The Committee expresses its grave concern about the consequences the Governor's Allotment Plan of December 9, 2014, may have on the Kansas Public Employees Retirement System (KPERS). When the Legislature enacted retirement reforms in 2012 (Senate Sub. for Sub. for HB 2333, which passed the Senate 35 to 2 and the House 74 to 42), it responsibly designed a plan which ensures fairness and solvency of KPERS.

This Allotment Plan may seriously erode the fairness and solvency both now and in the long-term. It reduces the State's employer contribution rate, from 11.27% to 9.5%, while TIER 1 employees will continue to contribute at a higher rate, which is scheduled to increase from 5.0% to 6.0% in January 2015. Under the Legislature's design, KPERS would be fully funded—assuming all actuarial assumptions are met—by the end of FY 2033. The Governor's Allotment Plan jeopardizes the glide path to no unfunded actuarial liability.

The Committee maintains its support for the 2012 KPERS reforms, in particular for the new Tier 3 Cash Balance Plan that takes effect on January 1, 2015. Tier 3 ensures the State of Kansas will remain a competitive employer in the future when hiring and compensating public employees. Since over three-fourths of the Governor's Allotment Plan requires enacted legislation to become effective, the Committee strongly urges the Legislature to thoroughly study the ramifications of reduced employer contributions and find means to mitigate the expensive harm that could be done to KPERS.