

Approved 1-29-85
Date

MINUTES OF THE House COMMITTEE ON Ways and Means

The meeting was called to order by Bill Bunten at
Chairperson

8:00 a.m./~~p.m.~~ on Friday, January 25, 19 85 in room 514-S of the Capitol.

All members were present except: Representative Duncan (excused)

Committee staff present:

Gloria Timmer	-	Legislative Research
Laura Howard	-	Legislative Research
Jim Wilson	-	Office of the Revisor
Sharon Schwartz	-	Administrative Assistant
Nadine Young	-	Committee Secretary

Conferees appearing before the committee:

Marshall Crowther, Executive Secretary, KPERS

Others present (Attachment I)

Meeting was called to order at 8:00 a.m. by Chairman Bunten.

HB 2014 -- an act relating to salaries and compensation of certain state officers; authorizing and providing certain increases; amending K. S. A. 46-137b, 75-3101, 75-3104, 75-3108 and 75-3110 and K.S.A. 1984 Supp. 40-102 and repealing the existing sections.

HB 2014 came out of the budget committee this past summer. A handout was provided (Attachment II) which contains data concerning salaries of selected state officials. Representative Chronister explained the provisions of the bill. Chairman Bunten said the Governor has indicated that he will not oppose these changes; and also, in a conversation with Representative Barkis, that it was his feeling that assistant minority leaders should also be included in leadership pay. An amendment to the bill has been proposed (Attachment III).

The fiscal note on the bill would be \$101,594 - this includes fringe benefits. For state officers it would be \$51,151 and for legislative leaders, \$50,143 (this includes minority leaders of House and Senate). Chairman said the legislative budget is capable, without any increase, of absorbing these legislative leader salary increases, i.e. it will not be necessary to make a larger appropriation in 1986 to cover this.

Representative Chronister moved to approve the amendment to the bill to include assistant minority leaders at the \$4,228, which is the same amount as the speaker pro-tem. Representative Turnquist seconded. Jim Wilson did point out that the amendment also carries a change in the effective date (see Line 40 of Page 1) because of difference in times of payroll periods. A vote was taken and the motion carried to adopt the amendment. Chairman announced that final action on HB 2014 will not be taken up today but would be some time later in this session.

Chairman turned to Marshall Crowthers and asked for his presentation on KPERS. Mr. Crowthers took a few minutes to explain the general nature of the retirement system and then proceeded with the funding portion. Handouts were provided as follows:

1. Memo that covers significant features of KPERS (Attachment IV).
2. KPERS Newsletter (on file in Ways & Means Office, Room 514-S).
3. Annual Financial Report for FY 85-86 (on file in Ways and Means office (Room 514-S)).

Mr. Crowthers explained that all retirement benefits in the system are statutory, so any changes, or enhancements must be the result of legislative approval. He said the retirement system is funded by really three sources; (1) contribution of the member (2) employer's contribution, and (3) general fund money that goes into the school districts as employer contributions.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Ways and Means,
room 514-S, Statehouse, at 8:00 a.m./~~p.m.~~ on Friday, January 25, 1985

Chairman asked Mr. Crowthers to speak to two things briefly, (1) appropriations for FY 86, i.e. give us a preliminary idea of how things are going; and (2) the situation regarding South Africa investments.

In response to Question #1 - Mr. Crowthers said that in looking at the overview, it appears there will be no dramatic change from past years, depending of course on the final actuarial analysis.

In response to Question #2 - he said the investment of KPERS fund, which now totals nearly 2 billion dollars, is ultimately the responsibility of the Board of Trustees. For the most part they hire professional managers, giving them the authority to do as they see fit. The only restriction found in the statues is that not more than 50% can be invested in common stock. He stated that KPERS has no direct investments in South Africa, however they may hold stocks of some corporations that do business with South Africa. He said further that to ban investment in the corporations with business ties to South Africa would interfere with the prudent investment of the state's pension fund.

The meeting was adjourned at 9:00 a.m.

The next meeting will be at 1:30 p.m. Monday, January 28, 1985.

Date 1-25-85

Name	Address	Representing
Basil Corey	Topeka	KRTA
Nickie Stein	Topeka	KSNA
Harold Pitts	Topeka	TARTA
Steven Hirsch	Topeka	State Treasurer
Charles Dodson	Topeka	KAPE
Margie VanBuren	Topeka	OJA
Bob Podling	Topeka	UPI
Phil Anderson	—	BUDGET DIV
Kirby Stegman	—	"
Marc Hoodman	"	KPERS
Marshall Crowther	Lawrence	KPERS
Jack Hawn	Topeka	KPERS

1/25/85

SALARIES OF KANSAS ELECTED OFFICIALS IN THE EXECUTIVE BRANCH*

	K.S.A. Citation	Statutory Base Salary (Eff. 7/1/82)	Actual Salary FY 1985**	Last Change in Statutory Base Salary	
				Year	Salary Was
Governor	75-3101	\$ 49,500	\$ 57,523	1982	\$ 45,000
Lt. Governor	75-3103	14,850 ^a	17,257	1982	13,500
Attorney General	75-3110	44,000	51,132	1982	40,000
Insurance Commissioner	40-102	38,500	44,741	1982	35,000
Secretary of State	75-3104	30,250	35,160	1982	27,500
State Treasurer	75-3108	30,250	35,160	1982	27,500

a) As reimbursement for expenses, receives \$1,875 annually and, when attending duties of office or any authorized meeting, travel and subsistence expenses as provided in K.S.A. 75-3212 (the mileage allowance fixed by the Secretary of Administration under K.S.A. 75-3203a and \$50 per day for subsistence).

Annual Salaries of Selected State Officials, FY 1985*

Commissioner of Education	\$64,044	Secretary of Transportation	\$59,820
Exec. Dir., Bd. of Regents	61,200	Secretary of Human Resources	59,280
Secretary of SRS	63,732	Secretary of Revenue	59,820
Secretary of Administration	60,984	Secretary of Agriculture	51,984
Exec. Secretary, KPERS	57,750	Secretary of Econ. Development	53,496
Secretary of Corrections	59,820	Secretary of Aging	50,880
Secretary of Health and Environ.	59,820		

* Salary, as reported by the Division of Personnel Services, multiplied by 12. Does not include \$204 bonus payment in FY 1985. Salaries as of January 18, 1985, except Secretary of Human Resources which is effective March 18, 1985.

** 75-3111a. Percentage increases in annual salaries of governor, lieutenant governor, attorney general, secretary of state, state treasurer and commissioner of insurance. Whenever the rates of compensation of the pay plan for persons in the classified service under the Kansas civil service act are increased for payroll periods chargeable to fiscal years commencing after June 30, 1982, the annual salary of the governor, the lieutenant governor, the attorney general, the secretary of state, the state treasurer and the commissioner of insurance shall be increased by an amount, adjusted to the nearest dollar, computed by multiplying the average of the percentage increases in all monthly steps of such pay plan by the annual salary of the elected state officer which is being received as provided by law and which is in effect prior to the effective date of such increase in the rates of compensation of the pay plan for persons in the classified service under the Kansas civil service act. History: L 1982, ch. 354, § 26; May 20.

Kansas Legislative Research Department
Revised January 23, 1985

1/25/85

ANNUAL SALARIES IN EFFECT IN FY 1985

	Est. 1983 Population (000)*	Governor	Lt. Governor	Attorney General	Secretary of State**	State Treasurer	Insurance Commissioner***
KANSAS	2,425	\$ 57,523	\$ 17,257	\$ 51,132	\$ 35,160	\$ 35,160	\$ 44,741
Colorado	3,139	60,000	32,500	40,000	32,500	32,500	55,680
Missouri	4,970	75,000	45,000	65,000	60,000	60,000	34,000
Nebraska	1,597	40,000	32,000	39,500	32,000	32,000	38,904
Oklahoma	3,298	70,000	40,000	55,000	37,500	50,000	50,000
Iowa	2,905	64,000	21,900	54,000	41,000	41,000	37,800
Minnesota	4,144	84,560	46,510	66,060	46,510	44,000	57,475
North Dakota	680	60,862	12,500	49,206	43,380	43,380	43,380
South Dakota	700	53,000	7,375	45,000	36,000	36,000	29,000
Arizona	2,963	62,500	—	56,250	35,000	37,500	63,000
Arkansas	2,328	35,000	14,000	26,500	22,500	22,500	43,550
Mississippi	2,587	63,000	34,000	51,000	45,000	45,000	45,000
Oregon	2,662	55,423	—	53,308	45,619	45,619	47,904

* Estimated by the U.S. Bureau of the Census as of July 1, 1983; issued in May 1984.

** Elected in all states listed except Oklahoma where Secretary of State is appointed by the Governor.

*** Elected in Kansas, Mississippi, North Dakota, and Oklahoma. As to the other states listed, the comparable official is: in effect appointed by the Governor in Arkansas, Arizona, Iowa, Minnesota, Nebraska, and Oregon; appointed by a department head in Missouri and South Dakota; and is under the state personnel system in Colorado (a constitutional amendment to be voted on in November 1984 would make the Commissioner a constitutional position appointed by the Governor).

Other Notes

Arizona. Salaries of the elected officials are as of January 1, 1985. Current salaries are: Governor, \$56,000; Attorney General, \$50,500; Secretary of State, \$31,500; and Treasurer, \$34,000.

Arkansas. In addition, \$13,483 is appropriated for the Governor and \$9,675 for the other four elected officials to defray expenses in connection with public relations.

Iowa. The salary of the Lt. Governor is effective January 1, 1985 (currently is \$19,200). The Lt. Governor also receives \$60 per day for official business when the legislature is not in session and for special sessions and \$40 per day during regular sessions for 110 days in odd years and 100 days in even years, plus mileage at the rate of 24 cents per mile.

Minnesota. Salaries of elected officials (except the Treasurer) are as of January 1, 1985. Current salaries are: Governor, \$75,000; Lt. Governor, \$44,000; Attorney General, \$62,500; and Secretary of State, \$44,000.

Mississippi. The Lt. Governor receives \$44 per day for expenses for actual attendance during legislative sessions.

South Dakota. Effective January 1, 1985, the Lt. Governor will receive \$75 per legislative day for expenses (was \$50).

Kansas Legislative Research Department
August 16, 1984

ADDITIONAL ANNUAL COMPENSATION FOR KANSAS
LEGISLATIVE LEADERS

Under K.S.A. 46-137b

	1972 Law (Effective 1-8-73)	1973 Law (Effective 2-16-73)	1974 Law (Effective 1-14-75)	Projections	
				A	B
President Pro Tem	\$ 2,400	—	—		
President	—	\$ 2,400	\$ 4,200	\$8,358	\$8,285
Vice-President	—	1,800	1,800	3,582	4,228
Speaker	2,400	2,400	4,200	8,358	8,285
Speaker Pro Tem	1,800	1,800	1,800	3,582	4,228
Majority and Minority Leaders	1,800	1,800	3,240	6,448	6,663
Ways and Means Chairmen	1,800	1,800	3,240	6,448	6,663

Projection A -- if salary increased by growth rate in Consumer Price Index (CPI-U), January 1975-June 1984.

Projection B -- if salary increased the same as granted classified state employees (excluding any merit increases), FY 1976-FY 1985.

Kansas Legislative Research Department
August 23, 1984

HOUSE BILL No. 2014

By Legislative Budget Committee

Re Proposal No. 54

12-19

DRAFT OF AMENDMENTS

1-25-85

0018 AN ACT relating to salaries and compensation of certain state
0019 officers; authorizing and providing certain increases; amend-
0020 ing K.S.A. 46-137b, 75-3101, 75-3104, 75-3108 and 75-3110
0021 and K.S.A. 1984 Supp. 40-102 and repealing the existing
0022 sections.

0023 *Be it enacted by the Legislature of the State of Kansas:*

0024 Section 1. K.S.A. 1984 Supp. 40-102 is hereby amended to
0025 read as follows: 40-102. (a) There is hereby established ~~and~~
0026 ~~continued a separate and distinct a~~ department to be known as
0027 the insurance department, which shall have a chief officer ~~whose~~
0028 ~~style of office shall be entitled the~~ commissioner of insurance
0029 ~~and~~ who shall receive, except as otherwise provided in K.S.A.
0030 75-3111a, ~~and amendments thereto~~, an annual salary of ~~\$38,500~~
0031 \$50,000, and such officer shall be charged with the administra-
0032 tion of all laws relating to insurance, insurance companies and
0033 fraternal benefit societies doing business in this state, and all
0034 other duties which are or may be imposed upon such officer by
0035 law.

0036 (b) The provisions of the Kansas sunset law apply to the
0037 office of commissioner of insurance and the insurance depart-
0038 ment established by this section and ~~said such~~ office and de-
0039 partment are subject to abolition thereunder.

0040 Sec. 2. K.S.A. 46-137b is hereby amended to read as follows:
0041 46-137b. (a) In addition to the compensation provided for by
0042 K.S.A. 46-137a and ~~K.S.A. 1980 Supp. 75-3212~~, and amendments
0043 ~~to either thereof thereto~~, and any other statute, *and except as*
0044 *otherwise provided by subsection (b):*

0045 (1) The president of the senate ~~and~~, the speaker of the house

On July 1, 1985,

1/25/85

0046 of representatives *and the minority leaders of the senate and*
 0047 *house of representatives* shall each receive an allowance in the
 0048 amount of ~~four thousand two hundred dollars (\$4,200)~~ \$8,285 per
 0049 annum, payable monthly, during their terms of office as speaker
 0050 ~~and~~, president *and minority leader*, which compensation shall
 0051 be for additional services performed in connection with dis-
 0052 charging the duties assigned to the respective positions; ~~and~~

0053 (2) the speaker pro tem of the house of representatives; ~~and~~
 0054 the vice president of the senate, shall each receive an allowance
 0055 in the amount of ~~one thousand eight hundred dollars (\$1,800)~~
 0056 \$4,228 per annum payable monthly during their respective terms
 0057 of office *which compensation shall be for additional services*
 0058 *performed in connection with discharging the duties assigned to*
 0059 *the respective positions; and*

0060 (3) the majority ~~and minority~~ leaders of the senate and the
 0061 house of representatives, and the ~~chairman~~ *chairperson* of each
 0062 of the senate and house committees on ways and means shall
 0063 each receive an allowance in the amount of ~~three thousand two~~
 0064 ~~hundred and forty dollars (\$3,240)~~ \$6,663 per annum, payable
 0065 monthly during their respective terms of office, which compen-
 0066 sation shall be paid for services performed in carrying out the
 0067 duties assigned to the respective ~~elective and appointive~~ posi-
 0068 tions.

0069 (b) *Whenever the rates of compensation of the pay plan for*
 0070 *persons in the classified service under the Kansas civil service*
 0071 *act are increased, for payroll periods chargeable to fiscal years*
 0072 *commencing after June 30, 1985, the annual compensation of*
 0073 *officers of the legislature specified in subsection (a) shall be*
 0074 *increased by an amount, adjusted to the nearest dollar, com-*
 0075 *puted by multiplying the average of the percentage increases in*
 0076 *all monthly steps of such pay plan by the annual compensation*
 0077 *of such officers as prescribed by subsection (a) or amounts*
 0078 *computed in accordance with this subsection and which are in*
 0079 *effect on the effective date of such increase in the rates of*
 0080 *compensation of the pay plan for persons in the classified*
 0081 *service under the Kansas civil service act.*

0082 Sec. 3. K.S.A. 75-3101 is hereby amended to read as follows:

and the assistant minority
 leaders of the senate and
 house of representatives

0092 amendments thereto, the state treasurer shall receive for services
0093 an annual salary of ~~\$30,250~~ \$50,000.

0094 Sec. 6. K.S.A. 75-3110 is hereby amended to read as follows:

0095 75-3110. Except as otherwise provided in K.S.A. 75-3111a, and
0096 amendments thereto, the attorney general shall receive for ser-
0097 vices an annual salary of ~~\$44,000~~ \$57,500.

0098 Sec. 7. K.S.A. ~~46-137b~~ 75-3101, 75-3104, 75-3108 and 75-
0099 3110 and K.S.A. 1984 Supp. 40-102 are hereby repealed.

0100 ~~Sec. 8. This act shall take effect and be in force from and~~
0101 after its publication in the ~~statute book~~.

Sec.8. On July 1, 1985, K.S.A. 46-137b is hereby repealed.

9

Kansas register

June 18, 1985, and

May 7, 1984

COMPARISON OF SIGNIFICANT FEATURES OF THE KANSAS PUBLIC EMPLOYEES,
KANSAS POLICE AND FIRE, AND KANSAS JUDGES RETIREMENT SYSTEMS*
(All Administered by the Board of Trustees of KPERS)

COVERAGE - EMPLOYERS

- KPERS - Mandatory for the state. Optional for any city, county, township, special district or any instrumentality of any one or several of the aforementioned whose employees are covered by Social Security and not covered by or eligible for another retirement plan under the laws of the State of Kansas.
- KP&F - Optional, any political subdivision employing firemen or policemen. Includes Highway Patrol and KBI.
- JUDGES - State Judicial System.

COVERAGE - EMPLOYEES

- KPERS - Mandatory for all eligible employees (except elected officials), both current and future, whose employment is not seasonal or temporary and requires at least 1,000 hours per year. Future nonschool employees after entry date become eligible after one continuous year of service (except for first-day coverage for death and disability benefits).
- KP&F - Mandatory for all employees except sheriffs. Sheriff may elect membership.
- JUDGES - All justices of the Supreme Court, Court of Appeals and all judges and associate judges of the district courts of the State of Kansas automatically participate upon appointment. Supreme Court Commissioners were considered justices of the Supreme Court for the purpose of inclusion under the Judges Retirement System.

EMPLOYER CONTRIBUTION

KPERS - Amount required to pay current service liabilities and to fund prior service costs.

FYs 1984	School	4.4%	FY 1986	School	4.3%
and 1985	Non-School	4.6%		Non-School	4.9% ^a

a) This rate applies to local government employees in CY 1985.

* Prepared by KPERS staff and Kansas Legislative Research Department.

1/25/85

KP&F - Amount required to pay current service liabilities and to fund prior service costs. (16% for first year.) Each employer has a separate rate.

FY 1985	Local	20.9% (Avg.)	FY 1986	Local	16.8% (Avg.)
	KBI	18.5%		KBI	14.7%
	Patrol	20.1%		Patrol	16.1%

JUDGES - Amount required to pay all liabilities which shall exist or accrue, including amortization of unfunded accrued liability.

FY 1985	10.3%	FY 1986	8.7%
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EMPLOYEE CONTRIBUTION

KPERS - 4% gross compensation.

KP&F - 7% gross compensation - after 35 years credited service or attainment of age 60 and 20 years credited service, drops to 2%.

JUDGES - 6% gross compensation - after 20 years credited service and attainment of age 65, drops to 2%.

(Beginning in the 3rd quarter of CY 1984, legislation enacted in 1984 requires member contributions to be "picked-up" by employers, i.e., treated, but not actually paid, as employer contributions, for federal income tax purposes to defer taxation of that part of a member's salary until contributions are withdrawn or retirement benefits begin.)

REQUIRED SERVICE

KPERS - No required number of years.

KP&F - 20 years.

JUDGES - No required number of years.

VESTING OF BENEFITS

KPERS - 10 years credited service.

KP&F - 20 years credited service.

JUDGES - 10 years credited service.

(Members of one of the above systems who were members of either of the other systems may combine service credit for vesting under all systems for which they have credit.)

RETIREMENT AGE

KPERS - 65 (normal retirement).*
60 (early retirement).*

KP&F - 55 (normal retirement).
50 (early retirement).

JUDGES - 65 (normal retirement).
62 (early retirement).

MINIMUM RETIREMENT AGE

KPERS - 60, early retirement with 10 years credited service (actuarially reduced benefit). Exceptions for state correctional employees — see Retirement Age.

KP&F - 50, after 20 years service (actuarially reduced benefit).

JUDGES - 62, early retirement with 10 years credited service (actuarially reduced benefit).

MANDATORY RETIREMENT AGE

KPERS - None

KP&F - No mandatory retirement age except for Highway Patrol (age 60) and KBI (age 65); however, no credit earned after 60 except for employees who do not have required 20 years service. Employee must make contributions as long as employed as policeman or fireman.

JUDGES - End of term in which age 70 is attained.

* State correctional employees — unit team personnel, correctional officers, and supervisors have a normal retirement age of 55 and an early retirement option at age 50. Power plant operators, correctional industries personnel, food service employees, and maintenance supervisors, who have regular contact with inmates, have a normal retirement age of 60 and an early retirement option at age 55. Early retirement is subject to actuarial reduction.

BASIS OF RETIREMENT BENEFIT

- KPERS - Final average salary (FAS). Average highest 5 years of participating service. However, members eligible for a long-term disability benefit, who were disabled for at least five years immediately before retirement, will have their FAS adjusted upon retirement by the actuarial salary assumption rates existing during the period of disability.
- KP&F - Final average salary (FAS). Average highest 3 of last 5 years of participating service.
- JUDGES - Final average salary (FAS). Average highest 5 of last 10 years of participating service.

BASIC RETIREMENT BENEFIT

- KPERS - Prior service - 1% FAS for each year of prior service for persons retiring on or after 7-1-81; otherwise, 1% prior service salary (highest salary paid in one of the immediately preceding 3 years before entry date). Participating service - 1 1/4% FAS for each year of participating service; 1.4% for service credited after June 30, 1982; 1.4% FAS for all years of participating service for members who retire on or after July 1, 1989 with at least 25 years of such service. No minimum - No maximum.
- KP&F - 2% FAS per year of service (combined prior and participating) not to exceed 70% of FAS.
- JUDGES - 4% FAS per year of service for up to 10 years and 3 1/3% for more than 10 years (combined prior and participating) not to exceed 65% of FAS. Minimum of 50% FAS per month if 10 or more years of continuous service immediately preceding retirement.

OPTIONS

- KPERS - OPTION A: A reduced monthly benefit payable for life with one-half this amount continued monthly to the joint annuitant upon the death of a retirant. The reduction factor is 87% minus .6% for each year the joint annuitant is younger than the retirant or plus .6% for each year older.
- OPTION B: A reduced monthly benefit payable for life with the same amount continuing monthly to the joint annuitant upon the retirant's death. The reduction factor is 75% minus .9% for each year the joint annuitant is younger than the retirant or plus .9% for each year older.
- OPTION C: A reduced monthly benefit payable for life and if death occurs within 10 years of the retirement date, the same amount is payable to the beneficiary for the remainder of the 10 year period. The reduction factor is 94%.

KP&F - OPTION A: Same as KPERS except reduction factor is 89% plus or minus .4% for age differential.

OPTION B: Same as KPERS except reduction factor is 80% plus or minus .7% for age differential.

OPTION C: Same as KPERS except reduction factor is 97%.

JUDGES - OPTION A: Same as KPERS.

OPTION B: Same as KPERS.

OPTION C: Same as KPERS.

POST RETIREMENT ADJUSTMENTS

KPERS - 1972 - 5% across the board. (Permanent)

1973 - Graduated percentage increase based on year of retirement ranging from 32% to 2%. (Permanent)

1976 - 5% of annual benefit; maximum \$200, minimum \$20. (13th Check)

1977 - 5% of annual benefit; maximum \$200, minimum \$20. (13th Check)

1978 - Graduated percentage increase based on year of retirement ranging from 7.34% to 1.1%. (Permanent)

1980 - Retirement Dividend Payment not to exceed 8.33% of annual benefit (13th Check); expires October 2, 1987.

1982 - 10% increase in monthly benefits for retirants who were entitled to benefits as of 6-30-81. (Permanent)

1984 - 10% increase in monthly benefits for retirants who were entitled to benefits as of 6-30-81. (Permanent)

KP&F - 1972 - Same as KPERS.

1973 - Same as KPERS except 50% to those who retired before 1962.

1976 - Same as KPERS.

1977 - Same as KPERS.

1978 - Same as KPERS.

1980 - Same as KPERS.

1982 - Same as KPERS.

1984 - Same as KPERS.

JUDGES - 1972 - Same as KPERS.

1973 - None.

1974 - Integration with social security removed.

1976 - Same as KPERS.
1977 - Same as KPERS.
1978 - Same as KPERS.
1980 - Same as KPERS.
1982 - Same as KPERS.
1984 - Same as KPERS.

RESTRICTIONS ON POST RETIREMENT EARNINGS

KPERS - None.

KP&F - Retirants may not be employed by the same department of the employer from which they retired for more than 30 days in any calendar year.

JUDGES - None.

TERMINATION BENEFIT

KPERS - Return member's actual contributions plus credited interest (must be repaid by employee or employer if reemployed by same employer within 60 days); 31-day conversion provision on life insurance. Vested benefit with 10 years, if no withdrawal.

KP&F - Return member's actual contributions plus interest credited after June 30, 1982 (must be repaid by employee or employer if reemployed by same employer within 60 days). Vested benefit with 20 years, if no withdrawal.

JUDGES - Return member's contributions plus interest credited after June 30, 1982. Vested benefit with 10 years of service.

DEATH BENEFITS DEFINITION (DUTY CAUSED)

KPERS - Service-connected accident.

KP&F - Service-connected accident; for members with 5 or more years of credited service heart and lung disease is presumed service-connected.

JUDGES - Death from any cause while in service as a judge.

DEATH BENEFITS (DUTY CAUSED)

KPERS - SPOUSE: 50% FAS less any amount paid or payable under Workers' Compensation (\$100 minimum per month), until death or remarriage, and a \$50,000 lump sum payment.

EACH CHILD: NONE.

FAMILY MAXIMUM: 50% FAS.

CHILDREN, NO SPOUSE: Same as spouse, until youngest child attains age 18.

BENEFICIARY: Return member's actual contributions plus interest. Insured death benefit-100% annual rate of compensation (ARC) if member under age 70 (100% limitation eliminated in 1982, subject to availability of funds and KPERS Board approval). If no spouse or children, service-connected accident benefits payable to dependent parents.

KP&F - SPOUSE: 50% FAS, until death or remarriage.

EACH CHILD: 10% FAS, until youngest attains age 18.

FAMILY MAXIMUM: 75% FAS.

CHILDREN, NO SPOUSE: 50% FAS + 10% FAS per child.

BENEFICIARY: If no spouse or children, return member's contributions plus interest credited after June 30, 1982, to beneficiary.

JUDGES

PAYABLE TO ANY NAMED BENEFICIARY: Return member's actual contributions plus interest. Insured death benefit of 100% ARC payable to beneficiary if member under age 70 (100% limitation eliminated in 1982 subject to availability of funds and KPERS Board approval). If over age 60, with 10 years credited service and spouse is sole beneficiary, spouse may elect payment under Option A rather than lump sum return of actual contributions.

DEATH BENEFITS (NON DUTY)

KPERS - Return member's actual contributions plus interest. Insured death benefit of 100% ARC payable to beneficiary if member under age 70

(100% limitation eliminated in 1982 subject to availability of funds and KPERS Board approval). If over age 60, with 10 years credited service and spouse is sole beneficiary, spouse may elect payment under Option A rather than lump sum return of actual contributions.

KP&F - UNDER 5 YEARS SERVICE: Return member's actual contributions (with interest credited after June 30, 1982) to beneficiary.

5 YEARS OR MORE: Spouse receives lump sum of 50% FAS plus 2% FAS per year of service (payable at spouse's age 50 unless there are unmarried children under age 18). If no spouse or children, return member's actual contributions without interest to beneficiary.

JUDGES - Same as above (duty caused).

DEATH BENEFITS AFTER RETIREMENT

KPERS - None unless option is selected. If no option selected beneficiary receives amount remaining, if any, of member's actual contributions less retirement benefits paid to deceased member. Lump sum death benefit of \$1,000.

KP&F - None unless option is selected. Lump sum death benefit same as KPERS.

JUDGES - None unless option is selected. If no option selected beneficiary receives amount remaining, if any, of member's actual contributions less retirement benefits paid to deceased member. Lump sum death benefit same as KPERS.

DISABILITY BENEFIT DEFINITION (DUTY CAUSED)

KPERS - Totally and permanently disabled after 180 consecutive days regardless of cause. May be either physical or mental.

KP&F - Totally and permanently disabled as a policeman or fireman, may be physical or mental but must be caused by service-connected accident. For members with 5 or more years of credited service heart and lung disease is presumed service-connected.

JUDGES - Totally and permanently disabled as a judge, may be physical or mental from any cause. Also available to vested, inactive judges.

DISABILITY BENEFITS (DUTY CAUSED)

KPERS - EMPLOYEE: 55% ARC (law permits not to exceed 60% subject to availability of funds and KPERS Board approval), reduced by 1/2 Workers' Compensation and total of primary Social Security or any other employer provided benefits after 180 days disability (\$50

minimum). Continued group life insurance coverage. Participating service credit granted during period of total disability. Insurance benefits and coverage ends at age 70 or retirement, whichever first occurs. Disabilities occurring after age 60 receive benefits to the earlier of (1) termination, (2) age 70, (3) 5 years.

EACH CHILD: None.

FAMILY MAXIMUM: 55% ARC.

(Certain state correctional employees have the same benefits as under KP&F from July 1, 1982 to July 1, 1986, except such benefits are reduced by any disability benefits received under Social Security or Workers' Compensation but not to less than \$50 per month.)

KP&F - EMPLOYEE: 50% FAS.

EACH CHILD: 10% FAS.

FAMILY MAXIMUM: 75% FAS.

JUDGES - EMPLOYEE: Same as normal retirement benefits; benefits recalculated upon attainment of retirement age with additional credit granted for the period of disability.

EACH CHILD: Not applicable.

FAMILY MAXIMUM: Same as normal retirement benefits.

DISABILITY BENEFITS (NON-DUTY)

KPERS - Same as duty caused. (For certain state correctional employees, disability benefits are generally the same as for KP&F, both duty and nonduty caused.)

KP&F - UNDER 5 YEARS SERVICE: Return member's actual contributions (with interest credited after June 30, 1982).

5 YEARS OR MORE: 2% FAS per year of service, after 180 days disability. (Limit of 50% FAS).

JUDGES - Same as duty caused.

RELATIONSHIP TO SOCIAL SECURITY

KPERS - None except offset for social security under insured disability.

KP&F - None except select group covered under Brazelton vs. KPERS law suit.

JUDGES - None, integration with social security removed in 1974.

BACKGROUND

KANSAS SCHOOL RETIREMENT SYSTEM (KSRS) ANNUITANTS

In 1971 all of the active members (and most inactive vested members) of the KSRS became members of KPERS. KSRS members who were retired at that time and certain classes of inactive employees with vested rights did not come under KPERS. Instead, payments to these members continued under the provisions of KSRS through separate reserves maintained specifically for that purpose.

KSRS provided a benefit related to the amount of employee contributions, and a separate benefit, paid by the state, based solely on years of school service as follows:

Savings annuity - is the annuity amount which could be provided by the employee's contribution account at retirement (1984 legislation increased the savings annuity by 50%).

Service Annuity - the service related benefit - is a level dollar amount based on years of service at retirement. The service annuity rates at the time of the merger and prior to 1973 were as follows:

<u>Years of Service</u>	<u>Monthly Service Annuity Per Year of Service Prior to 1973</u>
less than 10	\$ 1.00
10 but less than 20	1.50
20 but less than 25	2.00
25 to 35	3.50

Effective in 1973, this benefit was increased to \$6.50 per year of service for all employees with at least 10 years of service; a further increase to \$6.85 became effective October 1, 1978, (with two subsequent 10% increases, the benefit is now \$8.29). Benefits to those with less than 10 years of service are \$1.21 per year of service. Effective September 1, 1979, the 35-year limit on service was removed and benefits were increased accordingly.

Although all currently active school employees are covered under KPERS, a small number of former school employees continue to qualify for benefits each year under KSRS.

The obligation of the state of Kansas for payment of School Service Annuities was originally to be amortized over a period of 10 years commencing July 1,

1973. The sum of \$10,220,000 was transferred from the State General Fund on July 1, 1973, and annual transfers of \$10 million were made each year from 1974 through 1983.

Legislation enacted in 1984 eliminated annual transfers from the State General Fund (which would have been \$10 million in 1984 and approximately \$3.4 million in 1985), made members of the old KSRS special members of KPERS, and provided that the state's remaining obligation for service annuities be amortized over 27 years.

The increase in the benefit level to \$6.85 effective October 1, 1978 produced an additional liability of \$4,507,900 as of that date. To finance this benefit increase, separate appropriations were made in 1978 of \$700,000 for FY 1979 and of \$1,269,300 for each of the fiscal years 1980, 1981, and 1982. Removal of the 35 year limitation in 1979 was funded by an appropriation in 1979 from the General Fund of \$2.8 million for both FY 1980 and FY 1981.

BACKGROUND

KANSAS CITY, KANSAS SCHOOL EMPLOYEES RETIREMENT FUND

The only Kansas school employees presently covered by a local retirement system are those of the Kansas City Unified School District No. 500 who were hired before 1964. Employees of that school district hired after January 1, 1964 — like all other active Kansas school employees — became members of the Kansas Public Employees Retirement System (KPERS) on January 1, 1971, the effective date of the merger of the Kansas School Retirement System (KSRS) into KPERS.

The 1953 legislation was passed to permit first-class city school retirement systems to transfer into KSRS. Employees covered by such city systems that joined the state system were given prior service credit under KSRS, and their contributions to the local systems after September 1, 1941 were transferred to KSRS. First-class cities that entered KSRS were permitted to retain their local school systems as supplemental retirement plans, so as to bring monthly benefits to a maximum of \$125 if a lesser amount was payable under KSRS.

The first-class city systems that transferred into KSRS in 1953 were those in Atchison, Coffeyville, Fort Scott, Leavenworth, Parsons, Pittsburg and Topeka. (A special act resulted in Hutchinson entering KSRS in 1951.) When Salina joined KSRS in 1954, Kansas City remained as the only first-class city with a separate school employees retirement system.

In 1963 the Kansas School Retirement Law (K.S.A. 72-5512a) was amended to provide that employees of the Kansas City school district hired after January 1, 1964 would become members of KSRS. The separate city system — the Kansas City School Employees Retirement Fund — continued to cover the closed group of employees hired before 1964. As of August 31, 1973 the Kansas City Plan covered only 407 active school employees.

The 1963 legislation also provided that the State School Retirement Fund would reimburse the Kansas City Fund for its members who retired after July 1, 1963, in the amount that such employees would have received had they retired under KSRS.

Payments from the State Fund to the Kansas City Fund were made semiannually on March 1 and September 1 of each year on the basis of the service annuities payable for the preceding six month period.

The substantial increase in KSRS service annuities effective July 1, 1973, did not apply to retirants receiving benefits from the Kansas City Fund. (The only exceptions to this general rule are a few Kansas City Plan retirants who are receiving direct payments from KSRS as Group II and Group III annuitants.) State payments to the Kansas City Fund continued to be based on the schedule of KSRS service annuity amounts effective July 1, 1965, up to a maximum of \$122.50 a month for Kansas City Plan retirants with 35 or more years of service. The State payment for the first 30 years of service (up to \$105 a month per retirant) was used to help finance the Kansas City Plan, but any amounts in excess of \$105 a month are paid to eligible Kansas City Plan retirants in addition to local plan benefits (up to \$17.50 a month passes through to the direct benefit of the retirant).

Chapter 293, Session Laws of 1974, amended K.S.A. 72-1759 and 74-4932 to provide members of the Kansas City School Employees Retirement Fund with the opportunity of electing membership in KPERS. The election had to be made prior to September 1, 1974. There are currently 69 active members of this local plan. For those who elected to become members of KPERS, the Kansas City Board of Education was required to transfer from the local retirement fund to KPERS an amount equal to the aggregate of all employee contributions of those so transferring. Employees were to be granted prior service credit in accordance with K.S.A. 74-4936 except that service between January 1, 1971 and September 1, 1974 was credited as participating service. Those electing membership in KPERS are no longer covered under the local retirement fund (K.S.A. 72-1758 to 72-1769) and are now governed by all the provisions of law applicable to employees who became members under K.S.A. 74-4935.

The 1974 legislation further provided for the KPERS actuary to compute the remaining obligation of the state for the retirants and employees who elected to remain under the local retirement fund and the level annual payments that were to be made by the state over a period of 10 years commencing July 1, 1975. This level annual payment amounts to \$404,900.

In 1978, 1979, and 1980, legislation was enacted which provided post-retirement benefits for certain members of the Kansas City system.

A bill enacted in 1981 lowered from \$125 to \$75 the maximum amount of primary social security benefits which are deducted from the monthly annuity paid to a member of the Kansas City system.

A bill enacted in 1982 provides for a 10 percent increase in the monthly benefits of retirants, but this must be financed by the Kansas City System.

Legislation enacted in 1984 provides that annuities paid by the Kansas City system shall begin on the first day of the month following retirement rather than on September 1 of the year in which retirement occurs.