Approved February 19, 1986
Date

MINUTES OF THE HOUSE COMMITTEE ON PENSIONS, INVESTMENTS AND BENEFITS.

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

9:00 a.m./p.m. on Wednesday, February 19, 1986 in room 527-S of the Capitol.

All members were present except:

Representatives R.H. Miller, Ott, Peterson, Dyck

Committee staff present:

Richard Ryan
Alan Conroy
Gordon Self
Rosalie Black

Conferees appearing before the committee:

See attached list.

The meeting was called to order by Representative David Louis, Chairman, to hear House Bill 2829.

House Bill 2829 - Hearing

Alden Shields, Secretary of Administration, explained that HB 2829 provides that KPERS, KP&F and the Kansas Retirement System for Judges be made non-contributory and that the state pick up the contributions currently being paid by covered employees. Attachment 1. If the bill is passed, money would be released from the general fund to KPERS for the employers cost as it is done currently.

Stating that his position on HB 2829 was not as a proponent or opponent, Stanley Koplik, Executive Director, Kansas Board of Regents, said faculty salary studies have consistently shown the retirement program for Regents faculty members is seriously deficient when compared to peer institutions in other states. He added the Board of Regents has not taken an official position on the bill and the Board will continue to approach the Legislature each year with requests for modest increases until funds reach a proper level of competition with institutions in other states. Attachment 2.

Connie Hubbell, Legislative Chairman of the State Board of Education indicated strong support of HB 2829 which would allow

MINUTES OF THE HOUSE COMMITTEE ON PENSIONS, INVESTMENTS AND BENEFITS,

room 527-S, Statehouse, at 9:00 a.m./p.m. on February 19, 1986

House Bill 2829 - con't.

improvement of teacher salaries in excess of 4%. Attachment 3.

Gerald Henderson, Executive Director, Unified School Administrators of Kansas, discussed examples of increases in take home pay resulting from elimination of KPERS contributions and a 4% increase in gross salary. Attachment 4.

Kay Coles, Kansas-NEA, asked the committee to support HB 2829 since legislators have indicated a wish to provide direct benefits to teachers in the past. Attachment 5.

Charles Dodson, Executive Director of KAPE and Basil Covey, Kansas Retired Teachers Association, opposed HB 2829 based on the factors of a reduction in retirement pay for those who retire in the future if given in lieu of a salary increase; it is a pay-you-now-rather-than later scheme for those who do not retire; it could mean the end of benefit improvements in the retirement system; and it lowers death benefits payable to the estate of deceased employees. Attachments 6 and 7.

Ernie Mosher, Kansas League of Municipalities, said the League believes local levels should have the option of being a non-contributory plan rather than being mandated by statute. He discussed the problem of cut-off of federal funds at the local level indicating local levels are not prepared to fund the non-contributory system.

Marshall Crowther reviewed the precedents already set involving KPERS for issues in HB 2829. He requested that the committee not involve HB 2829 concerning the problems of skipping payments, bandits raiding the KPERS system and venture funding, but to consider these particular problems in a constitutional amendment. A synopsis of HB 2829 was presented by Mr. Crowther. Attachment 8.

Richard Ryan, Kansas Legislative Research Department, told the committee the cost of HB 2829 for fiscal year 1987 from all funds would be $51 million and $46.3 million from the state general fund.

The meeting adjourned at 10:30 a.m.

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

H 2829 Wed., Feb. 19, 1986

NAME	ADDRESS	ORGANIZATION	BILL NO.
Marilyn R. Simon	Alma, Ks.	Wabaunsee Co.	HB 2829
Neva Entrekin	Lawrence	K.U. Classified Senate	HB 2829
CHARLES DODSON	TOPEKA	K.A.P.E.	HB 2829
Claudia Smith Orton	Lawrence	Regents Classified Council	HB 2829
Bob Redling	Topeka	KAPE	"
[illegible]	Topeka	KS-NEA	"
Clyde Woods	Topeka	KDOT-Retired	"
A D Moret	"	KDOT - Retired	"
Beth Wilkie	"	AAUP	"
Jerry Marlatt	"	KSCFF	"
[illegible]	"	KPERS	"
[illegible]	"	"	"

HOUSE COMMITTEE ON PENSIONS,
INVESTMENTS, AND BENEFITS
February 19, 1986

Testimony of Secretary of Administration
Alden K. Shields

House Bill No. 2829

Thank you for the opportunity to review the Governor's recommendations on state employee compensation as they relate to House Bill No. 2829.

In brief, Mr. Chairman, this measure provides that the Kansas Public Employees Retirement System (KPERS), the Kansas Police and Firemen's Retirement System (KP&F), and the Kansas Retirement System for Judges be made non-contributory and that the state pick up the contributions currently being paid by covered employees. The four percent contribution made by school and non-school employees, the seven percent contribution made by members of KP&F, and the two/six percent contribution made by judges would be picked up by the employer. The Governor's investment budget provides $24.7 million in State General Funds to pick up the KPERS-School costs and $12.5 million in State General Funds ($17.2 million from all funds) to pick up the costs associated with the KPERS Non-School system and KP&F.

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2/19/86 H.PIB

Attachment 1

With respect to unclassified employees at the Regents institutions, the bill provides for the state to pick up the five percent retirement contribution currently being paid by those employees. The Governor's investment budget provides $9.1 million in State General Funds for this purpose.

With respect to local units of government who participate in KPERS or KP&F, the mandate for making those employers non-contributory is delayed until no later than January 1, 1991. At that time, all present local participating employers would be required to assume the employee retirement contribution. All new local employers affiliating with KPERS on and after January 1, 1987, would be required to participate on a non-contributory basis.

There are a number of advantages to making the KPERS system non-contributory. First of all, almost all private pension plans are non-contributory. In addition, non-contributory retirement systems have been gaining in popularity in recent years in the public sector as well. A recent survey indicates that 12 states now have non-contributory systems for all or some of their employees. A non-contributory system would aid the state in retaining its present employees and assist the state in recruiting new employees.

A second advantage of making KPERS non-contributory is that such a change requires a less than equal increase in employer retirement contributions. The total cost of a contributory system is greater than the total cost of a non-contributory system that provides the same benefits. Under a contributory system it is necessary to also fund the return of employee contributions in the event of termination of employment. If KPERS were made non-contributory, the actuarial funding status of the retirement system would be unchanged if the employer were to contribute only 3.1 percent of the total payroll. In other words, an employer contribution of 3.1 percent of salary has approximately the same actuarial value as the present employee contribution of four percent.

Historically, the KPERS funding objective has been to share KPERS' participating service costs equally between employees and employers. Prior to the 1980 actuarial valuations, this objective was met. In recent years, however, the calculated employer participating service rates have been less than four percent, and in each of the past five years, calculated employer contribution rates have decreased because of favorable investment and actuarial experience. As a result legislation has been enacted enhancing benefits such that an equitable sharing of costs has been maintained. Under the provisions of House Bill No. 2829, equitable cost sharing would no longer be an issue.

Certain concerns have been raised about this legislation, namely that (1) the employer would confiscate employee contributions made under the contributory system, (2) employee contributions made under a non-contributory system would limit future benefit increases, and (3) a non-contributory system would deny employees the benefit of forced savings.

With respect to contributions made under the participating system, all such contributions would remain in the individual account of each employee and available for withdrawal upon termination per present provisions of law. Concerning the benefit improvement issue, it is likely that a non-contributory system would provide more opportunity for benefit improvement than the present system because of the economies of scale associated with a non-contributory system. A non-contributory system that I am familiar with, the Missouri system, recently improved benefits by providing a 50 percent vested benefit after five years. Finally, with respect to the forced saving issue, state employees do have an alternative opportunity in the deferred compensation plan.

Finally, Mr. Chairman, looking only at the narrow confines of Fiscal Year 1987, this proposal provides for substantially greater employee benefits than if the same moneys were allocated in the form of a cost of living. If the $12.5 million allocated for the KPERS system and the $9.1 million allocated to the Regents system were pooled to provide for a standard cost of living adjustment, the COLA would approximate three percent. The take-home pay advantages associated with making the various retirement programs non-contributory are substantially greater.

In closing, Mr. Chairman, Marshall Crowther, the Executive Director of the Kansas Public Employees Retirement System, is also present to review the bill in greater detail.

Thank you, Mr. Chairman.

TESTIMONY TO HOUSE PENSION, INVESTMENTS AND BENEFITS COMMITTEE
Stanley Z. Koplik, Executive Director
Kansas Board of Regents

February 19, 1986

I am appearing before you this morning to briefly discuss the Governor's proposal under which the state would assume responsibility for the retirement contribution which is currently paid by individual employees. Because our faculty members constitute a very large share of the state's total unclassified work force, I would like to concentrate on the Governor's proposal as it pertains to that group.

When the Regents faculty retirement program was established in the early 1960's, it included a total retirement contribution of 10% funded evenly by the state and the individual employee (each contributed 5%). Despite a distinct national trend to enhance faculty fringe benefits, the original Regents faculty retirement program remained unchanged until July 1, 1985. At the beginning of the current fiscal year, the state's contribution to faculty retirement was increased to 6%.

Faculty salary studies have consistently shown that the retirement program for Regents faculty members is seriously deficient. In fact, latest available data indicate that the states' contributions to faculty retirement at a carefully selected group of peer institutions averages slightly more than 10%. In other words, our state contribution to a faculty retirement program is just slightly more than half the average contribution rate for similar institutions in other states. Such a situation places the Regents institutions at a distinct disadvantage in retaining exceptional faculty members and recruiting new ones.

As part of its Fiscal Year 1987 budget request, the Board of Regents recommended that the state's contribution to faculty retirement increase to 7%. The Board did not recommend the proposal forwarded by the Governor and has not taken an official position on his recommendation. However, a careful review of faculty salary and fringe benefits data for the past several years indicates our overall fringe benefits package is extremely weak. The Governor's proposal would make that program considerably more competitive.

The Governor's plan represents a proposal which could put to rest, for the foreseeable future, the issue of state contribution to faculty retirement. Otherwise, the Board of Regents will continue to approach the Legislature each year with requests for modest increases until we reach the level of our competition. In recruiting new faculty for our Regents institutions we have some degree of flexibility in offering salary; we have no room to negotiate as it relates to fringe benefits. Problem

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Kansas State Board of Education

Kansas State Education Building
120 East 10th Street Topeka, Kansas 66612-1103

February 19, 1986

TO: House Committee on Pensions and Investments

FROM: State Board of Education

SUBJECT: House Bill 2829

My name is Connie Hubbell, Legislative Chairman of the State Board of Education. I appreciate the opportunity to appear before the Committee on behalf of the State Board.

The State Board of Education strongly supports the improvement of teacher salaries. We believe by making the state KPERS noncontributory it will have the effect of improving teacher salaries in excess of four percent. It appears by adopting this system we would get more increase in salaries than most other systems we have had the opportunity to review.

Another significant factor in making this system noncontributory is that it provides an increase in teacher salaries without raising the local property tax. In some school districts, the property tax has about reached its limitation. We strongly support using nonproperty tax sources for improving salaries for educational personnel.

Based on a recent survey conducted by Emporia State University, 66 percent of the participants supported an increase in the sales tax as a means of raising money for improvement of teacher salaries. Acknowledging this direction from Kansas, the State Board of Education believes it is essential that teacher salaries become more competitive with private industry.

Low teacher salaries are the major deterrent in attracting more students to the teaching profession. One of the important concerns of the State Board is maintaining a high quality teaching staff in Kansas schools. A study conducted by Ernest Boyer, President of the Carnegie Foundation for the Advancement of Teaching, and former U. S. Secretary of Education, indicated that in the Fall of 1972, 20 percent of all freshmen entering college across the nation planned to go into the teaching field. In the Fall of 1982, only 4.7 percent of the nation's college freshmen planned to enter teaching. Similarly, in Kansas, according to a 1985 study done at Emporia State University, the number of students

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2/19/86 H. P&B

Attachment 3

who completed teacher certification programs at the Kansas schools of education dropped from 4,445 in 1972 to 1,890 in 1985, a decline of 57.5 percent. The study predicts a teacher shortage in three to five years, especially in the areas of science, mathematics, language arts, and foreign languages, unless teacher salaries are improved.

In summary, the State Board of Education supports House Bill 2829 as one way of improving teacher salaries without raising the property tax.

USA
UNITED SCHOOL ADMINISTRATORS
OF KANSAS

Testimony on HB 2829
Presented before the House Pensions, Investments and Benefits Committee
by Gerald W. Henderson, Executive Director
United School Administrators of Kansas

February 19, 1986

Mr. Chairman and members of the committee. We appreciate the opportunity to visit with you briefly in support of HB 2829. USA firmly believes that at a time in our economic history when dollars for increases in teacher salaries are difficult to come by, we ought to put those dollars where they can provide the greatest benefit to the employee. We believe that this proposal does that. The examples included on the table attached to my testimony illustrate the truth of this claim by showing what happens to take-home pay under present provisions, if KPERS were non-contributory, and if a 4% increase in salary were given. This data was prepared by KPERS.

We question the claim by some that if KPERS becomes non-contributory employees would lose control of the system. What control? If the legislature wanted to play games with KPERS, it could have done so at any time during the history of the system. On the contrary, you have acted responsibly and have provided whatever funding was necessary to keep the system actuarially sound.

HB 2829 would allow all districts to increase take-home pay by 4% without increasing property taxes. Under some proposed scenarios, that may be all some districts will be able to do.

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2/19/86 H.PIB
attachment 4

Table 1

Examples of Increases in Take-Home Pay
Resulting from Elimination of KPERS Contributions
and a 4% Increase in Gross Salary

	Present Provisions	KPERS Made Non-contributory	4% Salary Increase
Gross Salary	$15,000	$15,000	$15,600
Federal Income Taxes	2,050	2,164	2,160
State Income Taxes	444	444	492
Social Security Taxes	1,057	1,057	1,100
KPERS Contributions	600	--	624
Net Take-Home Pay	$10,849	$11,335	$11,224
Percentage Increase in Take-Home Pay	--	4.5%	3.5%
Gross Salary	$20,000	$20,000	$20,800
Federal Income Taxes	3,202	3,402	3,394
State Income Taxes	720	720	780
Social Security Taxes	1,410	1,410	1,466
KPERS Contributions	800	--	832
Net Take-Home Pay	$13,868	$14,468	$14,328
Percentage Increase in Take-Home Pay	--	4.3%	3.3%
Gross Salary	$25,000	$25,000	$26,000
Federal Income Taxes	4,457	4,757	4,745
State Income Taxes	1,056	1,056	1,104
Social Security Taxes	1,762	1,762	1,833
KPERS Contributions	1,000	--	1,040
Net Take-Home Pay	$16,725	$17,425	$17,278
Percentage Increase in Take-Home Pay	--	4.2%	3.3%

Note: Estimated income taxes withheld are for a single employee. Figures shown in table assume that the only deductions in addition to income taxes are for Social Security and KPERS; other possible deductions (such as for family coverage under the State Health Benefits Plan) are not taken into account.

KANSAS-NATIONAL EDUCATION ASSOCIATION / 715 W. 10TH STREET / TOPEKA, KANSAS 66612

Kay Coles Testimony before the

House Pensions, Investments and

Benefits Committee

February 19, 1986

Thank you, Mr. Chairman. Members of the Committee, my name is Kay Coles and I am here today representing the 22,000 members of Kansas-NEA. I appreciate the opportunity to speak with you about HB 2829.

Kansas-NEA strongly supports HB 2829. We believe the advantages of picking up the KPERS contribution now paid by teachers and administrators heavily outweigh any disadvantages that opponents may mention.

The direct monetary advantage would be an increase of 4.8% in take-home pay for school employees. We believe this is an appreciable increase in compensation for teachers and administrators and one that is welcome in a year when lawmakers are searching for creative, new ways to enhance the salary packages for school employees.

As you can see on the attached chart, it would take a salary increase of 5% to equal the take-home pay boost created by the KPERS pick-up. You might also note that a straight salary increase of 4% -- which is the amount teachers now pay into KPERS -- would yield only a 3.8% enhancement of take-home pay.

Choosing to pick-up the KPERS contribution would guarantee that all teachers in Kansas receive a boost in take-home pay -- including those who reside in districts where budget lids may be quite low or those who teach in districts where there is virtually no state aid provided to the school district.

(more)

Atch. 5
2/19/86 H.PIB

Attachment 5

Telephone: (913) 232-8271

In addition to the advantages for teachers and administrators, there are distinct advantages to the state if HB 2829 is approved. The state can pick-up the 4% school employee contribution while expending only 3.1% of the cost per employee. This savings results from the limitations on withdrawal of funds and the accrual of interest monies that would remain in the program.

We believe also that there are advantages to having monies remain in the KPERS system to make it more of a retirement system rather than a forced savings plan for short time KPERS members. Too, monies staying in can be used in future years to provide an improved retirement system for those who retire.

Time and again legislators have indicated a desire to provide direct benefits to teachers. Positive consideration of HB 2829 would give you an opportunity to be directly involved in -- and responsible for -- a 4.8% increase in the paychecks of school employees.

Kansas-NEA asks that you report HB 2829 favorable for passage.

Thank you, Mr. Chairman, I would be glad to answer any questions.

Average Teacher Salary - $22,768.00

	Current	State Assumed Reitrement	4.0% Salary Increase	Salary Increase Equiv. of Retir. Assump. (5.0%)
Monthly Salary	$1,897.33	$1,897.33	$1,973.23	$1,992.25
Taxable Salary	1,821.44	1,897.33	1,894.30	1,912.56
Social Security	135.66	135.66	141.09	142.45
Federal Tax	179.32	192.22	191.71	194.81
State Tax	42.45	41.86	46.63	47.68
Retirement	75.89	---	78.93	79.69
Health Insur.	127.35	127.35	127.35	127.35
Net Monthly (Take Home)	$1,336.66	$1,400.24	$1,387.52	$1,400.27
% Increase Net monthly (Take Home)		4.8%	3.8%	4.8%

KANSAS
ASSOCIATION OF
PUBLIC EMPLOYEES

Presentation of Charles Dodson

to the House Pensions, Investments, and Benefits Committee

February 19, 1986

We are opposed to HB 2829 as it is now before you. State employees need all the money in increased take home pay they can get. But, non-contributory retirement is a numbers game - which promises much and gives very little. It cannot be considered in a vacuum. It has not been presented in a vacuum. Our opposition is based on the following factors:

1. It will mean a reduction in retirement pay for those who retire in the future if given in lieu of a salary increase.

2. It is a pay-you-now rather than later scheme for those who do not retire.

3. It could mean the end of benefit improvements in the retirement system.

4 It lowers death benefits payable to the estate of deceased employees

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400 West 8th Ave. Suite #306 Topeka, Kansas 66603 913-235-0262

5. State workers will lose the feeling that it is their system if it becomes non-contributory.

We've had gimmicks and merit plans, coinsurance adjustments, and balanced matrices and somehow the employee always gets the short end of the stick. Every thing gets all fouled up. We've earned a salary increase so provide that and leave the retirement system alone. It works now, so let it work.

Kansas Retired Teachers Association

1985-1986

February 19, 1986

Members of the House Pensions, Investments and Benefits Committee:

My name is Basil Covey and I represent the Kansas Retired Teachers Association.

We do not support HB 2829.

The Kansas Public Employees Retirement System was built by employee participation in the program. This bill, we believe, will tend to weaken the system by removing employee responsibility and interest.

This bill represents a departure from the traditional method for employees to plan their personal retirement program.

History will bear out the fact that when the government enters the financial picture, then a certain amount of control goes with it. Soon employees lose control of their retirement benefits. If the state giveth, the state can take away!

There are 14,000 retired teachers in Kansas and each one participated in building the sound program we now have. We feel that this bill is a threat to the stability of the program.

We urge the committee to vote against HB 2829.

Sincerely,

Basil Covey

Basil Covey
KRTA

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Synopsis of House Bill 2829

Section 1, page 1, lines 45-46, changes the definition of member of the judges' system to include those who are having the required employee contributions being made by the state.

Section 2, page 3, lines 107-114, deletes language reducing a judge's contribution rate from 6% to 2% after attaining age 65 and 20 years of service.

Page 3, lines 115-120, defines the payroll period when the noncontributory system for judges will take effect.

Page 4, lines 134-135, qualifies the employer actually making the total required contributions from the "picked-up contributions" passed a couple of years ago.

Section 3, page 5, lines 167-170, provides that any participating service that is subquently withdrawn cannot be used in determining eligibility for other benefits.

Page 6, lines 198-206, provides that a member who returns after 2 years will have his noncontributory and prior service re-credited on a one for one basis and when all noncontributory service is re-credited the balance of prior service will be re-credited.

Section 4, page 8, lines 271-273, is a new definition of contributory service.

Page 10, lines 369-371, changes the definition of member of the KPERS system to include those who are having the required employee contributions being made by the state.

Page 11, lines 387-389, is a definition of noncontributory service.

Section 5, page 13, lines 461-463, mandates all locals who affiliate on and after January 1, 1987, under KPERS will contribute all required contributions.

Page 14, lines 524-533, provides that locals who affiliated prior to January 1, 1987, may elect to go noncontributory upon filing a resolution and mandates noncontributory on and after January 1, 1991.

Section 6, page 15, lines 555-558, retains the right of a local elected official who is with an employer who has not elected to go noncontributory to have an election to participate in KPERS.

Page 16, lines 565-569, mandates coverage for elected officials who are with a participating employer who does elect to go noncontributory.

Section 7, page 19, line 691, specifies the member continues to have 5 year protection of membership if they have contributions on deposit.

Page 19, lines 697-702, provides that members with noncontributory service termination does not constitute a break if they return to employment within 2 years.

Page 19, lines 703-711, provides that a member who returns after 2 years will have his noncontributory and prior service re-credited on a one for one basis and when all noncontributory service is re-credited the balance of prior service will be re-credited.

Atch. 8
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Section 8, page 20, lines 30-31, specifies that an employer will also not be required to make contributions on a retirant who returns to work.

Section 9, page 22, line 84, strikes the word contributing from the term active contributing correctional employee.

Page 23, line 122, strikes the word contributing from the term active contributing correctional employee.

Section 10, page 26, lines 243-246, provides that withdrawn contributory service cannot be used in determining eligibility for any other benefits.

Page 26, lines 255-260, this is superfluous language as the same language appears in K.S.A. 74-4913(d).

Section 11, page 27, line 273, allows locals who have not gone noncontributory to continue to take 4% of the member's compensation.

Page 27, lines 283-284, qualifies the employer actually making the total required contributions from the "pick-up contributions" passed a couple of years ago.

Page 28, lines 308-312, mandates the state to pay all required contributions for state employees and school employees.

Page 28, lines 313-317, provides that for those locals so electing between 1987 and 1991 they will pay all required contributions.

Page 28, lines 318-321, mandates all locals to pay all required contributions on and after 1991.

Section 12, page 28, lines 329-330, this is a double deduction buy back for KPERS forfeited service which indicates employees who are with a noncontributory agency will only make the contribution of 4%.

Section 13, page 29, lines 350-351. Individuals who are purchasing military service via double deduction will only contribute at 4% if they are with a noncontributory agency.

Section 14, page 30, lines 409-410, provides that individuals who are purchasing elected official service via double deduction will only contribute 4% if they are with a noncontributory agency.

Section 15, page 33, lines 517, 520, 523-524, 526, establishes the employer contribution rate for the state and those locals who elect to go noncontributory at 7.1% for Fiscal Year 1987 for non-school and 6.8% for school.

Section 16, page 35, lines 599-603, deletes the requirement for TIAA members to contribute 5% of their salaries.

Page 36, line 605, increases the state's rate from 6% to 11%.

Section 17, page 42, lines 35-40, provides that if one of the two entities consolidating is a noncontributory employer then the consolidated entity will be a noncontributory employer.

Section 18, page 42, lines 42-58, gives the Kansas State High School Activities Association the opportunity to go noncontributory between now and 1991 but mandates it in 1991.

Section 19, page 44, line 110, specifies the member continues to have 5 year protection of membership if they have contributions on deposit.

Page 44, lines 116-121, provides that members with noncontributory service, termination does not constitute a break if they return to employment within 2 years.

Page 45, lines 122-130, provides that a member who returns after 2 years will have his noncontributory and prior service re-credited on a one for one basis and when all noncontributory service is re-credited the balance of prior service will be re-credited.

Section 20, page 46, lines 159-161, mandates all locals who affiliate on and after January 1, 1987, under KP&F will contribute all required contributions.

Page 47, lines 206-215, provides that KP&F employers who affiliated prior to January 1, 1987, may elect to go noncontributory upon filing a resolution and mandates noncontributory on and after January 1, 1991.

Section 21, page 49, lines 298-302, provides that members with noncontributory service termination does not constitute a break if they return to employment within 2 years.

Page 49, lines 303-311, provides that a member who returns after 2 years will have his noncontributory and prior service re-credited on a one for one basis and when all noncontributory service is re-credited the balance of prior service will be re-credited.

Section 22, page 50, lines 319-321, expands the term active contributing member to include a member whose contributions are being made by the participating employer.

Page 51, lines 353-356, expands the term active contributing member to include a member whose contributions are being made by the participating employer.

Section 23, page 52, lines 398-400, expands the term active contributing member to include a member whose contributions are being made by the participating employer.

Page 54, lines 464-466, expands the term active contributing member to include a member whose contributions are being made by the participating employer.

Section 24, page 58, lines 82-85, service representing withdrawn contributory service under KP&F cannot be used in determining eligibility for any benefits.

Section 25, page 60, line 138, deletes language reducing KP&F contribution rate from 7% to 2% after attaining 35 years of credited service or after attaining age 60 with 20 years of service.

Page 60, lines 145-146, qualifies the employer actually making the total required contributions from the "picked up contributions" passed a couple of years ago.

Page 61, lines 170-172, mandates the state to pay all required contributions for state employees.

Page 61, lines 173-177, provides that for those KP&F employers so electing between 1987 and 1991 they will pay all required contributions.

Page 61, lines 178-181, mandates all KP&F employers to pay all required contributions on and after 1991.

Section 26, page 63, lines 253-259, establishes the employer contribution rate for Fiscal Year 1987 for the state to be an additional 6.3% of the certified rate and also for local units of government who elect to go noncontributory their rate will be an additional 6.3% of the certified rate.

Section 27, page 65, lines 312-313, an active contributing KP&F member is expanded to include a member whose contributions are being made by the employer.

Page 65, lines 330-332, an active contributing KP&F member is expanded to include a member whose contributions are being made by the employer.

Section 28, page 66, lines 363-364, this is portability section and changes the definition of a member to one who has not retired under a particular retirement system.

Section 29, page 66, lines 372-382, mandates coverage for legislators upon taking the oath of office to which they were elected.

Page 67, lines 383-396, deletes that provision in the existing act which would allow a legislator to elect not to participate but retains the language to allow those who previously elected not to participate to purchase that service.

Section 30, page 68, lines 431-434, provides for any legislator electing to buy additional years of compensation that any required contributions can be deducted from any compensation, expense allowance or reimbursement or combination thereof.

Page 68, lines 453-456, for those legislators electing to include their expense allowance, provides that the required employee contributions may be deducted from any compensation, expense allowance, reimbursement or combination thereof.

Page 69, lines 457-460, specifically states the employer will not make any of the required employee contributions as described above in lines 431-434 and 453-456.

Section 31, page 69, lines 467-469, mandates that the state of Kansas pay the required contributions for all eligible members who are court reporters.