

Kansas Coalition of Public Retirees



TESTIMONY Opposing HB 2044 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 HB 2044, which seeks to increase teacher pay as well as KPERS School contribution to the KPERS Trust Fund. 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. They do not in any way represent the views of the KPERS Board of Trustees, nor do I speak for them.

We would oppose this bill for two main reasons: moral and legal. First let me speak to the moral reasons.

1. Presently there is increased pressure on all public schools because of COVID-19. It has been noted in this committee and others that the present teacher shortage is being impacted by increased retirements.
2. This bill could discourage college students from getting into education. There is considerable research indicating that because of educator's salary disparity with the public sector, that benefits such as pensions are a decided attraction not only for recruitment, but also retention.
3. I am sure we are all aware that the KPERS School portion of KPERS is the least funded of the KPERS groups. This bill, which asks that school personnel contribute more than others in regular KPERS, implies that those who are part of KPERS School in some way failed to uphold their portion of the funding. This is absolutely not true!
 - A. KPERS originated in 1962 and merged with the Kansas Teacher's Retirement System in 1971. (The statutes require that any organization joining KPERS must fully fund the new entity.)
 - a. The Kansas Legislature made the decision to combine the two programs, and subsequently contributed an additional \$10 Million a year to fully fund the Kansas Teacher's Retirement System portion of KPERS from 1971-1982, at which time they stopped the additional contributions.
 - b. The procedure requiring the full funding of the previous teacher's retirement system, when it was combined with KPERS, was not followed. (This action has led to the KCPR and KARSP comments that KPERS School has been underfunded twice! Initially in 1971 and then along with all the

rest of the State funded parts of KPERS for 25 years. This short/under funding finally ended in 2019.

- c. The above explains why there is always a difference in the funding levels of KPERS and KPERS School.
 - d. Under HB2044 if the employee contribution goes up, the employer contribution would go down. The ideas put forth in this bill, would once again single out KPERS School personnel. In this case, NOT improving their position while asking them to pay for a situation once again they had no part in creating.
- B. It is a guarantee that with the amount of raise suggested, some recipients will be elevated into a higher tax bracket and end up taking home less pay than before the raise, in addition to having to pay an increased KPERS contribution.
4. This point bridges both the moral and legal argument: While this bill would provide the increased salary for one year, it does not provide for any salary increase past one year. It does, however, make the increased contribution permanent.

The legal concerns are as follows:

- 1. This bill would take teacher salaries out of the hands of the local school boards.
- 2. The increased contribution called for in this bill has no limit in time.
- 3. I have been in the halls of this Capitol since 2006, working on KPERS issues. Throughout that entire time, I have always understood that increased contribution by the employee must be 'offsetting' benefit increases. Regardless of what your interpretation of offsetting is, a one-year salary increase would not qualify. In the information provided in letter "d" above, any benefit increase would be virtually impossible!

In summary, it is the belief of KCPR that there is no justification in raising the KPERS School member's contribution, in addition to being unfair.

With all the above testimony considered, we respectfully request the committee oppose the consideration of HB2044.

I would be happy to stand for questions.