

MINUTES OF THE HOUSE PENSIONS & BENEFITS COMMITTEE

The meeting was called to order by Chairman Mitch Holmes at 9:07a.m. on March 2, 2011, in Room 142-S of the Capitol.

All members were present except:

Representative Louis Ruiz - Excused

Committee staff present:

Gordon Self, Office of the Revisor of Statutes

David Wiese, Office of the Revisor of Statutes

Julian Efird, Kansas Legislative Research Department

Michael Steiner, Kansas Legislative Research Department

Darla Conner, Committee Assistant

Conferees appearing before the Committee:

Terry Collins, Director, Doniphan County Education Cooperative #616

Robert Coleman, Director, ANW Special Education Cooperative

Chad Austin, Vice President of Government Relations

Diane Gjerstad, Wichita Public Schools USD 259

Gary George, Ed. D., Assistant Superintendent of Schools, Olathe Public Schools

Tom Krebs, Governmental Relations Specialist, Kansas Association of School Boards

Dennis Phillips, Kansas State Council of Firefighters

Karen Wright, Director, Butler County Special Education

Karen Kuhn, Sedgwick County Area Educational Services Interlocal Cooperative #618

Stuart Little, Ph.D., Little Government Relation, LLC

Bill Seidl, Superintendent of Schools, Canton-Galva

Mark Desetti, Kansas National Education Association

Others attending:

See attached list.

Hearing on:

HB 2310 - Working after retirement requirements for KPERS retirants.

David Wiese, Office of the Revisor of Statutes, gave an overview of **HB 2310**.

Opponents:

Terry Collins, Director, Doniphan County Education Cooperative #616, (Attachment 1), appeared before the committee in opposition of **HB 2310**.

Robert Coleman, Director, ANW Special Education Cooperative, (Attachment 2), gave testimony in opposition to **HB 2310**.

Chad Austin, Vice President of Government Relations, (Attachment 3), presented testimony in opposition to **HB 2310**.

Diane Gjerstad, Wichita Public Schools USD 259, (Attachment 4), appeared before the committee in opposition to **HB 2310**.

Gary George, Ed. D., Assistant Superintendent of Schools, Olathe Public Schools, (Attachment 5), presented testimony in opposition to **HB 2310**.

Tom Krebs, Governmental Relations Specialist, Kansas Association of School Boards, (Attachment 6), gave testimony in opposition to **HB 2310**.

Dennis Phillips, Kansas State Council of Firefighters, on behalf of Terry Forsyth, Coalition for Keeping the Kansas Promise, (Attachment 7), appeared before the committee in opposition to **HB 2310**.

Karen Wright, Director, Butler County Special Education, (Attachment 8), appeared in opposition to **HB 2310**.

Karen Kuhn, Sedgwick County Area Educational Services Interlocal Cooperative #618, (Attachment 9), presented testimony in opposition to **HB 2310**.

Stuart Little, Ph.D., Little Government Relation, LLC, (Attachment 10), appeared in opposition to **HB 2310**.

Bill Seidl, Superintendent of Schools, Canton-Galva, (Attachment 11), gave testimony in opposition to **HB 2310**.

Dr. Brenda S. Dietrich, Superintendent, USD 437, (Attachment 12), presented written testimony in opposition to **HB 2310**.

CONTINUATION SHEET

The minutes of the House Pensions & Benefits Committee at 9:07 a.m. on March 2, 2011, in Room 142-S of the Capitol.

Jim Porter, Superintendent of Schools, Fredonia USD 484, (Attachment 13), presented written testimony in opposition to **HB 2310**.

Mike Lewis, Director, High Plains Educational Cooperative #611, (Attachment 14), presented written testimony in opposition to **HB 2310**.

Hearing closed on **HB 2310**.

Hearing on:

HB 2328 - Employer contributions for KPERS school participating employers.

David Wiese, Office of the Revisor of Statutes, reviewed the bill.

Opponents:

Gary George, Ed. D., Assistant Superintendent of Schools, Olathe Public Schools, (Attachment 15), appeared in opposition to **HB 2328**.

Tom Krebs, Governmental Relations Specialist, Kansas Association of School Boards, (Attachment 16), gave testimony in opposition to **HB 2328**.

Mark Desetti, Kansas National Education Association, (Attachment 17), on behalf of Terry Forsyth, Kansas National Education Association, presented testimony in opposition to **HB 2328**.

Diane Gjerstad, Wichita Public Schools USD 259, (Attachment 18), appeared before the committee in opposition to **HB 2328**.

There being no further conferees, the hearing on **HB 2328** was closed.

The next meeting is scheduled for March 7, 2011.

The meeting was adjourned at 10:17 a.m.

**HOUSE PENSIONS & BENEFITS
COMMITTEE GUEST LIST
DATE: March 2, 2011**

NAME	REPRESENTING
Andy Hange	Olathe School Dist
Mark DeBetti	KNEA
Chad Austin	Ks Hosp Assoc
Bill Hayes	Ks Coal Pub Relations
Ernie Clandel	KCFR
John Felt	PEAK
Brian Thompson	PEAK
Joshua Anderson	PEAK
Sandra Shaden	GBA
RON GARDNER	KLPR
Nicole Proulx Aiken	LKM
Harvey S. Ludwig	KARSP
Melissa Wargemann	KAC
Dennis Phillips	KSCFF
Ed Redmon	KSCFF
Jane Carter	KOSE
Karen Kuhn	SCAESIC #618
Karen Wright	Butler Co #490

HOUSE PENSIONS & BENEFITS COMMITTEE GUEST LIST

DATE: March 2, 2011

NAME	REPRESENTING
Tom Kube	KASB
Denise Jennings	USD 339
Gene Meyer	Kansas Reporter
Debbie Wellstead	USA/Kansas
Ed Kluver	KACP/KSA/KPOA
Kathy Mickelson	Three Lakes Ed Coop, Int. 620
Beverly Rung	KCPR / OPS-REA

Doniphan County Education Cooperative #616

785-982-4204 Terry E. Collins, Director P.O. Box 399 Troy, KS 66087

Chairman Holmes and Honorable Members of the Committee on Pensions and Benefits:

I am submitting this testimony in opposition of HB 2310 which essentially eliminates the ability of a retiree to collect benefits and continue working.

I'd like to highlight a few key issues:

- **Even with all the recent cuts, there continues to be a shortage of math and science teachers, counselors, special education teachers, speech pathologists, hearing impaired teachers, school psychologists, occupational therapists, and physical therapists in Kansas.**
- **Fewer Kansas college graduates are entering the education field.**
- **We have great teachers in this state, and other states recognize that. Major cities recruit our teachers.**
- **Special Education and related services are federally mandated.**
- **We recognize that KPERS long term funding problems need to be addressed.**
- **Retirees appear to be a source of revenue for KPERS**

In regular education math, science, and counseling continue to be difficult to fill positions. Some of our most experienced teachers are retired.

I once heard Dale Dennis, deputy education commissioner say "Students used to line up to talk to the administrators and now, it's in reverse — the administrators line up to talk to the students."

Big cities pay big money to recruit our teachers. They offer thousands of dollars in the form of a sign on bonus. They have much higher salary schedules and they pay expensive moving expenses.

Special education teachers, speech pathologists, school psychologists, occupational therapists, and physical therapists are very difficult to fill positions. We often have to contract with private companies or hospitals to provide these services. They are very expensive.

Addressing KPERS long term funding problems will be an ongoing process.

In the short term, I do not understand how removing a source of revenue can possibly help to remedy the situation. As the law is written, there is a twenty percent surcharge that must be paid to KPERS. If an administrator is currently making \$100,000, retires and goes to work for another district for the same \$100,000, then the new district must pay KPERS \$20,000. Since it becomes negotiable, the retiree could agree to go to work for \$80,000 in order to make up for the district's \$20,000 payment to KPERS. None of the \$20,000 goes to the employee. It remains with KPERS.

I have not seen a fiscal note on this bill. If there were 500 retirees with an average salary of \$50,000, then $\$50,000 \times 500 = \$25,000,000 \times 20\% = \$5,000,000$

I strongly encourage you to not to allow this bill to become law. Let us utilize the valuable resource of experienced, retired teachers and administrators to fill the mandated positions in order to provide the necessary services to our math, science and special education students.

House Pensions & Benefits

Date: 3/2/2011

Attachment # 1

House Committee on Pensions and Benefits

HB 2310

**Robert Coleman, Director
ANW Special Education Cooperative**

Wednesday March 2, 2011

Chairman Holmes and Members of the Committee:

I would respectfully ask that you not support HB 2310 for the following reasons:

1. To do so would not save any money for the KPERS program, in fact it would cost the program at least some dollars. The current surcharge that was worked out by KPERS staff and members of the legislature more than compensates KPERS for those who have retired and local districts have chose to hire back to fill difficult to fill positions.
2. The current system puts the decision to hire retired staff members at the local level with school boards making the decision to pay the extra money when they have no clear alternative that would meet the needs of students. I stress here that the decision allows local boards to make their decision knowing that it will cost them the additional money to support KPERS by paying in the additional dollars.
3. If the bill were to become law it would mean that many difficult to fill positions, particularly related service positions, around the state would go vacant or less than qualified applicants would be asked to fill the position. Because of the lack of licensed special education applicants, districts and coops have been forced to hire teachers that have not yet completed their full licensure in special education but who can obtain a provisional license or a waiver while they complete their licensure. We need the ability to maintain our most competent and experienced teachers to serve the needs of students and act to as mentors for our new staff.
4. Making the change now could have serious effects in being able to fill positions with qualified staff in the future. With all the current cuts in budgets there are more applicants for most positions, however, difficult to fill positions in math, science, and special education are still at risk. Every indicator suggests that as the economy improves these positions will be even more difficult to fill. Hiring retired highly qualified staff is one vital component that has local fiscal accountability to assure that it is only used when needed.

Again I urge the members of the committee to consider my testimony and vote against the adoption of HB 2310.

Respectfully,

Robert Coleman, Director ANW Coop #603

House Pensions & Benefits

Date: 3/2/2011

Attachment # 2



Tom Bell
President and CEO

To: House Committee on Pension and Benefits
From: Chad Austin, Vice President of Government Relations
Date: March 2, 2011
RE: House Bill 2310

The Kansas Hospital Association appreciates the opportunity to provide comments on House Bill 2310. The proposed legislation would place a restriction on retired registered nurses (RNs) and licensed practical nurses (LPNs) obtaining their KPERS retirement benefits when returning to work at a KPERS-participating facility.

Kansas hospitals continue to face a workforce shortage for qualified RNs and LPNs. It is estimated that an additional 4,856 jobs for RNs and 899 jobs for LPNs will be needed by 2016. Further, it is estimated that over 43 percent of the RNs and 35 percent of the LPNs in Kansas are over the age of 51. By combining the increased demand for health care services by an aging population and the existing workforce shortage, it is vital that we do not discourage retired nurses from re-entering the workforce.

At present, there are 25 community hospitals participating in the KPERS program. Of those, 18 would be impacted by House Bill 2310. It is not inconceivable to expect that many of the retired RNs and LPNs currently working in those facilities would seek employment at non-KPERS related entities. This would force many of the KPERS-participating hospitals to rely on other more expensive staffing options, such as traveling nurses. Additionally, a KPERS-participating entity that hires a KPERS retiree from another KPERS institution is required to contribute the "working after retirement" rate into the KPERS system. This is the full actuarial contribution rate for that position.

Retired RNs and LPNs, who are seasoned and possess invaluable experience, should be given every opportunity to return to the workforce of a KPERS-participating facility. For this reason, KHA does not support the provisions of House Bill 2310 that limits this ability.

Thank you for the opportunity to present this testimony.

House Pensions & Benefits

Date: 3/2/2011

Attachment # 3



House Pensions and Benefits Committee
Rep. Holmes, Chair

H.B. 2310 – working after retirement

Diane Gjerstad
Wichita Public Schools
March 2, 2011

Mr. Chairman and Members of the Committee:

A sound retirement system is our common goal. We rise in opposition to H.B. 2310 which would eliminate the provision in current law allowing KPERS retirees to return to work with restrictions because of the negative impacts it would place on teaching, learning, and managing schools.

School districts are faced each day with a number of professional employees unable to attend work. Temporary absences such as classroom teachers require a competent replacement in the classroom. The best pool to provide the most effective substitute teachers are retirees. Passage of H.B. 2310 would not allow districts to use retired teachers as substitutes. Our most talented and effective teaching corps would not be permitted to fill those classrooms resulting in lost learning time for students.

With over 90 schools and programs in the Wichita district, extended medical leave or death has resulted in vacant principal or director positions. Retired principals are invaluable in their ability to step into a vacancy and seamlessly move forward – meeting with parents, site councils, child study teams, evaluating staff, classroom observations, dealing with discipline issues, state assessments – all the day to day logistical, operational, legal issues principals must deal with. Retired principals have the knowledge to effectively keep the school moving forward towards its educational goals. Having access to a veteran principal who knows the district's systems and procedures helps the school keep pace with the requirements and expectations when its leader is not able to be there.

Retired personnel fulfill specialized services. Hiring a retiree for a few hours a week allows the district access to specialized knowledge and skills at a fraction of the cost of a fulltime employee. Instead of recruiting, hiring or training a person in a specialized area, districts can sometimes hire a retiree employee who possesses the knowledge needed at less than a fulltime employee's salary.

H.B. 2310 would prohibit districts from using the talent and skill of retired professionals as either substitute teachers, substitute principals or filling specialized positions but does not remove any of the legal or educational sanctions a school can be subjected to if they miss their academic achievement goals.

Mr. Chairman, we would respectfully request the committee not advance this bill.

House Pensions & Benefits

Date: 3/2/2011

Attachment # 4



March 2, 2011

TO: Representative Mitch Holmes, Chair, and Members of the House Standing Committee on Benefits and Pensions

FROM: Gary George, Ed.D., Assistant Superintendent of Schools
Olathe Public Schools

SUBJECT: House Bill 2310: KPERS Retiree Bill

I am testifying in opposition to House Bill 2310. This bill would eliminate KPERS payments for each month that a retiree earns income from a KPERS employer.

As you are aware, in 2007-08 the teacher shortage in Kansas became more critical. It was difficult to find teachers in certain subject fields and to recruit teachers for some geographic areas in Kansas. To help alleviate the teacher shortage, KPERS rules were changed to permit retirees to return to their district with a 60 day lapse in service. Districts could employ a retired teacher from another district; however, districts were required to pay a higher KPERS contribution for these employees.

House Bill 2310 would change the retirement rules again and we have serious concerns about the new proposed changes.

- Many KPERS members made major career decisions based on current KPERS provisions. Now it appears that KPERS regulations regarding re-employment for retirees are changing again and without a grandfather provision for those who retired based on the regulations the Legislature passed earlier. This is patently unfair to those who made major retirement financial decisions based on the previous regulations.
- Districts across the state will be significantly impacted by these proposed changes. Retired teachers and administrators will not be able to provide much needed substitute services for districts without incurring a significant financial loss. This will be especially difficult for small districts in less populated areas of our state.
- House Bill 2310 will either increase our operational expenses or result in diminished services. The maximum \$20,000 in-district salary cap permits districts to re-employ staff with great expertise and institutional knowledge at a reduced salary. If retirees lose their KPERS monthly retirement benefit each month they work, they will simply leave these positions. Districts will be forced to pay more for these services or eliminate the services; neither option is good for our students and parents.
- Finally, if districts cannot employ retired teachers from other districts in Kansas, those hard-to-fill positions will become even more difficult to fill, which can diminish the higher level class offerings we can provide our students.

We urge you to consider our concerns and reject House Bill 2310.

House Pensions & Benefits

Date: 3/2/2011

Attachment # 5

**KANSAS
ASSOCIATION**



**OF
SCHOOL
BOARDS**



1420 SW Arrowhead Road • Topeka, Kansas 66604-4024
785-273-3600

Testimony before the
House Pensions and Benefits Committee
Testimony on **HB 2310- Working After Retirement**

by
Tom Krebs, Governmental Relations Specialist
Kansas Association of School Boards

March 2, 2011

Chairman Holmes and members of the committee, thank you for this opportunity to comment on HB 2310. We rise in opposition, but that position is not based on a conceptual opposition to restrict a KPERS retirant's ability to both access his or her benefits as well as draw a check from a KPERS employer. Rather, we think this bill is flawed in its timing and scope.

Several years ago, this statute was amended to allow a licensed employee under K.S.A 72-1388 to return to the employment of his or her former KPERS employer with the stipulation the actuarially determined contribution plus 8 percent was borne by the district, the employee or a combination of the two. That provision is to expire on July 1, 2012, at which time a report shall be made of the experience to the joint committee on pensions and benefits.

The world has changed in many ways since then, and in particular, the demand for teachers. When this arrangement was made, there had been no recession, and a teacher shortage loomed. Obviously, today that is not the case. With that in mind, it makes sense to let this arrangement continue until it was scheduled to run out and see what the impact has been. If nothing else, this has been one group of teachers that has not made the unfunded actuarial liability any worse. And, there still might be disciplines or geographic areas where a shortage does exist, and this allows districts to best meet their students' needs.

Even if these amendments were delayed as requested, KASB believes there are situations where this complete prohibition would be detrimental. First, many districts rely on former teachers as substitutes. Good subs are usually difficult to find, and to put an experienced teacher in the classroom often allows the lesson plans of the day be taught in

House Pensions & Benefits

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Attachment # 6

a seamless and effective way. A prohibition would also hurt a district's ability to hire many of the people it might use for help that is not full time. Bus drivers, cooks, custodians and ground keepers come to mind. In many communities, a retirant is the perfect person to fill in for short days or seasonal work. This prohibition would hurt both the district's ability to hire and be quite detrimental to the person who is dependent on both a small retirement check and a small employment check to keep their head above water.

As mentioned earlier, we believe there need to be changes in the way a person might retire and then come back to work, but this bill is not the fix our members, or KPERS, need.

Thank you for this opportunity for input.

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COUNCIL



Opponent Testimony to House Bill 2310

Before the
House Pensions and Benefits Committee
Kansas House of Representatives

March 2, 2011

Terry Forsyth
Keeping the Kansas Promise

Mr. Chairman Holmes and Members of the House Pensions and Benefits Committee:

Thank you for the opportunity to appear before the Committee today. The Coalition for Keeping the Kansas Promise, composed of state employees, teachers, firefighters, public safety workers, health care professionals, and higher education professionals, was established at the end of 2010 for the purpose of serving as a comprehensive resource for both KPERS members and retirees, and Kansas policymakers.

House Bill 2310 represents a repeal of House Substitute for SB 270 (2006), legislation that was the result of many years of debate and consideration by both the Kansas House and Senate. Sub SB 270 raised the earning limitations for KPERS retirees returning to work for their previous employer from \$15,000 to \$20,000 and required the employer to pay the actuarially required rate for both the employer and employee.

During the 2007 interim, there was substantial testimony and input submitted by interested KPERS stakeholders. Specifically, the Legislative Educational Planning Committee, the 2010 Commission and the Joint Committee on Pensions, Investments and Benefits heard conferee testimony regarding growing teacher shortages, particularly in rural Kansas. It was determined at that time that the restrictions on working-after-retirement worked to exacerbate teacher shortages and Substitute Senate Bill 270 was the legislation designed to answer that shortage without further growing the unfunded actuarial liability of KPERS.

In 2009, Senate Substitute for HB 2072 passed, which, for a three-year period, established a special employer contribution rate for public school employers who employ retired licensed teaching professionals at a rate of the actuarially required amount plus

House Pensions & Benefits

Date: 3/2/2011
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keepingthekansaspromise.com



eight (8) percent (%). While this provision ends on June 30, 2012, it further illustrates that the work-after-retirement model drafted and implemented over the last five (5) years do not carry a negative impact upon the unfunded actuarial liability of KPERS. In fact, on the contrary, the current contribution model works to improve the UAL of the KPERS fund.

The Coalition for Keeping the Kansas Promise opposes House Bill 2310 because of its punitive nature and the failure to further the policy goal of creating stability in the unfunded actuarial liability currently facing KPERS. In fact, while House Bill 2310 has a neutral impact on the KPERS UAL, it will increase teacher shortages, particularly in rural school districts. Because HB 2310 does nothing to diminish the KPERS UAL, the Coalition for Keeping the Kansas Promise opposes House Bill 2310.

RE: HB 2310

Honorable Ty Masterson:

My name is Karen Wright and I have been employed in public education in Kansas for 31 years, with the majority of that time being spent in special education as an administrator.

Every spring and summer, I spend the majority of my time trying to hire, recruit and employ highly qualified special education teachers to serve the needs of our disabled students in Butler County.

We have approximately 200 licensed special education teachers in Butler County. Approximately fifteen percent (31 individuals) of our staff are KPERS retirees. These individuals are highly qualified, have many years of experience and have proven themselves to be knowledgeable, effective and valuable in working with students with special needs because of their many years of proven and successful experience. They are energetic, knowledgeable and are looking forward to working for many productive years. They have willingly paid the current KPERS penalty to work in another District/KPERS agency because of their passion and love for students with special needs.

I will not be able to fill their positions with highly qualified candidates if these teachers are **forced to quit** because of HB 2310. **Students with special needs will not receive services by highly qualified staff because of the lack of licensed professionals in the area of special education.** There are currently dozens of vacancies in special education teaching positions across the state of Kansas. This bill has the potential to substantially increase those vacancies and students with special needs will again suffer.

Again and continually, why are you asking Kansas students to suffer because of short-sighted and arbitrary decisions?

Karen Wright
618 Worthington Place
Andover, Kansas 67002

House Pensions & Benefits

Date: 3/2/2011

Attachment # 8

Testimony
March 2, 2011

After 32 years as a dedicated employee of the Wichita Public Schools (USD 259), I retired in 2008. I always knew that if I retired early, I would continue to work in the Kansas public school system somewhere, hoping to continue to teach and inspire the children and youth in our state. I was very fortunate to have that opportunity and have continued working, since 2008, for the Sedgwick County Area Educational Services Interlocal Cooperative (#618) in Goddard.

When I retired it was with the knowledge and understanding that I would receive my KPERS retirement benefits even if I continued to be employed by another KPERS organization. The Kansas Association of Special Education Administrators reports that if this bill is passed, with the current language, it will affect 157 teachers, related services providers, and paraeducators, as well as 24 administrators. If you add these numbers to the number of state-wide special education vacancies, reported in May of 2009, the total number of positions that would need to be filled, if the retirants choose not to continue to work, would equal 353 positions. To me these numbers indicate that our students with special needs would be the losers. Without the services that our retirants are providing, many of our students with special needs would go without the expertise needed to support them.

All of these special education staff members feel that they still have something to offer and contribute to the education of the children in our public schools. The employers of these staff members are willing to pay KPERS the 20.48% surcharge of the retirants salary realizing that they have quality and fully licensed individuals working for them in hard to fill special education positions. In most cases, the salaries for these staff members are reduced by the amount of the surcharge. The retirants are willing to do this because they are passionate when it comes to education and the high quality experience they can offer.

Eliminating KPERS retirement benefits, if a retirant continues to work in the public schools, will likely force them to make a choice between working and not working for a public school. How sad to think that many excellent retired teachers, nurses, counselors,will have to forfeit their retirement benefits, if they choose to continue to work.

Our nation's military allows our men and women serving our country to retire with full benefits and continue to work, often elevating these individuals to a higher status because of their knowledge and expertise.

It's unfortunate that the public school employees in this state, who taught many of the men and women in our militaries, are not viewed with the same high status because of their knowledge and expertise in teaching.

I realize that as senators and representatives you have many hard decisions to make. If this bill is passed, with the current language, those who have retired, or will retire this school year will sadly realize that the *"rules were changed while the game was still being played."*

Thank you for your consideration.
Karen Kuhn
14740 Lakeview Dr.
Wichita, Kansas 67230

House Pensions & Benefits

Date: 3/2/2011

Attachment # 9

STUART J. LITTLE, Ph.D.
Little Government Relations, LLC

March 2, 2010

House Pensions and Benefits Committee

Testimony on House Bill 2310

Chairman Holmes and Member of the Committee,

The Shawnee Mission School district is opposed to HB2310. The current law allows retirants to work for a KPERS covered employer after retirement and this bill would likely cause many of those employees to discontinue their employment with the district. The district currently employs 241 employees who are retired under KPERS. They include:

- 12 certificated employees who are covered under the law that sunsets at the end of the 2011-12 school year. The district must pay 20.48% of their salary to KPERS. The employee's salary is reduced by that amount so there is no district cost.
- 9 non-certificated employees who are also covered under the law that sunsets at the end of the 2011-12 school year. The district pays 16.48% on these employees and Shawnee Mission reduces their salary so there is no district cost.
- 21 employees hired prior to 7/1/2006 who are not subject to a maximum earnings cap and the district is not required to pay KPERS.
- 13 employees are subject to a \$20,000 annual cap and the district is not required to pay KPERS.
- 186 employees are not subject to the \$20,000 annual cap and the district is not required to pay KPERS. These employees are substitutes that are working below the number of hours to be covered under KPERS.

This bill is more restrictive than any of the prior provisions and many of these employees would terminate their employment in lieu of losing their retirement benefits. This would include employees in key positions and may likely result in a shortage of substitutes as retirants are no longer able to perform this function while receiving retirement benefits.

We therefore urge you not to support HB2310.

Teacher A (Half-Time Math Teacher) – Retired from KPERS

Current Salary: \$22,823
District Pays 20.48% to KPERS: \$ 4,674
\$27,497

Teacher B (Half-Time Math Teacher) –Non-retired.

Estimated Salary: \$22,823
State Pays 9.77% to KPERS: \$ 2,230
Employee Pays 4% to KPERS: \$ 913

Teacher (Full time) – Retired

Estimated Salary \$33,200
District Pays 20.48% to KPERS \$6,800
\$40,000

Teacher (Full Time) Non-retired

Estimated Salary: \$40,000
State Pays 9.77% to KPERS \$3,908
Employee Pays 4% to KPERS \$1,600

Administrator A – Retired from KPERS

Current Salary: \$74,090
District Pays 20.48% to KPERS: \$15,173
\$89,263

Administrator B – Non-Retired

Estimated Salary: \$89,263
State Pays 9.77% to KPERS: \$ 8,721
Employee Pays 4% to KPERS: \$ 3,571

Classified Staff Member A – Retired from KPERS

Current Salary: \$15,000
District Pays 0% to KPERS: \$ 0
\$15,000

Classified Staff Member B – Non-Retired

Estimated Salary: \$15,000
State Pays 9.77% to KPERS: \$ 1,466
Employee Pays 6% to KPERS: \$ 900

House Committee on Pensions and Benefits

HB 2310

Written Testimony by Dr. Brenda S. Dietrich, Superintendent, USD 437

March 2, 2011

Please accept this testimony in opposition to HB 2310. Auburn-Washburn is a growing district of 5,800 students in Shawnee County. Our student enrollment increased by 168 students from last year. Our district currently employs 467 certified teachers.

1. Auburn Washburn principals have great difficulty finding teaching staff in hard-to-fill special education positions. This year, we were able to hire 4 experienced special education teachers who had recently retired from other districts and were willing to continue teaching for us. I am eternally grateful to those 4 teachers because they are teaching in our most difficult classrooms; emotionally disturbed self-contained and a psychiatric residential treatment facility for which we provide educational services. **This bill would prohibit any retired employee from working for another school district. These individuals bring years of experience to the job and frankly, saved our bacon this year!!**
2. We love to be able to employ our own retirees as substitute teachers because they are by far our best substitutes! They know our policies, procedures, practices, culture, curriculum and families. Our parents appreciate the opportunity to have a familiar face in the classroom when the regular classroom teacher is absent. **This bill would prohibit any retired teacher from returning to substitute. We do not have enough substitutes now as it is.**
3. Several of our own retired teachers have returned to be paraprofessionals for us in our special education classrooms. In that capacity they are now classified staff. We appreciate their willingness to provide outstanding educational services to our most needy students for a meager \$10/hour. Our special education classrooms are enriched by their presence and our special education students have met all achievement benchmarks because we have been able to entice our retired teachers to be paraprofessionals. **This bill would not allow our certified retirees to return as paraprofessionals in our special education classrooms.**
4. It seems to me there is no financial gain to KPERS to imposing additional restrictions on our ability to hire the best staff we can to educate the students of Kansas. Our retired employees pay their entire KPERS surcharge themselves. **Where is the impact or benefit to KPERS?**

House Pensions & Benefits

Date: 3/2/2011

Attachment # 12

I believe any change would have a major impact upon everyone's staffing options in Kansas school districts, especially smaller districts in less geographically desirable locations with very limited options.

I would urge you to reject this bill and not allow it to become law because of its many unintended consequences for school districts and their students.

Home Phone: 913-439-1111

Cell Phone: 913-439-1111

Fax: 913-439-1111

Written testimony before the
House Committee on Pensions and Benefits

On

HB 2310

By

Jim Porter, Superintendent of Schools
Fredonia USD 484

March 2, 2011

Mr. Chairman, Members of the Committee:

Thank you for the opportunity to testify today concerning the impact of HB 2310 on Fredonia USD 484 and a number of its employees. First of all I recognize the fact that action must be taken to fill the significant gap between and resources of KPERS and its long term obligations and I applaud the committee for taking on this daunting and unpleasant responsibility.

That being said, Fredonia USD 484 has four licensed and five classified employees who have chosen to return to work after retirement. Each one of these people made a good faith decision based on the policies that were in place at the time those decisions were made consistent with their long-term financial needs. Changes after the fact will impact their ongoing financial security. I believe that we have an obligation to keep our commitments to these employees. I see no problem with making changes for the future but see it as pulling the rug from under our current employees if we change the rules after they have made irrevocable retirement decisions.

To put a human fact on the impact of HB 2310 let me talk about two people. Lucy will be 72 by the end of this week. She is an inspiration to all who know her. She is more energetic than many people half her age and it is simply fun to be around her. She works in our nutrition services department. Many of the kids she serves at our elementary school call her "grandma" and she serves about as many hugs as she does food. She has worked for us for 22 years. She came back to work after the death of her husband because she needed to pay off the mortgage. She plans to work three more years. She needs her job to meet her obligations but more than that our students need her.

Stan is 58 and is a retired teacher from another school district. Stan started our dropout prevention and recovery program 4 years ago. He has the gift of reaching students that others have not been able to meet. We have students graduate each year that would not do so without the intervention and skills of Stan. In this market I could easily find someone else in this position but it is highly unlikely that I could find someone with the maturity, experience and empathy to work with students who have not been successful elsewhere.

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I could relate several other stories about real people who are making a difference and who would be hurt by the adoption of HB 2310 as, as could many of my colleagues across the state.

Also, retired employees have a wealth of experience and maturity that are real assets when dealing with the issues faced in schools daily. The adoption of HB 2310 would virtually eliminate our ability to use that valuable resource.

I would urge the members of the committee not to approve HB 2310 or to amend it to allow us to keep the commitments we have made to our current employees.

Thank you for considering this testimony and again, I admire your efforts to tackle the daunting issues related to the long-range financial stability of KPERS.

James P. Anderson
Retired Teacher
K-12



HIGH PLAINS EDUCATIONAL COOPERATIVE

"High Plains Educational Cooperative will assist and support the member districts in providing educational services which will maximize opportunities for all children to live, learn, and work in society." *HPEC Mission Statement*

621 E. Oklahoma

Ulysses, KS 67880
620-356-5577

House Committee on Pensions and Benefits, HB 2310 Room 142-S

Mike Lewis
Director
High Plains Educational Cooperative #611
Ulysses, Kansas

Thank you for the opportunity to share my concerns about repealing the statutes that allow staff to work after retirement. High Plains Educational Cooperative currently employs five (5) staff members who have retired. Two staff members fill the role of special education teachers, one at the elementary and one at the high school level and three who are speech / language pathologists. If High Plains Educational Cooperative didn't have this option to employ KPERS retirees, we would have five (5) open positions. These five staff members help us out and I know for sure that the speech pathologists would like us to hire replacement for them. It's very difficult to hire speech / language pathologist in our area. My question is "what is the cost to the state to have these five folks draw KPERS and work"? The penalty funds go to the KPERS funds and these retirees don't receive any benefit, nor does the district that employs them from the penalty funds. The students are the ones who receive the benefit from the professional, working with them. I strongly encourage not putting into place statutes or practices, which prohibit the use of KPERS retirees in completion of educational duties. Thank you for your consideration on this matter.

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March 2, 2011

TO: Representative Mitch Holmes, Chair, and Members of the House Standing Committee on Benefits and Pensions

FROM: Gary George, Ed.D., Assistant Superintendent of Schools
Olathe Public Schools

SUBJECT: House Bill 2328: KPERS Allocation Changes

I am testifying today in opposition to House Bill 2328 which outlines a procedure to allocate part of the employer cost of KPERS to local school districts. Our board of education adopted a position to strengthen KPERS and opposes shifting the cost to the local school district. We have several concerns with House Bill 2328.

- School districts did not create the unfunded KPERS liability. Districts operated within the system established by the Legislature. The additional one percent cost to the Olathe district would be approximately \$1,672,891 for the first year. Shifting this responsibility to provide adequate funds for KPERS to local boards of education, especially during this challenging economic time, is not reasonable.
- There is little incentive under House Bill 2328 for the Legislature to ever fully fund the employer portion of KPERS if they can merely create legislation to shift the responsibility to local districts.
- There is no cap on what the district contribution would be which, again, makes it very easy for the Legislature to continue to shift more of the responsibility to local districts.
- Schools districts have been requested to use more money for the classroom. The Olathe School District has met this requirement. However, if we have to assume more responsibility to fund KPERS, we will have less money for the classroom(staff salaries and instructional materials). School employees did not create the funding issue; however, this change will significantly impact any future enhancements for salary and classroom supplies.

We urge the Committee to reject this bill.

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Attachment # 15

KANSAS
ASSOCIATION



OF
SCHOOL
BOARDS



1420 SW Arrowhead Road • Topeka, Kansas 66604-4024
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Testimony before the
House Pensions and Benefits Committee
Testimony on **HB 2328** – District Contribution Mandate

by
Tom Krebs, Governmental Relations Specialist
Kansas Association of School Boards

March 2, 2011

Chairman Holmes and members of the committee, thank you for this opportunity to comment on HB 2328. We are an opponent of the bill as it is in clear conflict with the stated KASB policy, "The employers' cost of any retirement program or benefits mandated by the state should be fully and directly funded by the state." Because the state "makes the rules" for KPERS, we believe the state should be responsible for its funding. If not, KPERS could become an unfunded mandate to rival special education.

The way we understand the bill, districts would be required to pay a one percent contribution rate starting in July of 2011 and not to exceed an additional one percent each fiscal year thereafter until the state is paying the full actuarial rate, which could be anywhere from three to six years, depending on whether the state raises its contribution from the current 0.6 percent to one percent. At that point, the contribution rate could increase or decrease, but would never return to the contribution rate it is now, which is zero.

There is no doubt districts' contributions would shorten the period before the statutory rate matched the ARC rate, but the cost would take a dramatic toll on districts' ability to meet the increasing academic targets that schools are held legally accountable to and the changing expectations businesses and parents have as the world becomes increasingly interdependent and competitive. KPERS estimates the school tab would start at approximately \$35 million and increase that much, give or take, each year. A best case scenario would be a total of \$105 million; the worst case would double that. To put that in a school finance perspective, that would amount to an approximate cut of \$53 base aid per pupil next year and reach anywhere from over \$150 per student to over \$300, depending on what the state does. This would be on top of the \$75 cut schools will take this year and the \$157 next year, all of which could be changed by the final dispensation

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of the FY 11 budget and its handling of the \$25 million special education maintenance of effort currently being negotiated.

Unfortunately, special education is not the only program in which the state has failed to live up to its obligations. It does not fully fund the statutory base, its share of local option budgets, capital outlay support or professional development. Let's work to find a real solution to the problems we face. Turning to local taxpayers to fund KPERS, as would likely be the case, takes the state back over 40 years to when a mishmash of local funding supported retirement systems in a way the state saw necessary to step in and rectify. Returning to local property taxes and calling it progress is like selling a rotary dial phone and calling it the latest communication device. We have been there, done that. We can do better.

Thank you for this opportunity for input.



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**Terry Forsyth, Testimony
House Pension and Benefit Committee
March 2, 2011**

HB 2328

Mr. Chairman, members of the committee my name is Terry Forsyth and I represent the Kansas National Education Association. I would like to thank you for the opportunity to appear before you today to oppose HB 2328.

House Bill 2328 passes responsibility for addressing the unfunded liability to the local school district, essentially drawing funds out of school district budgets that have been cut repeatedly in the past few years. As we are sure you are very much aware, should the Governor's budgets for FY 2011 and FY 2012 be adopted, base state aid per pupil would be down to just slightly above the 1999 level and schools would lose as much as 25 per cent of federal special education funding.

It seems to us to be a very bad policy decision to further exacerbate these reductions by requiring schools to pick up the state's responsibility for KPERS. Passage of this bill might help address the unfunded liability but would do so by reducing programs for students.

The better policy would be to act on the recommendations of KPERS and raise the contribution cap on the employer contributions from 0.6% to 1%. This recommendation from the KPERS actuary is long past due for implementation.

At a time when the legislature, the State Board of Education, the federal government, and the public at large are demanding ever more from our schools, it is important that policy makers understand the implications of decisions such as that proposed in HB 2328.

The teacher retirement system was underfunded by the state before it was joined to the KPERS system in 1971. The state continued to underfund employer contributions to KPERS and for the past several years has failed to act on the actuary's recommendation to increase the cap on employer contributions. This bill does nothing to reverse those actions and would have a negative impact on student programs.

We strongly oppose HB 2328 and would urge you to vote NO.

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House Pensions and Benefits Committee
Rep. Holmes, Chair

H.B. 2328 –KPERs school assessment

Diane Gjerstad
Wichita Public Schools
March 2, 2011

Mr. Chairman and Members of the Committee:

H.B. 2328 would require schools districts to pay one percent of the employer's contribution in fiscal year 2011 and possibly an additional one percent each year thereafter. The bill further provides the KPERs Board of Directors the ability to adjust the contribution rate but does not appear to provide any safeguards for school districts. The bill does not provide school districts which any taxing or revenue generating ability to off-set the surcharge. As a result, if passed H.B. 2328 would be a cut to Kansas schools.

As proposed under this bill a one percent assessment would cost the Wichita Public Schools **\$3,228,590**. To put this number into perspective let's compare it to the cuts schools will face this year and next. Wichita Public Schools budget projections based on the Governor's proposals:

• Base reduction	\$11.1 million
• Net decrease in special education	1.1
• Loss of stimulus Title funds	10.0
• Fixed cost increase	3.0
• <u>FY 11 anticipated midyear cut</u>	<u>5.3</u>

Total anticipated budget reduction **\$30.2 million**

If H.B. 2328 passes Wichita's \$30.5 million reduction would grow to \$33.7 million.

Kansas school districts are measured by performance on state assessments; districts with diverse populations of students are measured by the performance of each demographic group. The academic standards for reading and math increase about 4% each year. The current system requires **each group of students to achieve the standard**. The system doesn't give passes when budgets are reduced. Even with a projected \$30 million reduction our schools will be measured and judged on making improvement.

The legislature has set the rules, the funding, and the benefits of the retirement system. To shift the burden of funding to schools without the ability to raise the revenue will further reduce spending for Kansas school children while the expectations continue to march upward. We oppose the bill and urge the committee to reject this proposal.

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