

SESSION OF 2021

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2063

As Amended by House Committee on Insurance
and Pensions

Brief*

HB 2063, as amended, would revise the benefits for members of the Kansas Police and Firemen's Retirement System (KP&F) who are Tier II members, meaning those employees hired since July 1, 1989, who are disabled and ultimately die due to a "service-connected" condition, as that term is defined by law. The bill would apply to deaths that occurred on and after January 1, 2017, and would designate these amendments to law as the Michael Wells Memorial Act.

Assuming no death benefits are payable, the new benefit would be the greater of:

- A monthly benefit equal to 50.0 percent of the member's final average salary at the time of the disability, plus 10.0 percent for each dependent child who is under the age of either 18 years or 23 years if a full-time student; or
- The retirement benefit the deceased member would have received if the member had been able to retire, if there are no dependent children.

The total amount of benefits payable would not exceed 75.0 percent of the member's final average salary.

Under the current benefit structure, when a Tier II KP&F member becomes disabled and later dies due to a service-connected condition before reaching eligibility, the spouse

*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>

receives both a one-time, lump-sum payment equal to 50.0 percent of the member's final average salary, which is the average of the three highest of the previous five years of employment, and a monthly benefit equal to 50.0 percent of the member's disability benefit. If there is no spouse, dependent children receive the benefit in equal shares.

Background

The bill was prefiled for introduction by the Joint Committee on Pensions, Investments and Benefits. The Joint Committee recommended introduction of a bill containing provisions of 2020 HB 2452.

[*Note:* Several diseases are presumed by law (KSA 74-4952(10)) to be service-connected, including heart disease, contraction of a bloodborne pathogen (e.g., hepatitis), and cancers of the lung or respiratory tract, including but not limited to cancers of the brain, skin, digestive system, hematological (blood) system, or genitourinary system.]

House Committee on Insurance and Pensions

In the House Committee hearing, a firefighter and representative of the Kansas State Lodge of the Fraternal Order of Police provided **proponent** testimony, addressing the circumstances firefighters and law enforcement officers face. The firefighter contrasted the experience for a smaller subset of disability cases: members who die from service-connected disabilities and their beneficiaries. Medical disability and line-of-duty disability benefits are treated equally, while service-connected-death beneficiaries receive less favorable treatment than the line-of-duty death beneficiaries. Oral testimony was provided by the widow of Michael Wells, a Lenexa firefighter who passed away following a service-connected cancer in September 2019; she addressed the firefighter and family's battle with the cancer and the resulting disability benefit and support for the family.

Written-only **proponent** testimony was provided by a representative of the Kansas State Council of Firefighters and a representative of the Kansas Association of Chiefs of Police, Kansas Sheriffs Association, and the Kansas Peace Officers Association.

A representative of the Kansas Public Employees Retirement System (KPERS) explained the bill would increase KP&F employers' costs by 0.04 percent (\$222,000), which would include 0.03 percent for the new benefit structure and 0.01 percent increase in the payment rate for the unfunded actuarial liability (\$91,000). Subsequent information provided after the House Committee hearing included a review of survivor benefits (currently, survivor benefits do not depend on whether the death was service-connected) for 13 members. In its review, KPERS staff identified three survivors who could potentially qualify for the higher benefits provided in HB 2063 (one death occurred prior to July 1, 2019; one in 2019; and one in 2020).

The House Committee amended the bill to modify the date specified for which service-connected deaths would be subject to the provisions of the bill and to designate the changes to law in memory of a firefighter who died from a service-connected cancer.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget, in consultation with KPERS and its consulting actuary, the bill, as introduced, would increase KP&F employer contributions by approximately \$222,000, or 0.04 percent. KPERS states the administrative costs, including for updated printed material and information published on its website, would be negligible and covered within existing resources. Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2022 Governor's Budget Report*.

Retirement; KP&F; service-connected disability; benefits