

Kansas Coalition of Public Retirees



TESTIMONY IN OPPOSITION TO HB2399 HOUSE FINANCIAL INSTITUTIONS AND PENSIONS COMMITTEE

Chairman Johnson and Members of the House Financial Institutions and Pensions Committee:

My name is Ernie Claudel, and I am here today in my capacity as Lobbyist for both the Kansas Association of Retired School Personnel, and the Kansas Coalition of Public Retirees, in opposition to HB2399 which seeks to re-amortize the KPERS Trusts Fund's Unfunded Actuarial Liability. As an elected member of the KPERS Board of Trustees, the positions expressed in this testimony represent my views and/or the views of the Coalition and KARSP only. They do not in any way represent the views of the KPERS Board of Trustees, nor do I speak for them.

1. While initial costs would be reduced, the additional long-term expense to the State would be an increase of \$4.6 Billion.
2. As we all know, amortization is a means to gradually reduce an obligation through periodic payments such as a mortgage. A newly proposed KPERS re-amortization plan would extend the current plan by ten additional years.
3. In addition to re-amortization of the Unfunded Actuarial Liability, some layering of cost payments enacted by the KPERS Board would be eliminated.
4. HB2399, if enacted, would again create underfunding of KPERS. In our view, this would be extremely undesirable.
5. If legislation is passed to enact the above suggestions, the legislature would in effect override the policies enacted by the KPERS Board, for which the KPERS Board has been previously given responsibility by the Legislature.
6. This action would move the projected 80% funding date from 2029 to 2036.
7. Even with the level of funding reached, according to KPERS, the Trust Fund is... "*Not yet in a solid funding position!*" The very minimum funding goal needs to be 80% on the way to 100% funding.
8. So before launching into a new re-amortization plan, it is worth remembering we already have a re-amortization plan in place. That plan was initiated in 1993. It was set to run for 40 years with the goal of eliminating the underfunded actuarial liability (UAL) by 2033 if no other legislation is enacted.
9. The KPERS Actuary has stated that this policy is counterproductive to the long-term health of KPERS. We strongly urge this committee to reject HB 2399 in the present form.

I would be happy to stand for questions.