

Testimony on **HB 2558**
before the
House Select Committee on KPERS

by

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Mr. Chairman, Members of the Committee:

The Kansas Association of School Boards appreciates the opportunity to comment on **HB 2558**, which would create a new system of retirement benefits for school districts and other public employees beginning in 2009.

KASB members have adopted the following position on KPERS issues: *“The employers’ cost of any retirement or program benefits mandated by the state should be fully and directly funded by the state. KASB opposes making KPERS a non-contributory system. KASB believes the Legislature should consider changes in the KPERS system to reduce the need for state general fund support, providing that benefits remain appropriate to attract and retain qualified employees.”*

It has become clear the cost of addressing both the “unfunded actuarial liability” of the current KPERS system and the future costs of providing the current level of benefits will be very high. KASB believes the employers’ cost should be borne by the state, rather than local school districts, because school districts have no ability to control the cost of benefits set by the state. But we recognize this cost requires the state to spend dollars not available for other state expenditures, including support for current school districts operations. In effect, we face a trade-off between future retirement benefits and current expenditures including salaries and benefits. Furthermore, the option to retire at a relatively early age contributes to the educator shortage facing Kansas schools.

The state is already committed to a substantial increase in KPERS contributions. It seems reasonable to expect that new employees entering the system pay a higher contribution rate and somewhat later retirement age in order to maintain benefit levels similar to the current plan. We trust the KPERS Board of Trustees has found a balance is competitive with other public and private sector retirement plans.

Thank you for your consideration.