

Approved: 4/7/95
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson Robin Jennison at 12:20 p. m. on March 30, 1995 in Room 514-S of the Capitol.

All members were present except:

Committee staff present: Alan Conroy, Legislative Research Department
Don Cawby, Legislative Research Department
Laura Howard, Legislative Research Department
Russell Mills, Legislative Research Department
Kathy Porter, Legislative Research Department
Leah Robinson, Legislative Research Department
Jim Wilson, Revisor of Statutes
Gordon Self, Revisor of Statutes
Lenore Olson, Committee Secretary

Conferees appearing before the committee:

Janet Schalansky, Acting Director, Department of Social and Rehabilitation Services (SRS)
Bobbi Mariani, Division of Personnel Services
Jamie Clover Adams, Kansas Grain & Feed Association
Joe Lieber, Kansas Coop Council

Others attending: See attached list

Chairperson Jennison opened the hearing on **SB 176**.

SB 176 - State officers and employees; unclassified service; Kansas, Inc., KTEC; Kansas Corporation for Change.

Janet Schalansky, Department of SRS, testified in support of **SB 176** and said the conversion of Long-Term Care Workers to the unclassified service will meet many needs. Ms. Schalansky requested an amendment to the bill which would eliminate reference to the Commissioner of Mental Health and Retardation Services (Attachment 1).

Bobbi Mariani, Division of Personnel Services, testified in support of **SB 176** and said this bill coordinates with the implementation of the SHARP project (Attachment 2).

Written testimony in support of **SB 176** was provided by Cindy Diehl, KTEC (Attachment 3).

The Chair closed the hearing on **SB 176**.

Chairperson Jennison opened the hearing on **SB 380**.

SB 380 - Public warehouse license fees.

Jamie Clover Adams, Kansas Grain and Feed Association, testified in support of **SB 380**. She said increasing the warehouse license fee ceilings gives the Kansas Grain Inspection Department another avenue to continue the top notch work of the Warehouse Division (Attachment 4).

Joe Lieber, Kansas Coop Council, testified in support of **SB 380** and said the Legislative Committee of the Council has agreed to support this legislation.

The Chair closed the hearing on **SB 380**.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, Room 514-S Statehouse, at 12:20 p.m. on March 30, 1995.

A motion was made by Representative Kejr, seconded by Representative Helgerson, to move **SB 380**. The motion carried.

The Chair directed the Committee to turn to **SB 342**.

SB 342 - Creating the Kansas guardianship program.

A motion was made by Representative Carmody, seconded by Representative Hochhauser, to report **SB 342** favorable for passage. The motion carried.

The Chair directed the Committee to turn to **SB 362**.

SB 362 - State employee benefits programs; duties of secretary of administration.

A motion was made by Representative Gatlin, seconded by Representative Carmody, to report **SB 362** favorable for passage. The motion carried.

The Chair directed the Committee to turn to **SB 176**.

A motion was made by Representative Neufeld, seconded by Representative Wilk, to technically amend **SB 176** to eliminate reference to the Commissioner of Mental Health and Retardation Services. The motion carried.

A motion was made by Representative Neufeld, seconded by Representative Kejr, to amend **SB 176** to allow new employees hired by the state council on vocational education to be hired as unclassified employees, to change the position of the assistant secretary of agriculture from classified to unclassified, a technical amendment relating to the governor's salary approval for employees in unclassified service, and another technical amendment to change the effective dates as shown on the balloon (Attachment 5).

The Chair divided the question.

A vote was taken on the state council on vocational education portion and the motion carried.

A vote was taken on the portion relating to the assistant secretary of agriculture and the motion carried.

A vote was taken on the first technical amendment and the motion carried.

A vote was taken on the second technical amendment and the motion carried.

A motion was made by Representative Neufeld, seconded by Representative Carmody, to pass as amended **SB 176**. The motion carried.

The Chair directed the Committee to turn to **HB 2569**.

HB 2569 - KPERS, state of Kansas, retirement plan and benefits (early buy-out).

A motion was made by Representative Bradley, seconded by Representative Carmody, to amend **HB 2569** in four areas. The first part would be by changing from 65 to 75 the total of years of credited service plus the age of the retiring member as shown on the attached balloon (Attachment 6). The motion also contained a conceptual amendment to eliminate the five-year bonus and to replace it with health care until age 65.

Staff distributed a fiscal note on the cost of providing health insurance coverage until age 65, using seventy-five points (Attachment 7).

A letter from the Kansas City, Kansas, Housing authority in support of **HB 2568** was distributed (Attachment 8).

HB 2568 - KPERS, local employers, retirement plan and benefits.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, Room 514-S Statehouse, at 12:20 p.m. on March 30, 1995.

A vote was taken on the first part of the motion by Representative Bradley to amend **HB 2569** and the motion carried.

The second part of the motion was to amend **HB 2569** to delay actual retirement as shown on the attached balloon (Attachment 9). The bill is also to be amended on page 8 in line 33 to include the provisions shown on page 2 of the balloon. The motion carried. The motion carried.

The third part of the motion was to amend **HB 2569** as shown on the attached balloon (Attachment 10). The motion carried.

The last part of the motion by Representative Bradley to amend **HB 2569** was to increase the employer contribution rate .2 until it reaches the employee level of 4.0 (Attachment 11).

A substitute motion was made by Representative Nichols, seconded by Representative Hochhauser, to amend **HB 2569** to (1) adopt the balloon (Attachment 11) without the increase in the employee contribution rate and, to (2) include the concept relating to future benefit packages and that KPERS report back on advisability of raising employee contribution rate.

The Chair divided the question.

A vote was taken on the first part of the motion by Representative Nichols and the motion carried with a count of 11 aye votes and 5 nay votes.

Representative Nichols, with agreement from Representative Hochhauser, withdrew the second part of the motion to amend.

A motion was made by Representative Carmody, seconded by Representative Wilk, to conceptually amend **HB 2569** directing the KPERS Board of Trustees to report to the 1996 Legislature on the advisability of increasing the employee rates for new hires and the advisability of converting the KPERS system to a defined contribution plan. The motion carried.

A motion was made by Representative Lowther, seconded by Representative Gross, to amend **HB 2569** to allow the Governor to make temporary hires not to exceed 12 months. The motion failed.

A motion was made by Representative Gatlin, seconded by Representative Helgerson, to amend **HB 2569** by striking all the provisions of this bill except for the last balloon relating to the employer contribution rate. The motion failed with a vote count of 9 ayes and 11 nays.

A motion was made by Representative Gross, seconded by Representative Bradley, to pass favorably as amended **HB 2569**. The motion carried with a vote count of 12 ayes and 8 nays.

The Chair directed the Committee to turn to **SB 95**.

SB 95 - Special Claims Against the State.

A motion was made by Representative Gross to reconsider his previous vote on March 9, 1995, relating to payment of costs for the Jones/Shriver race. The motion was seconded by Representative Neufeld. The Chair advised that if this motion carried, the Committee would be back on the motion to pay the costs for legal fees incurred due to the Jones/Shriver tie vote. The motion to reconsider carried.

A substitute motion was made by Representative Gatlin, seconded by Representative Cornfield, to amend **SB 95** to: (1) pay up to \$30,000 per party and (2) that a proviso be added to the bill that this claim be paid from the legislative budget and the funds be subtracted from leadership budgets.

The Chair divided the question.

The first part of the motion failed with a vote count of 9 ayes and 11 nays.

Representative Gatlin withdrew the second part of his motion.

A motion was made by Representative Kejr, seconded by Representative Gross, to amend **SB 95** to pay up to 75 percent of the attorney fees.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, Room 514-S Statehouse, at 12:20 p.m. on March 30, 1995.

A substitute motion was made by Representative Allen, seconded by Representative Helgerson, to amend **SB 95** to pay the court costs only and that they be paid from the State General Fund. The motion carried with a count of 13 aye votes and 7 nay votes.

A motion was made by Representative Helgerson, seconded by Representative Gatlin, to pass favorably as amended **SB 95**. The motion carried.

The meeting adjourned at 3:30 p.m.

The next meeting is scheduled for March 31, 1995.

**Department of Social and Rehabilitation Services
Janet Schalansky, Acting Secretary**

**Before the House Appropriations Committee
March 27, 1995**

**Senate Bill 176
Related to Long-Term Care Workers**

Mr. Chairman and members of the committee, thank you for this opportunity to testify in support of the change in the civil service status of Long-Term Care Workers as proposed by Senate Bill 176.

In part, the bill provides for the transfer of Long-Term Care Workers from the classified to the unclassified service. This change is necessary to conform to the configuration of the new Statewide Human Resource and Payroll System (SHaRP) while continuing the flexibility to establish positions when and where they are needed.

By virtue of a budget proviso SRS now has the equivalent of 638 Long-Term Care Worker positions outside our position limitation. Staff in those positions provide a range of services that reduce nursing facility placements. Key to the Long-Term Care program's success is the capability to immediately establish a position anywhere in the state to respond to a client's need, whether that need is for a few hours a week or full time. The program would be seriously impaired by the administrative processes associated with FTE management.

To provide for an improved position management capability, SHaRP will have only regular or temporary positions. Regular positions will count towards an agency's FTE limitation while temporary positions will not.

A substantial number of our Long-Term Care Workers are currently appointed to "intermittent" positions, a status that will be eliminated by SHaRP. Intermittent employees work 49% time or less, accrue sick and vacation leave in proportion to hours worked, receive regular step increases, and obtain permanent status. If these intermittent positions are converted to temporary with the implementation of SHaRP, the incumbents would lose all benefits. Under SHaRP, unclassified temporary positions will be able to work any percentage of time, up to 100%, and will be entitled to the same benefits provided to classified employees, in proportion to hours worked.

While the conversion of Long-Term Care Workers to the unclassified service meets many needs, it does result the loss of staffs' civil service protection. In weighing that circumstance against the need for a responsive program, we must choose a course of action that is to the advantage of citizens we serve.

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Attachment 1*

As I close, I offer a technical amendment to Senate Bill 176 (handout). As it is currently written, the bill refers to Long-Term Care Workers employed by the Commissioner of Mental Health and Retardation Services. The Long-Term Care program is managed by our Income Support and Medical Services Commission. The amendment I offer eliminates reference to the Commissioner of Mental Health and Retardation Services. I believe it is technically correct to refer to physician specialists, dentists, dental hygienists, pharmacists, medical technologists and long term care workers employed by the State Department of Social and Rehabilitation Services.

Thank you for your consideration of these thoughts. I welcome the opportunity to answer questions you may have.

Proposed Technical Amendment

SB 176—Am.

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- 1 by a legislative committee or commission or other competent authority
2 to make or conduct a special inquiry, investigation, examination or in-
3 stallation;
- 4 (j) officers and employees in the office of the attorney general and
5 special counsel to state departments appointed by the attorney general,
6 except that officers and employees of the division of the Kansas bureau
7 of investigation shall be in the classified or unclassified service as provided
8 in K.S.A. 75-711 and amendments thereto;
- 9 (k) all employees of courts;
- 10 (l) client, patient and inmate help in any state facility or institution;
- 11 (m) all attorneys for boards, commissions and departments;
- 12 (n) the secretary and assistant secretary of the Kansas state historical
13 society;
- 14 (o) physician specialists, dentists, dental hygienists, pharmacists and,
15 medical technologists *and long term care workers* employed by the
16 ~~commissioner of mental health and retardation services and assigned by~~
17 ~~the commissioner to a position in mental health and retardation services~~
18 ~~or any institution under the supervision of the~~ state department of social
19 and rehabilitation services;
- 20 (p) physician specialists, dentists and medical technologists employed
21 by any board, commission or department or by any institution under the
22 jurisdiction thereof;
- 23 (q) student employees enrolled in public institutions of higher learn-
24 ing;
- 25 (r) administrative officers, directors and teaching personnel of the
26 state board of education and the state department of education and of
27 any institution under the supervision and control of the state board of
28 education, except that this subsection (1)(r) shall not be construed to
29 include the custodial, clerical or maintenance employees, or any employ-
30 ees performing duties in connection with the business operations of any
31 such institution, except administrative officers and directors;
- 32 (s) all officers and employees in the office of the secretary of state;
- 33 (t) one personal secretary and one special assistant to the following:
34 The secretary of administration, the secretary of aging, the secretary of
35 commerce, the secretary of corrections, the secretary of health and en-
36 vironment, the superintendent of the Kansas highway patrol, the secretary
37 of human resources, the secretary of revenue, the secretary of social and
38 rehabilitation services, the secretary of transportation and the secretary
39 of wildlife and parks;
- 40 (u) one personal secretary and one special assistant to the chancellor
41 and presidents of institutions under the state board of regents;
- 42 (v) one personal secretary and one special assistant to the executive
43 vice chancellor of the university of Kansas medical center;

Testimony To The
HOUSE APPROPRIATIONS COMMITTEE

By
Bobbi Mariani
Division of Personnel Services

RE: Senate Bill 176

Mr. Chairperson and members of the committee, thank you for the opportunity to appear before you today in support of Senate Bill 176. My name is Bobbi Mariani, and I am the Acting Assistant Director of the Division of Personnel Services. I would like to first briefly describe the Statewide Human Resource and Payroll System Project (SHARP) and then address the proposed legislation.

The SHARP project began in May 1994 as a result of the Kansas Personnel/Payroll Study requested by the Legislature in 1992. This study concluded that KIPPS, the State's current personnel and payroll system, is outdated and unable to meet the needs of the state. SHARP will utilize the PeopleSoft, Inc. software package for its statewide human resource/benefits/payroll system. This system will efficiently and effectively support human resource, agency management and legislative policymaking needs. SHARP will issue its first payroll warrants in January 1996. At that time SHARP will replace KIPPS and will move our state personnel and payroll functions from 1970's technology into the 21st century. A summary document outlining the SHARP project scope, benefits, organization, budget, schedule and biweekly pay issues is attached to the testimony for your review.

In order to facilitate the SHARP transition, some of our present terminology and processes need to be updated to coincide with new SHARP functions and biweekly pay which represent the best human resource/payroll business practices throughout the public and private sectors. One of these processes is addressed in Senate Bill 176, which relates to employees of the Kansas Corporation for Change; Kansas, Inc.; and Kansas Technology Enterprise Corporation (KTEC). The proposed legislation places all employees of these agencies in the unclassified state service under the Kansas Civil Service Act. The salaries and compensations of these officers and employees will not be subject to the Governor's approval but will continue to be set by the Boards of those agencies.

These employees have never been considered "classified" or "unclassified" which means they have not had the rights and benefits of other state employees. By placing them in the unclassified service, they will receive several benefits. The proposed change will allow these employees to be considered "within the system" for promotion and transfer opportunities. Currently, if they want to transfer to another position or agency, the employees in these three agencies are treated the same as an applicant from outside state service. This bill would allow these employees to go to a classified position in state service, and their time spent as an unclassified employee would count toward their length of service for longevity bonuses, vacation accrual credits, placement in reemployment pools and layoff scores. Their leave balances would also be carried over into the new position.

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Attachment 2

Senate Bill 176 coordinates with the implementation of the SHARP project. For efficiency, two categories of employees, classified and unclassified, are recognized by the SHARP system. Employees of these agencies currently belong to neither category. If the bill does not pass, SHARP functions would have to be modified significantly to accommodate edits for a third type of employee group which includes 47 employees in three agencies.

The proposed bill also changes the language in the statute from examination "lists" and "registers" to merit "pools" in order to coordinate with other statutory changes reflecting terminology to be used in conjunction with the SHARP system.

The Senate amendments made to the original bill address the employees performing duties for the Information Network of Kansas, Inc.(INK) INK ceased to "exist as a state agency for accounting purposes" effective July 1, 1991. At that time, the function was considered part of Kansas, Inc. Employees performing work related to INK are contractual employees of Kansas Information Consortium, a private entity, which is retained by the INK Board of Directors. K.S.A. 74-9307 was not amended in 1991 when INK ceased to be a state agency. This amendment is simply updating the statute to mirror current operations.

The amendment also moves long-term care workers at the Department of Social and Rehabilitation Services to the unclassified service. This will provide for better position management under SHARP and will not affect the salaries and wages allocated to SRS. The long-term care workers will retain their current benefits such as sick and vacation leave accrual and salary increases. SRS supports this amendment.

Thank you for your time, and I encourage your favorable consideration of Senate Bill 176 as amended. I will be glad to answer any of your questions at this time.

STATEWIDE HUMAN RESOURCE & PAYROLL SYSTEM PROJECT

SHARP

January 30, 1995

PROJECT MISSION: Develop and implement a statewide human resource/benefits/payroll system that efficiently and effectively supports the human resource service needs of the State of Kansas. The SHARP Project will provide Kansas with systems, processes and prepared staff to support the State into the 21st century.

1. PROJECT SCOPE

- a. Align people, processes and technology with the State's human resource and payroll strategies.
- b. Replace the current HR/PAY mission critical system (KIPPS). KIPPS is 15 years old, uses 1970's technology and is costly to operate.
- c. Joint acquisition and project effort with the University of Kansas and Kansas State University.
- d. Business Process Reengineering (BPR).
- e. A proven, forward looking software package (PeopleSoft, Inc.).
- f. Use of advanced technology (Client/Server).
- g. Vendor systems integration support (Andersen Consulting).
- h. Knowledge transfer for state personnel.

2. SYSTEM BENEFITS

- a. Reengineered and streamlined processes for human resource, benefits and payroll functions.
- b. Compliance with the provisions of the Fair Labor Standards Act (FLSA) and facilitates monitoring of accurate overtime payments to non-exempt employees.
- c. Provides timely, flexible, access to integrated statewide information for agency management and legislative policy-making.
- d. Timely response to federal and state requirements.
- e. Provides ease of use to a wide range of users.
- f. Is flexible and maintainable.
- g. Reduced administrative and operating costs.
- h. Enables timely, effective interfacing to other state systems.

3. PROJECT ORGANIZATION

- a. Seamless organization of state and vendor personnel

- (1) 59 staff on the team
- (2) 31 State, 28 Andersen Consulting
- (3) State staff from DPS (7), A&R (8), DISC (3), CCSD (5), KDOT (1), SRS (1), KU (1), KSU (1), SHARP/DOA (4)

- b. Steering Committee
- c. User Acceptance Team from State Agencies
- d. Focus Groups Representing 1,500 state personnel
- e. Located in the Landon State Office Bldg., Rm 600N

4. PROJECT SCHEDULE

Open Enrollment (Benefits)	October 1995
Human Resource / Payroll	January 1996
Biweekly Pay Period	12/17/95 - 12/30/95
Pay Date	1/12/96
<u>On Schedule and Within Budget</u>	

5. BIWEEKLY PAY

As part of the implementation of the new SHARP System, the State will pay all of its employees on a biweekly basis. Pay periods will begin on Sunday and end two weeks later on Saturday. Paychecks will be issued two weeks later on Friday. If Friday (payday) is a holiday, paychecks will be issued on the closest preceding work day.

a. Reason for This Decision

There are a number of important reasons for the State to make this very significant change. As with most major operating policy decisions, the pros and cons are numerous and complex. In general, this decision was prompted by the fact that converting to the new SHARP System presented an opportunity to make significant changes in underlying business processes and policies. Also, the State's recent experience with FLSA related lawsuits illustrated the importance of structuring the State's payroll system in a manner that simplified compliance with the provision of the law and facilitated monitoring of accurate overtime payments to non-exempt employees.

Other major reasons for making the move to biweekly pay:

- There currently are five different pay cycles running each month: one biweekly, two semi-monthly and two monthly cycles; while the majority of employees are paid monthly, the effort required to run five pay cycles each month can be reduced significantly by consolidating all employees to the same pay cycle. Most large employers in the private sector limit the number of different pay cycles to the greatest extent possible.
- The efficiencies realized from running only one pay cycle also spread to other related payroll processes, such as eliminating salary advances, posting paychecks, using direct deposit and reconciliation/remittances.

- Biweekly pay periods allow the State, in most cases, to standardize work weeks and work periods for most employees, synchronize law enforcement work periods and the biweekly pay period; this enhances the State's ability to comply with the overtime pay requirements of FLSA.
- Standardized work schedules also make the administration of the SHARP System's new time and leave capture system simpler and more efficient.
- Having a standard number of hours in each pay period simplifies the process of accruing vacation, sick and other types of leave; this again allows the State to become more efficient administratively.
- Recruitment and retention of personnel is another benefit of biweekly pay. This pay cycle is consistent with private sector.
- Employees paid on an hourly basis produces fluctuating paychecks for any pay period other than biweekly. The State has therefore avoided this by implementing biweekly pay.

b. **Impacts on Employees**

From the employees' perspective, there are several benefits that will come with this change to biweekly pay:

- Employees will be paid more often: twenty-six times a year, rather than twelve.
- Employees will be paid more quickly for their work (every two weeks for the preceding two weeks, rather than every month, for the preceding month); new hires will not need to request salary advances.
- Pay dates will be standard (every other Friday) and will always fall on a work/banking day. Therefore, electronic fund transfer of warrants will occur consistently every pay period.
- For employees currently paid monthly, the conversion to the new SHARP System will create an "extra" paycheck in calendar year 1995, because pay for the November 18 to December 17, 1995 pay period will be paid December 29, 1995.
- For non-exempt employees, biweekly pay ensures a standard amount of gross wages in each paycheck, EXCLUDING shift differential or overtime.

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6. PROJECT BUDGET

Total Budget (FY 94 - 00) \$11,463,680
Computer Services Recovery
Fund (Fund 6163)

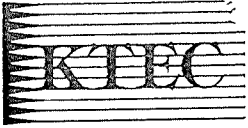
Vendor Contract -
(Andersen & PeopleSoft) \$ 8,130,098

Administration, Software
Maintenance, Equipment, PC
Software, Implementation Reserve,
KDFA Interest, Office Expenditures,
Staff (4) \$ 3,333,582

- a. Shadow Budget
- b. Agency Expenses for SHARP
- c. FY 96 Budget Request (\$2.77 million)

7. SHARP PROJECT ISSUES

- a. Funding
- b. Statutes
- c. Agency Readiness
- d. Regents' Readiness
- e. Training
- f. Time & Leave Reporting
- g. Technology Infrastructure



KANSAS
TECHNOLOGY
ENTERPRISE
CORPORATION

*KTEC's mission is to create and maintain
employment by fostering innovation, stimulating
commercialization, and promoting the
growth and expansion of Kansas businesses.*

THE KANSAS TECHNOLOGY ENTERPRISE CORPORATION

Senate Ways and Means Senate Bill 176

March 27, 1995

Cindy Diehl, Director of Operations

I wish to express the support of the Kansas Technology Enterprise Corporation (KTEC) for Senate Bill 176.

KTEC was created by the 1986 Legislature as a "quasi-public agency" to "foster technological innovation in existing and developing businesses." KTEC functions as a corporation with its corporate powers coming directly from statutes. As with all of the quasi-public agencies, KTEC is governed by a board of directors. KTEC's board is comprised of the governor or the secretary of commerce if the governor so chooses; legislators; the secretary of agriculture; one individual each representing the University of Kansas, Kansas State University, Wichita State University, and Pittsburg State University; and Kansas citizens from various private sector areas who are selected by the governor and the House and Senate leadership. The statutes governing KTEC became effective January 12, 1987.

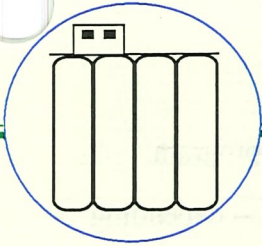
K.S.A. 74-8113 states that the president and all other employees of KTEC shall be considered to be state employees for the purposes of benefits only. In April of 1993, it was determined that employees of all quasi-public agencies shall still be entitled to benefits such as health insurance and KPERS; however, the determination was made that employees wishing to transfer from "traditional" state agencies to quasi-public agencies, or quasi-public employees wishing to work at a traditional state agency, would not be able to transfer their accumulated annual and sick leave from one to the other. Additionally, years of service at KTEC or other quasi-public agencies would not be counted as years of service when an individual would become employed by a traditional agency.

KTEC supports Senate Bill 176 which will remove the "quasi-public employee" status and will make KTEC's employees "unclassified employees" as specified in K.S.A. 75-2935b who will continue to report to KTEC's board of directors. The barrier will then be removed between quasi-public and traditional agencies for purposes of employment.

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Attachment 3



KANSAS GRAIN AND FEED ASSOCIATION

STATEMENT TO THE
HOUSE APPROPRIATIONS COMMITTEE
REGARDING S.B. 380
REP. ROBIN JENNISON, CHAIR
MARCH 30, 1995

Mr. Chairman and Members of the Committee, I am Jamie Clover Adams here today on behalf of the members of the Kansas Grain and Feed Association (KGFA). KGFA is the trade association for the grain industry in Kansas. Founded in 1896, the 1200 member firms include country elevators -- both independent and cooperative -- subterminal and terminal elevators, feed manufacturers, grain merchandisers and others who serve the industry. We appear today to support S.B. 380 which increases the fee ceilings for warehouse licenses and functional units under the Kansas Grain Warehouse Act (K.S.A. 34-228(f)(1)).

The warehouse license system exists to protect the agricultural producer. The Warehouse Division is a regulatory body who examine elevators to protect depositors much like bank examiners insure the health of a bank. The only difference is an elevator's currency is grain rather than greenbacks. This oversight insures that the farmer's investment remains safe. Also like the banking system, grain warehouses have the option of a state or federal license.

KGFA requested S.B. 380 to provide the Kansas Grain Inspection Department (KGID) with another tool to meet the requests of both legislative budget committees. As background, for the first time in its 96 year history, the KGID asked for state general funds (SGFs) for its warehouse division for FY 1995. This request was granted.

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The Governor's budget for FY 1996 contained \$131,000 for the Warehouse program. This amount has been reduced to somewhere between \$90,000 and \$95,000 -- depending on the outcome of the conference committee -- by the Senate Ways & Means and this committee. Further, as you are aware, both subcommittee reports for FY 1996 strongly suggest the Warehouse Division find other means of funding their operations.

The industry and the Department would like to comply with your request while keeping the warehouse system strong. However, one very important option -- increasing warehouse license fees -- is not available because current fees are at their statutory ceiling. S.B. 380 is introduced at this late date because if fee increases are necessary, the KGID needs an 18 month lead to get the funds into the pipeline.

In short, increasing the warehouse license fee ceilings gives the KGID another avenue to continue the top notch work of the Warehouse Division. **Yet increasing the fee ceilings does not necessarily mean fees will be increased.** KGFA has encouraged the Department to look at cutting costs and creating other income before license fees are increased. Further, by statute, any fee increase must meet the approval of the State Grain Advisory Commission, made up of industry members and producers. Cost cutting measures have been taken and other options for generating income are being explored by the Department. In fact, they intend to discuss the possibility of performing federal inspections with USDA once Former Congressman Glickman is confirmed as U.S. Secretary of Agriculture. This will generate income for the Department.

We thank the committee for taking the time to consider this issue given the late date of the session. I would be happy to answer any questions you may have.

PROPOSED AMENDMENT TO SENATE BILL NO. 176

Be amended:

On page 1, in line 18, preceding "K.S.A." by inserting "On and after December 17, 1995,"; in line 33, preceding "K.S.A." by inserting "On and after December 17, 1995,";

On page 2, following line 17, by inserting the following material to read as follows:

"Sec. 3. K.S.A. 72-4409 is hereby amended to read as follows: 72-4409. (a) There is hereby established the state council on vocational education. The state council on vocational education shall be composed of 13 members who shall be appointed by the state board of education, and every such appointment shall be for a fixed term of not to exceed three years. The terms of persons appointed to the state council shall be staggered so that approximately an equal number of members are appointed each year. Members appointed under this section shall be so qualified as to comply with the requirements of the Carl D. Perkins vocational and applied technology education act of 1990, or of acts amendatory thereof or supplemental thereto.

(b) The state council on vocational education shall have such powers and perform such acts as are specified in the Carl D. Perkins vocational and applied technology education act of 1990, or in acts amendatory thereof or supplemental thereto, to be exercised and performed by state councils and, in addition thereto, such powers, functions and duties as are specified by law. In accordance with the requirements of the above cited federal act, the state council shall:

(1) Meet with the state board or its representatives during each planning year to advise on the development of the state plan;

(2) make recommendations to the state board and make reports to the governor, the business community, and the general public of the state concerning the state plan, policies the state should

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Attachment 5

pursue to strengthen vocational education (with particular attention to programs for the handicapped) and initiatives and methods the private sector could undertake to assist in the modernization of vocational education programs;

(3) analyze and report on the distribution of spending for vocational education in the state and on the availability of vocational education activities and services within the state;

(4) furnish consultation to the state board on the establishment of evaluation criteria for vocational education programs within the state;

(5) submit recommendations to the state board on the conduct of vocational education programs provided in the state which emphasize the use of business concerns and labor organizations;

(6) assess the distribution of financial assistance furnished under the federal act, particularly with the analysis of the distribution of financial assistance between secondary vocational education programs and postsecondary vocational education programs;

(7) recommend procedures to the state board to ensure and enhance the participation of the public in the provision of vocational education at the local level within the state, particularly the participation of local employers and local labor organizations;

(8) report to the state board on the extent to which individual members of special populations are provided with equal access to quality vocational education programs;

(9) analyze and review corrections education programs; and

(10) evaluate at least once every two years: (A) The extent to which vocational employment and training programs in the state represent a consistent, integrated, and coordinated approach to meeting the economic needs of the state; (B) the vocational education program delivery system assisted under the federal act and the job training partnership act, in terms of such delivery systems' adequacy and effectiveness in achieving the purposes of each of the two federal acts; and (C) make recommendations to the

state board on the adequacy and effectiveness of the coordination that takes place between vocational education and the job training partnership act;

(11) comment on the adequacy or inadequacy of state action in implementing the state plan;

(12) make recommendations to the state board on ways to create greater incentives for joint planning and collaboration between the vocational education system and the job training system at the state and local levels; and

(13) advise the governor, the state board, the state job training coordinating council, the secretary of education and the secretary of labor regarding the evaluation, findings, and recommendations made pursuant to this subsection.

(c) Members of the state council on vocational education shall receive compensation, subsistence allowances, mileage and other expenses as provided in K.S.A. 75-3223~~7~~ and amendments thereto~~7~~ for attendance at any meeting of the council or any subcommittee meeting authorized by the council. Members of the state council on vocational education shall also receive such compensation, subsistence allowances, mileage and other expenses for attendance at meetings of other bodies and organizations when authorized by such council and in performance of duties and functions of such council.

(d) The state council on vocational education is authorized to employ an executive director and such other personnel as may be necessary to carry out its functions and duties. The executive director and all other personnel of the council shall be in the unclassified service under the Kansas civil service act and shall serve under an employment agreement entered into annually with the council. ~~All other personnel of the council shall be in the classified service under the Kansas civil service act.~~ The state council may contract for such professional services as are necessary to carry out its functions.";

And by renumbering the remaining sections accordingly;

Also on page 2, in line 18, preceding "K.S.A." by inserting

"On and after December 17, 1995,";

On page 3, in line 6, preceding "K.S.A." by inserting "On and after December 17, 1995,"; in line 33, preceding "K.S.A." by inserting "On and after December 17, 1995,";

On page 4, in line 21, preceding "K.S.A." by inserting "On and after December 17, 1995,";

On page 5, in line 10, preceding "K.S.A." by inserting "On and after December 17, 1995,"; in line 39, preceding "K.S.A." by inserting "On and after December 17, 1995,";

On page 8, in line 38, preceding "K.S.A." by inserting "On and after December 17, 1995,";

On page 9, in line 5, following "secretary" by inserting "and other employees"; in line 6, following "system" by inserting "that are in the unclassified service as specified under K.S.A. 74-4908 and amendments thereto"; following line 10, by inserting the following material to read as follows:

"New Sec. 11. On and after July 1, 1995, the assistant secretary of agriculture of the state board of agriculture shall be in the unclassified service under the Kansas civil service act.

Sec. 12. K.S.A. 72-4409 is hereby repealed.";

And by renumbering sections accordingly;

Also on page 9, in line 11, preceding "K.S.A." by inserting "On and after December 17, 1995,"; in line 15, by striking "December 17, 1995,";

On page 1, in the title, in line 10, by striking all following "the"; by striking all of line 11; in line 12, by striking all preceding the semicolon and inserting in lieu thereof "state civil service; relating to officers and employees of certain public agencies"; in line 13, preceding "74-8012" by inserting "72-4409,"

HOUSE BILL No. 2569

By Committee on Appropriations

3-10

DRAFT OF AMENDMENTS TO HB 2569

For Consideration By Committee on Appropriations
(3-27-95)

3/30/95
Appropriations Cmte
Attachment 6

9 AN ACT concerning retirement; relating to the Kansas public employees
10 retirement systems and certain systems thereunder; state of Kansas;
11 normal retirement date; retirement benefits; employer liabilities; full
12 time employee position reductions based on retirement; amending
13 K.S.A. 74-4957a and K.S.A. 1994 Supp. 74-4914, 74-4915, 74-4920,
14 74-4957, 74-4958, 74-4958a, 74-4967 and 75-6801 and repealing the
15 existing sections.

16
17 *Be it enacted by the Legislature of the State of Kansas:*

18 Section 1. K.S.A. 1994 Supp. 74-4914 is hereby amended to read as
19 follows: 74-4914. (1) (a) The normal retirement date for a member of the
20 system shall be the first day of the month coinciding with or following
21 the attainment of: (i) Age 65 ~~or~~;
22 (ii) commencing July 1, 1986, age 65 or age 60 with the completion
23 of 35 years of credited service or at any age with the completion of 40
24 years of credited service; ~~or~~;
25 (iii) commencing July 1, 1993, any alternative normal retirement date
26 already prescribed by law or age 62 with the completion of 10 years of
27 credited service or the first day of the month coinciding with or following
28 the date that the total of the number of years of credited service and the
29 number of years of attained age of the member is equal to or more than
30 85; or

31 (iv) commencing October 1, 1995, and ending March 31, 1996, age
32 65, age 62 with the completion of 10 years of credited service, any age
33 with the completion of 30 years of credited service or the first day of the
34 first month coinciding with or following the date that the total of the
35 number of years of credited service and the number of years of attained
36 age of the member is equal to or more than ~~65~~. The provisions of this
37 subsection shall be applicable to the state of Kansas except for members
38 of the retirement system for judges. The provisions of this subsection shall
39 only apply to active, contributing members.

40 (b) The provisions of subsection (1)(a)(iv) shall apply to any such
41 member who during calendar year 1996 meets any of the normal retire-
42 ment dates specified regardless of whether such member meets any of the
43 normal retirement date on or before March 31, 1996. The member must

65 pt. -> 75 pt.

75

b-2

1 ceived after such date are delinquent. Delinquent payments due under
2 this subsection shall be subject to interest at the rate established for in-
3 terest on judgments under subsection (a) of K.S.A. 16-204 and amend-
4 ments thereto. At the request of the board, delinquent payments which
5 are due or interest owed on such payments, or both, may be deducted
6 from any other moneys payable to such employer by any department or
7 agency of the state.

8 (10) In addition to employer contributions provided by this section,
9 the state of Kansas shall pay any liability incurred as a result of this act.
10 Any such liabilities incurred shall be determined by the actuary of the
11 Kansas public employees retirement system after March 31, 1996, using
12 the actuarial assumptions in use by the system at that time. The system
13 shall notify the state of Kansas of the amount of incurred liability after
14 the system's actuary has made its determinations. The state of Kansas
15 shall pay the amount of such incurred liability either by means of a lump-
16 sum payment or in annual installments not to exceed five years determined
17 by the system's actuary, at the option of the state of Kansas. The first
18 payment must be made within 30 days of notification by the system of
19 what the amount of liability incurred by the state of Kansas.

20 Sec. 4. K.S.A. 1994 Supp. 74-4957 is hereby amended to read as
21 follows: 74-4957. (1) (a) The normal retirement date for a member of the
22 system who is appointed or employed prior to July 1, 1989, and who does
23 not make an election pursuant to K.S.A. 74-4955a shall be the first day
24 of the month coinciding with or following the attainment of: (i) Age 55
25 and the completion of 20 years of credited service; or (ii) commencing
26 October 1, 1995, and ending March 31, 1996, age 65, age 62 with the
27 completion of 10 years of credited service, any age with the completion
28 of 30 years of credited service or the first day of the first month coinciding
29 with or following the date that the total of the number of years of credited
30 service and the number of years of attained age of the member is equal
31 to or more than 65. The provisions of this subsection shall be applicable
32 to the state of Kansas. The provisions of this subsection shall only apply
33 to active, contributing members.

75

34 (b) Any member may retire on such member's normal retirement
35 date or on the first day of any month thereafter.

36 (c) The provisions of subsection (1)(a)(ii) shall apply to any such
37 member who during calendar year 1996 meets any of the normal retire-
38 ment dates specified regardless of whether such member meets any of the
39 normal retirement date on or before March 31, 1996. The member must
40 file with the office of the retirement system an application as provided in
41 subsection (1)(c) during the period commencing October 1, 1995, and
42 ending March 31, 1996.

43 (2) Early retirement. Any member who is appointed or employed

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1 of 30 years of credited service or the first day of the first month coinciding
 2 with or following the date that the total of the number of years of credited
 3 service and the number of years of attained age of the member is equal
 4 to or more than ~~65~~. The provisions of this subsection shall be applicable
 5 to the state of Kansas. The provisions of this subsection shall only apply
 6 to active, contributing members.

75

7 (b) Any member may retire on such member's normal retirement
 8 date or on the first day of any month thereafter.

9 (c) The provisions of subsection (1)(a)(ii) shall apply to any such
 10 member who during calendar year 1996 meets any of the normal retire-
 11 ment dates specified regardless of whether such member meets any of the
 12 normal retirement date on or before March 31, 1996. The member must
 13 file with the office of the retirement system an application as provided in
 14 subsection (1)(c) during the period commencing October 1, 1995, and
 15 ending March 31, 1996.

16 (2) Any member may retire before such member's normal retirement
 17 date on the first day of any month coinciding with or following the at-
 18 tainment of age 50 and the completion of 20 years of credited service.

19 (3) In no event shall a member be eligible to retire until such member
 20 has been a contributing member of the system for 12 months of partici-
 21 pating service, and shall have given such member's employer prior notice
 22 of retirement.

23 (4) If a retirant is employed, elected or appointed in or to any position
 24 or office for which compensation for service is paid by the same state
 25 agency or the same police or fire department of any county, city, township
 26 or special district or the same sheriff's office of a county for a period of
 27 more than 30 days in any one calendar year, such retirant shall not receive
 28 any retirement benefit for any month for which such retirant serves in
 29 such position or office. Such retirant may elect to revoke their retirement
 30 and become an active member and make employee contributions to the
 31 system and receive service credit for any service after the date of com-
 32 mencement of service in such position or office by filing with the office
 33 of the retirement system a notice of such intention in such form and
 34 manner as the board prescribes within 10 days after the date of com-
 35 mencement of service in such position or office. Any retirant employed
 36 by a participating employer in the Kansas police and firemen's retirement
 37 system shall not make contributions nor receive additional credit under
 38 such system for such service except as provided by this section.

39 (5) The provisions of this section shall be effective on and after July
 40 1, 1989 and shall apply only to members who were appointed or employed
 prior to July 1, 1989, and who made an election pursuant to K.S.A. 74-
 4955a; and persons appointed or employed on or after July 1, 1989.

43 Sec. 6. K.S.A. 1994 Supp. 74-4958 is hereby amended to read as

Cost of Providing Health Insurance Coverage until Age 65

Window 1/1/96 through 12/31/96

Seventy-Five Points

MEMBERSHIP TYPE	TOTAL ELIGIBLE	NUMBER UNDER 65	MONTHS TO 65	\$184.94 HEALTH CARE PER MONTH UNTIL 65	FIVE LEVEL PAYMENTS	AVERAGE COST PER MEMBER	FIVE LEVEL PAYMENTS
KPERS-State	3,866	3,323	304,127	\$56,245,247	\$11,249,049	\$14,549	\$2,910
KP&F-State	78	78	10,225	\$1,891,012	\$378,202	\$24,244	\$4,849
TIAA	43	22	1,460	\$270,012	\$54,002	\$6,279	\$1,256
Total	3,987	3,423	315,812	\$58,406,271	\$11,681,254	\$14,649	\$2,930

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 Appropriation Cmts
 Attached 7



**Kansas City, Kansas
Housing Authority**

1124 North Ninth Street
Kansas City, Kansas 66101-2197
(913) 281-3300

March 28, 1995

The House Appropriations Committee
The Honorable Robin Jennison, Chairman
State Capitol Building
300 SW 10th Street
Topeka, KS 66612-1504

RE: House Bill No. 2568

Dear Chairman Jennison and Committee Members:

Kansas State Senator Gus Bogina was quoted on the radio this morning as concerned that KPERS early retirement bills under consideration in your committee would cost the taxpayers money. Employees eligible to retire would have to be replaced, therefore, no savings could be realized.

Having received a copy of House Bill No. 2568 last week, I directed the Housing Authority administrative staff to thoroughly analyze its potential impact on the Authority. We are looking at a variety of strategies at this time to prepare us for massive reductions in Federal assistance that will hit this agency when public housing programs are restructured.

We determined that the early retirement options contained in House Bill 2568 would result in savings of over \$600,000 in five years - more than 10% of our operating budget. Specifically, we anticipate that six of our 138 employees would be eligible for and select the early retirement option. In all probability we would replace four of these employees with new people at entry level salaries. The savings would be over \$160,000 per year. Using the estimate provided by the chief actuary for KPERS, the expense would be recovered in less than 18 months.

If a small agency like the KCKHA can realize such gains, imagine the potential for savings that could be realized by cities, counties, and other public bodies in the State of Kansas.

The strength of House Bill No. 2568 is that employers have the opportunity to calculate their potential benefit, and make a decision whether or not to participate in the early retirement option. Since the bill requires employers to finance the early retirement cost, only employers who would achieve a savings would participate.

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The House Appropriations Committee
Page Two
March 28, 1995

The structure of House Bill No. 2568 guarantees there are only winners with no losers, and the ultimate winner will be Kansas taxpayers.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert L. Serra". The signature is written in a cursive style with large, overlapping loops.

Robert L. Serra, Chairman
Board of Commissioners

HOUSE BILL No. 2569

By Committee on Appropriations

3-10

9 AN ACT concerning retirement; relating to the Kansas public employees
10 retirement systems and certain systems thereunder; state of Kansas;
11 normal retirement date; retirement benefits; employer liabilities; full
12 time employee position reductions based on retirement; amending
13 K.S.A. 74-4957a and K.S.A. 1994 Supp. 74-4914, 74-4915, 74-4920,
14 74-4957, 74-4958, 74-4958a, 74-4967 and 75-6801 and repealing the
15 existing sections.

16
17 *Be it enacted by the Legislature of the State of Kansas:*

18 Section 1. K.S.A. 1994 Supp. 74-4914 is hereby amended to read as
19 follows: 74-4914. (1) (a) The normal retirement date for a member of the
20 system shall be the first day of the month coinciding with or following
21 the attainment of: (i) Age 65 or;

22 (ii) commencing July 1, 1986, age 65 or age 60 with the completion
23 of 35 years of credited service or at any age with the completion of 40
24 years of credited service; or;

25 (iii) commencing July 1, 1993, any alternative normal retirement date
26 already prescribed by law or age 62 with the completion of 10 years of
27 credited service or the first day of the month coinciding with or following
28 the date that the total of the number of years of credited service and the
29 number of years of attained age of the member is equal to or more than
30 85; or

31 (iv) commencing October 1, 1995, and ending March 31, 1996, age
32 65, age 62 with the completion of 10 years of credited service, any age
33 with the completion of 30 years of credited service or the first day of the
34 first month coinciding with or following the date that the total of the
35 number of years of credited service and the number of years of attained
36 age of the member is equal to or more than 65. The provisions of this
37 subsection shall be applicable to the state of Kansas except for members
38 of the retirement system for judges. The provisions of this subsection shall
39 only apply to active, contributing members. κ

40 (b) The provisions of subsection (1)(a)(iv) shall apply to any such
41 member who during calendar year 1996 meets any of the normal retire-
ment dates specified regardless of whether such member meets any of the
normal retirement date on or before March 31, 1996. The member must

DRAFT OF AMENDMENTS TO HB 2569

For Consideration By Committee on Appropriations
(3-24-95)

retirement date specified

The normal retirement date for a member who retires under the provisions of this subsection from service with a state agency in the executive branch of state government shall be the first day of the month which coincides with or follows the date such member is eligible to retire under the provisions of this subsection or shall be the first day of the month occurring thereafter during calendar year 1996 as specified by the governor , except in no case shall the normal retirement date for such member be later than December 1, 1996. The normal retirement date for a member who retires under the provisions of this subsection from service with a state agency in the legislative branch of state government shall be the later of the first day of the month which coincides with or follows the date such member is eligible to retire under the provisions of this subsection, or the first day of a later month occurring thereafter during calendar year 1996 as specified by the Legislative coordinating council , except in no case shall the normal retirement date for such member be later than December 1, 1996.

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Attachment 9

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1 of 30 years of credited service or the first day of the first month coinciding
2 with or following the date that the total of the number of years of credited
3 service and the number of years of attained age of the member is equal
4 to or more than 65. The provisions of this subsection shall be applicable
5 to the state of Kansas. The provisions of this subsection shall only apply
6 to active, contributing members.

7 (b) Any member may retire on such member's normal retirement
8 date or on the first day of any month thereafter.

9 (c) The provisions of subsection (1)(a)(ii) shall apply to any such
10 member who during calendar year 1996 meets any of the normal retire-
11 ment dates specified regardless of whether such member meets any of the
12 normal retirement date on or before March 31, 1996. The member must
13 file with the office of the retirement system an application as provided in
14 subsection (1)(c) during the period commencing October 1, 1995, and
15 ending March 31, 1996.

16 (2) Any member may retire before such member's normal retirement
17 date on the first day of any month coinciding with or following the at-
18 tainment of age 50 and the completion of 20 years of credited service.

19 (3) In no event shall a member be eligible to retire until such member
20 has been a contributing member of the system for 12 months of partici-
21 pating service, and shall have given such member's employer prior notice
22 of retirement.

23 (4) If a retirant is employed, elected or appointed in or to any position
24 or office for which compensation for service is paid by the same state
25 agency or the same police or fire department of any county, city, township
26 or special district or the same sheriff's office of a county for a period of
27 more than 30 days in any one calendar year, such retirant shall not receive
28 any retirement benefit for any month for which such retirant serves in
29 such position or office. Such retirant may elect to revoke their retirement
30 and become an active member and make employee contributions to the
31 system and receive service credit for any service after the date of com-
32 mencement of service in such position or office by filing with the office
33 of the retirement system a notice of such intention in such form and
34 manner as the board prescribes within 10 days after the date of com-
35 mencement of service in such position or office. Any retirant employed
36 by a participating employer in the Kansas police and firemen's retirement
37 system shall not make contributions nor receive additional credit under
38 such system for such service except as provided by this section.

39 (5) The provisions of this section shall be effective on and after July
40 1, 1989 and shall apply only to members who were appointed or employed
41 prior to July 1, 1989, and who made an election pursuant to K.S.A. 74-
42 4955a; and persons appointed or employed on or after July 1, 1989.

43 Sec. 6. K.S.A. 1994 Supp. 74-4958 is hereby amended to read as

The normal retirement date for a member who retires under the provisions of this subsection from service with a state agency in the executive branch of state government shall be the first day of the month which coincides with or follows the date such member is eligible to retire under the provisions of this subsection or shall be the first day of the month occurring thereafter during calendar year 1996 as specified by the governor , except in no case shall the normal retirement date for such member be later than December 1, 1996.

DRAFT OF AMENDMENTS TO HB 2569

HOUSE BILL No. 2569

For Consideration By Committee on Appropriations
(3-24-95)

By Committee on Appropriations

3-10

9 AN ACT concerning ~~retirement~~; relating to the Kansas public employees
10 retirement systems and certain systems thereunder; state of Kansas;
11 normal retirement date; retirement benefits; employer liabilities; full
12 time employee position reductions based on retirement; amending
13 K.S.A. 74-4957a and K.S.A. 1994 Supp. 74-4914, 74-4915, 74-4920,
14 74-4957, 74-4958, 74-4958a, 74-4967 and 75-6801 and repealing the
15 existing sections.

16
17 *Be it enacted by the Legislature of the State of Kansas:*

18 Section 1. K.S.A. 1994 Supp. 74-4914 is hereby amended to read as
19 follows: 74-4914. (1) (a) The normal retirement date for a member of the
20 system shall be the first day of the month coinciding with or following
21 the attainment of: (i) Age 65 ~~or~~;

22 (ii) commencing July 1, 1986, age 65 or age 60 with the completion
23 of 35 years of credited service or at any age with the completion of 40
24 years of credited service; ~~or~~;

25 (iii) commencing July 1, 1993, any alternative normal retirement date
26 already prescribed by law or age 62 with the completion of 10 years of
27 credited service or the first day of the month coinciding with or following
28 the date that the total of the number of years of credited service and the
29 number of years of attained age of the member is equal to or more than
30 85; or

31 (iv) commencing October 1, 1995, and ending March 31, 1996, age
32 65, age 62 with the completion of 10 years of credited service, any age
33 with the completion of 30 years of credited service or the first day of the
34 first month coinciding with or following the date that the total of the
35 number of years of credited service and the number of years of attained
36 age of the member is equal to or more than 65. The provisions of this
37 subsection shall be applicable to the state of Kansas except for members
38 of the retirement system for judges. The provisions of this subsection shall
39 only apply to active, contributing members.

40 (b) The provisions of subsection (1)(a)(iv) shall apply to any such
41 member who during calendar year 1996 meets any of the normal retire-
42 ment dates specified regardless of whether such member meets any of the
43 normal retirement date on or before March 31, 1996. The member must

state government; relating to reducing the number of officers
and employees; providing for reductions, simplifications and
efficiencies;

certain retirements under

rates of employer and employee contributions;
recommendations by the government regarding

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Appropriations Ante
Attachment 10

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1 shall be increased by five years in determining such member's amount for
 2 participating service; and (b) if such member is less than 62 years of age,
 3 such member shall have the annual retirement benefit calculated pursuant
 4 to this subsection increased by an amount equal to 15% of the amount of
 5 such member's annual retirement benefit calculated pursuant to this sub-
 6 section. Such increased annual retirement benefit shall continue to be paid
 7 to such member until the month after the month the member attains age
 8 62 or dies, whichever occurs first.

9 (2) Any member who retires before such member's normal retire-
 10 ment date shall receive an early retirement benefit equal to the annual
 11 retirement benefit payable had the member retired on the normal retire-
 12 ment date reduced by an amount equal to the product of (A) such annual
 13 retirement benefit payable had the member retired on the normal retire-
 14 ment date, multiplied by (B) the product of .4% multiplied by the number
 15 of months difference, to the nearest whole month, between the member's
 16 attained age at the time of retirement and age 55.

17 (3) Upon the death after retirement of a member who was covered,
 18 up to the entry date of the member's employer, by a pension system under
 19 the provisions of K.S.A. 12-5001 to 12-5007, inclusive, and amendments
 20 thereto, or K.S.A. 13-14a01 to 13-14a14, inclusive, and amendments
 21 thereto, or K.S.A. 14-10a01 to 14-10a15, inclusive, and amendments
 22 thereto, and who had not elected to retire under one of the options pro-
 23 vided under K.S.A. 74-4964 and amendments thereto, the member's
 24 spouse, if such spouse was the member's lawfully wedded spouse for a
 25 period of not less than one year at the time of the member's retirement
 26 or if such spouse had been the member's lawfully wedded spouse for at
 27 least three years after the time of the member's retirement, shall receive
 28 a lump-sum benefit equal to 1/2 the member's final average salary at the
 29 time of the member's retirement and shall receive an annual spouse's
 30 benefit equal to 75% of the member's retirement benefit payable in
 31 monthly installments, to accrue from the first day of the month following
 32 the member's date of death and ending on the last day of the month in
 33 which the spouse dies. Commencing on the effective date of this act, any
 34 surviving spouse, who was receiving benefits pursuant to this section and
 35 who had such benefits terminated by reason of such spouse's remarriage,
 36 shall be entitled to once again receive benefits pursuant to this section,
 37 except that such surviving spouse shall not be entitled to recover any
 38 benefits not received after the termination of benefits by reason of such
 39 surviving spouse's remarriage but before the effective date of this act. If
 40 there is no surviving spouse, or if after the death of the spouse there
 41 remain one or more children under the age of 18 years or one or more
 42 children under the age of 23 years who is a full-time student as provided
 43 in K.S.A. 74-49,117 and amendments thereto, the annual spouse's benefit

The normal retirement date for a member who retires under the provisions of this subsection from service with a state agency in the executive branch of state government shall be the first day of the month which coincides with or follows the date such member is eligible to retire under the provisions of this subsection or shall be the first day of the month occurring thereafter during calendar year 1996 as specified by the governor, except in no case shall the normal retirement date for such member be later than December 1, 1996.

10-3

1 F.T.E. positions and the reduced amount of expenditure authority estab-
 2 lished under subsection (c) for a state agency in the legislative branch of
 3 government may be increased upon approval by the legislative coordi-
 4 nating council.

5 (e) (1) *For reductions made in the executive branch of government*
 6 *made as a result of a person electing to retire pursuant to subsection*
 7 *(1)(a)(iv) of K.S.A. 74-4914 and amendments thereto, the governor shall*
 8 *not restore such F.T.E. positions or allocate any expenditure authority*
 9 *reductions to any state agency or agencies within the executive branch,*
 10 *except that, in any such case of a state agency within the executive branch*
 11 *which has a reduction in F.T.E. positions as the result of persons electing*
 12 *to retire pursuant to subsection (1)(a)(iv) of K.S.A. 74-4914 and amend-*
 13 *ments thereto, the governor may transfer to the state agency any vacant*
 14 *F.T.E. positions in other state agencies within the executive branch, other*
 15 *than those which became vacant as the result of persons electing to retire*
 16 *pursuant to subsection (1)(a)(iv) of K.S.A. 74-4914 and amendments*
 17 *thereto, and may restore expenditure authority for the state agency for*
 18 *such transferred F.T.E. positions.*

19 (2) *For reductions made in the legislative branch of government made*
 20 *as a result of a person electing to retire pursuant to subsection (1)(a)(iv)*
 21 *of K.S.A. 74-4914 and amendments thereto, the legislative coordinating*
 22 *council shall not restore such F.T.E. positions or allocate any expenditure*
 23 *authority reductions to any state agency or agencies within the legislative*
 24 *branch, except that, in any such case of a state agency within the legis-*
 25 *lative branch which has a reduction in F.T.E. positions as the result of*
 26 *persons electing to retire pursuant to subsection (1)(a)(iv) of K.S.A. 74-*
 27 *4914 and amendments thereto, the legislative coordinating council may*
 28 *transfer to the state agency any vacant F.T.E. positions in other state*
 29 *agencies within the legislative branch, other than those which became*
 30 *vacant as the result of persons electing to retire pursuant to subsection*
 31 *(1)(a)(iv) of K.S.A. 74-4914 and amendments thereto, and may restore*
 32 *expenditure authority for the state agency for such transferred F.T.E.*
 33 *positions.*

34 (f) The secretary of administration is authorized to prescribe such
 35 policies and procedures as may be deemed necessary to carry out the
 36 provisions of this section.

37 Sec. 10. K.S.A. 74-4957a and K.S.A. 1994 Supp. 74-4914, 74-4915,
 38 74-4920, 74-4957, 74-4958, 74-4958a, 74-4967 and 75-6801 are hereby
 39 repealed.

40 Sec. 11. This act shall take effect and be in force from and after its
 publication in the statute book.

New Sec. 10. The governor shall recommend to the legislature during January, 1996, and January, 1997, a single bill that would make amendments and revisions to existing statutes and enact new statutes for the purpose of effecting economies, reductions, simplifications and efficiencies in the size, operations and the activities of the state agencies, including such changes as may be required to accommodate the reduction in positions under subsection (e) of K.S.A. 1994 Supp. 75-6801 and amendments thereto.

HOUSE BILL No. 2569

By Committee on Appropriations

3-10

DRAFT OF AMENDMENTS TO HB 2569

For Consideration By Committee on Appropriations
(3-24-95)

Employee/Employee Contributors

9 AN ACT concerning retirement; relating to the Kansas public employees
10 retirement systems and certain systems thereunder; state of Kansas;
11 normal retirement date; retirement benefits; employer liabilities; full
12 time employee position reductions based on retirement; amending
13 K.S.A. 74-4957a and K.S.A. 1994 Supp. 74-4914, 74-4915, 74-4920,
14 74-4957, 74-4958, 74-4958a, 74-4967 and 75-6801 and repealing the
15 existing sections.
16

17 Be it enacted by the Legislature of the State of Kansas:

18 Section 1. K.S.A. 1994 Supp. 74-4914 is hereby amended to read as
19 follows: 74-4914. (1) (a) The normal retirement date for a member of the
20 system shall be the first day of the month coinciding with or following
21 the attainment of: (i) Age 65 or;

22 (ii) commencing July 1, 1986, age 65 or age 60 with the completion
23 of 35 years of credited service or at any age with the completion of 40
24 years of credited service; or;

25 (iii) commencing July 1, 1993, any alternative normal retirement date
26 already prescribed by law or age 62 with the completion of 10 years of
27 credited service or the first day of the month coinciding with or following
28 the date that the total of the number of years of credited service and the
29 number of years of attained age of the member is equal to or more than
30 85; or

31 (iv) commencing October 1, 1995, and ending March 31, 1996, age
32 65, age 62 with the completion of 10 years of credited service, any age
33 with the completion of 30 years of credited service or the first day of the
34 first month coinciding with or following the date that the total of the
35 number of years of credited service and the number of years of attained
36 age of the member is equal to or more than 65. The provisions of this
37 subsection shall be applicable to the state of Kansas except for members
38 of the retirement system for judges. The provisions of this subsection shall
39 only apply to active, contributing members.

40 (b) The provisions of subsection (1)(a)(iv) shall apply to any such
41 member who during calendar year 1996 meets any of the normal retire-
42 ment dates specified regardless of whether such member meets any of the
43 normal retirement date on or before March 31, 1996. The member must

74-4919 and

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11-2

1 (4) Such annual retirement benefits shall be paid in equal monthly
2 installments except, that the board may provide for the payment of re-
3 tirement benefits which total less than \$240 a year on other than a
4 monthly basis.

5 (5) In the event that an application in such form as may be prescribed
6 by the board for any amount due under the provisions of this act, is not
7 filed with the office of the retirement system by the person entitled to
8 same within five years of the date such amount became due and payable,
9 an amount equal to same shall be transferred to the retirement benefit
10 accumulation reserve and such amount shall no longer be due and pay-
11 able, except that if any such person shall present evidence satisfactory to
12 the board that such person's failure to file such application within that
13 time period was due to lack of knowledge or incapacity on such person's
14 part, the amount equal to the amount originally due shall be transferred
15 from the retirement benefit accumulation reserve to the reserve or re-
16 serves from which such transfer was initially made and the amount orig-
17 inally due shall be paid to such person.

18 (6) The provisions of law in effect on the retirement date of a member
19 under the system shall govern the retirement benefit payable to the re-
20 tirant, any joint annuitant and any beneficiary.

21 Sec. 3. K.S.A. 1994 Supp. 74-4920 is hereby amended to read as
22 follows: 74-4920. (1) Upon the basis of each annual actuarial valuation
23 and appraisal as provided for in subsection (3)(a) of K.S.A. 74-4908 and
24 amendments thereto, the board shall certify, on or before July 15 of each
25 year, to the division of the budget in the case of the state and to the agent
26 for each other participating employer an actuarially determined estimate
27 of the rate of contribution which will be required, together with all ac-
28 cumulated contributions and other assets of the system, to be paid by
29 each such participating employer to pay all liabilities which shall exist or
30 accrue under the system, including amortization of the actuarial accrued
31 liability over a period of 40 years commencing on July 1, 1993, and the
32 actuarial accrued liability for members of the faculty and other persons
33 who are employed by the state board of regents or by educational insti-
34 tutions under its management assisted by the state board of regents in
35 the purchase of retirement annuities as provided in K.S.A. 74-4925 and
36 amendments thereto, as provided in this section. The actuarial accrued
37 liability for all participating employers other than the state board of re-
38 gents relating to members of the faculty and other persons described in
39 this section, shall be amortized by annual payments that increase 4% for
40 each year remaining in the amortization period. For all participating em-
41 ployers other than the state board of regents relating to members of the
42 faculty and other persons described in this section, the projected unit
43 credit actuarial cost method shall be used in annual actuarial valuations,



INSERT Sec. 3. (amending K.S.A. 74-1919) attached

And by renumbering sections accordingly

Sec. 3. K.S.A. 74-4919 is hereby amended to read as follows:
74-4919. (1) Each participating employer, beginning with the first payroll for services performed after the entry date, shall deduct from the compensation of each member 4% of such member's compensation as employee contributions, except that the rate of of employee contributions for members who are employed by a state agency shall be the rate of employee contributions prescribed under subsection (3). Such deductions shall be remitted quarterly, or as the board may otherwise provide, to the executive secretary for deposit in the Kansas public employees retirement fund. Such deductions shall be credited to the members' individual accounts and interest shall be added annually to such accounts.

(2) (a) Each participating employer, pursuant to the provisions of section 414(h)(2) of the United States internal revenue code, shall pick up and pay the contributions which would otherwise be payable by members as prescribed in subsection (1) commencing with the third quarter of 1984. The contributions so picked up shall be treated as employer contributions for purposes of determining the amounts of federal income taxes to withhold from the member's compensation.

(b) Member contributions picked up by the employer shall be paid from the same source of funds used for the payment of compensation to a member. A deduction shall be made from each member's compensation equal to the amount of the member's contributions picked up by the employer, provided that such deduction shall not reduce the member's compensation for purposes of computing benefits under the system.

(c) Member contributions picked up by the employer shall be remitted quarterly, or as the board may otherwise provide, to the executive secretary for credit to the Kansas public employees retirement fund. Such contributions shall be credited to a separate account within the member's individual account so that amounts contributed by the member commencing with the third quarter of 1984 may be distinguished from the member

contributions picked up by the employer. Interest shall be added annually to members' individual accounts.

(3) The rate of employee contributions for members who are employees of state agencies shall be 4% until the employer rate of contribution for the state of Kansas prescribed pursuant to K.S.A. 74-4920 and amendments thereto is equal to or greater than 4%. Thereafter the employee rate of contributions shall be determined pursuant to this subsection. For the first fiscal year for which the rate of employer contributions for the state of Kansas is certified under K.S.A. 74-4920 and amendments thereto to be a rate of contributions which is equal to or greater than 4% and for each fiscal year thereafter, the rate of employee contributions under this subsection shall be equal to the rate of employer contributions prescribed for such fiscal year pursuant to K.S.A. 74-4920 and amendments thereto.

115

1 (5) The rate of contribution certified to a participating employer as
 2 provided in this section shall apply during the fiscal year of the partici-
 3 pating employer which begins in the second calendar year following the
 4 year of the actuarial valuation. For the fiscal year commencing in calendar
 5 year 1993, the employer rate of contribution for the state of Kansas and
 6 for participating employers under K.S.A. 74-4931 and amendments
 7 thereto shall be 3.1% of the amount of compensation upon which mem-
 8 bers contribute during the period. For the fiscal year commencing in
 9 calendar year 1994, the employer rate of contribution for the state of
 10 Kansas and for participating employers under K.S.A. 74-4931 and amend-
 11 ments thereto shall be 3.2% of the amount of compensation upon which
 12 members contribute during the period. For the fiscal year commencing
 13 in calendar year 1994, the employer rate of contribution for participating
 14 employers other than the state of Kansas shall be 2.2% of the amount of
 15 compensation upon which members contribute during the period. Except
 16 as specifically provided in this section, for fiscal years commencing in
 17 calendar year 1995 and in each subsequent, calendar year, the rate of
 18 contribution certified to a participating employer shall in no event exceed
 19 such participating employer's contribution rate for the immediately pre-
 20 ceding fiscal year by more than ~~0.1%~~ of the amount of compensation
 21 upon which members contribute during the period. There shall be an
 22 employer rate of contribution certified to the state of Kansas and partici-
 23 pating employers under K.S.A. 74-4931 and amendments thereto. There
 24 shall be a separate employer rate of contribution certified to all other
 25 participating employers other than the state of Kansas.

[0.2%

26 (6) The actuarial cost of any legislation enacted in the 1994 session
 27 of the Kansas legislature will be included in the June 30, 1994, actuarial
 28 valuation in determining contribution rates for participating employers.

29 (7) The board with the advice of the actuary may fix the contribution
 30 rates for participating employers joining the system after one year from
 31 the first entry date or for employers who exercise the option contained
 32 in K.S.A. 74-4912 and amendments thereto at rates different from the
 33 rate fixed for employers joining within one year of the first entry date.

34 (8) Employer contributions shall in no way be limited by any other
 35 act which now or in the future establishes or limits the compensation of
 36 any member.

37 (9) Each participating employer shall remit quarterly, or as the board
 38 may otherwise provide, all employee deductions and required employer
 39 contributions to the executive secretary for credit to the Kansas public
 40 employees retirement fund within 20 days after the end of the period
 41 covered by the remittance or within 25 days after forms or written in-
 42 structions from the system were mailed by the system to such employer,
 43 whichever is later. Remittances of such deductions and contributions re-

F.T.E. positions and the reduced amount of expenditure authority established under subsection (c) for a state agency in the legislative branch of government may be increased upon approval by the legislative coordinating council.

(e) (1) For reductions made in the executive branch of government made as a result of a person electing to retire pursuant to subsection (1)(a)(iv) of K.S.A. 74-4914 and amendments thereto, the governor shall not restore such F.T.E. positions or allocate any expenditure authority reductions to any state agency or agencies within the executive branch, except that, in any such case of a state agency within the executive branch which has a reduction in F.T.E. positions as the result of persons electing to retire pursuant to subsection (1)(a)(iv) of K.S.A. 74-4914 and amendments thereto, the governor may transfer to the state agency any vacant F.T.E. positions in other state agencies within the executive branch, other than those which became vacant as the result of persons electing to retire pursuant to subsection (1)(a)(iv) of K.S.A. 74-4914 and amendments thereto, and may restore expenditure authority for the state agency for such transferred F.T.E. positions.

(2) For reductions made in the legislative branch of government made as a result of a person electing to retire pursuant to subsection (1)(a)(iv) of K.S.A. 74-4914 and amendments thereto, the legislative coordinating council shall not restore such F.T.E. positions or allocate any expenditure authority reductions to any state agency or agencies within the legislative branch, except that, in any such case of a state agency within the legislative branch which has a reduction in F.T.E. positions as the result of persons electing to retire pursuant to subsection (1)(a)(iv) of K.S.A. 74-4914 and amendments thereto, the legislative coordinating council may transfer to the state agency any vacant F.T.E. positions in other state agencies within the legislative branch, other than those which became vacant as the result of persons electing to retire pursuant to subsection (1)(a)(iv) of K.S.A. 74-4914 and amendments thereto, and may restore expenditure authority for the state agency for such transferred F.T.E. positions.

(f) The secretary of administration is authorized to prescribe such policies and procedures as may be deemed necessary to carry out the provisions of this section.

Sec. 10. K.S.A. 74-4957a and K.S.A. 1994 Supp. 74-4914, 74-4915, 74-4920, 74-4957, 74-4958, 74-4958a, 74-4967 and 75-6801 are hereby repealed.

Sec. 11. This act shall take effect and be in force from and after its publication in the statute book.

74-4919 and

11-16