

## MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Melvin Neufeld at 9:00 A.M. on February 17, 2005, in Room 514-S of the Capitol.

All members were present except:

Representative Newton- excused  
 Representative Sawyer- excused  
 Representative Schwab- excused

Committee staff present:

Alan Conroy, Legislative Research Department  
 J. G. Scott, Legislative Research Department  
 Amy VanHouse, Legislative Research Department  
 Reagan Cussimano, Legislative Research Department  
 Julian Efird, Legislative Research Department  
 Jim Wilson, Revisor of Statutes  
 Mike Corrigan, Revisor of Statutes  
 Nikki Feuerborn, Administrative Assistant  
 Shirley Jepson, Committee Secretary

Conferees appearing before the committee:

Ann Mah, Representative, 53<sup>rd</sup> District  
 Jan Sides, State Employees Association of Kansas  
 Susan Bumsted, RN, Kansas State Nurses Association  
 Mary Winans, KPERS participant  
 Deborah Stern, Kansas Hospital Association  
 George Vega, Executive Director of Human Resources, Department of Social and Rehabilitation Services

Others attending:

See attached list.

- Attachment 1 Budget Committee Report on Kansas Guardianship Program
- Attachment 2 Budget Committee Report on Kansas Public Employees Retirement System (KPERS)
- Attachment 3 Budget Committee Report on **HB 2037**
- Attachment 4 Fiscal Note on **HB 2379**
- Attachment 5 Testimony on **HB 2379** by Representative Ann Mah
- Attachment 6 Testimony on **HB 2379** by Jan Sides, State Employees Association of Kansas
- Attachment 7 Testimony on **HB 2379** by Susan Bumsted, RN, Kansas State Nurses Association
- Attachment 8 Testimony on **HB 2379** by Mary Winans, KPERS retiree
- Attachment 9 Testimony on **HB 2379** by Deborah Stern, Kansas Hospital Association
- Attachment 10 Testimony on **HB 2379** by George Vega, Executive Director of Human Resources, Department of Social and Rehabilitation Services
- Attachment 11 Written testimony on **HB 2379** by Robert Vancrum, Blue Valley School District
- Attachment 12 Written testimony on **HB 2379** by Gary Groves, Elmont Elementary School
- Attachment 13 Written testimony on **HB 2379** by Mike Mathes, Seaman School District
- Attachment 14 Written testimony on **HB 2379** by Brenda Dietrich, Auburn-Washburn School Dist
- Attachment 15 Written testimony on **HB 2379** by Ken Jones, Columbus School District

Representative Pottorff, Chair of the General Government & Commerce Budget Committee, presented the Budget Committee report on the Kansas Guardianship Program for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 1). The motion was seconded by Representative Lane. Motion carried.

Representative Pottorff, Chair of the General Government & Commerce Budget Committee, presented the Budget Committee report on the Kansas Guardianship Program for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 1). The motion was seconded by Representative Lane. Motion carried.

## CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on February 17, 2005, in Room 514-S of the Capitol.

Representative McCreary, Chair of the Revenue, Judicial, Transportation and Retirement Budget Committee, presented the Budget Committee report on the Kansas Public Employees Retirement System (KPERs) for FY 2005 and moved for the adoption of the Budget Committee recommendation for FY 2005 (Attachment 2). The motion was seconded by Representative Weber. Motion carried.

Representative McCreary, Chair of the Revenue, Judicial, Transportation and Retirement Budget Committee, presented the Budget Committee report on the Kansas Public Employees Retirement System (KPERs) for FY 2006 and moved for the adoption of the Budget Committee recommendation for FY 2006 (Attachment 2). The motion was seconded by Representative Gatewood. Motion carried.

### **Discussion and action on HB 2037 - KPERs, public employee disability benefits, age requirements.**

Representative Feuerborn, member of the Appropriations Retirement Subcommittee, presented the Subcommittee report on **HB 2037** and moved to recommend **HB 2037** favorable for passage (Attachment 3). The motion was seconded by Representative Gatewood. Motion carried.

In response to a question from the Committee, Glenn Deck, Executive Director, KPERs, noted that **HB 2037** could have a potential financial impact of approximately \$250,000 within 10-15 years as KPERs participants advance in age. The state has the potential for a lawsuit if no action is taken.

### **Hearing on HB 2379 - Suspension of earnings limitation for retirants of KPERs.**

Julian Efird, Legislative Research Department, explained that **HB 2379** would suspend the current \$15,000 annual earnings limitation for a four-year period, July, 2005 through June 30, 2009. Beginning July 1, 2009, the \$15,000 limitation would be restored. The bill also requires the KPERs Board of Trustees to review the impact of the bill by collecting designated data and reporting the results to the Legislature. This legislation would allow KPERs retirants, particularly teachers, to collect KPERs retirement payments and return to a teaching position where earnings could surpass the current \$15,000 earnings limitation. The fiscal note for **HB 2379** was distributed to the Committee (Attachment 4).

Responding to a question from the Committee, Dr. Efird stated that the proposed four-year period would allow time to collect data and research the impact of the legislation to determine the feasibility of extending the legislation beyond four years. The Committee noted that this legislation could increase the state's unfunded liability. Dr. Efird stated that a retiree who is drawing a KPERs pension and returns to work, would not be contributing to KPERs nor would the employer be contributing to KPERs for the employee. The Committee also noted that there is a need for teachers in specific fields of K-12 education, particularly in the rural areas of the state, and this legislation would allow those teachers to return to a former position.

Dr. Efird stated that an important component of the issue, is that under the current law, if a KPERs covered employee of a school district or state agency, retires from that entity and goes to work for a different participating employer, the employment is not considered employment by the same participating employer, and the \$15,000 earnings limitation does not apply. Additionally, the retiree would not be making a KPERs retirement contribution nor would there be a contribution from the employer on behalf of the employee.

Chair Neufeld recognized Representative Ann Mah, who presented testimony in support of **HB 2379** (Attachment 5).

Chair Neufeld recognized Jan Sides, State Employees Association of Kansas, who presented testimony in support of **HB 2379** (Attachment 6).

The Chair recognized Susan Bumsted, Kansas State Nurses Association, who presented testimony in support of **HB 2379** (Attachment 7).

Chair Neufeld recognized Mary Winans, KPERs retiree, who presented testimony in support of **HB 2379** (Attachment 8).

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MINUTES OF THE House Appropriations Committee at 9:00 A.M. on February 17, 2005, in Room 514-S of the Capitol.

Chair Neufeld recognized Deborah Stern, Kansas Hospital Association, who presented testimony in support of **HB 2379** (Attachment 9).

Chair Neufeld recognized George Vega, Executive Director of Human Resources, Department of Social and Rehabilitation Services, who presented testimony in support of **HB 2379** (Attachment 10).

Written testimony was distributed from Bob Vancrum, Blue Valley School District (Attachment 11), Gary Groves, Elmont Elementary School (Attachment 12), Mike Mathes, Seaman School District (Attachment 13), Brenda Dietrich, Auburn-Washburn School District (Attachment 14), and Ken Jones, Columbus School District (Attachment 15).

Chair Neufeld closed the hearing on **HB 2379**.

**HB 2379** was re-referred to the Appropriations Retirement Subcommittee.

The meeting was adjourned at 10:15 a.m. The next meeting of the Committee will be held at 9:00 a.m. on February 18, 2005.

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Melvin Neufeld, Chair