexibility to address the unpredictable and increasing costs of employee benefits without resorting first to drastic service level reductions due to the tax lid law.

Thank you for your consideration of HB 2424.