

Kansans For Liberty



Ed. Committee Members

This testimony in support of HB 2393

HB 2393 would require Ks. Governmental entities to use GASB (Governmental accounting standards Board) standards. Right now many governmental entities do not adhere to these standards and as a result the Ks. Legislature and the taxpayers are left in the dark in many areas as to the real cost or liabilities of local government.

A good example is Pension fund accounting that is covered by GASB 68.

Under GASB 68

local entities that participate in the KPERS fund would have to report (using these defined standards) long term liabilities including accumulated sick days, saved vacation days, that would create a greater liability on the KPERS system. For instance one Kansas employee nearing retirement has **accumulated 70 weeks sick and vacation pay** that they intend on getting paid for in their final year to potentially increase their retirement benefit (**for the rest of their life**) by 50-60%. Under the current system there is no accounting of these potential additional benefits.

Under GASB 68 the Legislature would get a much clearer picture of the long term needs of KPERS, local entities would be able to better help manage some of the costs to help preserve the "defined benefit" program they currently enjoy.

This is part of GASB 68

Defined Benefit Pension Plans. (like Kansas) The Statement requires governments that participate in defined benefit pension plans to report in their statement of net position a net pension liability. The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries.

Thank You
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Click here for GASB pension rules and GASB 68

<http://crr.bc.edu/briefs/how-would-gasb-proposals-affect-state-and-local-pension-reporting/>

http://www.gasb.org/cs/ContentServer?pagename=GASB/GASBContent_C/GASBNewsPage&cid=1176160126951