

STATE OF KANSAS
SENATE



GENE SUELLENTROP
SENATOR
27TH DISTRICT

To: Senate Financial Institutions and Insurance Committee
From: Senator Gene Suellentrop
Date: February 15, 2018
Subject: SB 395; Final Average Salary Cap

Thank you Chairman Longbine and committee for the opportunity to discuss SB 395 and a proposed final average salary cap of \$99,636.

The proposed change is very simple and straightforward. It will accomplish the following:

1. This change will positively impact the Kansas Public Employee Retirement System by lowering the unfunded liability of the program which currently stands in excess of \$8 billion dollars.
2. This change will disallow any spiking of income of salary levels during an employee's employment service, above \$99,636.
3. This change will better focus the KPERS retirement program on the lower and middle-income earners, while also allowing for generous employer matching contributions of those making up to \$99,636.

Increases of the final average salary cap of \$99,636 will adjust over time. Increases will be indexed to the rate increases of our federal social security system.

Please note this bill is not retroactive, it will only make changes to future employer contributions.