

Date: February 15, 2018

To: Senate Financial Institutions and Insurance Committee

From: Eric B. Smith, Deputy General Counsel

Re: Opposition to SB 395

I want to thank Chairman Longbine and the Committee members for allowing the League of Kansas Municipalities, on behalf of our member cities, to provide testimony in opposition to SB 395.

The League membership meets every year to establish our Statement of Municipal Policy and one long standing position has been that any changes to the KPERS system should consider the impact on cities' ability to hire and retain qualified public employees. In the opinion of the League SB 395 will have a negative impact on our members ability to recruit high quality employees.

The public purpose behind SB 395 is not clear, but the practical impact to cities' will be a further hindrance to the ability to hire and maintain qualified public employees. The League has members who have had difficulties recruiting qualified professionals in the past because of the current KPERS 3 defined contribution plan not being as attractive. By setting an artificial salary limit for the calculation of benefits SB 395 will most likely make recruiting for high level management positions that much more difficult. The market place should determine salaries for public employees and not legislation. SB 395 will discourage qualified individuals from working in public employment in Kansas.

The League is also concerned the phrase "period of participating service under a contract with a participating employer", which is used repeatedly in SB 395, is not defined and will lead to confusion and uncertainty. If a current long serving city manager's contract is renewed after April 1, 2018 will they be subject to this limiting language? Does the language mean that all employees who have a contract of employment become subject to this limitation after April 1, 2018? This raises the question of are we now lowering the benefits of an employee currently on the KPERS 2 or 3 system? It would appear the answer is yes.

The League is concerned SB 395 will have a negative impact on the cities of Kansas and respectfully requests this bill not be passed out of committee.