

## Written Testimony from Mr. William H. Layes, KPERS Retiree

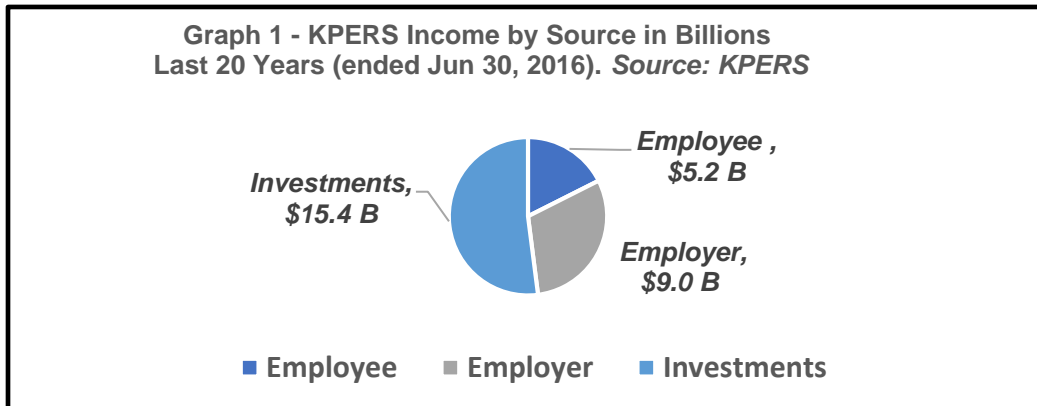
In supporting passage of HB 2100 2019 Kansas Legislative Session

11 Feb 19

Chairman Kelly and members of the Kansas House Financial Institutions and Pensions Committee, I am a KPERS retired State Employee and I write to you today to encourage passage of HB 2100 which would provide a minor Cost-Of-Living adjustment for selected KPERS retirees. As I am sure you have been told, the last KPERS COLA was effective in SFY 1998, 21 years ago. This follows a repeated period of minor COLA adjustments in earlier years.

I would like to point out some important facts about HB 2100 not included in the State Fiscal note.

1. As you know, contributions to the KPERS retirement fund are shared by the Employer and the Employee. The Employee contributed 4.0 percent and (now 6.0 percent) of salary and was required as a condition of employment. This amount was to be matched by the Employer (State of Kansas). The employee made each and every required payment, while the employer did not.
2. The KPERS fund has enjoyed exceptional success. KPERS income for the **20-year period ending June 30, 2016 was \$29.6 Billion**. While the employer submitted 30% and the employee 18%, the overwhelming majority of KPERS growth was a result of fund investments at 52%. Often little mention is made of investment proceeds **OR** employee contributions.



3. I believe it is important to consider any proposed benefit change in **relative terms**. According to KPERS statistics, the fund paid **\$1.7 Billion** in retirement benefits during SFY 2018. The FN for HB 2100 estimates the State's portion of the cost for HB 2100 at **\$13.1 Million** for FY 2020. This is then a one year- increase of less than of one percent (.77%).
4. Finally, Mr. Chairman the State has experienced a lengthy period of low inflation. However, this has extended for 21 years resulting in a slow but significant cumulative effect on fixed KPERS retirement payments. With this record of KPERS performance we ask that a small COLA be granted by HB 2100.

This concludes my written testimony. Thank you for the opportunity to submit comments.

William H. Layes, KPERS retired 2003

