

MEMORANDUM

To: House Financial Institutions and Pensions

From: Alan D. Conroy, Executive Director

Date: February 11, 2019

Subject: Proponent Testimony on HB 2119; KPERS Administrative Language

The KPERS Board of Trustees, in its fiduciary capacity, has the delegated authority to procure professional and consultant services for the System. House Bill 2119 will expand the delegated authority of the Board to enter into contracts for additional services when it is in the best interests of the Trust Fund. In addition, the bill also specifies that KPERS will authorize travel expenses for employees and Trustees in accordance with K.S.A. 75-3203a, which is the IRS allowed private car mileage rate.

Current Law – Professional and Consultant Contracts

In 2001, the Legislature amended state statute to delegate the authority for procuring professional and consultant services for the Retirement System to the Board of Trustees. Since that time, the Board has overseen the procurement of contracts for professional and consultant services, including actuarial consulting, investment management and investment consulting, and legal services.

Board Goal of Cost Effective and Efficient Administration

The Board's goal is to administer benefits in the most cost effective and efficient ways, based on sound business practices. Over the past 17 years, the delegated authority to oversee procurement and negotiation of professional and consultant service contracts has been important to the System by allowing the Board to focus on the best interests of the Trust Fund in the execution of KPERS' fiduciary obligation to the members. Efficiencies should be achievable in the procurement of services, such as outside records reviews, mail services or printing publications and tax forms.

The Board of Trustees will continue to follow all statutory requirements for entering into contracts for services and will continue following all appropriate reporting requirements to the Legislature.

HB 2119 allows the KPERS Board of Trustees to fulfill their fiduciary duty to KPERS members and always act in the best interest of the Trust Fund. I respectfully request the Committee recommend HB 2119 favorable for passage.

I would be pleased to respond to any questions the Committee may have.

