

SESSION OF 2018

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2764

As Amended by House Committee on Financial
Institutions and Pensions

Brief*

HB 2764, as amended, would authorize the Kansas Department of Wildlife, Parks and Tourism (Department) to become an eligible employer with the Kansas Police and Firemen's Retirement System (KP&F) on July 1, 2018, for persons employed in the parks, public lands, or law enforcement division who have completed the coursework for law enforcement officers approved by the Kansas Law Enforcement Training Center and who are certified as a full-time police officer or law enforcement officer. The application for affiliation with KP&F would be effective on July 1, 2019. The Division of the Budget and Governor would be required to budget future contributions accordingly.

The Department would pay the KP&F employer contribution rate for these employees. As KP&F members, the employees would contribute at the rate of 7.15 percent of compensation. Currently, these employees contribute to the Kansas Public Employees Retirement System (KPERS or the Retirement System) at the rate of 6.0 percent. The determination of benefits would be based upon service credited under KP&F statutes, and it would include participating service earned on and after July 1, 2019. Department employees who would become KP&F members and have a vested retirement benefit under KPERS but terminate employment prior to vesting in KP&F would be allowed to have their KP&F service credit apply to KPERS benefits.

*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>

Background

The bill was introduced by the House Committee on Appropriations at the request of the Department. The Secretary of Wildlife, Parks and Tourism (Secretary) spoke in favor of the bill at the hearing before the House Committee on Financial Institutions and Pensions. The Secretary explained the Department's law enforcement officers have the same certification as the officers of the Kansas Highway Patrol and the agents of the Kansas Bureau of Investigation, and they face the same dangers as other law enforcement personnel. The Secretary said the bill would help with recruitment and retention issues.

A natural resource officer working for the Department, and representing Lodge 59 of the Fraternal Order of Police, spoke in favor of the bill, explaining employees in these positions often assist state and local law enforcement officers. A game warden spoke in favor of the bill, stating the bill would help with recruitment and retention issues.

A representative of the Retirement System provided neutral testimony, explaining many elements in the KP&F plan are different from regular KPERS. The final average salary is calculated differently, and the multiplier is 2.5 percent instead of 1.85 percent. The vesting requirement is 15 years of service in KP&F and five years of service in KPERS. Normal KP&F retirement is at age 50 with 25 years of service, age 55 with 20 years of service, or age 60 with 15 years of service.

The House Committee amended the bill to include Department employees who are in the public lands division.

According to the fiscal note prepared by the Division of the Budget, KPERS indicates the net effect of the bill, as introduced, would increase expenditures by \$424,000 in FY 2019 from all funds, which would be paid from special revenue funds and which would include a decrease of \$12,464 from the State General Fund. The unfunded actuarial

liability (UAL) for KP&F would not increase, and the change would result in a decrease to the State Group's UAL of \$4.1 million. According to the actuarial valuation of December 31, 2016, the UAL for the State Group was \$922.0 million. The actuarial impact of the House Committee amendment has not been analyzed.

Any fiscal effect associated with the bill is not reflected in *The FY 2019 Governor's Budget Report*.