Session of 2015

7

## HOUSE BILL No. 2253

By Committee on Pensions and Benefits

2-5

AN ACT concerning retirement and pensions; relating to the Kansas public
 employees retirement system; employment after retirement-for certain
 retirants employed as teachers; extending; special provisions for
 certain retirants employed as teachers; amending K.S.A. 2014 Supp.
 74-4914, 74-4937 and 74-49,301 and repealing the existing section sections.

8 Be it enacted by the Legislature of the State of Kansas:

9 Section 1. K.S.A. 2014 Supp. 74-4914 is hereby amended to read 10 as follows: 74-4914. (1) The normal retirement date for a member of 11 the system shall be the first day of the month coinciding with or 12 following termination of employment with any participating employer not followed by employment with any participating employer within 13 60 days and the attainment of age 65 or, commencing July 1, 1993, age 14 62 with the completion of 10 years of credited service or the first day 15 of the month coinciding with or following the date that the total of the 16 number of years of credited service and the number of years of 17 attained age of the member is equal to or more than 85. In no event 18 19 shall a normal retirement date for a member be before six months 20 after the entry date of the participating employer by whom such 21 member is employed. A member may retire on the normal retirement 22 date or on the first day of any month thereafter upon the filing with 23 the office of the retirement system of an application in such form and 24 manner as the board shall prescribe. Nothing herein shall prevent any 25 person, member or retirant from being employed, appointed or 26 elected as an employee, appointee, officer or member of the 27 legislature. Elected officers may retire from the system on any date on or after the attainment of the normal retirement date, but no 28 29 retirement benefits payable under this act shall be paid until the 30 member has terminated such member's office.

(2) Except as provided in subsection (7), no retirant shall make
 contributions to the system or receive service credit for any service
 after the date of retirement.

(3) Any member who is an employee of an affiliating employer
 pursuant to K.S.A. 74-4954b, and amendments thereto and has not
 withdrawn such member's accumulated contributions from the

Kansas police and firemen's retirement system may retire before such
 member's normal retirement date on the first day of any month
 coinciding with or following the attainment of age 55.

4 (4) Any member may retire before such member's normal 5 retirement date on the first day of any month coinciding with or 6 following termination of employment with any participating employer 7 not followed by employment with any participating employer within 8 60 days and the attainment of age 55 with the completion of 10 years of credited service, but in no event before six months after the entry 9 date, upon the filing with the office of the retirement system of an 10 application for retirement in such form and manner as the board shall 11 prescribe. 12

13 (5) Except as provided in subsection (7), on or after July 1, 2006, for any retirant who is first employed or appointed in or to any 14 position or office by a participating employer other than a 15 participating employer for which such retirant was employed or 16 17 appointed during the final two years of such retirant's participation, and, on or after April 1, 2009, for any retirant who is employed by a 18 19 third-party entity who contracts services with a participating 20 employer other than a participating employer for which such retirant 21 was employed or appointed during the final two years of such 22 retirant's participation to fill a position covered under subsection (a) of 23 K.S.A. 72-5410(a), and amendments thereto, with such retirant, such 24 participating employer shall pay to the system the actuarially 25 determined employer contribution and the statutorily prescribed employee contribution based on the retirant's compensation during 26 any such period of employment or appointment. If a retirant who 27 28 retired on or after July 1, 1988, is employed or appointed in or to any 29 position or office for which compensation for service is paid in an amount equal to \$20,000 or more in any one such calendar year, by 30 31 any participating employer for which such retirant was employed or 32 appointed during the final two years of such retirant's participation, 33 and, on or after April 1, 2009, by any third-party entity who contracts services to fill a position covered under-subsection (a) of K.S.A. 72-34 5410(a), and amendments thereto, with such retirant with a 35 36 participating employer for which such retirant was employed or 37 appointed during the final two years of such retirant's participation, 38 such retirant shall not receive any retirement benefit for any month 39 for which such retirant serves in such position or office. The 40 participating employer who employs such retirant whether by 41 contract directly with the retirant or through an arrangement with a third-party entity shall report to the system within 30 days of when 42 43 the compensation paid to the retirant is equal to or exceeds any

1 limitation provided by this section. Any participating employer who 2 contracts services with any such third-party entity to fill a position 3 covered under subsection (a) of K.S.A. 72-5410(a), and amendments 4 thereto, shall include in such contract a provision or condition which 5 requires the third-party entity to provide the participating employer 6 with the necessary compensation paid information related to any such 7 position filled by the third-party entity with a retirant to enable the 8 participating employer to comply with provisions of this subsection relating to the payment of contributions and reporting requirements. 9 10 The provisions and requirements provided for in amendments made in this act which relate to positions filled with a retirant or 11 12 employment of a retirant by a third-party entity shall not apply to any contract for services entered into prior to April 1, 2009, between a 13 participating employer and third-party entity as described in this 14 subsection. Any retirant employed by a participating employer or a 15 16 third-party entity as provided in this subsection shall not make 17 contributions nor receive additional credit under such system for such service except as provided by this section. Upon request of the 18 19 executive director of the system, the secretary of revenue shall provide 20 such information as may be needed by the executive director to carry 21 out the provisions of this act. The provisions of this subsection shall 22 not apply to retirants employed as substitute teachers or officers, 23 employees or appointees of the legislature. The provisions of this 24 subsection shall not apply to members of the legislature prior to 25 January 8, 2000. The provisions of this subsection shall not apply to any other elected officials prior to the term of office of such elected 26 27 official which commences on or after July 1, 2000. The provisions of 28 this subsection shall apply to any other elected official on and after the 29 term of office of such other elected official which commences on or 30 after July 1, 2000. Except as otherwise provided, commencing January 31 8, 2001, the provisions of this subsection shall apply to members of the 32 legislature. For determination of the amount of compensation paid 33 pursuant to this subsection, for members of the legislature, 34 compensation shall include any amount paid as provided pursuant to 35 subsections (a), (b), (c) and (d) of K.S.A. 46-137a(a), (b), (c) and (d), and 36 amendments thereto, or pursuant to K.S.A. 46-137b, and amendments 37 thereto. Notwithstanding any provision of law to the contrary, when a 38 member of the legislature is paid an amount of compensation of 39 \$20,000 or more in any one calendar year, the member may continue 40 to receive any amount provided in-subsections (b) and (d) of K.S.A. 46-137a(b) and (d), and amendments thereto, and still be entitled to 41 receive such member's retirement benefit. Commencing July 1, 2005, 42 43 the provisions of this subsection shall not apply to retirants who either

retired under the provisions of subsection (1), or, if they retired under 1 the provisions of subsection (4), were retired more than 30 days prior 2 to the effective date of this act and are licensed professional nurses or 3 4 licensed practical nurses employed by the state of Kansas in an 5 institution as defined in subsection (b) of K.S.A. 76-12a01(b) or 6 subsection (f) of K.S.A. 38-2302(f), and amendments thereto, the Kansas soldiers' home or the Kansas veterans' home. Nothing in this 7 subsection shall be construed to create any right, or to authorize the 8 creation of any right, which is not subject to amendment or 9 nullification by act of the legislature. The participating employer of 10 such retirant shall pay to the system the actuarially determined 11 employer contribution based on the retirant's compensation during 12 13 any such period of employment.

14 (6) For purposes of this section, any employee of a local 15 governmental unit which has its own pension plan who becomes an 16 employee of a participating employer as a result of a merger or 17 consolidation of services provided by local governmental units, which 18 occurred on January 1, 1994, may count service with such local 19 governmental unit in determining whether such employee has met the 20 years of credited service requirements contained in this section.

21 (7) (a) Except as provided in K.S.A. 74-4937(3) and (4), and 22 amendments thereto, and the provisions of this subsection, commencing 23 July 1, 2016, and ending June 30, 2017, for any retirant who is first 24 employed or appointed in or to any position covered under K.S.A. 74-25 4902(14) or 74-4932(4), and amendments thereto, by a participating employer, without any prearranged agreement with such participating 26 27 employer and not prior to 60 days after such retirant's retirement date, 28 such retirant shall have such retirant's retirement benefit suspended 29 pursuant to this subsection. In such case, such retirant shall once again 30 become an active and vested member of the system under and subject to 31 the provisions of K.S.A. 74-49,301, and amendments thereto, unless 32 specifically provided under the provisions of this subsection.

33 (b) The provisions of this subsection shall not apply to retirants that 34 are employed as:

(i) Licensed professional nurses or licensed practical nurses
employed by the state of Kansas in an institution as defined in K.S.A. 7612a01(b) or 38-2302(f), and amendments thereto, the Kansas soldiers'
home or the Kansas veterans' home;

(ii) employed by a school district in a position as provided in K.S.A.
74-4937(3) or (4), and amendments thereto;

41 *(iii) employed or appointed in or to any position not covered under* 42 *K.S.A.* 74-4902(14) or 74-4932(4), and amendments thereto, who is paid 43 an amount that is less than \$20,000 in calendar year 2016 or 2017. Any 1 such retirant who is employed or appointed in or to any position or office

for which compensation for service is paid in an amount equal to \$20,000 2 or more in any one such calendar year, by any participating employer for 3 which such retirant was employed or appointed and, by any third-party 4 entity who contracts services to fill a position, such retirant shall not 5 6 receive any retirement benefit for any month for which such retirant serves 7 in such position or office. The participating employer who employs such 8 retirant whether by contract directly with the retirant or through an 9 arrangement with a third-party entity shall report to the system within 30 days of when the compensation paid to the retirant is equal to or exceeds 10 any limitation provided by this section. Any participating employer who 11 12 contracts services with any such third-party entity to fill a position shall include in such contract a provision or condition which requires the third-13 party entity to provide the participating employer with the necessary 14 compensation paid information related to any such position filled by the 15 16 third-party entity with a retirant to enable the participating employer to 17 comply with provisions of this subsection relating to the payment of 18 contributions and reporting requirements; or

19 (iv) any retirant who is employed by a third-party entity who 20 contracts services with a participating employer to fill a position that 21 would otherwise be a position covered under K.S.A. 74-4902(14) or 74-22 4932(4), and amendments thereto. Such participating employer shall pay 23 to the system the actuarially determined employer contribution and the statutorily prescribed employee contribution based on the retirant's 24 compensation during any such period of employment or appointment. The 25 participating employer who employs such retirant whether by contract 26 27 directly with the retirant or through an arrangement with a third-party entity shall report to the system within 30 days of when the compensation 28 paid to the retirant is equal to or exceeds any limitation provided by this 29 30 section. Any participating employer who contracts services with any such 31 third-party entity to fill a position covered under K.S.A. 72-5410(a), and 32 amendments thereto, shall include in such contract a provision or 33 condition which requires the third-party entity to provide the participating employer with the necessary compensation paid information related to any 34 such position filled by the third-party entity with a retirant to enable the 35 participating employer to comply with provisions of this subsection 36 37 relating to the payment of contributions and reporting requirements.

(c) Existing service credit of a retirant who becomes a member of the
system pursuant to this subsection shall be used to determine the retirant's
employer credits for the retirant's retirement annuity account pursuant to
K.S.A. 74-49,307, and amendments thereto.

42 (d) (1) Each retirant who becomes a member of the system pursuant 43 to this subsection shall make member contributions as required pursuant 1 to K.S.A. 74-49,305, and amendments thereto, which shall be credited to 2 the retirant's annuity savings account pursuant to K.S.A. 74-49,306, and 3 amendments thereto.

4 (2) The participating employer of a retirant who becomes a member 5 of the system pursuant to this subsection shall pay to the system employer 6 contributions as provided in K.S.A. 74-4920, and amendments thereto.

7 (e) Any retirant who becomes a member of the system pursuant to 8 this subsection may take a partial or full lump-sum payment of the balance 9 in the retirant's annuity savings account and retirement annuity account 10 upon leaving employment. If the retirant has a minimum account balance of \$6,000, including both employee contributions and employer pay 11 12 credits and interest credits, less any lump-sum payment, the retirant shall 13 receive an annuity based on the balance in the retirant's annuity savings 14 account pursuant to K.S.A. 74-49,311 and 74-49,313, and amendments 15 thereto.

16 *(f)* A retirant who becomes a member of the system pursuant to this 17 subsection shall not be eligible for any purchases of service credit 18 pursuant to K.S.A. 74-4919a, and amendments thereto, nor the plan of 19 long-term disability benefits pursuant to K.S.A. 74-4927, and amendments 20 thereto. Such retirant shall be eligible for the plan of death benefits 21 pursuant to K.S.A. 74-4927, and amendments thereto.

(g) All benefits payable under the provisions of this subsection are
 subject to the provisions of K.S.A. 74-49,123, and amendments thereto.

(h) Nothing in this subsection shall be construed to create any right,
or to authorize the creation of any right, which is not subject to
amendment or nullification by act of the legislature.

27 Section 1. Sec. 2. K.S.A. 2014 Supp. 74-4937 is hereby amended to 28 read as follows: 74-4937. (1) The normal retirement date of a member of the system who is in school employment and who is subject to K.S.A. 74-29 4940, and amendments thereto, shall be the first day of the month 30 31 coinciding with or following termination of employment not followed by 32 employment with any participating employer within 60 days and the 33 attainment of age 65 or, commencing July 1, 1986, age 65 or age 60 with 34 the completion of 35 years of credited service or at any age with the 35 completion of 40 years of credited service, or commencing July 1, 1993, 36 any alternative normal retirement date already prescribed by law or age 62 37 with the completion of 10 years of credited service or the first day of the 38 month coinciding with or following the date that the total of the number of 39 years of credited service and the number of years of attained age of the 40 member is equal to or more than 85. Each member upon giving prior 41 notice to the appointing authority and the retirement system may retire on 42 the normal retirement date or the first day of any month thereafter.

43 (2) Any member who is in school employment and who is subject to

1 K.S.A. 74-4940, and amendments thereto, may retire before such 2 member's normal retirement date on the first day of the month coinciding 3 with or following termination of employment not followed by employment 4 with any participating employer within 60 days and the attainment of age 55 with the completion of 10 years of credited service, upon the filing with 6 the office of the retirement system of an application for retirement in such 7 form and manner as the board shall prescribe.

8 (3) (a) Commencing July 1, 2009 Before July 1, 2016, the provisions 9 of subsection (5) of K.S.A. 74-4914(5), and amendments thereto, which relate to an earnings limitation which when met or exceeded requires that 10 11 the retirant not receive a retirement benefit for any month for which such 12 retirant serves in a position as described herein shall not apply to retirants 13 who either retired under the provisions of subsection (1) of K.S.A. 74-14 4914(1), and amendments thereto, related to normal retirement, or, if they 15 retired under the provisions of subsection (4) of K.S.A. 74-4914(4), and 16 amendments thereto, related to early retirement, were retired more than 60 17 days prior to the effective date of this act, and are subsequently hired in a 18 position that requires a license under K.S.A. 72-1388, and amendments 19 thereto, or other provision of law. The provisions of this subsection do not 20 apply to retirants who retired under-subsection (4) of K.S.A. 74-4914(4), 21 and amendments thereto, which relates to early retirement prior to age 62. 22 Except as otherwise provided, when a retirant is employed by the same 23 school district or a different school district with which such retirant was 24 employed during the final two years of such retirant's participation or 25 employed by a third-party entity who contracts services with a school 26 district to fill a position as described in this subsection, the participating 27 employer of such retirant shall pay to the system the actuarially 28 determined employer contribution based on the retirant's compensation 29 during any such period of employment plus 8%. The provisions of this 30 subsection shall not apply to retirants employed as substitute teachers. The provisions of subsection (5) of K.S.A. 74-4914(5), and amendments 31 32 thereto, shall be applicable to retirants employed as described in this 33 subsection, except as specifically provided in this subsection. Nothing in 34 this subsection shall be construed to create any right, or to authorize the 35 creation of any right, which is not subject to amendment or nullification by 36 act of the legislature.

(b) On and after July 1, 2016, the provisions of K.S.A. 74-4914(5) and (7), and amendments thereto, shall not apply to retirants who either retired under the provisions of K.S.A. 74-4914(1), and amendments thereto, related to normal retirement, or, if they retired under the provisions of K.S.A. 74-4914(4), and amendments thereto, related to early retirement, were retired more than 60 days prior to the effective date of this act, and are subsequently hired without any

1 prearranged agreement with such participating employer prior to 2 retirement, in a position as a special teacher as defined in K.S.A. 72-3 962, and amendments thereto. The provisions of this subsection do not 4 apply to retirants who retired under K.S.A. 74-4914(4), and 5 amendments thereto, which relates to early retirement prior to age 62. 6 Except as otherwise provided, when a retirant is employed by the 7 same school district or a different school district with which such 8 retirant was employed during the final two years of such retirant's 9 participation or employed by a third-party entity who contracts services with a school district to fill a special teacher position, the 10 retirant hired may coninue to receive such retirant's full retirement 11 12 benefit and shall not be subject to the provisions of K.S.A. 74-4914(5), 13 and amendments thereto, which relate to an earnings limitation which when met or exceeded requires that the retirant not receive a 14 15 retirement benefit for any month for which such retirant serves in a 16 position described herein. The participating employer of such retirant 17 shall pay to the system the actuarially determined employer 18 contribution based on the retirant's compensation during any such 19 period of employment plus 8%. The provisions of this subsection shall 20 not apply to retirants employed as substitute teachers. The provisions 21 of K.S.A. 74-4914(5), and amendments thereto, shall be applicable to 22 retirants employed as special teachers, except as specifically provided 23 in this subsection. Nothing in this subsection shall be construed to 24 create any right, or to authorize the creation of any right, which is not 25 subject to amendment or nullification by act of the legislature.

(c) The provisions of this subsection shall expire on July 1, 20152018. After such date July 1, 2015, and July 1, 2018, the Kansas public
employees retirement system and its actuary shall report the experience to
the joint committee on pensions, investments and benefits.

(4) (a) On and after July 1, 2016, a school district may hire a 30 31 retired licensed professional to fill a non-special teacher position if 32 such retirant has been retired more than 60 days prior to the effective 33 date of this act, and if such school district submits a request to the 34 state board of education, on a form provided by the state board of 35 education, along with a certified report from the school board of such 36 school district that details all of the efforts taken by the school district 37 to fill such non-special teacher position with a non-retired, licensed 38 replacement. Such certified report shall include:

39 (i) The date the vacant position was posted internally and40 externally;

- 41 (ii) the number of applications received;
- 42 (iii) the number and dates of any interviews conducted;
- 43 (iv) the specific reason that non-retired applicants did not meet

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the requirements for the open position, as compared to the retirant the
 school district proposes to hire; and

3 (v) a certification that there was no prearranged agreement 4 between the participating employer and the retirant the school district 5 proposes to hire.

6 (b) The state board of education shall review each request and 7 certified report and, upon determining that the certified report meets 8 the criteria of this subsection, shall approve the request of the school 9 district to hire the retirant specified in such request. If such certified 10 report does not meet the criteria of this subsection, the state board of 11 education shall deny such request.

12 (c) If the school district's request is approved by the state board 13 of education, such school district may hire the retirant specified in the request for a period not to exceed one school year. A retirant hired 14 15 under the provisions of this subsection may continue to receive such 16 retirant's full retirement benefit and shall not be subject to the 17 provisions of K.S.A. 74-4914(5), and amendments thereto, which relate 18 to an earnings limitation which when met or exceeded requires that 19 the retirant not receive a retirement benefit for any month for which 20 such retirant serves in a position as described herein. The 21 participating employer of such retirant shall pay to the system the 22 actuarially determined employer contribution based on the retirant's 23 compensation during any such period of employment plus 8%. The 24 provisions of this subsection shall not apply to retirants employed as 25 substitute teachers. The provisions of K.S.A. 74-4914(5), and amendments thereto, shall be applicable to retirants employed as 26 27 described in this subsection, except as specifically provided in this 28 subsection. Nothing in this subsection shall be construed to create any 29 right, or to authorize the creation of any right, which is not subject to 30 amendment or nullification by act of the legislature. The provisions of 31 K.S.A. 74-4914(7), and amendments thereto, shall not apply to 32 retirants employed pursuant to the provisions of this subsection.

(d) The department of education shall submit a report to the legislature and to the joint committee on pensions, investments and benefits at the beginning of the regular session of the legislature in 2018. The report shall include, by each school district, the number of requests to hire retirants submitted to the state board of education, the number of retirants hired and the positions for which such retirants were hired pursuant to the provisions of this subsection.

(e) The provisions of this subsection shall expire on July 1, 2017.

Sec. 3. K.S.A. 2014 Supp. 74-49,301 is hereby amended to read as
follows: 74-49,301. (a) The provisions of K.S.A. 2014 Supp. 74-49,301
through 74-49,318, and amendments thereto, shall be known and may

1 be cited as the Kansas public employees retirement system act of 2015.

(b) Any employee who is first employed by a participating
employer on or after January 1, 2015, shall be a member of the system
under the provisions of this act on the first day of employment of such
employee with such participating employer.

6 (c) (1) Any non-vested employee other than an elected official of a 7 participating employer who has been employed in a covered position as defined in K.S.A. 2014 Supp. 74-49,202, and amendments thereto, 8 other than with a school employer, shall remain a member of the 9 Kansas public employees retirement system as provided pursuant to 10 K.S.A. 74-4901 et seq., and amendments thereto, on and after July 1, 11 2009, if the member: (A) Does not leave covered employment with a 12 participating employer for a period of time exceeding 30 consecutive 13 days; (B) does not withdraw such member's annuity savings account 14 as defined by K.S.A. 74-49,302, and amendments thereto, forfeiting 15 16 such member's membership in the interim; and (C) returns to covered 17 employment with a participating employer in a covered position 18 within such 30-day time period.

19 (2) Any non-vested employee other than an elected official of a 20 participating employer who has been employed in a covered position 21 with a participating school employer, shall remain a member of the 22 Kansas public employees retirement system as provided pursuant to 23 K.S.A. 74-4901 et seq., and amendments thereto, if the member: (A) 24 Was employed in a covered position with a participating school 25 employer for the duration of the school year and immediately returns to covered employment with another participating school employer at 26 the beginning of the following school year; and (B) does not withdraw 27 28 such member's annuity savings account as defined by K.S.A. 74-29 49.302. and amendments thereto, forfeiting such member's 30 membership in the interim.

(d) This act does not apply to members of the Kansas police and
firemen's retirement system, K.S.A. 74-4951 et seq., and amendments
thereto, the retirement system for judges, K.S.A. 20-2601 et seq., and
amendments thereto, and security officers as provided in K.S.A. 744914a, and amendments thereto.

(e) Except as provided in K.S.A. 74-4914(7), and amendments
thereto, a system member may not simultaneously be a member of the
pre-2015 plan and the plan established pursuant to this act. A period
of service may not be credited in more than one retirement plan within
the system.

41 (f) The board of trustees of the Kansas public employees 42 retirement system shall administer the provisions of this act in the 43 same manner as the board administers the provisions of K.S.A. 741 4901 et seq., and amendments thereto, except as specifically provided 2 in this act.

3 (g) Unless specifically provided in this act, the provisions of K.S.A. 74-4901 et seq., and amendments thereto, shall be applicable to 4 this act. In an event that a conflict exists between the provisions of this 5 act and the provisions of K.S.A. 74-4901 et seq., and amendments 6 7 thereto, the provisions of this act shall control, and to that end, no legal or contractual rights shall inure to the benefit of members or 8 participating employers under this act with regard to the provisions of 9 K.S.A. 74-4901 et seq., and amendments thereto, when the provisions 10 11 of this act control.

12 (h) Each participating employer as provided in this act and each employee as defined by this act shall be subject to the provisions of 13 this act as specified in this act and subject to the provisions of K.S.A. 14 74-4901 et seq., and amendments thereto, as appropriate as to terms, 15 16 conditions and requirements not specifically covered in this act. The provisions of this act shall not apply to members of the Kansas public 17 18 employees retirement system as provided in K.S.A. 74-4901 et seq., 19 and 74-49,201 et seq., and amendments thereto, first employed by a 20 participating employer prior to January 1, 2015, unless otherwise 21 provided in this act.

(i) The provisions of this act shall be part of and supplemental to
the provisions of K.S.A. 74-4901 et seq., and amendments thereto,
subject to the limitations contained in this act.

Sec. 2. 4. K.S.A. 2014 Supp. 74-4914, 74-4937-is and 74-49,301 are
hereby repealed.

27 Sec. <del>3.</del> **5.** This act shall take effect and be in force from and after its 28 publication in the statute book.