Approved: February 20, 2002
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson Representative Kenny Wilk at 9:00 a.m. on January 22, 2002, in Room 514-S of the Capitol.

All members were present except: Representative Landwehr, Excused
Representative Hermes, Excused

Committee staff present: Alan Conroy, Legislative Research
Amy Kramer, Legislative Research
Julian Efrid, Legislative Research
Jim Wilson, Revisor of Statutes
Mike Corrigan, Revisor of Statutes
Nikki Feuerborn, Committee Secretary

Conferees appearing before the committee: Steve McElhaney, William M. Mercer, Inc.
Pat Beckham, Milliman USA, Omaha, Nebraska

Others attending: See Attached

Representative Nichols moved for the introduction of proposed legislation regarding KPERS, participating service credit multiplier in benefit formula increased. Motion was seconded by Representative Shriver. Motion carried.

Representative Nichols moved for the introduction of proposed legislation related to establishing a job market study. Motion was seconded by Representative Shriver. Motion carried.

Representative Nichols moved for the introduction of proposed legislation regarding KPERS, vesting after five years. Motion was seconded by Representative Feuerborn. Motion carried.

Representative Wilk moved to introduce legislation regarding scientific research and development facilities. Motion was seconded by Representative Nichols. Motion carried.

Steve McElhaney, spokesperson for William M. Mercer, Inc., informed the Committee of the results of their actuarial audit of the December 31, 2000, actuarial valuation of the Kansas Public Employees Retirement System as prepared by Milliman USA (Attachment 1). Although the overall actuarial methods were found to be reasonable and appropriate, areas suggested for further investigation or study by KPERS and the consulting actuary are:

- Actuarial cost methods–one actuarial cost method for all three systems
- Contribution lag period-shorted time between valuation date and start of fiscal year for which actuarial contribution rates are applied
- Mortality assumptions
- Data review
- Test cases review–inactive vested liabilities are slightly overstated

Pat Beckham, Milliman USA, Omaha, stated that 8% return is considered the common rate for most retirement systems.

Mr. McElhaney then addressed the completed study on post-retirement benefit adjustments as contracted for by the LCC (Attachment 2).

The meeting was adjourned at 10:30 a.m. The next meeting is scheduled for Wednesday, January 23, 2002.