

MINUTES OF THE HOUSE COMMITTEE ON PENSIONS, INVESTMENTS AND BENEFITS

The meeting was called to order by Rep. Vernon L. Williams at
Chairperson

7:50 a.m. ~~PM~~ on February 27, 1990 in room 531N of the Capitol.

All members were present except:

- Rep. Barbara Allen (Excused)
- Rep. Bill Wisdom (Excused)

Committee staff present:

- Richard Ryan, Legislative Research
- Mary Meier, Committee Secretary

- Others: Marshall Crowther, KPERS
- Jack Hawn, KPERS

Conferees appearing before the committee:

- Basil Covey, Kansas Retired Teachers Association
- Craig Grant, KNEA
- Chuck Stuart, United School Administrators
- Charles Dodson, KAPE

Chairman Williams opened the hearing of HB2957.

Marshall Crowther gave an overview of the bill which would establish a Medicare Health Benefit for retirees. The benefit would be determined by the years of credited service, and retirees would receive 50 cents a month for each year of credited service over 10 years, with a maximum benefit of \$10 a month. People with over 30 years would have the maximum available. The funding period would commence July 1, 1990 and end June 30, 1992 through a special employer contribution of .2 of 1% of covered payroll for all of the employers, which translates into about \$4.5 million annually for the state and a little over \$1 million from local units of government. The money would go into a special reserve that could only be used for this purpose. Initially the money would be from the KPERS fund and would be replenished from the special fund until it's supported by contributions. If at any time there were additional borrowing from the KPERS fund there would be a pro-rata from the benefit of the retirant and if there were any monies left at the end of the sunset period it would be transferred to the KPERS fund and be available for other benefits or to reduce employers' costs. Chairman Williams thanked Mr. Crowther, noting his explanation would be helpful.

Chairman Williams introduced Basil Covey, Kansas Association of Retired Teachers, who offered both oral and written testimony (Attachment 1) in support of this bill.

Chairman Williams then welcomed Craig Grant, KNEA, who gave oral and written testimony (Attachment 2) in support of HB2957, commenting that one of the most pressing concerns of retirees is health care. He felt anything that can be done to supplement Medicare would be appreciated.

Chairman Williams asked for opponents, there being none, he closed the hearing on HB2957.

Chairman Williams then opened the hearing on HB2786, which deals with early and normal retirement under KPERS. Marshall Crowther explained that at present normal retirement under KPERS is age 65 or for those who have reached 60 with 35 years of service, or those at any age with 40 years service. Early retirement is possible prior to those times for those individuals with at least 10 or more years service who are at least 55 years of age, but there would be an actuarial reduction of benefits. This bill would provide for a one year period commencing July 1990 that reduction for early retirement would be .1 of 1% rather than .2 of 1% and also provides that after that point in time the normal retirement would include age 60 with 30 years of service rather than the present 60 with 35 years of service.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON PENSIONS, INVESTMENTS AND BENEFITS,
room 531N, Statehouse, at 7:50 a.m./~~p.m.~~ on February 27, 1990

The bill's fiscal note would be an annual increase in employer contributions of approximately \$5.5 million for state, and about \$800,000 for local units.

Chairman Williams welcomed Chuck Stuart, United School Administrators, who offered oral and written testimony (Attachment 3) in support of HB2786. His testimony also included the support of USD#229, Blue Valley; USD#501, Topeka, and USD#512, Shawnee Mission. He felt the provisions of this bill would assist those who did not wish to teach until the age 65.

Chairman Williams welcomed Craig Grant, KNEA, who offered oral and written testimony (Attachment 4) in support of passage of the early retirement "window" and the making of those provisions permanent.

Chairman Williams closed the hearing on HB2786.

Chairman Williams opened the hearing on HB2949. Marshall Crowther gave an overview of the bill, which basically gives a 4% cost of living increase for all who retired prior to July 1, 1989 under the KPERS system. He emphasized this would apply to all who had retired under KPERS including KP&F, Judges' system, school retirement system, local school annuitants and the insured disability recipients under KPERS, which has not previously been included in the various post retirement increases. The bill provides a 4% increase commencing July 1. Fiscal note would be \$4.5 million for state or KPERS; local units a little over \$1 million; judges probably \$48,000; KP&F approximately \$115,000 and local units \$416,000, all annually. Chairman Williams asked if disabled receive increases from the state plan, or from social security. Crowther replied the insured disability program of KPERS provides a benefit of 65% of salary. If they receive social security the initial amount is subtracted from the KPERS benefit; thereafter, the recipient does receive COLA increases. The benefit has no provision for adjustment until retirement age at which point it's diverted from disabled to retired and they receive credit and salary adjustment for that period. In the past there has been nothing which increased the KPERS insured payment once it was fixed. This would be a major change because they have not heretofore had the increase.

Chairman Williams then welcomed Basil Covey, Kansas Association of Retired Teachers, who offered oral and written testimony (Attachment 5) in support of HB2949, and expressed his group's appreciation for the Committee's efforts in introducing this legislation.

The next conferee was Craig Grant, KNEA, who offered oral and written testimony (Attachment 6) in support of HB2949. He stated his organization believes the retiree should retain the purchasing power they had at the time of retirement. This bill would do that and he encouraged the committee to continue this practice.

Chairman Williams again welcomed Chuck Stuart, United School Administrators, who offered oral and written testimony (Attachment 7) in support of HB2949. He expressed appreciation for efforts to obtain increases in the past and commended management of the fund.

Charles Dodson, KAPE, then offered oral and written testimony (Attachment 8) in support of HB2949. He expressed his organization's appreciation for the increase provided in this bill.

Chairman Williams then closed the hearing on HB2949.

Chairman Williams introduced Jo Walker, Revisor's Office, who substituted today for Gordon Self, whose father recently died.

Chairman Williams asked Rep. Katha Hurt, Ad Hoc Committee on HB2451, regarding child care center for state employees, to review HB2451 and to note any changes. Rep. Hurt gave a brief explanation of changes including noting the reference to "pilot" had been deleted. She pointed out language in

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Section (c) which states the center must meet the accreditation requirements of the National Academy of Early Childhood Programs. She added that the ad hoc committee wanted to include that child care centers may provide a discount on fees charged to state employees for multiple dependents. (Att. 9)

Rep. Wilbert asked if the service would be self sustaining to which Rep. Hurt replied that was why they inserted "may" use a sliding fee; it doesn't say "shall". She added that in order to get the complete language add the balloon (Attachment 10) to the bill form (Attachment 11).

Rep. Sader asked if this was the bill introduced last year to which Attorney General Stephan testified, to which Chairman Williams replied in the affirmative.

Chairman Williams thanked Rep. Hurt for the work she and her committee had done on the bill.

Meeting adjourned at 8:50 a.m.



Rep. Vernon L. "Vern" Williams
Chairman



Kansas Retired Teachers Association

Keep Retired Teachers Active

1989 - 1990



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February 27, 1990

Members of the House Pensions, Investments and Benefits Committee:

My name is Basil Covey and I represent Kansas Retired Teachers Association.

We support HB 2957 that provides Medicare health care benefits for retirants.

Three years ago elementary and secondary teacher retirees investigated the possibility of being covered by health insurance in the state program as college retirants are. That was not successful so most elementary and secondary teacher retirees belong to HMO or Blue Cross-Blue Shield and not in a group program.

HMO is failing and BC-BS costs continue to rise.

KRTA joined AARP in urging health care professionals--doctors and chiropractors--to accept assignment for Medicare patients.

HB 2957 will supplement the cost of health care programs now held by retirees.

We urge the Committee to give HB 2957 a favorable vote.

Thank you,

Basil Covey
Basil Covey

Att. #1

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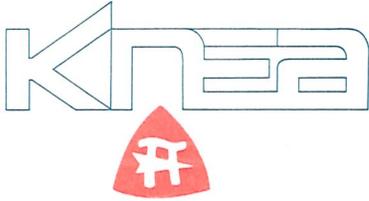
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Craig Grant Testimony Before The
House Pensions, Investments & Benefits Committee
Tuesday, February 27, 1990

Thank you, Mr. Chairman. I am Craig Grant and I represent Kansas-NEA. I appreciate this opportunity to visit with the committee about HB 2957.

One of the greatest concerns I hear about when talking to retired people is their worry about health care. It would be great if Medicare would cover a sufficient portion of medical costs so that a supplement was not needed. Since that is not the case, additional medical coverage is needed. Kansas-NEA supports HB 2957 to the extent it assists retirants with adequate medical insurance coverage. The cost is somewhat substantial, but we believe that it is a good usage of state and local moneys in order to assist employees who have retired.

K-NEA supports HB 2957 and hopes that the legislature will act favorably on its provisions. Thank you for listening to our concerns.

Att. # 2



HB 2786

Testimony presented before the House Committee on Pensions, Investments and Benefits
by Charles L. "Chuck" Stuart

United School Administrators of Kansas
USD #229, Blue Valley
USD #501, Topeka
USD #512, Shawnee Mission

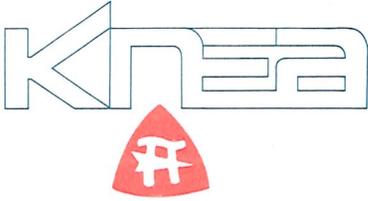
Mister Chairman and members of the committee, I am Chuck Stuart, Legislative Liaison for United School Administrators of Kansas. Today I am speaking in behalf of USA and the three school districts listed above. We are submitting joint testimony in an effort to indicate our mutual support of HB 2786 and to save time for the committee.

We are interested in improving the KPERS retirement system, and this bill which reduces to 30 years the amount of credited service required for retirement at age 60 with full benefits, makes such improvement. Many states, some in our immediate area, allow for full retirement when the sum of age plus credited service is less than the 90 indicated by this bill. We would hope that the Legislature would continue to work toward the "85 and out" permitted in one of our neighboring states.

We encourage the committee to recommend HB 2786 favorably for passage.

HB2786/gwh

Att. 3



Craig Grant Testimony Before The
House Pensions, Investments, & Benefits Committee
Tuesday, February 27, 1990

Thank you, Mr. Chairman. I am Craig Grant and I represent Kansas-NEA. I appreciate this opportunity to visit with the committee on HB 2786.

Teachers in Kansas were pleased with the passage of the early retirement "window" and the making of those provisions permanent. HB 2786 goes the next step to make the normal retirement age at 60 with the completion of 30 years of credited service. Most other states have similar or better terms for full retirement benefits. We believe that a person who has provided 30 years of public service certainly has shown his or her dedication and should be rewarded with full retirement benefits at age 60. The "burn out" problem is a real one, at least in the teaching profession, and those experiencing it should have a viable option to staying in the classroom at less than 100% efficiency. They should be allowed to retire at full benefits at a time when they can enjoy their retirement rather than being forced financially to stay with the pressures which could further reduce their physical ability to enjoy their retirement years.

Kansas-NEA supports the provisions of HB 2786 and hopes that the legislature will act favorably on its contents. Thank you for listening to our concerns.

Att. 4



Kansas Retired Teachers Association

Keep Retired Teachers Active

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February 27, 1990

Members of the House Pensions, Investments and Benefits Committee:

My name is Basil Covey and I represent Kansas Retired Teachers Association.

We support HB 2949 that provides a 4% cost of living increase for all who retired prior to July 1, 1989.

We appreciate the responsibility your Committee assumes, and the support for legislation, that has given retirees percentage increases in benefits in the past.

We know you are informed on current economic conditions and want to keep the purchasing power of retirees as near the rate of inflation as possible.

A recent report from the Dept. of Commerce indicated the 1988-89 rate of inflation was 11%, double the annual increases in overall inflation rate as measured by Consumer Price Index. They also reported health care rose 10.4% and will go up 10 to 14% a year for the next five years.

We appreciate the Committee's efforts in introducing legislation that serves the best interests of teacher and state retirees.

We urge the Committee to give HB 2949 a favorable vote.

Thank you,

Basil Covey
Basil Covey

Att. 5

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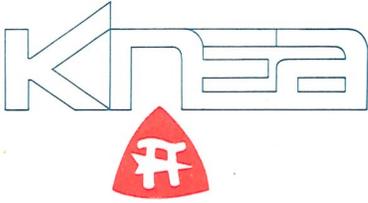
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Craig Grant Testimony Before The
House Pensions, Investments & Benefits Committee
Tuesday, February 27, 1990

Thank you, Mr. Chairman. I am Craig Grant and I represent Kansas-NEA. I appreciate this opportunity to visit with the committee on HB 2949.

Kansas-NEA certainly supports HB 2949. This bill parallels our policy that retirants earning capacity should keep pace with the cost of living increases following their retirement. The legislature has seen fit to provide cost of living increases consistently in the past years, and we hope that practice will continue. Our retired teachers certainly need and deserve such a consideration.

K-NEA supports HB 2949 and hopes the legislature will give a cost of living increase to our retired employees. Thank you for listening to our concerns.

ATT. 6



HB 2949

Testimony presented before the House Committee on Pensions, Investments & Benefits
by Charles L. "Chuck" Stuart, Legislative Liaison
United School Administrators of Kansas

February 26, 1990

Mister Chairman and members of the committee, I am Chuck Stuart, representing United School Administrators of Kansas. USA members support HB 2949 which provides for a 4% cost of living increase for KPERS retirees as of July 1, 1989.

The excellent management of the fund has allowed for cost of living increases during the history of KPERS and we support the continuation of such a practice.

We would urge the committee to report HB 2949 favorably for passage.

HB2949/gwh

Att. 7



Presentation to
Committee on Pensions, Investments and Benefits
by
Charles Dodson
Kansas Association of Public Employees

Mr. Chairman, members of the Committee, thank you for giving me the opportunity to appear in support of HB 2949.

We were concerned when the proposed budget you received had no provision for an increase for retirants. We hope that you will once again make up for this omission by providing an increase equal to the four percent which has been recommended for all classified and unclassified state employees.

We are particularly pleased to see a provision in this bill, which is a departure from past years, that provides for an increase for those employees who were forced into the insured disability benefit program. This feature is badly needed and will be greatly appreciated by those who have continually seen their benefits being eroded by rising prices.

Again, thank you for allowing me to speak.

Att. 8



Proposed language to amend House Bill No. 2451

AN ACT providing for the implementation of a ~~pilet~~ project establishing ~~-a~~ child care centers for state officers' and employees' children and dependents.

Be it enacted by the Legislature of the State of Kansas:

Section 1. (a) The secretary of administration shall implement a ~~-pilet~~ program establishing ~~-a~~ child care centers designed to accommodate the needs for child care for state officers' and employees' children and dependents.

(b) The secretary of administration shall identify building space that can reasonably be renovated or land site availability to accommodate ~~-the~~ child care centers. Such space may be located in a state-owned building, or in a privately-owned building, or on state-owned land conveniently located ~~-not-mere-than-one mile-from~~ near the place of employment of the officers and employees to be served by the center. If the center is to be located in a state-owned building, ~~-a-portion-of~~ the rental fee ~~-may~~ and utilities shall be waived by the secretary.

(c) The operators of the child care centers established pursuant to this section shall be selected on the basis of competitive bids. Requests for proposals shall be developed by the secretary of administration. The operators centers shall be required to ~~empty~~ be licensed by the Kansas Department of Health and Environment and maintain compliance with all state and local licensure requirements, -and meet the accreditation requirements of the National Academy of Early Childhood Programs, and comply with all state purchase-of-service standards, maintain adequate liability insurance coverage and assume financial and legal responsibility for the child care center. Neither the operator of the center nor any person employed by or at the center shall be considered employees of the state.

(d) Except as otherwise provided by law, the child care centers established pursuant to this section shall be financially self-sufficient. -and Operating costs shall be offset by fees charged to state officers and employees who utilize the child care services provided by the center. Requests for proposals may provide for a sliding fee schedule with fees charged on the basis of the officer's or employee's household income.

(e) The secretary of administration may adopt rules and regulations to implement this section.

Sec. 2. This act shall take effect and be in force from and after its publication in the statute book.

HOUSE BILL No. 2451

By Committee on Federal and State Affairs

2-20

15
16 AN ACT providing for the implementation of a pilot project estab-
17 lishing a child care center for state officers' and employees' children
18 and dependents.

19 *Be it enacted by the Legislature of the State of Kansas:*

20 Section 1. (a) The secretary of administration shall implement a
21 pilot program establishing a child care center designed to accom-
22 modate the needs for child care for state officers' and employees'
23 children and dependents.

24 (b) The secretary of administration shall identify space that can
25 reasonably be renovated to accommodate the child care center. Such
26 space may be located in a state-owned building or in a privately-
27 owned building located not more than one mile from the place of
28 employment of the officers and employees to be served by the center.
29 If the center is to be located in a state-owned building, a portion
30 of the rental fee may be waived by the secretary.

31 (c) The operator of the child care center established pursuant to
32 this section shall be selected on the basis of competitive bids. Re-
33 quests for proposals shall be developed by the secretary of admin-
34 istration. The operator shall be required to comply with all state
35 and local licensure requirements and all state purchase-of-service
36 standards, maintain adequate liability insurance coverage and assume
37 financial and legal responsibility for the child care center. Neither
38 the operator of the center nor any person employed by or at the
39 center shall be considered employees of the state.

40 (d) Except as otherwise provided by law, the child care center
41 established pursuant to this section shall be financially self-sufficient
42 and operating costs shall be offset by fees charged to state officers
43 and employees who utilize the child care services provided by the

Att. 10 & 11

Att. 10

44 center. Requests for proposals may provide for a sliding fee schedule
45 with fees charged on the basis of the officer's or employee's household
46 income. ^

47 (e) The secretary of administration may adopt rules and regula-
48 tions to implement this section.

49 Sec. 2. This act shall take effect and be in force from and after
50 its publication in the statute book.

The child care center may provide a discount on the fees charged to state officers and employees for multiple dependents of such officers and employees using the child care center.

10-11/2