

## MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Melvin Neufeld at 8:00 A.M. on March 31, 2005, in Room 514-S of the Capitol.

All members were present except:

Representative Newton- excused  
Representative Sawyer- excused

Committee staff present:

Alan Conroy, Legislative Research Department  
J. G. Scott, Legislative Research Department  
Amy VanHouse, Legislative Research Department  
Reagan Cussimanio, Legislative Research Department  
Julian Efird, Legislative Research Department  
Jim Wilson, Revisor of Statutes  
Nikki Feuerborn, Administrative Assistant  
Shirley Jepson, Committee Secretary

Conferees appearing before the committee:

Others attending:

See attached list.

- Attachment 1 Explainer on **Senate Substitute for HB 2037**
- Attachment 2 Retirement Subcommittee report on **HB 2075** and **H Sub for SB 270**
- Attachment 3 Information from Attorney General Phill Kline relating to private prisons

**Discussion on Retirement Issues:**

**S Sub for HB 2037 - KPERS, benefits and contributions**

**HB 2075 - Plan design and contribution modifications to death and disability benefit plan for certain public employees.**

**SB 270 - Appropriations for FY2006 and FY2007 for various state agencies**

Julian Efird, Legislative Research Department, explained the long-term retirement funding impact of **SB 20** and explained **Senate Substitute for HB 2037** includes a number of provisions that amend the Kansas Public Employees Retirement System (KPERS) retirement plans, the KPERS death and long-term disability benefits plan, and the Regents retirement plan (Attachment 1). Dr. Efird explained that because of action taken by the 2004 Legislature to split apart the state and school contribution rates for KPERS in order to reflect that portion of the state budget that is contributed to KPERS on behalf of each school district and include in the school district's budget reflected as state aid, the fiscal impact is greater than expected making it necessary for the Legislature to review this action and the possibility of reversing the action. This prior legislative action, plus the legislative action of the past two years relating to the increase in contribution rates, results in an impact between the current year and 2033, of approximately \$18 billion on state and local government. **Senate Sub for HB 2037** is an attempt to combine the rates and fix the problem created by previous legislation.

Chair Neufeld presented the Appropriations Retirement Subcommittee report and recommendation on **HB 2075** and the Subcommittee report and recommendation on **House Substitute for SB 270** (Attachment 2).

Julian Efird, Legislative Research Department, explained that **HB 2075** would increase participating employer contributions from 0.6 percent to 0.8 percent of payroll effective July 1, 2005, and to 1.0 percent of payroll effective July 1, 2006; expand the KPERS Board of Trustees authority to administer the program within available funds and to adjust plan design as needed, with the maximum disability benefits set at not more than 66 2/3 percent of salary; maintain participating employer paid basic life insurance at 150 percent of annual compensation; and provide that benefits would not be reduced for employees who were disabled prior to the effective date of January 1, 2006. A provision was included that would authorize KPERS to borrow from the Pooled Money Investment Board during FY 2006 if fund balances became too low for maintaining benefits payments for either life insurance or disability.

CONTINUATION SHEET

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Dr. Efirid explained that the Retirement Subcommittee recommends several concepts from bills pertaining to the \$15,000 cap on working after KPERs retirement to be included in **SB 270**.

In response to a request from Chair Neufeld for the Committee's reaction to the Retirement Subcommittee report on allowing retirees to return to work and eliminate the \$15,000 earnings limit, it was noted by the Committee:

- There is an apparent shortage of teachers in some areas.
- This legislation allows for a pilot program and will sunset in three years with those on the program to continue for one additional year.
- All current retirees should be included and eligible for the program.
- Because of the time element in school budget funding, the pilot program could stipulate who is eligible for the program.
- Important to address the unfunded liability issue.

No further action was taken by the Committee at this time.

Information from Attorney General Phill Kline in response to Committee questions from the previous day relating to private prisons, was distributed to the Committee (Attachment 3).

Representative Sharp moved to approve the Committee minutes of March 7, March 8, March 9, March 10 and March 11, as written. The motion was seconded by Representative Light. Motion carried.

The meeting was adjourned at 9:15 a.m. The next meeting of the Committee will be "on call of the Chair"

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Melvin Neufeld, Chair