

Approved MARCH 22, 1990
Date

MINUTES OF THE HOUSE COMMITTEE ON PENSIONS, INVESTMENTS AND BENEFITS

The meeting was called to order by Rep. Vernon L. Williams at
Chairperson

7:50 a.m./~~p.m.~~ February 22, 1990 in room 531N of the Capitol.

All members were present except:

Rep. Barbara Allen (Excused)
Rep. Don Rezac (Excused)

Committee staff present:

Richard Ryan, Legislative Research Marshall Crowther, KPERS
Alan Conroy, Legislative Research Jack Hawn, KPERS
Mary Meier, Committee Secretary

Conferees appearing before the committee:

Rep. Weimer
Judy Lambert
Charles Dodson, KAPE
Rep. Brady

Chairman Williams announced that hearing on HB2956 previously announced to carry over to today, will be closed at this time. Written testimony of John Foster will be received by the Chairman and distributed to committee members. (Attached).

Chairman Williams then opened the hearing on HB2955. He welcomed Rep. Franklin Weimer to the Committee. Rep. Weimer testified in support of HB2955. He testified that in the '89 session he and Rep. Jenkins introduced HB2282 which would have provided assistance for retired policemen and firemen who had been married for more than 20 years and subsequently divorced. That bill was not heard because of other problems with public employees' retirement system which this bill didn't address. He stated the bill before the committee is a much better piece of legislation. His interest in HB2955 is the portion that provides for the security of a spouse who has invested 20 or more years in a marriage with no job skills or assets and no recourse to retirement pensions. This bill would be subject to the court's consideration as to future and present earnings. Upon questioning by Rep. Wilbert, Rep. Weimer confirmed that this bill would not give the spouse automatic access to the pension benefits, rather would be discretionary with the court awarding any decree. (AFF 1)

Rep. Shallenburger asked if the court now has that discretion, whereupon Rep. Weimer replied that the spouse does not now have access to a claim for a future retirement benefit. Chairman Williams confirmed that the present statute provides that no claim can be made on pension benefits or future benefits, including decrees for support or maintenance.

Rep. Turnquist was unable to attend the meeting and in his absence Rep. Carol Sader read previously submitted written testimony (Attachment 1) to the committee. She pointed out that this provision in HB2955 is analagous to a bill Rep. Turnquist introduced in the '89 session, HB2285. That bill never came before the committee but an amendment with the same provision did come before the body at the end of the '89 session and was passed overwhelmingly by the House. She proceeded to read the written testimony.

Chairman Williams introduced Judy Lambert, who identified

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON PENSIONS, INVESTMENTS AND BENEFITS,
room 531N, Statehouse, at 7:50 a.m./~~p.m.~~ on February 22, 1990

herself as Chief of Member Services, KPERS, and in support of the bill both as such employee and personally, citing personal experience with access to KPERS medical disability retirement funds. She felt the KPERS benefits should not be protected, that the children of retirees should have access to those benefits.

Marshall Crowther stated that the present "shielding" of the KPERS account does not protect it from being considered by the court: that is, being taken into account; what it's protected from is requiring the retirement system to disburse funds in any way other than provided by statute. He indicated that the funds have been effectively protected under these statutes through litigation through the years. The bill simply provides that an order for support or maintenance must come through the district court here in Topeka rather than the system participating in all kinds of actions in this state or elsewhere. That any payment that would be made would be made through the court and the court then makes the disbursement, whether all or in part, to the parties prevailing. It does not present any administrative problems to the agency. He pointed out to the committee that the bill deals with support of minor children; it deals with maintenance in the instance of individuals who have been married for 20 or more years. If this is enacted, there may still be situations where individuals might think the law was changed for them even though they had been married less than 20 years. Or if there were a situation other than maintenance, where there are few assets in the marriage, that there might be an attempt to set aside benefits as part of a property division.

Rep. Watson asked that Mr. Crowther clarify why the 20-year time and Mr. Crowther responded that it was parallel to vesting requirements initially in KP&F.

Chairman Williams declared the hearing on HB2955 closed.

He then opened the hearing on HB2952 and welcomed Craig Grant, KNEA, who offered oral and written testimony (Attachment 2) in support of the bill.

Charles Dodson, KAPE, spoke briefly in support of HB2952. His understanding of the bill was that it would allow KPERS Board of Trustees to establish the right for disability at 66-2/3%. It's not mandatory. A year ago it was authorized to go from 60 to 65% and was subsequently subsequently raised by the Board. People in the insurance disability program did not receive the annual increase in benefits. He said this increase as provided in HB2957 is called for and necessary.

Marshall Crowther commented that this bill does not have a fiscal note in terms of employer contributions. Group insurance programs have a statutory employer contribution that's accounted for with separate reserves for group insurance and in looking at that reserve we are in a position to implement this increase. All employers pay .6% of payroll and fund the rserve.

Chairman Williams announced the conclusion of hearing of HB2952.

Chairman Williams opened the hearing on HB2937.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON PENSIONS, INVESTMENTS AND BENEFITS,
room 531N Statehouse, at 7:50 a.m. on February 22, 1990

Charles Dodson, KAPE, spoke briefly in support of the bill, which removes the 5-year limitation and allows members to come in and withdraw their contribution at a later date. This would protect the person who leaves KPERS, leaving contributions and intending to come back into service but does not within the 5 years, to withdraw contributions at a later time, but with no interest accruing after the 5-year period.

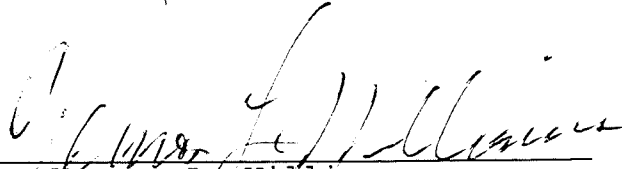
Rep. Brady spoke in support of the bill, feeling a need to eliminate the necessity for the Board to decide whether this disbursement should be made.

Marshall Crowther spoke briefly, stating that KPERS participants' contributions are protected for a 5 year period following termination of service. That heretofore a former employee would have to make application, sign an affidavit that they had intended to re-enter service but had not done so and the Board would take action. That the system has never turned anyone down but that the administrative work would in all probability be decreased in that the disbursement would be made automatically on application, negating the need for Board action.

On question by Chairman Williams: "What happens if someone is vested and reaches retirement age and does not make application?", Mr. Crowther responded that if they have an account it is sometimes a problem locating them but if they make application at any point they can start receiving retirement benefits. Rep. Sader asked what happened to the interest on the account and Mr. Crowther replied that once a participant stopped being a member the interest stops. The person withdrawing money would get their money and the interest accrued during the 5 years the membership was protected.

Chairman Williams declared the hearing on HB2937 closed.

The meeting adjourned at 8:30 a.m.



Rep. Vernon L. Williams
Chairman

Testimony of
JOHN L. FOSTER
Chief of Police
Lenexa, KS

REF: House Bill #2956 - 1990 Session

House Bill #2956 would amend the calculation for determining the final average salary of public employees for retirement purposes. If this amendment becomes law it will adversely impact the public employee.

Employees are encouraged to plan for their retirement and many do. This amendment would lead the employee to believe that there is little value in planning since the rules are subject to change in the process and the change may be to their detriment. Public employees throughout the state today have decided on a retirement date after long years of service. They have been able to estimate, sometimes with the able assistance of the KPERS Field Representatives, what they can expect as retirement income. These estimates are based on precedent, custom and practices over the past years. Now comes House Bill #2956 and arbitrarily changes the rules. Why? Has someone attempted to abuse the system? Has some outrageous incident triggered this bill? If so, is the entire class to be punished because of one individual or one incident. I would hope not. This committee does not have a history of being arbitrary and capricious with regard to the public employees of this state.

There is nothing that would prohibit the implementation of this amendment for future employees only. Those employees would at least be aware that the amendment is a condition of their employment.

I would urge the Committee to reject House Bill #2956.

February 22, 1990

Thank you Mr. Chairman. My name is Frank Weimer, and I am the State Representative from the 30th District. I appear before the committee today in support of House Bill 2955.

During the 1989 session, Representative Martha Jenkins and I introduced House Bill 2282, which would have provided assistance for the spouses of retired policemen and firemen who had been married for more than 20 years and then were divorced.

That bill was not heard in committee because there were other problems associated with the public employees retirement system which it did not address. The bill before you this morning contains the elements of our original bill and is, overall, a much better piece of legislation.

My interest in House Bill 2955 is the portion that provides for the security of a spouse who has invested 20 or more years in a marriage which then terminates in her middle age. More often than not, this spouse has devoted her life to maintaining a home and raising a family, leaving her little or no opportunity to develop job skills of any kind. To further complicate the situation, some divorced spouses have no claim to a pension of any kind because not all members of the Kansas police and firemen's retirement system are a part of the federal social security system.

For a woman of middle age facing the world alone, without job skills, and very possibly with minor children to feed and educate, the prospects for survival are bleak to say the least.

House Bill 2955 provides that if a couple has been married for 20 or more years, the decree shall include a consideration of present and future earnings, which would automatically include future pension rights. If the former spouse of remains unmarried, then the maintenance portion of the divorce decree may include a percentage of monthly retired benefits when the member retires. This is a reasonable and equitable approach to a problem that is very real for a middle aged divorced spouse who has no access to other pension benefits and must begin her life anew. I urge you to consider it favorably.

Mr. Chairman, I will be happy to respond to questions.

ATT 1

LARRY F. TURNQUIST
REPRESENTATIVE, SIXTY-NINTH DISTRICT
SALINE COUNTY
815 HANSON HOLLOW
SALINA, KANSAS 67401-4866



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HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
RANKING MINORITY MEMBER: INSURANCE
JOINT COMMITTEE ON ADMINISTRATIVE
RULES AND REGULATIONS
MEMBER: APPROPRIATIONS

Testimony Before House Pension Committee

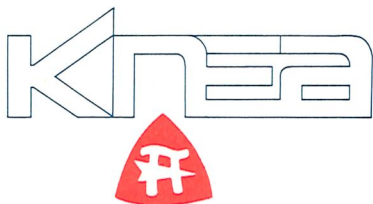
Thank you for the opportunity to provide the committee with testimony in support of HB 2955. Many of you probably remember that the House of Representatives just last year supported and passed an amendment that would have placed KPERS benefits or withdrawals subject to child support orders. When I first learned that our retirement funds were quote "protected" from such orders, I was shocked. I could not believe that our state would have such a provision. We have been working for years to strengthen our laws regarding child support, so that children of divorced parents will be able to receive necessary monetary support. I cannot imagine any justification for this legislature to continue to provide this type of preferential treatment. I strongly support the passage of this legislation and would urge the committee to also support passage of this legislation.

Sincerely,

A handwritten signature in blue ink that reads "Larry". The signature is written in a cursive, flowing style.

Larry Turnquist

Arr 1-A



Craig Grant Testimony Before The
House Pensions, Investments & Benefits Committee
Thursday, February 22, 1990

Thank you, Mr. Chairman. I am Craig Grant and I represent
Kansas-NEA. I appreciate this opportunity to visit about
HB 2952.

Kansas-NEA certainly supports HB 2952. We have had the
66 2/3% rate for disability in our policies for a number of
years. We have been inching up toward that mark and HB 2952 gets
us the last mile up to our goal. Maybe the term "good things
come to those who wait" is appropriate. I hope the term "Craig
Grant memorial bill" is not the appropriate item.

K-NEA supports HB 2952 and hopes that the legislature and
this committee will support this concept. If nothing else, our
proposal can be shorter in 1991. Thank you for listening to our
concerns.

ATT. 2