

MINUTES OF THE SELECT COMMITTEE ON PENSIONS

The meeting was called to order by Chairperson John Edmonds at 1:30 p.m. on March 18, 2003 in Room 534-N of the Capitol.

All members were present except: Representative Melvin Neufeld
Representative Clark Shultz
Representative Sharon Schwartz

Committee staff present: Julian Efirm Legislative Research Department
Gordon Self, Office of the Revisor of Statutes
Carol Doel, Committee Secretary

Conferees appearing before the committee: Duane Goosen, Budget Director for the State of Kansas
David Schauner, KNEA
Andy Sanchez, Kansas Association of Public Employees
Glen Deck, Executive Director of KPERS

Others attending: See attached sheet

Chairman Edmonds opened the floor for public hearings on **SB 47** - *no employer payments for death and disability benefits during time certain*. He introduced Duane Goosen, Budget Director for the State of Kansas who presented testimony in favor of **SB 47**. It extends the moratorium on payments into the death and disability fund from a two quarter moratorium currently in place to a three quarter moratorium per fiscal year and then to a full year moratorium in fiscal year 2004. Passage of this bill will save the general fund 6.1 million dollars in fiscal year 2003 and 21.1 million dollars in fiscal year 2004. This bill is part of the Governor's budget recommendation and if not passed the Governor's budget recommendation would be out of balance by approximately 28 million dollars. The bill does not in any way affect the benefits that state employees receive for disability benefits or life insurance. (Attachment 1)

Mr. Goosen stood for questions from the committee.

Glen Deck, Executive Director of KPERS (Kansas Public Employees Retirement System) came before the committee in answer to the question relating to the length of time it took for death benefits to be paid which was usually within 30 days unless there were extenuating circumstances. Mr. Deck also submitted a report regarding KPERS Death & Disability Fund Status. This report stated that the Death & Disability benefits are funded by employer contributions of 0.6 percent of the payroll and also included the Governor's budget recommendations for fiscal years 2003-04 as well as the fiscal impact of contribution moratoriums and the cash flow analysis. (Attachment 2)

Representative McCreary asked if there had ever been an employee contribution to the Death & Disability Fund to help maintain the program. Mr. Deck responded to this question that this was a benefit which had always been totally funded by the employer since the plan was started in 1966. This a policy decision which was developed in the 60's as an employer provided benefit.

Next to appear in opposition of **SB 47** was David Schauner of KNEA (Kansas National Education Association)

CONTINUATION SHEET

MINUTES OF THE HOUSE TAXATION COMMITTEE at 9:00 a.m. on 2003 in Room 519-S of the Capitol.

His testimony states that the Death and Long-Term Disability Benefits Program administered by KPERS may have been over-funded at one time, however the Legislature has suspended employer contributions a number of times since the year 2000. As a consequence of these funding moratoriums, the fund has begun consuming the fund's reserve assets. By extending the moratorium on funding of the Death and Disability Program by yet another four quarters, as this bill would do, the legislature places the fund in serious jeopardy of being depleted completely. (No written testimony)

Appearing in support of **SB 47** was Andy Sanches, Executive Director of Kansas Association of Public Employees (KAPE). They can only support this bill because the diversion of funds it provides is a way to channel some relief to active state employees. This bill gives hope to state employees who are being hit hard with no step increases the past couple of years, no cost of living adjustment this past year, health insurance co-pay and deductible increases and health insurance premium increases. It could provide an incremental change in pay for state employees. (Attachment 3)

Hearing no one further wishing to address the bill, Chairman Edmonds closed the hearing on **SB 47**.

The Chairman asked Julian Efird, Legislative Research Department to do an overview on the remaining bill which have been assigned to the Select Committee on Pensions. (Attachment 4)