

MINUTES OF THE HOUSE COMMITTEE ON PENSIONS, INVESTMENTS AND BENEFITS

The meeting was called to order by REPRESENTATIVE DAVID F. LOUIS at
Chairperson

9:00 a.m. a.m./p.m. on Thursday, February 21, 1985 in room 527-S of the Capitol.

All members were present except:

Representative Michael Peterson - excused

Committee staff present:

Alan Conroy
Gordon Self
Richard Ryan
Rosalie Black

Conferees appearing before the committee:

H 2220 - Marshall Crowther, Executive Secretary, KPERS
Richard Ryan, Kansas Legislative Research Department
Bob Clester, Executive Director, Kansas Sheriffs Association
Ray McGuire, Sheriff of Pratt County
Jim Fountain, Sheriff of Reno County
Jerry Laurent, Undersheriff of Barton County
Harris Terry, Sheriff of McPherson County
Grover Craig, Sheriff of Finney County
John Foster, Kansas Chiefs of Police Association

The meeting was called to order by Representative David Louis,
Chairman, to discuss HB 2220.

HOUSE BILL 2220 - HEARING.

Marshall Crowther explained House Bill 2220 would allow counties
the option of adding county sheriffs and their deputies to the Kansas
police and firemen's retirement system.

Richard Ryan and Mr. Crowther suggested that the last phrase of the
fiscal note for House Bill 2220 may be incorrect. Attachment 1. A
revised fiscal note will be requested from the budget division.

Speaking in favor of House Bill 2220, Bob Clester, Ray McGuire,
Jim Fountain, Jerry Laurent, Harris Terry, Grover Craig and John
Foster, indicated the duties of sheriffs and their deputies are as
dangerous and daily pressure often greater than those of the highway
patrol who are members of KP&F. Consequently the conferees emphasized,
they will not be satisfied until they are members of KP&F. Attachment 2.

PROPOSALS - TEACHERS

Representative Grotewiel made a conceptual motion that a committee
bill be drafted to allow teachers who move to Kansas from out-of-state

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON PENSIONS, INVESTMENTS AND BENEFITS,
room 527-S, Statehouse, at 9:00 a.m. a.m./p.m. on February 21, 1985.

Page 2

PROPOSALS - TEACHERS (con't.)

or who have taught overseas to buy up accrued benefits; seconded by Representative Williams. The motion carried.

Representative Ken Grotewiel made a conceptual motion that a committee bill be drafted to allow teachers with 30 years of accredited service to receive 1.4% credit for participating service; seconded by Representative Sand. The motion carried.

PROPOSAL - COMMUNICATIONS OPERATORS

Chairman Louis told the committee that the proposal had been requested by Col. Bert Cantwell of the Highway Patrol.

Marshall Crowther said the proposal would involve taking communications operators, who are now KPERS members, into the KP&F retirement system.

Representative Wisdom made a conceptual motion that a committee bill be drafted involving communications operators; seconded by Representative Francisco. The motion carried.

HOUSE BILL 2122 - ACTION

Representative Sand told the committee he wanted to avoid the problems Nebraska has had in losing \$400,000 in state funds when banks fail. He asked for an increase in pledging of securities for public funds at 100%. Attachment 3.

The Chairman indicated he had received a letter from Jim Turner, Kansas League of Savings Institutions, supporting HB 2122. Attachment 4.

Representative Sand moved to take House Bill 2122 off the table; seconded by Representative Wisdom. The motion carried.

Representative Sand moved that House Bill 2122 be reported favorable for passage; seconded by Representative Shore and passed.

Minutes were approved for the meeting of February 12, 1985.

The meeting adjourned at 10:00 a.m.



Please PRINT Name, Address, the organization you represent, and the Number of the Bill in which you are interested. Thank you.

Thurs. 2-21-85

NAME	ADDRESS	ORGANIZATION	BILL NO.
John FOSTER	LENEXIA, Ks.	KANSAS CHIEFS OF POLICE ASSN	2220
HAROLD PITTS	Topeka	TARTA	
Ray McGuire	Pratt	KSA	2220
Harris Terry	McPherson	KSA	2220
Dave Williams	Butler	KSA	2220
RON MOORE	ICOLA	KSA	2220
GEORGE CRAIG	Garden City	KSA	2220
JAMES H FOUNTAIN	Hutchinson	KSA	2220
Jack Hume	Topeka	KPERS	
Marshall Crowther	Lawrence	KPERS	
GENE MARKS	GREAT BEND	KSA	2220
MARION COX	ALMA	KSA	2220
JERRY R. LAURENT	GREAT BEND	KSA	2220
ROBERT R. CLESTER	TOPEKA	KSA	2220

The Honorable David Louis, Chairperson
Committee on Pensions, Investments and Benefits
House of Representatives
Third Floor, Statehouse

431-N

Dear Representative Louis:

SUBJECT: Fiscal Note for House Bill No. 2220 by Committee
on Pensions, Investments and Benefits

In accordance with K.S.A. 75-3715a, the following fiscal
note concerning House Bill No. 2220 is respectfully submitted to
your committee.

House Bill No. 2220 would allow political subdivisions
employing firemen, policemen, or emergency medical technicians
who are affiliated with KPERS to become affiliated with the
Kansas Police and Firemen's (KP&F) Retirement System. Those
employers choosing the new affiliation would have their
contribution rate based on future service only. Also included
are a pair of "safety net" provisions. Both assume prior KPERS
affiliation with retirement while under KP&F. The first would
involve a full actuarial reduction of their KPERS benefit if
retiring early at age 55 up until they reach age 60. The second
would count KP&F service in calculating the KPERS benefit when
an individual has less than 20 years of service and is taking
early retirement under KP&F.

The retirement system has indicated no significant
administrative costs or actuarial ramifications will be incurred
if this bill is enacted. Locally, a political subdivision will
incur some additional costs by affiliating with the KP&F system
due to the higher contribution rate but, since this bill would
require these employers to pay for future service only, the rate
is not as high as would be required for payment of prior and
future service. It is not possible to predict this local impact
due to the unknown number of subdivisions desiring to enroll
under the provisions of this act, but the retirement system has
indicated the non-school employer rate will be greater than the
4.9 percent KPERS contribution rate projected for FY 1986.

*Dick Lyons
to check
?*

This bill will not affect the recommendations contained in
the FY 1986 Governor's Budget Report.

Alden K. Shields
Alden K. Shields
Director of the Budget

① Marshall
"nonsense"
will not be so
② call Alden Shields

AKS:KS:sr



Kansas Sheriffs Association

(913) 232-8310

TESTIMONY FOR H.B. 2220

FOR THE PAST SEVERAL YEARS SHERIFFS HAVE BEEN ASKING FOR COVERAGE, FOR THEMSELVES AND THEIR DEPUTIES, UNDER THE KANSAS POLICE AND FIREMENS RETIREMENT SYSTEM; THE SYSTEM IS AVAILABLE TO ALL COUNTY SHERIFFS, HOWEVER, WITHOUT THE COVERAGE BEING MANDATORY. MOST COUNTY GOVERNMENTS HAVE CONSISTENTLY REFUSED ENROLLMENT. JOHNSON, RILEY, SEDGWICK, SUMNER AND WYANDOTTE COUNTIES HAVE BEEN SUCCESSFUL IN THEIR EFFORTS TO GO UNDER THIS SYSTEM AND SHAWNEE COUNTY, AFTER LENGTHY NEGOTIATIONS, HAS THE PROMISE OF COVERAGE IN 1986.

DURING THE 1984 LEGISLATIVE SESSION SENATOR ROY EHRLICH INTRODUCED SENATE BILL 682 THAT WOULD HAVE ALLOWED SHERIFFS AND DEPUTIES TO COME UNDER A MODIFIED KPERS PLAN. THIS WAS A PLAN DEVELOPED FOR THE DEPARTMENT OF CORRECTIONS AND ALLOWED FOR RETIREMENT AT AGE 55. THIS PLAN HAD SOME SHORTCOMINGS BUT WAS FOR THE MOST PART BETTER FOR LAW ENFORCEMENT THAN REGULAR KPERS. THIS BILL WAS PASSED BY THE SENATE BY A 40 TO 0 VOTE IN THE CLOSING DAYS OF THE 1984 SESSION AND SENT TO THE HOUSE. THE BILL WAS REFERRED TO AN INTERIM COMMITTEE. THIS COMMITTEE HELD SEVERAL DAYS OF HEARINGS AND DISCUSSIONS ON THE PROPOSAL. DURING THESE HEARINGS, MARSHALL CROWTHER, EXECUTIVE SECRETARY, KPERS, OUTLINED ANOTHER OPTION FOR SHERIFF DEPARTMENT PERSONNEL. THIS OPTION WOULD MOVE THE PERSONNEL INTO KP&F FOR FUTURE SERVICE AND LEAVE THEIR PAST CREDIT IN KPERS.

MARSHALL CROWTHER AND HIS STAFF PREPARED A PROPOSAL, PRESENTED IT TO THIS COMMITTEE AND IT BECAME H.B. 2220.

THIS PROPOSAL GIVES THE EMPLOYER THE OPTION OF FUTURE KP&F COVERAGE, FOR SHERIFFS PERSONNEL, WITHOUT THE COST OF MATCHING THE FUNDS PREVIOUSLY PAID INTO KPERS. THE COST OF ENTERING KP&F HAS BEEN THE POINT MOST OFTEN CONTESTED BY THE COUNTIES.

THE BILL AS PROPOSED WOULD NOT ONLY COVER SHERIFFS' PERSONNEL BUT ALSO OTHER LAW ENFORCEMENT PERSONNEL NOT NOW UNDER KP&F.

IT IS ESTIMATED THE EMPLOYEE WOULD PAY AN ADDITIONAL THREE PERCENT OF HIS GROSS SALARY AND THE EMPLOYER FROM FIVE TO SIX PERCENT.

THE COUNTIES WOULD HAVE THE OPTION OF REMAINING KPERS, GOING FULL KP&F OR GOING KP&F FUTURE SERVICE ONLY.

WE SINCERELY THANK MARSHALL CROWTHER AND HIS STAFF FOR PREPARING THIS PROPOSAL AND THANK THIS COMMITTEE FOR HEARING OUR TESTIMONY. WE HOPE THE LEGISLATURE SEES FIT TO ENACT H.B. 2220 INTO LAW.

Rep. said Attachment 3

Banking committee will sue FDIC

LINCOLN (AP) — The Legislature's Banking Committee has voted to sue the Federal Deposit Insurance Corp. because the FDIC has "arbitrarily" bailed out some banks and told others to "go to hell," Sen. John DeCamp of Neligh said Friday.

DeCamp said committee members agreed to the suit during an impromptu meeting in his office.

The suit, to be filed in U.S. District Court, will challenge how the FDIC has "arbitrarily rescued some banks and arbitrarily decided that some others can just go to hell," DeCamp said.

FDIC officials withheld detailed comment, pending filing of the suit.

DeCamp said there were "examples" of the FDIC stepping in to save some banks on the verge of collapse, but in other cases the agency has "let depositors rely on the FDIC insurance" of up to \$100,000 on each account.

Associated Press, FDIC spokesman Alan Whitney said, "It's difficult to comment until our legal staff has had a chance to see the suit."

"There is a certain amount of misunderstanding on the senator's part on what the FDIC's rules and statutes allow," he said in a telephone interview.

"In most cases in Nebraska the FDIC has been able to work out a transaction where all accounts are transferred to another bank," Whitney said. "In other cases the FDIC statutes doesn't allow that to be done."

In its 6-0 vote, the Revenue Committee approved a resolution which DeCamp said would advise

the Legislature that the Banking Committee intends to sue the FDIC. The resolution will ask the full Legislature to direct its executive board to approve expenses for the case, DeCamp said.

Roger Beverage, director of the state Department of Banking, said he was "surprised that the committee voted the way it did."

To his knowledge, he said, the FDIC "had acted within the scope of its authority."

Sen. Loran Schmit of Bellwood, who offered the motion to file the suit, said, "The FDIC has discriminated in discharging its responsibilities and this has been to the detriment of the small rural

banks in states like Nebraska.

"The FDIC has said that its policy is to treat all banks the same in insuring deposits in excess of \$100,000," he said. "There has been nothing consistent or fair about that policy at all."

Schmit was the key sponsor of a law which allows state banks to obtain up to \$500,000 in deposits from the state of Nebraska. When a bank has such a deposit on hand and fails, the state could lose up to \$400,000.

"Right now, they say we could lose \$800,000 with the two failures that there have been (at Uehling and Dannebrog), but for my money, I'll see the FDIC in hell before losing \$800,000," he said.

"I think that the issues this suit can bring out, can open a whole can of worms," he said.

Asked what would happen if the Legislature didn't approve the costs, DeCamp responded: "We'll do it one way or another... With all the attorneys we've got floating around here as legal counsel, we ought to be able to get something done."

Continental of Illinois ran into trouble last May when major depositors around the world began withdrawing funds at a rate that approached \$1 billion a day. During the year, the corporation's assets fell from \$40 billion to \$32 billion. And its stock, traded on the New York Stock Exchange, fell from

about \$24 a share, to less than \$3 a share.

In the rescue plan, the FDIC paid Continental \$2 billion for overdue loans with a book value of \$3 billion and split the institution into two banks, one to hold bad loans and one to continue operations. Also:

— The corporation repaid \$2 billion it had borrowed earlier from the FDIC;

— The FDIC infused \$1 billion in exchange for stock in the corporation;

— The corporation issued \$1.5 in long-term debt to raise capital.

— The FDIC replaced the chairman, president and 10 members of the board of directors.

"There ought to be one set of rules, I don't see why some banks in Nebraska and the people out here are less worthy of being helped or saved by the FDIC than a bunch of other people who happen to live in Illinois or someplace else," DeCamp said. "The FDIC can do what it wants, I guess, but it ought to do the same thing for everybody."
DeCamp said the suit "is something that's probably overdue because it is time for us countryfolk to demand the same treatment from the feds that the big boys in the more populous states have been getting."
The state had deposits of \$500,000 each in failed FDIC-insured banks in Uehling and Dannebrog.
"The FDIC only insures accounts up to \$100,000, which means the state of Nebraska can lose \$400,000 every time a bank fails and the FDIC moves in," DeCamp said. "That's not what they did with the Continental Bank of Illinois... They moved in there for the big boys and made sure everybody got every dime that they had in there."
Continental Illinois National Bank & Trust Co. was rescued by the FDIC in an agreement that became effective Aug. 23. The rescue was an elaborate package in which the FDIC took over overdue loans that were draining Continental's income, and provided capital to keep the bank solvent. The FDIC also took control of 80 percent of the bank.
When told about the suit by The

Attachment 3

KLSI Kansas
League of
Savings
Institutions

JAMES R. TURNER, President • Suite 612 • 700 Kansas Ave • Topeka, KS 66603 • 913/232-8215

February 15, 1985

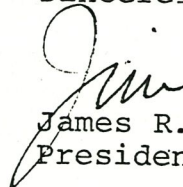
Honorable David Louis
State Representative
State Capitol
Topeka, Kansas 66612

Dear Dave:

Please be advised that the Legislative Committee of the Kansas League of Savings Institutions, meeting on February 12, 1985, voted to support the passage of H.B. 2122 requiring 100% pledging on public funds.

We would appreciate your bringing this decision to the attention of the House Pensions and Investment Committee.

Sincerely,


James R. Turner
President

JRT:bw