

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Jay Emler at 9:00 a.m. on March 23, 2009, in Room 545-N of the Capitol.

All members were present except:

Senator Ty Masterson - excused

Committee staff present:

Michael Steiner, Kansas Legislative Research Department
Estelle Montgomery, Kansas Legislative Research Department
Julian Efird, Kansas Legislative Research Department
Jill Wolters, Office of the Revisor of Statutes
Daniel Yoza, Office of the Revisor of Statutes
Gordon Self, Office of the Revisor of Statutes
Melinda Gaul, Chief of Staff
Shirley Jepson, Committee Assistant

Conferees appearing before the Committee:

Glenn Deck, Executive Director, Kansas Public Employees Retirement System (KPERS)
Ed Klumpp, representing Kansas Association of Chiefs of Police and Kansas Peace Officers' Association
Dennis Phillips, Kansas State Council of Firefighters

Others attending:

See attached list.

Distribution of requested information

Information, as requested by the Committee, from Tracy Streeter, Kansas Water Office, was distributed to the Committee ([Attachment 1](#)).

Subcommittee report on KPERS Issues - SB 319 - Affiliation with the Kansas police and firemen's retirement system by adjutant general for membership of certain firefighters serving the 190th Kansas air national guard.

Senator Wysong, Chair of the Subcommittee, presented the Subcommittee report on **SB 319** ([Attachment 2](#)). **SB 319** would provide that on or after July 1, 2009, the Adjutant General's Department would affiliate with the Kansas Police and Firemen's (KP&F) Retirement system to provide participating service coverage for only qualified firefighters serving in the 190th Kansas Air National Guard.

Discussion and Action on SB 196 - KPERS employment after retirement restrictions to apply to retirants employed by a third-party entity.

Senator Vratil presented an amendment to **SB 196** ([Attachment 3](#)):

1. Increases the break in service days from 30 to 60 days for all KPERS retirees.
2. Eliminates the current statutory \$20,000 earnings limitation for all licensed public school retirees.
3. Requires all public school employers who employ a licensed KPERS school group retiree, to pay a employer's contribution rate as follows:
 - Age 62 or over, employer contribution rate of 11.95 percent plus 4.0 percent statutory employee rate.
 - Under 62 years of age, the rate would be 11.95 percent employer contribution rate plus 4.0 percent statutory employee rate plus an additional 4.0 percent contribution rate.
4. The employer contribution rate would apply to a retiree returning to work for the same school district previously employed by or a different school district, except those retirees who were first employed by a different school district prior to July 1, 2006.
5. Provide that school employers cannot hire a licensed KPERS school group retiree who takes early retirement until they reach the age of 62. These provisions apply to contracts entered into after July 1, 2009. New provisions, except the 60 days service break, would sunset on July 1, 2012.

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The Committee expressed concern that excluding those who retired before July 1, 2006, creates “an unlevel playing field” in the KPERS retirement system.

Glenn Deck, Executive Director, KPERS, stated that there are approximately 400 retirees, who retired prior to July 1, 2006 and are “grandfathered” in by current statute.

Senator Vratil moved to adopt the first balloon amendment to **SB 196** as presented (Attachment 3) . The motion was seconded by Senator Teichman. Motion carried on a voice vote.

Senator Vratil presented a second amendment to **SB 196** pertaining to third-party vendors who employ licensed school district retirees and enter into a contract with a school district, changing the date pertaining to contracts from July 1, 2009 to March 1, 2009 (Attachment 4).

Senator Vratil moved to adopt the second balloon amendment to **SB 196** as presented (Attachment 4). The motion was seconded by Senator Kelly. Motion carried on a voice vote.

Senator Lee moved to adopt an amendment to **SB 196** that would strike the grandfather clause for those retired prior to July 1, 2006 (Attachment 5). The motion was seconded by Senator Kelly. Motion carried on a voice vote.

Senator Kelly moved to amend **SB 196** to raise the cap on what a retiree can earn from \$20,000 to \$25,000 for all non-licensed school district retirees and allow for technical adjustments to the bill as needed to incorporate the amendments. The motion was seconded by Senator Lee. Motion carried on a voice vote.

Glenn Deck stated that there would be no apparent fiscal effect to KPERS with the amendment.

Senator Schmidt moved to adopt the Subcommittee report on **SB 319** and amend the contents of **SB 319** into **SB 196** as amended. The motion was seconded by Senator Kelly. Motion carried on a voice vote.

Hearing on HB 2072 - Less reduction in disability benefits based on income for certain members of the Kansas police and firemen’s retirement system.

Gordon Self, Revisor, explained that **HB 2072** would remove the current statutory earnings limitation of \$10,000 for members of the Kansas Police and Firemen’s (KP&F) Retirement System who are assigned to Tier II and qualify for disability benefits, but who are able to work part-time at a nonpublic safety job while drawing KP&F disability payments.

Ed Klumpp, representing Kansas Association of Chiefs of Police and Kansas Peace Officers Association, presented testimony in support of **HB 2072** (Attachment 6). Mr. Klumpp stated that the current provision has been in place since the inception of the Tier II KP&F retirement program in 1989. Mr. Klumpp noted that there are many “checks and balances” before an employee can be determined disabled and receive benefits under the KP&F program.

Dennis Phillips, Kansas State Council of Fire Fighters, presented testimony in support of **HB 2072** (Attachment 7). Mr. Phillips noted that removing the earnings cap would allow disabled fire and policy officers under Tier II of KP&F to continue working to support their families.

Responding to questions from the Committee, Glenn Deck indicated that there are approximately 45 disabled fire and policy officers who receive benefits under Tier II of KP&F.

There were no other conferees to come before the Committee.

The hearing on **HB 2072** was closed.

Senator Vratil moved to amend **HB 2072** by returning to the original language when introduced in the House and recommended by the Joint Committee on Pensions, Investments and Benefits. The motion was seconded by Senator Wysong.

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Senator Lee made a substitute motion to return to the original language of **HB 2072**; however, place the cap on earnings at \$25,000. The motion was seconded by Senator Teichman. Motion carried on a voice vote. Senator Kelly, Senator Kultala and Senator Umbarger requested to be recorded as voting “no”.

Senator Vratil moved to amend **SB 196** as amended into **HB 2072** for **Senate Substitute for HB 2072** and allow for technical adjustments as needed. The motion was seconded by Senator McGinn. Motion carried on a voice vote.

Senator Vratil moved to recommend **S Sub for HB 2072** favorable for passage. The motion was seconded by Senator Schodorf. Motion carried on a voice vote.

Adjournment

The next meeting is scheduled for March 24, 2009.

The meeting was adjourned at 10:00 a.m.