

MINUTES OF THE HOUSE COMMITTEE ON PENSIONS, INVESTMENTS AND BENEFITS

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

9:00 a.m. a.m./p.m. on Thursday, February 6, 1986 in room 527-S of the Capitol.

All members were present except:

Representatives Dyck, Williams, and Peterson-excused.

Committee staff present:

Richard Ryan
Alan Conroy
Gordon Self
Rosalie Black

Conferees appearing before the committee:

Dr. Robert Harder, Secretary of SRS.
Richard Edlund, President of the National Federation of the Blind.
Richard Ryan, Kansas Legislative Research Department.
Marshall Crowther, Executive Secretary of KPERS.

The meeting was called to order by David F. Louis, Chairman, to hear House Bill 2736.

HOUSE BILL 2736 - Hearing

Dr. Robert Harder, Secretary of Social and Rehabilitation Services, explained that House Bill 2736 would allow visually impaired employees of sheltered workshops (operated by SRS) to become members of KPERS.
Attachment 1.

The advantage to the 73 employees of the Kansas Industries for the Blind would be inclusion of retirement benefits when they retire from the workshops. Their right to inclusion in retirement benefits is supported by the fact that 15 of the 73 current employees have longevity of twenty years or more.

Requesting an amendment, Dr. Harder indicated the amendment would cover employees who are sighted and not covered under House Bill 2736 at the two sheltered workshops for the blind in the State (Topeka and Kansas City). Attachment 2.

Dr. Harder added that House Bill 2736 and the amendment are important to the long-range plan designed to make the Kansas Industries

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON PENSIONS, INVESTMENTS AND BENEFITS,
room 527-S, Statehouse, at 9:00 a.m. on February 6, 1986

HOUSE BILL 2736 - Hearing - con't.

for the Blind a profit-making operation or at least a break-even operation. Addition of the employees to KPERS would aid this particular goal.

Richard Edlund, President of the National Federation of the Blind, agreeing with Dr. Harder that inclusion into KPERS is necessary for employees in sheltered workshops, also said even though the blind can be paid one-half the minimum wage of normal people, many of the blind are unemployed. Prospective blind employees would be attracted by inclusion into KPERS.

After conferring with Dr. Harder, Richard Ryan, Kansas Legislative Research Department, pointed out changes in projected costs of House Bill 2736. The cost of inclusion of visually impaired workers in sheltered workshops into KPERS would cost \$18,356 in fiscal year 1987. There would be no cost in fiscal year 1986. Inclusion costs for fiscal year 1987 in the fiscal note from the budget division, Mr. Ryan said, should be corrected from \$16,340 to \$18,356.

Marshall Crowther, Executive Secretary of KPERS, indicated KPERS contributions for those employed by sheltered workshops would start up as new employees. There would be no catch up costs. Expenses to pay for inclusion into KPERS would be from the "fee fund" rather than the general fund. He added that if House Bill 2736 is passed, it would be the most reasonable method of including the sheltered workshop employees into KPERS.



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

Thurs. Feb. 6, 1986

NAME	ADDRESS	ORGANIZATION	BILL NO.
Bruce Womer	Topeka	Governor's Office	
Richard Edlund	7061 Riverview Rd, KCK	Natl Fed of the Blind	2736
Robert L Kennedy	Box 1279, KCK 66117	Natl Fed of the Blind	2736
Basil Covey	Topeka	KRTA	
Richard Schutz	Topeka	SRS	2736
Bert C Hardy	Topeka	SRS	2736
Thomson	Wenonah	KPERS	
Jack Hannon	Topeka	KPERS	

State Department of Social and Rehabilitation Services

Statement Regarding H.B. 2736

1. Title -- An act enfolding Kansas Industries for the Blind sheltered workshop employees into unclassified Civil Service positions, facilitating their eligibility for Kansas Public Employees Retirement System benefits; amended K.S.A. 1984 Supp. 74-4902 and 74-4927 and repealing the existing sections.
2. Purpose -- The purpose of this bill is to amend K.S.A. 1984 Supp. 74-4902 and 74-4927 and repeal the existing sections so that sheltered workshop employees in the Kansas Industries for the Blind program will be enfolded into unclassified Civil Service positions, thereby facilitating their eligibility for Kansas Public Employee Retirement System benefits.
3. Background -- Currently, the 73 employees of the Kansas Industries for the Blind program at sheltered workshop in Kansas City and Topeka have all fringe benefits available to classified employees except those related to the Kansas Public Employees Retirement System. Blind constituent groups and the employees themselves are advocating for inclusion in the Kansas Public Employees Retirement System. Without this inclusion, these employees will not be eligible for health benefits when they retire from the workshops. Their right to inclusion in retirement benefits is supported by the fact that 15 of the 73 current employees have longevity of twenty years or more. A long-range plan designed to make the Kansas Industries for the Blind a break-even or profit-making operation also calls for the employees to have a retirement plan.
4. Effect of Passage -- The effect of passage will be that Kansas Industries for the Blind sheltered workshop employees will be enfolded into unclassified Civil Service positions and will become eligible for benefits of the Kansas Public Employees Retirement System, including health benefits after retirement. This will afford these employees an array of fringe benefits comparable to those afforded employees in classified Civil Service positions. The estimated cost to the State to grandfather present workers into the System for calendar years 1981-1985 is \$61,307. The estimated costs for 1986 and 1987 are \$10,744 and \$11,949, respectively.

No cost '86

\$18,356 - '87

Robert C. Harder
Secretary
Social and Rehabilitation Services
296-3271

Fiscal Note
1986 Session
February 5, 1986

Bill No.

431W

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

Heard
2/6/86

Dear Representative Louis:

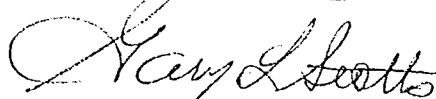
SUBJECT: Fiscal Note for House Bill No. 2736 by Committee
on Public Health and Welfare

In accordance with K.S.A. 75-3715a, the following fiscal note concerning House Bill No. 2736 is respectfully submitted to your committee.

Enactment of this legislation would amend K.S.A. 74-4902 and K.S.A. 74-4927 to provide that effective July 1, 1986, visually impaired persons in training at and employed by sheltered workshops for the blind operated by the Department of Social and Rehabilitation Services would become members of KPERS. Service prior to July 1, 1986, would be granted as prior service credit in accordance with K.S.A. 74-4913. In addition, the bill would further provide that such individuals would not be eligible to receive disability benefits due to visual impairment as such impairment shall be determined to be a pre-existing condition.

Based upon the estimated covered payroll of \$408,496 for this group of employees and an employer contribution rate of 4.0%, as reflected in the FY 1987 Governor's Budget Report, it is estimated that passage of House Bill No. 2736 would result in additional FY 1987 expenditures of \$16,340, all of which would be financed with special revenue funds. *18,356*

Any additional expenditures resulting from the passage of House Bill No. 2736 would be in addition to those amounts included in the FY 1987 Governor's Budget Report.



Gary L. Stotts
Acting Director of the Budget

GLS:DW:ks

*Dr Hardeis
Amendment*

0121 shall be barred from such membership by reason of coverage by,
 0122 eligibility for or future eligibility for a retirement annuity under
 0123 the provisions of K.S.A. 74-4925 and amendments thereto, except
 0124 that no person shall receive service credit under the Kansas
 0125 public employees retirement system for any period of service for
 0126 which benefits accrue or are granted under a retirement annuity
 0127 plan under the provisions of K.S.A. 74-4925 and amendments
 0128 thereto. After June 30, 1982, no person who is otherwise eligible
 0129 for membership in the Kansas public employees retirement
 0130 system shall be barred from such membership by reason of
 0131 coverage by, eligibility for or future eligibility for any benefit
 0132 under another retirement plan authorized under any law of this
 0133 state, except that no such person shall receive service credit
 0134 under the Kansas public employees retirement system for any
 0135 period of service for which any benefit accrues or is granted
 0136 under any such retirement plan. *Employee shall include visually*
 0137 ~~impaired~~ *persons who are in training at and* ^{or} *employed by a*
 0138 *sheltered workshop for the blind operated by the secretary of*
 0139 *social and rehabilitation services. The entry date for such per-*
 0140 *sons shall be the beginning of the first pay period of the fiscal*
 0141 *year commencing in calendar year 1986. Such persons shall be*
 0142 *granted prior service credit in accordance with K.S.A. 74-4913*
 0143 *and amendments thereto. However, such persons classified as*
 0144 *home industry employees shall not be covered by the retirement*
 0145 *system;*

0146 (15) "Entry date," the date as of which an eligible employer
 0147 joins the system. The first entry date pursuant to this act is
 0148 January 1, 1962;

0149 (16) "Executive secretary," the managing officer of the sys-
 0150 tem employed by the board under this act;

0151 (17) "Final average salary," in the case of a member who
 0152 retires prior to January 1, 1977, and in the case of a member who
 0153 retires after January 1, 1977, and who has less than five years of
 0154 participating service after January 1, 1967, the average highest
 0155 annual compensation paid to such member for any five years of
 0156 the last 10 years of participating service immediately preceding
 0157 retirement or termination of employment, or in the case of a

*Attachment 2
2-6-86 Hs. P/B*