

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 Tuesday, February 26, 1985 in room 527-S of the Capitol.

All members were present except:

Representatives Wisdom, Mayfield, Peterson - Excused

Committee staff present:

Richard Ryan
Alan Conroy
Gordon Self
Rosalie Black

Conferees appearing before the committee:

Major Stuart Elliott, Highway Patrol
Representative Stephen Cloud
Richard Ryan, Kansas Legislative Research Department
Jim Maag, Kansas Bankers Association
Susan Seltsam, State Treasurer's Office
Marshall Crowther, Executive Secretary, KPERS

The meeting was called to order by Representative Louis, Chairman,
to discuss House Bill 2423 and House Bill 2218.

PROPOSAL - COMMUNICATIONS OPERATORS

Referring to daily stress and stress-associated illnesses, Major
Stuart Elliott, recommended adding highway patrol communications
operators under the Kansas police and firemen's retirement system.

Attachment 1. The bill would permit the operators to retire at age 55
with 20 years of service and require retirement at age 60.

Representative R.H. Miller moved that the communications operators
proposal be introduced by the committee and referred back; seconded by
Representative Mollenkamp. The motion carried.

HOUSE BILL 2423 - HEARING

Representative Stephen Cloud said HB 2423 would change the method
for determining the statutory rate of interest Kansas banks must pay to
the state on inactive accounts and recommended passage of the measure.

In explaining the fiscal note for HB 2423, Richard Ryan indicated
the fiscal impact of the bill would depend upon which direction and
how rapidly interest rates are moving. Attachment 2.

Jim Maag testifying in support of HB 2423 said the Kansas Bankers

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON PENSIONS, INVESTMENTS & BENEFITS,
room 527-S, Statehouse, at 9:00 a.m. a.m./p.m. on February 26, 1985.

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HOUSE BILL 2423 - HEARING (con't.)

Association endorsed Representative Cloud's statement. Attachment 3.

Representing the State Treasurer in support of HB 2423, Susan Seltsam noted provisions of the bill would not require additional staff or increase of costs.

HOUSE BILL 2218 - HEARING

Marshall Crowther explained that HB 2218 establishes a new option D under KPERS, KP&F and judges system; liberalizes option reduction factors for Options A and B under the three systems; and option election under KP&F and judges system without evidence of good health is shortened to one year.

PROPOSALS - TEACHERS

Representative Sand moved to introduce a proposal to be referred back to committee to allow teachers with 30 years of accredited service to receive 1.4% credit for participating service; seconded by Representative Williams. The motion carried.

Representative Williams moved to introduce a proposal to be referred back to committee to allow teachers who move to Kansas from out-of-state or who have taught overseas to buy up accrued benefits; seconded by Representative Francisco. The motion carried.

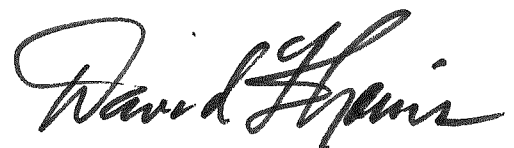
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The revised fiscal note for HB 2220 was distributed to the committee with approval by Richard Ryan and Marshall Crowther. Attachment 4.

Minutes were approved for meetings held February 14 and February 19.

The meeting adjourned at 9:40 a.m.

The next meeting will be at 9:00 a.m., February 28, Room 527-S.



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

2-26-85

NAME	ADDRESS	ORGANIZATION	BILL NO.
A. Johnson	Topeka	St. James Office	2423
Harold C. Pitts	Topeka	TARTA	
Basil Covey	Topeka	KRTA	
Mistielle W. Gray	Topeka	City of Topeka	2218
Ruth Wiebkin	Topeka	AAOP	

SUMMARY OF TESTIMONY
BEFORE THE PENSIONS, INVESTMENTS AND BENEFITS COMMITTEE
FEBRUARY 26, 1985
BY THE KANSAS HIGHWAY PATROL
(Major Stuart A. Elliott)

We are appearing in support of proposed legislation that would place Kansas Highway Patrol communications operators under the Kansas Police and Fire Retirement System.

The communications system operated by the Kansas Highway Patrol today offers a sharp contrast to the voice radio system funded by the 1945 Session of the Legislature. While that early day two-way radio ability provided a leap forward in communications -- from a trooper listening for hour after hour to station KCKN in Kansas City, or WIBW in Topeka, or KFH in Wichita; until the radio announcer broke into the "soap" drama with an announcement "trooper 29 call your office" -- it has little parallel to the complex, sophisticated, pressure-packed telecommunications network we use today.

Our 54 communications operators staff seven geographically located communications centers which handle literally millions of messages each year for 13 state and four federal criminal justice agencies and dozens of emergency medical services with over 800 mobile radio units.

Our brief historical review is intended to set the tenor for our request for your consideration of addition of these employees to the Highway Patrol portion (K.S.A. 74-4972) of K P and F, in a "day one" approach. That would permit this special class of employees to retire at age 55 with 20 years of service and require retirement at age 60. Our proposal is necessitated by the stressful conditions created by their special conditions of employment:

- Simultaneous use of:
 - 9 radio transmit frequencies
 - 13 radio receive frequencies
 - 3 or more telephone lines
 - 1 NAWAS hot line (Department of Defense, National Weather Service)
 - 1 high speed data terminal accessing all counties in Kansas and all 48 continental states (typically with one or two operators on duty)
- Consume all meals without leaving the radio console/work position.

- No (coffee) breaks away from the work position.
 - Use of toilet facilities under the stress of a need to return to the work position (especially when only one operator on duty).
 - Earaches and loss of hearing due to noise levels and audio equipment associated with work.
 - Stress created by responsibility for safety of officers (attack on officer, chases, felony stops, etc.)
 - Stress created by responsibility for safety of the public severe weather warnings, summon emergency care units, interpret needs with incomplete information, travel/weather information, etc.
 - Stress created by wide variations in work conditions; from "quiet" to multiple emergencies and a flood of traffic and back to "quiet"; shifts from radio to data system to telephone -- from voice to written media and from professional to distraught or irrational behavior.
 - Stress of literally hundreds of telephone calls, one after another, for an entire 8-hour shift, to respond to public requests for weather and road conditions. This is usually punctuated by some rude callers or persons "demanding" to know what the roads will be like on the following day.
 - Required to make rapid, independent decisions (many times effecting the life of persons or safety of property) while managers are not immediately available -- more stress.
- and last, and most important --
- Required to change shifts frequently, resulting in distortion of sleep habits and related health problems.

While it is impossible to replicate the actual conditions of our communications centers, it is well known that stress-associated illnesses, such as hypertension, gastrointestinal tract problems (ulcers, spastic colon, diverticulitis), insomnia, anxiety and sometimes neurosis and psychosis are common to persons working in such environment, especially as they become older. We also note a growing loss of hearing among our older operators and a dispatcher that can't hear is a liability to the system function, as well as a personnel placement problem.

An advisory opinion from Mr. Marshall Crowther (February 10, 1981) indicated that "Communications Operators" were not eligible to participate in the Kansas Police and Fireman's Retirement System

(KP&F) because they do not fit the definition of "patrolman". In contrast, communications personnel of other departments are members of KP&F either by the "in support thereof" or "appointed" provisions of the definitions section.

Our 40 year experience with the pressures on this class of workers, our knowledge of the increasing complexity of these positions and the reality of the highly critical need for maximum efficiency causes us to ask that you favorably consider this proposal.

As administrators of a communications network, we should also apprise you of a new aura of liability attached to the communications responsibility. A New York appellate court (1982) found that the police communications function is an "assumption of duty to act, requiring that the conduct be undertaken with reasonable care". A judgment of \$200,000 for pain and suffering and \$600,000 for wrongful death followed a police dispatcher mistakenly recording a wrong address and thereby failing to send help to the correct location.

Implementation costs of this modified retirement benefit have been substantially reduced by using a "day one" approach -- where communications operators prior service under KPERS would remain credited under and paid on the basis of that system. Only service after the effective date of this act would be computed and paid under KP&F.

We believe this represents not only a humane act toward dedicated employees, but good business practice when viewed in the perspective of maintenance of a high level of service reliability -- service that may affect any community, or any person without advance warning.

Fiscal Note
1985 Session
February 21, 1985

Bill No.

Attachment 2

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. 2423 by Committee
on Governmental Organization

In accordance with K.S.A. 75-3715a, the following fiscal note concerning House Bill No. 2423 is respectfully submitted to your committee.

House Bill No. 2423 would change the method for determining the statutory rate of interest Kansas banks must pay to the state on inactive accounts. Under current statute the rate is determined by computing a three month average rate before taxes for 91-day United States treasury bills. House Bill No. 2423 would change that rate to the average yield before taxes received on 91-day treasury bills at the most recent public offering prior to the interest period for which the inactive monies will be available.

The provisions of this bill would take effect and be in force from and after publication in the statute book.

The fiscal impact of this bill will depend upon which direction and how rapidly interest rates are moving. Sufficient data is not available to allow a reliable estimate of the impact on FY 1986 revenues to be made. Research done by the State Treasurer's Office indicates that if the proposed method had been in effect over the previous nine year period the average rate paid to the state would have been .0009 higher than the rate actually paid, approximately \$900 per \$1.0 million of deposits.

The State Treasurer indicates that the provisions of this bill would not require the need of any additional staff or increase costs.

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

AKS:DF:dh



The KANSAS BANKERS ASSOCIATION
A Full Service Banking Association

February 26, 1985

TO: House Committee on Pensions, Investments and Benefits

FROM: James S. Maag, Director of Research
Kansas Bankers Association

RE: HB 2423

Mr. Chairman and members of the Committee:

Thank you for the opportunity to present testimony on the provisions of HB 2423. The banking industry of Kansas and the KBA have worked with state officials for many years to insure the state both safety for their deposits and a reasonable return on those deposits. We believe the amendments set forth in HB 2423 continue that tradition.

One of the problems which has occurred from time to time regarding the provisions of K.S.A. 75-4210 is that banks are reluctant to accept inactive deposits when there has been a steady drop in the 91-day T-bill rate over a three or four month period. Because of the averaging requirements of that statute, banks are thus forced to pay a rate which is often significantly higher than the current rate at the time of the deposit or at the beginning of a new interest period. There has been some concern expressed that the proposed change in the law would result in a lower total interest payment to the state over a period of time. However, statistics supplied by the Pooled Money Investment Board and Legislative Research show that historically there would have been no significant reduction in interest income. More importantly, the change will alleviate many of the problems of placing inactive funds during periods of T-bill rate decline.

Therefore, Mr. Chairman and members of the Committee, the KBA does endorse the amendments to K.S.A. 75-4210 and urges the Committee to recommend HB 2423 favorably for passage. We appreciate your willingness to address this important issue concerning the investment of state funds.

Attachment 3

February 21, 1985

Attachment 4

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

*431-N**Revised*

Dear Representative Louis:

SUBJECT: Corrected 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 KP&F retirement rate for future service, will be greater than the 4.9 percent KPERS contribution rate projected for FY 1986.

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

AKS:KS:sr