



KANSAS BOARD OF REGENTS

Senate Committee on Financial Institutions & Insurance March 14, 2017

Elaine Frisbie Vice President for Finance & Administration

Good morning Chairman Longbine, and Members of the Committee. This testimony is submitted in support of House Bill 2268. Legislation enacted in 2015 and 2016 regarding KPERS working after retirement has impacted the Regents universities in a manner we believe was not intended. We testified on this issue to the Joint Committee on Pensions, Investments, and Benefits in September 2016, and a provision contained in this bill was introduced in response to that testimony. We thank the members of the Joint Committee for this legislation and for the opportunity to present again today.

The Board of Regents seeks an exemption to K.S.A. 2016 Supp. 74-4914 identical to that provided for KP&F and judicial branch employees so that if a KPERS retiree is hired into a Regents Mandatory Retirement Plan position, the employee is not impacted by the compensation limitation and the employer is not impacted by the new KPERS contribution requirement. These positions are not and have not been connected in any way to KPERS. To clarify, we do not seek any change to the 60-day waiting period or to the prohibition against pre-arrangement. Nor do we seek an exemption for those Regents employees who return to work in KPERS-covered positions.

Although the Board Office and state universities are designated as participating KPERS employers, the majority of our employees are not in KPERS, but rather are members of the Regents Mandatory Retirement Plan, as provided for in state law.¹ When we hire a new faculty or professional staff member, that individual joins the Regents Retirement Plan, and does not become a KPERS member unless the new employee transfers directly from an active KPERS position, or is reclassified, and makes the irrevocable decision to remain in KPERS. When taking a position in the Regents system as university support staff (positions that were previously classified), the employee joins the State group under KPERS. The number of Board and state university employees who are in KPERS is few, compared to the number of employees who are in the Regents Mandatory Plan.

¹ K.S.A. 2017 Supp. 74-4925.

To give context to our request, our system employs roughly 17,800 benefits eligible faculty and staff. Of those, 140 are KPERS retirees and 3,730 are active members in KPERS—primarily our university support staff. While we cannot predict how many KPERS retirees the Regents system may hire in the future, we do not believe the number to be substantial relative to the size of our workforce. There are particular instances, such as with our Universities' Schools of Education, that find hiring faculty experienced in elementary and secondary education to be of tremendous value. This exemption would be helpful to them in retaining or recruiting such faculty members.

We and KPERS staff are in agreement that the suggested language contained in Section 1 of House Bill 2268 would carry out the requested change and is consistent with the original intent of the law.

The Kansas Board of Regents welcomes the opportunity to discuss this issue further, and greatly appreciates the efforts by Alan Conroy and his staff who have worked on our behalf to clarify how these new rules are to be implemented under current law and how we might enact this legislative change.

Thank you for the opportunity to appear before you on this issue.