

Testimony before the

Senate Committee for Financial Institutions and Insurance

on

SB 138

by

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Kansas School Superintendents Association**

**Testimony provided on behalf of the United School Administrators of Kansas, Kansas School
Superintendents Association**

March 14, 2017

Chairman Longbine:

Thank you for this opportunity to address the committee.

Our organizations stand neutral to Senate Bill 138.

I do not believe I am sharing any secrets when I say our organizations were extremely frustrated and disappointed with the 2015 legislative changes to KPERS as it related to working after retirement. Prior to this legislative session, we worked for 18 months with KPERS staff and the 2016 legislature to assure we had appropriate legislation that would allow school districts to hire the most qualified educator in each vacant position within a school district, even if they had previously retired.

As we move forward, I think it is important we set our individual beliefs aside and we review the real numbers together. According to data shared with the committee over the past few meetings from Director Conroy and his staff, Kansas schools employ approximately 85,000 people. Of those 85,000 people, 6,307 are at age 62 with ten years of experience and another 4,312 (ages 51-61) have reached 85 points and are eligible to retire. That is almost 13 percent of the workforce. We have another 3,730 people who have retired and are working after retirement, which is another 4 percent of the current workforce.

Our colleges and universities do not have the students in the current education pipeline to fill the vacancies which could occur at anytime. As salaries and benefits continue to improve in the non-education sector, education staffing is beginning to find itself in a quagmire. Our retired educators are vital to staffing our positions to maintain the excellence we expect from our Kansas education system.

Having worked with the KPERS staff over the last two years, they have educated me on the challenges and issues with the retirement system we've discussed so much about over last couple of years. Unfortunately, what has been made perfectly clear is if we are not careful, we could negatively affect KPERS.

Moving forward our organizations would like to continue allowing KPERS retirees to support the educational needs of our Kansas students, keeping the process simple and doing our part as members to keep the system whole. Keeping those components in mind, we have explored a few options we feel are workable.

No Change to the Grandfather or Great Grandfather Situation

Any retired KPERS member currently working in a part-time or full-time position is eligible to remain in their current position at the school districts discretion with current KPERS conditions. If the member leaves their current position after 5/1/2017, they would be required to abide by the 2017 legislation. (This would affect 2,356 retirees, as each of their school districts already have their contribution rates established for maintaining their records so this would not be difficult.)

Retirees caught in the middle

Those who retired after 5/1/2015 would fall into the new 2017 WAR policy. (This affects 1,374 retirees. Of those, 1,286 would come out ahead because they would not be required to pay the 10.86% contribution rate.)

Moving Forward:

The following requirements would apply to classified and certified staff:

1. Retire on or after 1/1/2018
2. If a retire is under 62 they would be required a 180-day waiting period before accepting any type of KPERS eligible position.
3. *Covered Position - No Earnings Limit - Contribution Rate 30%, or
4. **Non-Covered Position - \$25,000 Earnings Limit – No Contribution Rate

*A covered position would be any normal position a school district would file appropriate documentation with KPERS to report service credit. (teachers, administrators, full time bus drivers, maintenance staff, office staff, etc)

**A positions not reported to KPERS (substitute teachers, seasonal and part-time employees etc.)

Moving to a 180-day waiting period would be difficult, especially with the limited number of qualified applicants available to fill vacant positions. It would be important to wait at least until 1/1/2018 to implement and with the IRS being more open to re-employment at 62, we would recommend leaving the waiting period at 60-days for those who retire at 62 or beyond.

It is important to note our consideration and support of the 180-day waiting period is in conjunction with removal of the current restrictions placed on re-hiring KPERS retirees.

Hard to Fill
Hardship
KSDE exemptions