

Approved Feb. 22, 1983
Date

MINUTES OF THE House COMMITTEE ON Pensions, Investments & Benefits

The meeting was called to order by Rep. Bob Ott at
Chairperson

9:10 a.m./~~p.m.~~ on February 21, 1983 in room 527-S of the Capitol.

All members were present except:
Rep. Meacham
Rep. Whitaker

Committee staff present:
Gordon Self, Revisor's Office
Richard Ryan, Legislative Research
Louis Chabira, Legislative Research

Conferees appearing before the committee:

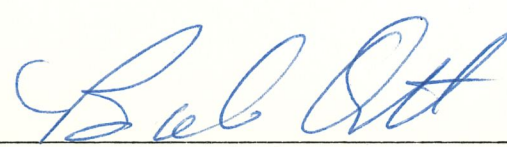
The meeting was called to order by the chairman at 9:10 a.m. Rep. R.H. Miller moved the minutes of the February 17 meeting be approved, Rep. Dyck seconded the motion, and the minutes were approved.

Chairman Ott then recognized Rep. Ken Francisco, who briefly explained three bills (See Attachments A, B, C and D) to be introduced by the Committee and to be referred back to the Committee. Rep. D. Miller noted that Bill #1 should be referred jointly to the Education and Pensions & Investments Committees; Rep. Francisco agreed with that, and made the motion to refer Bill #1 jointly and Bills #2 and #3 to our Committee; Rep. Sand seconded the motion. After brief discussion the motion carried, with Rep. R.H. Miller voting No.

Rep. Patrick, Chairman of the Sub-Committee on Social Security explained three bills dealing with withdrawal from the Social Security system (See Attachments E, F and G). Rep. Patrick moved the bills be introduced by the Committee, Rep. Schweiker seconded the motion. The pros and cons of this issue were discussed at great length and a vote was taken to introduce the bills: 10 Yes votes, 4 No votes.

Chairman Ott then asked Rep. Patrick to explain a bill from the Banking and Savings & Loans groups which has to do with the money KPERS has invested in the Kansas Liquidity Fund. Rep. Laird suggested that there be a consensus to request this bill and this was agreed upon by the Committee.

The Committee was adjourned at 9:50. The next meeting will be February 22, at 9:00 a.m. in Room 527-S.


Rep. Bob Ott, Chairman

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

PROPOSED COMMITTEE BILLS

- (1) To allow the participating employer to pay the employee contribution, now required to be deducted from compensation of member, for any member in school employment and such payments credited to the member's account.
- (2) Remove mandatory retirement requirement of 70 for school employees and allow participation in KPERS.
- (3) Annual disability benefits received from KPERS and any social security benefits for a member to be 66 2/3% of member's annual rate of compensation. It is now limited to 60% of member's annual rate of compensation.

Atch. A

HOUSE BILL NO. _____

By _____

AN ACT relating to the Kansas public employees retirement system; relating to long-term disability payments; amending K.S.A. 1982 Supp. 74-4927 and repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 1982 Supp. 74-4927 is hereby amended to read as follows: 74-4927. (1) The board may establish a plan of death and long-term disability benefits to be paid to the members of the retirement system as provided by this section. The long-term disability benefit shall not be payable until the member has been prevented from carrying out each and every duty pertaining to the member's employment as a result of sickness or injury for a period of 180 days and the annual benefit shall not exceed an amount equal to ~~60%~~ 66 2/3% of the member's annual rate of compensation on the date such disability commenced and shall be payable in equal monthly installments. In the event that a member's compensation is not fixed at an annual rate but on an hourly, weekly, biweekly, monthly or any other basis than annual, the board shall prescribe by rule or regulation a formula for establishing a reasonable rate of annual compensation to be used in determining the amount of the death or long-term disability benefit for such member. Such plan shall provide that:

(A) The right to receive such death benefit shall cease upon the member's attainment of age 70 or date of retirement whichever first occurs. The right to receive such long-term disability benefit shall cease (i) for a member who becomes eligible for such benefit before attaining age 60, upon the date that such member attains age 65 or the date of such member's retirement, whichever first occurs, and (ii) for a member who

Atch. B

becomes eligible for such benefit at or after attaining age 60, the date that such member has received such benefit for a period of five years, upon the date that such member attains age 70, or upon the date of such member's retirement, whichever first occurs.

(B) Long-term disability benefit payments shall be in lieu of any accidental total disability benefit that a member may be eligible to receive under subsection (3) of K.S.A. 74-4916 and amendments thereto. Such plan may provide that any amount which a member receives as a social security benefit or a disability benefit from any source by reason of any employment including but not limited to workmen's compensation benefits may be deducted from the amount of insured disability benefit payments under such plan, except that not more than 50% of such workmen's compensation benefits shall be deducted therefrom. In no case shall a member who is entitled to receive insured disability benefits receive less than \$50 per month. As used in this section, "workmen's compensation benefits" shall mean the total award of disability benefit payments under the workmen's compensation act notwithstanding any payment of ~~attorneys~~ attorney fees from such benefits as provided in the workmen's compensation act.

(C) The plan may include other provisions relating to qualifications for benefits; schedules and graduation of benefits; limitations of eligibility for benefits by reason of termination of employment or membership; conversion privileges; limitations of eligibility for benefits by reason of leaves of absence, military service or other interruptions in service; limitations on the condition of long-term disability benefit payment by reason of improved health; requirements for medical examinations or reports; or any other reasonable provisions as established by rule or regulation of uniform application adopted by the board.

(D) On and after April 30, 1981, the board may provide under the plan for the continuation of long-term disability

benefit payments to any former member who forfeits the entitlement to continued service credit under the retirement system or continued assistance in the purchase of retirement annuities under K.S.A. 74-4925 and amendments thereto, and to continued long-term disability benefit payments and continued death benefit coverage, by reason of the member's withdrawal of contributions from the retirement system or the repurchase of retirement annuities which were purchased with assistance received under K.S.A. 74-4925 and amendments thereto. Such long-term disability benefit payments may be continued until such individual dies, attains age 65 or is no longer disabled, whichever occurs first.

(2) In the event that a member becomes eligible for a long-term disability benefit under the plan authorized by this section such member shall be given participating service credit for the entire period of such disability. Such member's "final average salary" shall be computed in accordance with subsection (17) of K.S.A. ~~1982-Supp.~~ 74-4902 and amendments thereto except that the years of participating service used in such computation shall be the years of salaried participating service.

(3) (A) To carry out the legislative intent to provide, within the funds made available therefor, the broadest possible coverage for members who are in active employment or involuntarily absent from such active employment, the plan of death and long-term disability benefits shall be subject to adjustment from time to time by the board within the limitations of this section. The plan may include terms and provisions which are consistent with the terms and provisions of group life and long-term disability policies usually issued to those employers who employ a large number of employees. The board shall have the authority to establish and adjust from time to time the procedures for financing and administering the plan of death and long-term disability benefits authorized by this section. Either the insured death benefit or the insured disability benefit or both such benefits may be financed directly by the system or by

one or more insurance companies authorized and licensed to transact group life and group accident and health insurance in this state.

(B) The board may contract with one or more insurance companies, which are authorized and licensed to transact group life and group accident and health insurance in Kansas, to underwrite or to administer or to both underwrite and administer either the insured death benefit or the insured disability benefit or both such benefits. Each such contract with an insurance company under this subsection shall be entered into on the basis of competitive bids solicited and administered by the board. Such competitive bids shall be based on specifications prepared by the board.

(i) In the event the board purchases one or more policies of group insurance from such company or companies to provide either the insured death benefit or the insured disability benefit or both such benefits, the board shall have the authority to subsequently cancel one or more of such policies and, notwithstanding any other provision of law, to release each company which issued any such cancelled policy from any liability for future benefits under any such policy and to have the reserves established by such company under any such cancelled policy returned to the system for deposit in the group insurance reserve of the fund.

(ii) In addition, the board shall have the authority to cancel any policy or policies of group life and long-term disability insurance in existence on the effective date of this act and, notwithstanding any other provision of law, to release each company which issued any such cancelled policy from any liability for future benefits under any such policy and to have the reserves established by such company under any such cancelled policy returned to the system for deposit in the group insurance reserve of the fund. Notwithstanding any other provision of law, no premium tax shall be due or payable by any such company or companies on any such policy or policies purchased by the board

nor shall any brokerage fees or commissions be paid thereon.

(4) (A) The cost of the plan of death and long-term disability benefits shall be paid from a special reserve hereby created in the fund, to be known as the group insurance reserve. Each participating employer shall appropriate and pay to the system in such manner as the board shall prescribe in addition to the employee and employer retirement contributions an amount equal to .6% of the amount of compensation on which the members' contributions to the Kansas public employees retirement system are based for deposit in the group insurance reserve of the Kansas public employees retirement fund.

(B) The director of the budget and the governor shall include in the budget and in the budget request for appropriations for personal services a sum to pay the state's contribution to the group insurance reserve as provided by this section and shall present the same to the legislature for allowances and appropriation.

(C) The provisions of subsection (4) of K.S.A. ~~1982--Supp.~~ 74-4920 and amendments thereto shall apply for the purpose of providing the funds to make the contributions to be deposited to the group insurance reserve.

(D) Any dividend or retrospective rate credit allowed by an insurance company or companies shall be credited to the group insurance reserve and the board may take such amounts into consideration in determining the amounts of the benefits under the plan authorized by this section.

(5) The death benefit provided under the plan of death and long-term disability benefits authorized by this section shall be known and referred to as "insured death benefit." The long-term disability benefit provided under the plan of death and long-term disability benefits authorized by this section shall be known and referred to as "insured disability benefit."

(6) The board is hereby authorized to establish an "optional death benefit plan". Such optional death benefit plan shall be made available to all employees of the state of Kansas

who are covered or may hereafter become covered by the plan of death and long-term disability benefits authorized by this section. The cost of the optional death benefit plan shall be paid by the applicant either by means of a system of payroll deductions or direct payment to the board. The board shall have the authority and discretion to establish such terms, conditions, specifications and coverages as it may deem to be in the best interest of the state of Kansas and its employees which should include term death benefits for the person's period of active state employment regardless of age. The cost of the optional death benefit plan shall not be established on such a basis as to unreasonably discriminate against any particular age group. The board shall have full administrative responsibility, discretion and authority to establish and continue such optional death benefit plan and the director of accounts and reports of the department of administration shall when requested by the board and from funds appropriated or available for such purpose establish a system to make periodic deductions from state payrolls to cover the cost of the optional death benefit plan coverage under the provisions of this subsection (6) and shall remit all deductions together with appropriate accounting reports to the system. All funds received by the board, whether in the form of direct payments, payroll deductions or otherwise, shall be accounted for separately from all other funds of the retirement system and shall be paid into a special reserve hereby created in the fund, to be known as the optional death benefit plan reserve, from which reserve the board is authorized to make the appropriate payments and to pay the ongoing costs of administration of such optional death benefit plan as may be incurred in carrying out the provisions of this subsection (6).

Sec. 2. K.S.A. 1982 Supp. 74-4927 is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.

HOUSE BILL NO. _____

By _____

AN ACT relating to the Kansas public employees retirement system; relating to employee contributions of members in school employment; amending K.S.A. 74-4939 and repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 74-4939 is hereby amended to read as follows: 74-4939. (1) Except as otherwise provided in this section, the provisions of K.S.A. 74-4919 and 74-4920 and amendments thereto shall apply to employee and employer contributions and obligations.

(2) Employee's contributions shall be deducted for service until the first day of the month following the school year during which the employee attained age ~~seventy~~ 70.

(3) ~~The participating employers which are eligible employers as specified in subsections (1), (2) and (3) of K.S.A. 74-4931 shall make no payments for contributions during the calendar year 1971. In lieu of such payments for contributions in the year 1971, the state school fund commissioners shall transfer all of the assets of the state permanent (or perpetual) school fund to the Kansas public employees' retirement system. Upon request of the board of trustees of the Kansas public employees' retirement system the state school fund commissioners shall transfer title to such assets. When such transfer is made the state permanent (or perpetual) school fund is abolished. Such participating employers shall certify to the state board of education in the manner and form required by it, on or before January 1, 1971, an estimate of the anticipated total amount of compensation that will be paid to all employees who become or will become members of the Kansas public employees' retirement~~

Atch. 2

~~system as in this act provided for the period January 1, 1972, through June 30, 1972. The state board of education shall transmit the information necessary to the division of the budget and the governor who shall include in the budget and the budget document provisions for transfer from the general fund of the state sufficient sums required to satisfy the participating employer's obligation under this act. The director of accounts and reports shall transfer from the state general fund to the system employer contributions at the rate of contribution during the period from January 1, 1972, through June 30, 1972, equal to five and five hundredths percent (5.05%) of the amount of compensation on which the members contributed during the period.~~
Thereafter The employer contribution rate for participating employers which are eligible employers as specified in subsections (1), (2) and (3) of K.S.A. 74-4931 and amendments thereto shall be as certified by the board. Participating employers shall certify to the state board of education before September 15 of each year the anticipated total compensation to be paid during the next fiscal year to employees who are or are to become members. The state board of education shall transmit the information necessary to the division of the budget and the governor who shall include in the budget and budget document each year thereafter provisions for the transfer from the state general fund of the state sufficient sums to satisfy the participating employer's obligation under this act. The director of accounts and reports shall make a transfer therefor to the system quarterly, at the same time such employee contributions are remitted by such participating employers. Transfers required by this subsection shall be provided for annually by act of the legislature.

(4) Participating employers, which are eligible employers as specified in subsection (4) of K.S.A. 74-4931 and amendments thereto shall pay to the system employer contributions at a rate of contribution ~~during the period from January 1, 1971, through June 30, 1972, equal to five and five hundredths percent (5.05%)~~

~~of the amount of compensation on which the members contributed during the period and such contribution shall be made by appropriation by the 1970 and 1971 regular sessions of the legislature. Hereafter the employer contribution rate shall be as certified by the board.~~

(5) Each participating employer may pay the employee contributions for any member in school employment which are otherwise required to be deducted from the compensation of such member in school employment under K.S.A. 74-4919 and amendments thereto. All such payments shall be credited to the member's individual account in the fund.

Sec. 2. K.S.A. 74-4939 is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.

D

HOUSE BILL NO. _____

By

AN ACT relating to the Kansas public employees retirement system; concerning mandatory retirement and participation in the system; amending K.S.A. 74-4936 and 74-4939 and K.S.A. 1982 Supp. 74-4937 and repealing the existing sections.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 74-4936 is hereby amended to read as follows: 74-4936. (1) Prior service shall be credited as follows:

(a) A member shall receive full credit for continuous employment prior to the entry date with ~~his~~ such member's employer on the entry date ~~---Provided, except~~ that if the employee was employed on the ~~---fifteenth---day---of~~ March 15, 1970, by a participating employer, then all previous employment with a participating employer shall be credited;

(b) any member of the state school retirement system not employed on the day preceding entry date by an eligible employer which will become a participating employer on entry date, who has contributions on deposit with the state school retirement system on entry date, who would become eligible for a retirement benefit based on the credited service under the state school retirement system, on entry date, and who has not retired under the state school retirement system shall be granted prior service credit for employment with any participating employer prior to entry date;

(c) any member of the state school retirement system not employed on the date preceding entry date by an eligible employer which will become a participating employer on entry date, who has contributions on deposit on entry date, and who would not become eligible for a retirement benefit on the basis of service

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credited under the state school retirement system on entry date shall not receive credit for such service;

(d) leaves of absence shall not be credited;

(e) military service which is credited under the state school retirement system shall be credited;

(f) one ~~(1)~~ year of prior service credit shall be granted for each year of school employment by a participating employer.

(2) Participating service shall be credited as follows: (a) A member shall receive credit for participating service with a participating employer in accordance with rules and regulations established by the board of trustees ~~Provided, however, except~~ that no more than one ~~(1)~~ calendar quarter of participating service shall be credited for any employment within one ~~(1)~~ calendar quarter;

(b) ~~Credit shall not be allowed for service after the first day of the month following the end of the school year during which the member attained age seventy (70);~~

~~(c)~~ leaves of absence and military service shall not count as a break in continuous employment, if the member leaves his accumulated contributions on deposit with the fund; ~~however,~~ The period of military service shall be credited, except that after July 1, 1974, not more than five ~~(5)~~ years' credit for military service shall be granted hereunder, but leaves of absence shall not be credited;

~~(d)~~ (c) termination of employment followed by employment by the same or with another participating employer within five ~~(5)~~ years shall not constitute a break in continuous employment, if such employee leaves his accumulated contributions on deposit with the system. Such period while not employed shall not be credited as participating service.

(3) In determining the numbers of years of credited prior service or participating service a fractional year of six ~~(6)~~ months or more shall be considered as one ~~(1)~~ year and a fractional year of less than six ~~(6)~~ months shall be disregarded.

(4) If a member is on leave of absence or is in military

service or has terminated employment with a participating employer for a period of more than ~~one-hundred-twenty-(120)~~ 120 days, ~~he~~ such member may withdraw ~~his~~ such member's accumulated contributions on forms prescribed by the board. In the event the member withdraws ~~his~~ the accumulated contributions, ~~his~~ such member's membership in the system shall terminate and the system shall have no further liability or obligation to such member. Thereafter, if such former member is employed by the same or another participating employer, he shall be deemed to be a new employee.

(5) If a member does not return to employment with the same or another participating employer within five ~~(5)~~ years following termination of employment, ~~he~~ such member shall withdraw his accumulated contributions on forms prescribed by the board. His ~~Such member's~~ membership in the system shall terminate and the system shall have no further liability or obligation to such member. Thereafter, if such former member is employed by the same or another participating employer, ~~he~~ such member shall be deemed to be a new employee.

(6) If a member, who has a vested benefit, again becomes an employee of a participating employer, the amount of ~~his~~ such member's vested benefit shall remain in effect, and any retirement benefit ~~he~~ such member subsequently accrues shall be based on credited service after again becoming such an employee and shall be added to that which had been vested by virtue of previous service.

Sec. 2. K.S.A. 1982 Supp. 74-4937 is hereby amended to read as follows: 74-4937. (1) The normal retirement date of a member of the system who is in school employment and who is subject to K.S.A. 74-4940~~7~~ and amendments thereto~~7~~ shall be the first day of the month coinciding with or following the end of the school fiscal year in which the member attains age 65. Each member upon giving prior notice to the appointing authority and the retirement system may retire on the normal retirement date or the first day of any month thereafter up to the first day of the

month following attainment of age 70.

~~(2) The compulsory retirement date for a member who is in school employment and who is subject to K.S.A. 74-4940, and amendments thereto, shall be the first day of the month coinciding with or following the end of the school year in which the member attains age 70.~~

~~(3)~~ A member who is in school employment and who is subject to K.S.A. 74-4940, and amendments thereto, may be retired by such member's employer on the member's normal retirement date or on the first day of the month thereafter coinciding with or following the end of the school year for which such member is employed. Notice for retirement shall be given the member and filed with the office of the retirement system prior to the date selected for the member's retirement by such employer.

~~(4)~~ (3) Any member who is in school employment and who is subject to K.S.A. 74-4940, and amendments thereto, may retire before such member's normal retirement date on the first day of the month coinciding with or following the completion of the school fiscal year in which such member attained age 60 or the completion of 10 years of credited service, whichever occurs later, upon the filing with the office of the retirement system of an application for retirement in such form and manner as the board shall prescribe.

~~(5)~~ (4) No member who begins a year of school employment and who is subject to K.S.A. 74-4940, and amendments thereto, may retire until the first day of the month coinciding with or following the end of the current school fiscal year unless good cause is shown and such retirement is agreed to by the participating employer and the board.

~~(6)~~ (5) As used in this section "school fiscal year" means the twelve-month period beginning July 1 and ending June 30.

Sec. 3. K.S.A. 74-4939 is hereby amended to read as follows: 74-4939. (1) Except as otherwise provided in this section, the provisions of K.S.A. 74-4919 and 74-4920 and amendments thereto shall apply to employee and employer

contributions and obligations.

(2) ~~Employee's contributions shall be deducted for service until the first day of the month following the school year during which the employee attained age seventy (70).~~

(3) ~~The participating employers which are eligible employers as specified in subsections (1), (2) and (3) of K.S.A. 74-4931 shall make no payments for contributions during the calendar year 1971. In lieu of such payments for contributions in the year 1971, the state school fund commissioners shall transfer all of the assets of the state permanent (or perpetual) school fund to the Kansas public employees' retirement system. Upon request of the board of trustees of the Kansas public employees' retirement system the state school fund commissioners shall transfer title to such assets. When such transfer is made the state permanent (or perpetual) school fund is abolished. Such participating employers shall certify to the state board of education in the manner and form required by it, on or before January 1, 1971, an estimate of the anticipated total amount of compensation that will be paid to all employees who become or will become members of the Kansas public employees' retirement system as in this act provided for the period January 1, 1972, through June 30, 1972. The state board of education shall transmit the information necessary to the division of the budget and the governor who shall include in the budget and the budget document provisions for transfer from the general fund of the state sufficient sums required to satisfy the participating employer's obligation under this act. The director of accounts and reports shall transfer from the state general fund to the system employer contributions at the rate of contribution during the period from January 1, 1972, through June 30, 1972, equal to five and five hundredths percent (5.05%) of the amount of compensation on which the members contributed during the period. Hereafter The employer contribution rate for participating employers who are eligible employers as specified in subsections (1), (2) and (3) of K.S.A. 74-4931 and amendments thereto shall~~

be as certified by the board. Participating employers shall certify to the state board of education before September 15 of each year the anticipated total compensation to be paid during the next fiscal year to employees who are or are to become members. The state board of education shall transmit the information necessary to the division of the budget and the governor who shall include in the budget and budget document each year thereafter provisions for the transfer from the state general fund of ~~the--state~~ sufficient sums to satisfy the participating employer's obligation under this act. The director of accounts and reports shall make a transfer therefor to the system quarterly, at the same time such employee contributions are remitted by such participating employers. Transfers required by this subsection shall be provided for annually by act of the legislature.

~~(4)~~ (3) Participating employers, ~~which~~ who are eligible employers as specified in subsection (4) of K.S.A. 74-4931 and amendments thereto shall pay to the system employer contributions at a rate of contribution ~~during the period from January 1, 1971, through June 30, 1972, equal to five and five hundredths percent (5.05%) of the amount of compensation on which the members contributed during the period and such contribution shall be made by appropriation by the 1970 and 1971 regular sessions of the legislature. Thereafter the employer contribution rate shall be~~ as certified by the board.

Sec. 4. K.S.A. 74-4936 and 74-4939 and K.S.A. 1982 Supp. 74-4937 are hereby repealed.

Sec. 5. This act shall take effect and be in force from and after its publication in the statute book.

PROPOSED BILL NO. _____

For Consideration by
Committee on Pensions, Investments and Benefits

AN ACT concerning coverage of officers and employees of the state and political subdivisions under the federal social security act for old age, survivors and disability insurance benefits; relating to termination of such coverage; amending K.S.A. 40-2301 and repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 40-2301 is hereby amended to read as follows: 40-2301. (a) In order to extend to certain employees of the state and its political subdivisions and to the dependents and survivors of such employees, the basic protection accorded to others by the old-age and survivors insurance system embodied in the social security act, it is hereby declared to be the policy of the legislature, subject to the ~~limitations--of-this-act~~ provisions of K.S.A. 40-2302 to 40-2309, inclusive, and amendments thereto and the provisions of subsections (b) and (c) of this section, that such steps be taken as to provide such protection to employees of the state and its political subdivisions on as broad a basis as is permitted under the social security act. It is also the policy of the legislature that the protection afforded employees in positions covered by a retirement system on the date an agreement under this act is made applicable to service performed in such positions, or receiving periodic benefits under such retirement system at such time, will not be impaired as a result of making the agreement so applicable or as result of legislative enactment in anticipation thereof.

(b) The governor and the state agency are hereby authorized and directed to give written notice to the secretary of health, education and welfare in the manner required under subsection (g) of 42 U.S.C.A. 418, and other applicable provisions of the social security act, other federal laws and regulations adopted thereunder, that coverage under the social security act under an agreement entered into under K.S.A. 40-2303 will be terminated

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with regard to the coverage group composed of employees of the state of Kansas effective December 31, 1985. The governor and the state agency shall give such notice, accompanied by such information as may be required under the social security act or other federal law therefor, prior to January 1, 1984, and shall terminate the provisions of the applicable agreement or agreements entered into under K.S.A. 40-2303 with regard to the coverage group of employees of the state of Kansas effective December 31, 1985.

(c) Each political subdivision of the state having employees in one or more coverage groups under the social security act under an agreement entered into under K.S.A. 40-2303, may terminate such coverage of any such coverage group in the manner provided by this subsection and applicable provisions of the social security act, other federal laws and regulations adopted thereunder. The governing body of the political subdivision desiring to terminate any such coverage shall file written notice thereof with the governor and the state agency. Such notice shall include such information as may be required by the state agency for purposes of this section. The governing body of any political subdivision which is a school district may take such action and file such notice with respect to any coverage group of employees of the school district only after approval of any such proposed termination of coverage by a majority vote at an election thereon of all employees in each coverage group for which such coverage is proposed to be terminated. Upon receipt of written notice from a political subdivision under this subsection, the governor and the state agency shall terminate the provisions of the applicable agreement or agreements entered into under K.S.A. 40-2303 for coverage under the social security act with respect to the coverage group or groups of employees of the political subdivision which are specified in such notice.

Sec. 2. K.S.A. 40-2301 is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.

PROPOSED BILL NO. _____

For Consideration by
Committee on Pensions, Investments and Benefits

AN ACT concerning the Kansas public employees retirement system; removing requirement of social security coverage for eligible employers; amending K.S.A. 1982 Supp. 74-4902 and repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 1982 Supp. 74-4902 is hereby amended to read as follows: 74-4902. As used in K.S.A. 74-4901 to 74-4929, both sections inclusive, as amended and supplemented, the following words and phrases have the following meanings respectively ascribed to each of them, unless a different meaning is plainly required by the context:

(1) "Accumulated contributions," the sum of all contributions by a member to the system which are credited to the member's account, with interest allowed thereon;

(2) "Acts," K.S.A. 74-4901 to 74-4929, both sections inclusive, as amended and supplemented;

(3) "Actuarial equivalent," an annuity or benefit of equal value to the accumulated contributions, annuity or benefit, when computed upon the basis of the actuarial tables in use by the system;

(4) "Actuarial tables," the actuarial tables approved and in use by the board at any given time;

(5) "Actuary," the actuary or firm of actuaries employed or retained by the board at any given time;

(6) "Agent," the individual designated by each participating employer through whom system transactions and communication are directed;

(7) "Beneficiary," any natural person or persons or estate named by a member to receive any benefits as provided for by this

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act. Except as otherwise provided by subsection (33) of this section, if there is no named beneficiary living at time of member's death, any benefits provided for by this act shall be paid to: (A) The member's surviving spouse; (B) the member's dependent child or children; (C) the member's dependent parent or parents; (D) the member's nondependent child or children; (E) the member's nondependent parent or parents; (F) the estate of the deceased member; in the order of preference as specified in this subsection. Any payment made to a named beneficiary shall be a full discharge and release to the system from any further claims. Any payment made to a beneficiary as provided in clauses (A), (B), (C), (D), (E) or (F) of this subsection as determined by the board shall be a full discharge and release to the system from any further claims. Whenever any payment is payable to more than one beneficiary such payment shall be made to such beneficiaries jointly. Any benefits payable to a beneficiary or beneficiaries who are minor children or incompetent persons shall be made in the name of the beneficiary or beneficiaries and delivered to the lawfully appointed conservator of such beneficiaries who was nominated by will or as otherwise provided by law, except that in those cases where the benefit involves only the payment of the member's accumulated contributions with interest as provided by this act in an amount not to exceed \$500, the board is hereby authorized in its discretion without the appointment of a conservator or the giving of a bond to pay such amount as is due to the minor or minors themselves, any payment so made shall be a full discharge and release to the system from any further claims;

(8) "Board of trustees," "board" or "trustees," the managing body of the system which is known as the Kansas public employees retirement system board of trustees;

(9) "Compensation," all salary, wages and fees payable to a member for personal services performed for a participating employer, including maintenance or any allowance in lieu thereof provided a member as part of compensation, but not including reimbursement for traveling or moving expenses;

(10) "Credited service," the sum of participating service and prior service and in no event shall credited service include any service which is credited under another retirement plan authorized under any law of this state;

(11) "Dependent," a parent or child of a member who is dependent upon the member for at least 1/2 of such parent or child's support;

(12) "Effective date," the date upon which the system becomes effective by operation of law;

(13) "Eligible employer," the state of Kansas, and any county, city, township, special district or any instrumentality of any one or several of ~~the-aforementioned-whose--employees--are covered--by--social--security,---if-a-class-or-several-classes-of employees-of-any-above-defined-employer-are-not-covered-by-social security,-such-employer-shall-be-deemed-an-eligible-employer-only with-respect-to-such-class-or-these-classes-of-employees-who--are covered-by-social-security~~ such governmental entities;

(14) "Employee," any appointed or elective officer or employee of a participating employer whose employment is not seasonal or temporary and whose employment requires at least 1,000 hours of work per year, but not including: (A) Any person covered by or eligible for or who will become eligible for a retirement annuity under the provisions of K.S.A. 74-4925 except as otherwise specifically provided in subsection (3) of K.S.A. 74-4925 and this subsection; (B) any employee who is a contributing member of the United States civil service retirement system; (C) any employee of an eligible employer who is a participant in public service employment under title II and title VI of the federal comprehensive employment and training act of 1973; (D) any employee or class of employees specifically exempted by law. After June 30, 1975, no person who is otherwise eligible for membership in the Kansas public employees retirement system shall be barred from such membership by reason of coverage by, eligibility for or future eligibility for a retirement annuity under the provisions of K.S.A. 74-4925, except that no

person shall receive service credit under the Kansas public employees retirement system for any period of service for which benefits accrue or are granted under a retirement annuity plan under the provisions of K.S.A. 74-4925. After June 30, 1982, no person who is otherwise eligible for membership in the Kansas public employees retirement system shall be barred from such membership by reason of coverage by, eligibility for or future eligibility for any benefit under another retirement plan authorized under any law of this state, except that no such person shall receive service credit under the Kansas public employees retirement system for any period of service for which any benefit accrues or is granted under any such retirement plan;

(15) "Entry date," the date as of which an eligible employer joins the system. The first entry date pursuant to this act is January 1, 1962;

(16) "Executive secretary," the managing officer of the system employed by the board under this act;

(17) "Final average salary," in the case of a member who retires prior to January 1, 1977, and in the case of a member who retires after January 1, 1977, and who has less than five years of participating service after January 1, 1967, the average highest annual compensation paid to such member for any five years of the last 10 years of participating service immediately preceding retirement or termination of employment, or in the case of a member who retires on or after January 1, 1977, and who has five or more years of participating service after January 1, 1967, the average highest annual compensation paid to such member on or after January 1, 1967, for any five years of participating service preceding retirement or termination of employment, or, in any case, if participating service is less than five years, then the average annual compensation paid to the member during the full period of participating service, or, in any case, if the member has less than one calendar year of participating service such member's final average salary shall be computed by multiplying such member's highest monthly salary received in that

year by 12;

(18) "Fiscal year," of the Kansas public employees retirement system, the period commencing July 1 of any year and ending June 30 of the next;

(19) "Kansas public employees retirement fund," the fund created by this act for payment of expenses and benefits under the system and referred to herein as the "fund";

(20) "Leave of absence," a period of absence from employment without pay, authorized and approved by the employer, and which after the effective date does not exceed one year;

(21) "Member," an eligible employee who is in the system and is making the required employee contributions, or any former employee who has made the required contributions to the system and has not received a refund;

(22) "Military service," service in the armed forces of the United States in time of war or national emergency, which service is immediately preceded by a period of employment as an employee with a participating employer and is followed by return to employment as an employee with the same or another participating employer within 12 months immediately following discharge from such military service, except that if the board determines that such return within 12 months was made impossible by reason of a service-connected disability, the period within which the employee must return to employment with a participating employer shall be extended not more than two years from the date of discharge or separation from military service;

(23) "Normal retirement date," the date on or after which a member may retire with full retirement benefits pursuant to this act, namely, the first day of the month coinciding with or following such member's 65th birthday;

(24) "Participating employer," an eligible employer who has agreed to make contributions to the system on behalf of its employees;

(25) "Participating service," the period of employment after the entry date for which credit is granted a member;

(26) "Prior service," the period of employment of a member prior to such member's entry date for which credit is granted a member under this act;

(27) "Prior service annual salary," the highest annual salary (not including any amounts received as payment for overtime or as reimbursement for traveling or moving expense) received for personal services by the member from the current employer in any one of the three calendar years immediately preceding January 1, 1962, or the entry date of the employer, whichever is later, except that if a member entered the employment of the state during the calendar year 1961, the prior service annual salary shall be computed by multiplying such member's highest monthly salary received in that year by 12;

(28) "Retirant," a member who has retired under this system;

(29) "Retirement benefit," a monthly income or the actuarial equivalent thereof paid in such manner as specified by the member pursuant to this act or as otherwise allowed to be paid at the discretion of the board, with benefits accruing from the first day of the month coinciding with or following retirement and ending on the first day of the month in which death occurs, unless the retirant is survived by the retirant's spouse, in which case the surviving spouse shall be paid the retirement benefit which would have been payable had the retirant lived until the end of the month, and upon proper identification such surviving spouse may negotiate the warrant issued in the name of the retirant, but if there is no surviving spouse no benefit will be payable for the month in which the death of the retirant occurred;

(30) "Retirement system" or "system," the Kansas public employees retirement system as established by this act and as it may be amended;

(31) "Social security," the old age, survivors and disability insurance section of the federal social security act;

(32) "Total disability," a physical or mental disability

which prevents the member from engaging, for remuneration or profit, in any occupation for which the member is reasonably suited by education, training or experience;

(33) "Trust," an express trust, created by a trust instrument, including a will, designated by a member to receive payment of the insured death benefit under K.S.A. ~~1982--Supp-~~ 74-4927 and amendments thereto and payment of the member's accumulated contributions under subsection (1) of K.S.A. 74-4916 and amendments thereto. A designation of a trust shall be filed with the board. If there is a designated trust at the time of the member's death, the insured death benefit for the member under K.S.A. ~~1982-Supp-~~ 74-4927 and amendments thereto and the member's accumulated contributions under subsection (1) of K.S.A. 74-4916 and amendments thereto shall be paid to the trust in lieu of the member's beneficiary. If no will is admitted to probate within nine months after the death of the member or no trustee qualifies within such nine months or if the designated trust fails, for any reason whatsoever, the insured death benefit under K.S.A. ~~1982 Supp-~~ 74-4927 and amendments thereto and the member's accumulated contributions under subsection (1) of K.S.A. 74-4916 and amendments thereto shall be paid in accordance with the provisions of subsection (7) of this section as in other cases where there is no named beneficiary living at the time of the member's death and any payments so made shall be a full discharge and release to the system from any further claims.

Sec. 2. K.S.A. 1982 Supp. 74-4902 is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.

PROPOSED HOUSE BILL NO. _____

For Consideration by

Committee on Pensions, Investments and Benefits

AN ACT creating the social security review commission; prescribing the powers, duties and functions thereof; requiring an opinion poll of state officers and employees on withdrawal from coverage under the federal social security act; providing governor may withdraw notice to terminate social security coverage with approval of finance council.

Be it enacted by the Legislature of the State of Kansas:

Section 1. (a) There is hereby established the social security review commission, hereinafter referred to as the commission, which shall consist of nine members as follows: (1) Three members appointed by the governor who are officers or employees of state agencies; (2) three members appointed by the legislative coordinating council from among the members of the senate and house of representatives; and (3) three members appointed by the governor who are officers or employees of local governmental entities which are participating employers under any retirement system administered by the board of trustees of the Kansas public employees retirement system.

(b) The members of the commission shall be appointed for terms which shall expire upon the date of expiration as provided in subsection (g). Any vacancy on the commission shall be filled in the manner in which the position was originally filled under subsection (a).

(c) The commission shall elect a chairperson and a vice-chairperson from among its members. The commission shall meet on the call of the chairperson or on the request of five members of the commission. Six members of the commission shall

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constitute a quorum.

(d) The social security review commission shall:

(1) Study and evaluate the withdrawal of the state employees from coverage under the federal social security system and the need or desirability of providing additional retirement, death or disability benefits under state law with regard to such withdrawal; and

(2) prepare and submit to the governor, the legislature and all state employees a report of its findings and recommendations on or before July 1, 1984.

(e) The staff of the office of the revisor of statutes, the legislative research department and the division of legislative administrative services shall provide such assistance as may be requested by the commission and authorized by the legislative coordinating council. The legislative division of post audit shall provide such assistance as may be requested by the commission and authorized by the legislative post audit committee.

(f) The members of the commission attending meetings of such commission, or attending a subcommittee meeting thereof authorized by such commission, shall be paid compensation, subsistence allowances, mileage and other expenses as provided in K.S.A. 75-3223 and amendments thereto, upon vouchers approved by the chairperson of the commission or a person or persons designated by the chairperson.

(g) The provisions of this section shall expire on July 1, 1984.

Sec. 2. (a) Prior to January 1, 1985 and after distribution of the commission's report, the secretary of administration shall conduct an opinion poll of all state officers and employees on the question of whether the state of Kansas shall withdraw from coverage under the federal social security system. The results of such opinion poll shall be certified by the secretary of administration to the governor and the legislature prior to February 1, 1985. The results of such opinion poll shall not be

binding upon the issue of such withdrawal.

(b) The provisions of this section shall expire on February 1, 1985.

Sec. 3. Whenever the governor and the state agency, as defined by K.S.A. 40-2303 and amendments thereto, pursuant to authority granted by law, give written notice to the federal government in the manner required by applicable federal laws and regulations adopted thereunder that coverage under the federal social security act under the agreement entered into under K.S.A. 40-2303 and amendments thereto, will be terminated with regard to the coverage group composed of officers and employees of the state of Kansas, the governor and the state agency may withdraw such notice and not proceed to terminate such with regard to such coverage group, with the approval of the state finance council. The approval of withdrawing such notice and not proceeding with such withdrawal from federal social security coverage by the state finance council is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in subsection (c) of K.S.A. 75-3711c and amendments thereto, except that such approval also may be given when the legislature is in session.

Sec. 4. This act shall take effect and be in force from and after its publication in the statute book.