



**Kansas Association of
Chiefs of Police**

PO Box 2163
Hutchinson, KS 67504
(620) 242-6565



**Kansas Sheriffs
Association**

PO Box 1122
Pittsburg, KS 66762
(620) 687-1206



**Kansas Peace Officers
Association**

PO Box 2592
Wichita, KS 67201
(316) 722-8433

**Testimony to the Joint Committee on Pensions, Investments and Benefits
KPERS Tier 3
November 20, 2024**

Chairman Longbine, Vice Chairman Hoheisel and Committee Members:

The interest of our associations in the KPERS Tier 3 discussion is based on about 3/4 of all Kansas law enforcement agencies in a KPERS system, representing about 30% of the law enforcement officers, are in regular KPERS and not in KP&F. All employees of any KPERS systems member law enforcement agencies who are not commissioned officers through KS-Commission on Police Officer Standards and Training (KS-CPOST) are in regular KPERS. These include jailers, clerical staff, and other support staff. All regular KPERS members hired on or after January 1, 2015, are in Tier 3. We do not have the data to tell you how many or what percentage of the law enforcement officers in the state are in Tier 3.

We do know from feedback from our members that neither employers nor employees are satisfied with the Tier 3 plan. KPERS will have better data on current expected benefit calculations for a Tier 3 retirement vs. a Tier 2 Retirement. The last confirmed data we have comparing Tier 3 benefits to Tier 2 benefits indicates a 30-year employee retiring at age 65 will receive between 27% and 34% of their final salary as their annual retirement benefit, compared to 52.5% (30 years of service x 1.75% multiplier) of final average salary for a Tier 2 retiree under the same circumstances. We recently heard it may be as low as 18%-26%, but this is unconfirmed.

In the opinion of our members, the post-retirement benefits have a significant impact on employee retention and recruitment. Kansas law enforcement is seeing a critical shortage of staff due to the combination of factors which include retirement benefits, competitive salaries and job satisfaction. These factors are often more attractive outside government employment. This is negatively impacting not only the law enforcement officer staffing but also our support staff, especially our jailers and dispatchers. Many of our larger agencies, and many of the larger jails, are down by double digit percentages in officers and jail staff. Understaffing in 911 dispatch centers is also significant. These vacancies also create several negative situations:

1. Required overtime to meet minimum staffing becomes a problem with employee morale, health, family well-being, and burnout;
2. Workload concentrated on fewer employees not only contributes to poor morale but also reduces available time for other tasks such as those for related to community policing, preventive patrol, and time for planning for changing response to community needs;
3. Incentivizes employees to look for work outside the public safety sector where pay, schedules and benefits are better;
4. Pressure to lower the standards for employees in critical public safety positions. Something we continue to resist because it leads to serious problems with ethical behavior, decision making capability in high stress situations, and overall performance capabilities.

We don't believe there is any question there is widespread dissatisfaction with Tier 3 benefits and strong support for making some change. If that is accurate, then the question isn't if to change it, but it is how to change it. One thing that is clear is that the longer we kick the can down the road, the more expensive that change is likely to be.

Over the last couple of years we have heard of several solutions, including returning everyone to Tier 2 or somehow "fixing" Tier 3, as possible solutions. What we haven't heard talked about is a fix that would not only remedy the low retirement benefit for Tier 3 members, but also stop the bleeding related to KPERS retirees not getting cost of living adjustments. To be clear, we are not saying a COLA to existing retirees should be part of this legislation. What we are saying is the longer we keep putting more retirees out there without benefit COLAs, the more of our valued long-term employees are placed into that dilemma as they retire.

Speaking of cost-of-living adjustments for KPERS retirees, our retirees have not had an adjustment to their benefits since 1998. Over the course of KPERS existence, there were 16 benefit adjustments passed by the legislature from 1972 to 1998, an average of 1 every 1.7 years. In addition to those adjustments, there were 5 one-time additional benefit payments between 1976 and 2008. In May 2024, the National Association of State Retirement Administrators issued a brief¹ of cost-of-living adjustments. The brief included a statement that, the Governmental Accounting Standards Board (GASB) "considers an ad hoc COLA to be "substantively automatic" when a historical pattern exists of granting ad hoc COLAs. . ." The report also included information from 101 public retirement plans (State or municipal)> They report 74 of them (73%) provided an automatic COLA of some kind and the other 27 provided only ad hoc COLAs. That report also discusses different COLA features.

We would like to propose a solution that would create a new Tier for current Tier 3 members and new employees. This new Tier could be a return to a Tier 2 type of defined benefit that is affordable, well-funded, and includes a COLA. Two ways to limit the cost of switching Tier 3 employees to a new plan are 1) allow a one-time option for switching; or 2) make the new plan effective from the date of implementation and allowing them to retain what they have earned from their time under Tier 3. As I write this, I subconsciously heard a large gasp of "it can't be done."

However, we have an outstanding example of a Tier 2 type public retirement system right here in Kansas that is working and includes a COLA for retirees. The basic structure of the Wichita employee retirement system (they also have a separate system for police and fire similar to KP&F). The combined employee and employer contribution rates are similar; however, Wichita has lower employee rates and higher employer rates. The Wichita plan includes a 2% annual post-retirement benefit adjustment based on the original retirement benefit amount. The Wichita initial retirement benefit is based on a multiplier of 2.25% per year of service compared to the KPERS 1.85%. On top of that, it is well funded with employer and employee rates very similar to KPERS. See attachment.

Our ask to the Committee is to include a recommendation in your report to the legislature to end Tier 3 and to seek a Tier 2 type of system that can include a COLA for retirees, retiring under that plan.

Ed Klumpp
Legislative Liaison
eklumpp@cox.net

¹ NASRA Issue Brief: Cost-of-Living Adjustments, May 2024.
<https://www.nasra.org/files/Issue%20Briefs/NASRACOLA%20Brief.pdf>

KPERS TIER 2 COMPARISON to WICHITA PLAN (Based on 2023 Annual Reports)

Prepared by Ed Klumpp
for Testimony to Joint Committee on Pensions, Investments and Benefits
November 20, 2024

	KPERS	WICHITA
Employee Contribution Rate	6% ¹	4.7% ²
Employer Actuarial Rate (Normal Cost + UAL Payment – Employee rate)	State 11.18% ³ Local 9.6% ⁴	13.0% ⁵
Total Contribution Rate (Employee + Employer)	State 17.18% Local 15.6%	17.7%
Funded Ratio	State 76.6% ⁶ Local 72.2% ⁷	88.11% ⁸
Vesting	5 years ⁹	25% of employer contributions at 3 yrs. 50% of employer contributions at 5 yrs. 100% of employer contributions at 7 yrs. ¹⁰ Benefits at 10 yrs ¹¹
COLA, Post Retirement	None ¹²	Starting 36 months after retirement, 2% increase annually based on original base benefit amount ¹³
Final Average Salary	Ave of highest 5 years ¹⁴	Ave of highest 3 years of last 7 years ¹⁵
Multiplier	1.85%/year of service ¹⁶	2.25%/year of service, Max 75% ¹⁷

¹ [KPERS 2023 Annual Report](#), page 88

² [Wichita Retirement Systems 2023 Annual Comprehensive financial Report](#), page 45 of pdf (A-25)

³ [KPERS 2023 Annual Report](#), page 88

⁴ [KPERS 2023 Annual Report](#), page 91

⁵ [Wichita Retirement Systems 2023 Annual Comprehensive financial Report](#), page 8 of pdf (ii)

⁶ [KPERS 2023 Annual Report](#), page 88

⁷ [KPERS 2023 Annual Report](#), page 91

⁸ [Wichita Retirement Systems 2023 Annual Comprehensive financial Report](#), page 50 of pdf (A-30)

⁹ [KPERS 2023 Annual Report](#), page 97

¹⁰ [Wichita Retirement Systems 2023 Annual Comprehensive financial Report](#), page 44 of pdf (A-24)

¹¹ [Wichita Retirement Systems 2023 Annual Comprehensive financial Report](#), page 47 of pdf (A-27)

¹² [KPERS 2023 Annual Report](#), page 99

¹³ [Wichita Retirement Systems 2023 Annual Comprehensive financial Report](#), page 44 of pdf (A-24)

¹⁴ [KPERS 2023 Annual Report](#), page 96

¹⁵ [Wichita Retirement Systems 2023 Annual Comprehensive financial Report](#), page 44 of pdf (A-24)

¹⁶ [KPERS 2023 Annual Report](#), page 97

¹⁷ [Wichita Retirement Systems 2023 Annual Comprehensive financial Report](#), page 44 of pdf (A-24)