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Testimony before the House Standing Committee on Pensions and Benefits
Presented by the State Employees Association of Kansas

Mr. Chairman and members of the committee, I come before you today to speak in opposition to House Bill 2545. I oppose the bill both as a representative of the State Employees Association of Kansas, an advocacy group for the hardworking State of Kansas workforce, and as a taxpayer.

I would like to begin my presentation by posing a simple question to the committee. Does the State of Kansas wish to be an employer of choice or an employer of last resort? I would like to differentiate between the two. An employer of choice is one which pays a salary that equals the prevailing market and offers a benefit package that is at least equal to that found for like jobs in the economy. An employer of choice attracts top-notch workers that can provide their employer with the highest possible productivity. An employer of last resort, on the other hand, pays significantly below market rate, offers a sub-par benefit package and, as a result, suffers from low productivity as well as high turnover and simply serves as a training ground for more enlightened employers.

In that context, take a look at the State of Kansas. Despite being informed five years ago that the state workforce was significantly underpaid, funding was lapsed to solve the problem and the state workforce now stands, on average, at only 87% of prevailing wage. In addition, a study was done five years ago that revealed that state worker benefits were no better, nor worse than for workers in the prevailing jobs market rate.

I believe the bill before you will significantly impact the quality and costs related to the State workforce. Quite simply, the best of the best state workers will seek employment elsewhere if both salaries and benefits are sub-par. Furthermore, talented young people that we should hope to attract to the state workforce will simply seek employment elsewhere. This is not idle conjecture. Studies have shown that our youth are looking work with enlightened employers who place value on their employees.

I would now like to address my concerns as a taxpayer. House Bill 2545, if enacted, will cost almost $11 Billion over time when compared with HB 2194 passed last session. The bill does nothing to offset the over $8 Billion dollar legitimate debt the State of Kansas owes its workforce in potential pensions. Finally, as a taxpayer, I feel that the State of Kansas should have a high quality workforce so that programs are managed efficiently and in a cost- effective manner.

In summary, HB 2545 is more costly than the more attractive alternative, it serves to the detriment of state worker's pension benefits, and it will be an impediment to staffing the State of Kansas with an adequately educated and well-trained workforce. It is a simple fact that the State, the largest employer in Kansas, must remain competitive if we are to continue the pursuit of excellence in providing governmental service.

I propose two alternatives to HB 2545. The first is to fully implement the actuarial concepts presented in HB 2194 last year, While, we find this somewhat problematic in that it calls on state workers to help pay for an indebtedness that occurred at no fault of their own. Despite that, HB 2194 outlines a plan to offset the Unfunded Actuarial Liability and continues the tradition of offering workers of the State of Kansas with a pension adequate to live out their years after retirement. Should the legislature choose not to continue with this path, I would suggest that the next best alternative would be to go back to the drawing board to find a less costly plan that would be consistent with the goal of making the State of Kansas an employer of choice.

Thank you! I stand for questions.