

UPDATED
SESSION OF 2018

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2594

As Amended by House Committee on Financial
Institutions and Pensions

Brief*

HB 2594, as amended, would allow local government employees classified as a “detention deputy,” “corrections officer,” “detention officer,” or “jailer,” as those terms would be defined by the bill, to affiliate with the Kansas Police and Firemen’s Retirement System (KP&F). Currently, employees in these positions are part of the Local Government Group of the Kansas Public Employees Retirement System (KPERS). Starting on July 1, 2018, local government employers would have the option to affiliate with KP&F for these positions.

For service time earned prior to July 1, 2018, local government employees specified in the bill would keep the KPERS benefits they had earned. The employees would be able to use their prior years of service for purposes of vesting and retirement eligibility in both plans. At retirement, members would receive a monthly benefit for their KPERS service and a monthly benefit for their KP&F service.

Background

The bill was introduced by the House Committee on Financial Institutions and Pensions at the request of a representative of the Kansas Sheriffs’ Association.

In the House Committee hearing, a representative of the Kansas Sheriffs’ Association spoke in favor of the bill, stating

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

the option would support local governments' efforts to recruit and retain employees. A representative of Teamsters Local Union 696 provided written-only testimony in support of the bill, stating employees in these positions are exposed to high levels of physical and mental stress and they should be compensated accordingly.

A representative of KPERS provided neutral testimony, explaining the differences between the KP&F and KPERS plans. The basic benefit formula is the same, but the final average salary in KP&F is calculated using a multiplier of 2.5 percent rather than 1.85 percent. Employees contribute 7.15 percent of their compensation to KP&F, compared to 6.0 percent to KPERS. The employer contribution rates for both KP&F and KPERS are made at the actuarially required rate, which is 22.13 percent and 8.89 percent, respectively. The vesting requirement for KP&F is 15 years, and it is five years for KPERS. Normal retirement for KP&F is age 50 with 25 years of service, age 55 with 20 years of service, or age 60 with 15 years of service. Normal retirement for KPERS 2 members is age 60 with 30 years of service or age 65 with five years of service. The KPERS conferee concluded that a member in the KP&F plan would yield a greater benefit than a member in KPERS.

No opponent testimony was presented.

On February 12, the House Committee on Financial Institutions and Pensions amended the bill to:

- Include employees that work in juvenile facilities run by local units of government; and
- Allow the specified employees, when vested in KPERS and KP&F, to be eligible to receive benefits from both retirement plans at the time of normal retirement under KP&F.

On February 22, the bill was withdrawn from the Calendar and referred to the House Committee on

Appropriations. The bill was subsequently rereferred to the House Committee on Financial Institutions and Pensions on March 14. The House Committee on Financial Institutions and Pensions held a hearing on the bill, as amended, and on March 21, recommended the bill, as amended, be passed favorably.

According to the fiscal note prepared by the Division of the Budget, in consultation with KPERS, the introduced bill would have a fiscal effect on state agencies because KP&F uses a single uniform rate for state and local employers. The bill would also affect the employer contribution rate for the KPERS Local Government Group. However, KPERS indicates the two fiscal effects cannot be estimated without knowing the local participation rate and membership data.