

SESSION OF 2019

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2140

As Recommended by House Committee on
Financial Institutions and Pensions

Brief*

HB 2140 would allow agents of the Kansas Bureau of Investigation (KBI) to participate in the Kansas Deferred Retirement Option Program (DROP) of the Kansas Police and Firemen's Retirement System (KP&F), which is currently authorized for troopers, examiners, and officers of the Kansas Highway Patrol (KHP). The sunset date for the program would be extended from January 1, 2020, to January 1, 2025.

Background

The DROP program was passed by the 2015 Legislature as a pilot program for KHP to address reductions in staffing. Eligible members are allowed to enter into the DROP program at retirement age for an additional three to five years. During this period, the member continues to work while the retirement benefit is deposited into a DROP account, which may be credited interest if certain investment thresholds are met. At ultimate retirement, the member will receive the balance of the account in a lump sum or as a rollover into another qualified account. Both employers and employees continue to make regular contributions to the KP&F System plan within the Kansas Public Employees Retirement System (KPERs).

The bill was introduced by the House Committee on Financial Institutions and Pensions at the request of Representative Kelly. During the 2018 Legislative Interim, the

*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>

Joint Committee on Pensions, Investments and Benefits recommended consideration to repeal the sunset on the pilot DROP program and to broaden the program to include other law enforcement agencies.

During the House Committee hearing, proponent testimony was provided by the Superintendent of KHP and the Director of the KBI. Both proponents supported extending the sunset date and including eligible KBI agents into the program to maintain experienced staff at the agencies. Both agencies have experienced critical staffing shortages and believe the DROP program is a valuable tool in retaining law enforcement staff. No other testimony was provided.

According to the fiscal note prepared by the Division of the Budget on the bill, KPERS estimates an increase in the KP&F employer uniform contribution rate by 0.2 percent. The employer contribution amount would increase by \$102,000, including \$16,626 from the State General Fund. Based on the number of eligible members in both the KHP and KBI, KPERS estimates the unfunded actuarial liability for KP&F would increase by approximately \$450,000. Local KP&F would be required to pay any increases to the uniform contribution rate, which would increase local government contribution costs. KPERS also estimates an increase in administrative expenditures. Any additional employers added to the DROP program would require additional expenditures for upgrades to the information technology systems and staff.