

Kansas Coalition of Public Retirees



TESTIMONY
Opposing HB 2329
HOUSE FINANCIAL INSTITUTIONS AND PENSIONS COMMITTEE
MARCH 13, 2019

Chairman Kelly and Members of the House Financial Institutions and Pensions Committee:

My name is Ernie Claudel, and I am here today in my capacity as Legislative Chair of KARSP, the Kansas Association of Retired School Personnel, and Co-Chair of the Kansas Coalition of Public Retirees, in opposition to HB 2329, which seeks to increase teacher pay as well as KPERS School contribution to the KPERS Trust Fund. As an elected member of the KPERS Board of Trustees, the positions expressed in this testimony represent my views and/or the views of the Coalition and KARSP. They do not in any way represent the views of the KPERS Board of Trustees, nor do I speak for them.

There are two reasons to share the following information:

- A. Most do not realize the point that will be made here, i.e., KPERS School was initially underfunded when consolidated into the KPERS retirement system.
 - B. It also seems an appropriate topic with the introduction of HB2329. While KCPR may be interpreting the intent incorrectly, it could be interpreted that this call for increased school employee contribution implies that school employees have done something wrong and need to contribute more.
1. KPERS originated in 1962 and merged with the Kansas Teacher's Retirement System in 1971. (The statutes require that any organization joining KPERS must fully fund the new entity.)
 - A. The Kansas Legislature made the decision to combine the two programs, and subsequently contributed an additional \$10 Million a year to fully fund the Kansas Teacher's Retirement System portion of KPERS from 1971-1982, at which time they stopped the additional contributions.
 - B. The procedure requiring the full funding of the previous teacher's retirement system, when it was combined with KPERS, was not followed. (This action has led to the KCPR comments that KPERS School has been underfunded twice! Initially in 1971 and then along with all the rest of the State funded parts of KPERS for the last 24 years and counting.)
 - C. The above explains why there is always a difference in the funding levels of KPERS and KPERS School.

2. It is the understanding of KCPR and KARSP that distribution and determination of employee salaries are the designated duty of the local school board.
 - A. We believe the decision could be made to use the extra funding for another purpose, other than salaries, while still asking the employees to contribute the increased amount.
 - B. If the percentage of salary increase did match the contribution percentage, because school employees would have to pay federal taxes on the pay raise, the percentage of raise and contribution would not be the same.
3. Since the KPERS retirement system is a pension system approved by the IRS, any change would have to be approved.
 - A. Under present accepted procedure, any increase in contribution must be matched with corresponding increase in benefit.
4. It is well documented that any altering of retirement systems which would result in a reduction of benefits, whether intentional or not, has a greater impact on women than men.

In summary, it is the belief of KCPR that there is no justification in raising the KPERS School member's contribution in addition to being unfair.

With all of the above considered, we respectfully request the committee oppose the consideration of HB 2329.