

Approved: April 20, 1995
Date

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson August Bogina at 11:00 a.m. on March 30, 1995 in Room 123-S of the Capitol.

All members were present except: Senator Petty, who was excused

Committee staff present: Kathy Porter, Legislative Research Department
Eric Milstead, Legislative Research Department
Julian Efird, Legislative Research Department
Norman Furse, Revisor of Statutes
Michael Corrigan, Revisor of Statutes
Gordon Self, Revisor of Statutes
Judy Bromich, Administrative Assistant
Ronda Miller, Committee Secretary

Conferees appearing before the committee:

Willie Martin, representing the Sedgwick County Board of Commissioners

Others attending: See attached list

Senator Karr moved, Senator Brady seconded, that the minutes of the March 24 and 27 meetings stand approved as presented. The motion carried on a voice vote.

HB 2573 **State board of regents, conveyance of real property to Sedgwick county**

Willie Martin, representing the Sedgwick County Board of Commissioners, appeared before the Committee in support of **HB 2573** and reviewed her written testimony (Attachment 1). In answer to a question, she stated that the building would house the coroner's office.

Senator Lawrence moved, Senator Brady seconded, that **HB 2573** be recommended favorable for passage. The motion carried on a roll call vote.

HB 2559 **Human rights commission, hearing examiners, employment or contracted services**

Staff informed members that **HB 2559** is permissive in nature; it eliminates the statutory limitation on the number of hearing examiners that can be employed by the Kansas Commission on Human Rights and allows the Commission to contract for the services.

Senator Brady moved, Senator Morris seconded, that **HB 2559** be amended by the inclusion of the provisions of **SB 376** (Human Rights Commission, dismissal of complaints over 300 days old). The motion carried on a voice vote.

Senator Brady moved, Senator Morris seconded, that **HB 2559** as amended be recommended favorable for passage. The motion carried on a roll call vote.

HB 2545 **State building construction, energy conservation standards**

The Chairman noted that this proposal was a recommendation of the Joint Committee on Building Construction that would require that plans for new construction contain energy standards. He stated that

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S Statehouse, at 11:00 a.m. on March 30, 1995.

authority to determine whether the standards are practical is given to the Secretary of Administration because some energy saving devices take 10 years or more to pay out. Senator Rock moved, Senator Karr seconded, that HB 2545 be recommended favorable for passage. The motion carried on a roll call vote.

HB 2136 **Securities act fee fund, ending balances**

A memorandum from the Director of the Budget was distributed to members (Attachment 2). In answer to concerns, it was noted that the House Committee had amended the bill to limit transfers to only **unencumbered** balances in the securities act fee fund. It was moved by Senator Rock and seconded by Senator Brady that HB 2136 be recommended favorable for passage. The motion carried on a roll call vote.

SB 383 **For computation of accumulated vacation leave, time served as an elected official not credited toward length of service**

It was noted that this proposal was the recommendation of the Senate subcommittee on the Kansas Parole Board. Staff indicated that the draft was proposed to be consistent with 1994 **SB 56** and would relate to other kinds of separation from services (other than retirement) of persons in the executive branch of state government. Senator Rock moved, Senator Lawrence seconded, that SB 383 be recommended favorable for passage. The motion carried on a roll call vote.

SB 215 **Reserve officers' training corp (ROTC) programs, educational benefits**

The Chairman noted that the balloon prepared by the Revisors' Office (Attachment 3) provides for an increase in the number of eligible students from 40 to 60 at each ROTC institution and allows Washburn University to phase in 10 slots per year beginning in the 1995-96 academic year, ending with 60 slots by the academic year 2000-01. Chairman Bogina added that the cost of the enhanced slots might be reduced because Emporia State University is considering dropping their ROTC program. Senator Morris moved, Senator Rock seconded, that the balloon be adopted. In answer to Senator Brady, staff indicated that the fiscal note associated with **SB 215** as amended (which allows for phase-in of 10 students per year and an additional 20 slots at participating institutions) is \$100,000. That cost does not include those students who are currently enrolled in the program. The motion carried on a voice vote.

The revisor requested authorization to review the sunset provisions in K.S.A. 74-3261 (line 14, page 1) and make any technical adjustments needed to continue the program. Senator Rock moved, Senator Morris seconded, that technical adjustments, if needed, be made to the bill. The motion carried on a voice vote.

It was moved by Senator Morris and seconded by Senator Rock that SB 215 as amended be recommended favorable for passage. A roll call vote was taken. Senator Brady changed his vote from "nay" to "aye" for the purpose of advancing the bill to the Senate floor.

HB 2555 **KPERS; retirement and pensions; benefits, contributions and other provisions**

It was noted that the House Subcommittee had made a number of recommendations with which the Senate Subcommittee had concurred. These recommendations were amended into **HB 2555** which is referred to as the KPERS Omnibus Bill. Staff reviewed the items recommended by the House (Attachment 4), noting that items 2, 3, 6, and 8 of the House subcommittee recommendations and item 2 of the House Committee of the Whole recommendations are modified by Senate subcommittee recommendations; the position in item 1 is deleted by the floor action in the House but restored by the Senate subcommittee; provisions in item 13 of the House subcommittee recommendations and in item 1 of the House Committee recommendations are amended into other bills; items 4, 5, 7, 9, 10, 11, and 12 of the House subcommittee recommendations and item 2 of the House Committee recommendations are items with which the Senate subcommittee concurs.

Meredith Williams, Executive Director, Kansas Public Employees Retirement System, told members that the existing position of information resource manager is currently a classified position. Because other comparable positions are unclassified and Mr. Williams believed that an unclassified position would provide greater accountability, he requested that the position be unclassified. Senator Rock moved, Senator Morris seconded, that the Senate subcommittee report (Attachment 5) be amended to provide that the existing classified position of information resource manager be unclassified. The motion carried on a voice vote.

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MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S Statehouse, at 11:00 a.m. on March 30, 1995.

Because current law includes "coast guard" in its definition of "armed forces," Senator Lawrence moved, Senator Rock seconded, that item 13 of the Senate subcommittee report be amended to delete the reference to "coast guard" because that service is already defined under federal law as part of the armed services. The motion carried on a voice vote.

Staff reviewed the recommendations made by the Senate subcommittee (Attachment 5) which were also amended into the KPERS Omnibus Bill (HB 2555). There was lengthy discussion regarding the recommendation to limit retirement benefits if retirants earn more than the Social Security cap in any calendar year. Members discussed situations in which persons had retired from one participating employer with full retirement benefits and subsequently became employed under another participating employer with a full salary. Senator Kerr distributed a bulletin from KPERS which stated that, "For those who retired on or after July 1, 1988 all provisions relating to post-retirement work restrictions are removed, unless the retired member is employed by the same employer for whom he/she worked during the last two years of KPERS participation." He supported the subcommittee's intent to limit this type of activity, but expressed reservations about changing the law after distribution of this publication by KPERS (Attachment 6). In response to questions regarding the potential for litigation, the revisor stated that the change could result in litigation because of the 1988 newsletter, but stated that there is no case law addressing the specific question. He indicated that the major question is whether the proposal dealing with the limitation on retirement benefits would violate the contract between the individual and the employer.

The consensus of the members was that the proposed legislation is the intent of the original legislation, noting that they believed the state was the participating employer and, as such, the individual would not be entitled to retirement benefits. The Chairman suggested that the Committee concur with the Senate subcommittee recommendation, that the revisor review the issue with the Attorney General, and the Committee could make adjustments if necessary during the Omnibus. Senator Kerr noted that he could not support limiting benefits to those retired persons who had relied on information published by KPERS.

Senator Kerr moved, Senator Brady seconded, that the subcommittee report be amended by deleting the exemption for judges and justices from these provisions. Some members expressed concern about the impact this action might have on the backlog of the appellate courts. Members discussed whether there should be any exemptions from the provisions of HB 2076. It was suggested that eliminating all exemptions and raising the income cap would continue to provide an incentive to professional persons on a parttime basis. Senator Rock stated that \$18,750 would equate to approximately one-fourth of a district court judge's salary. Senator Karr offered a substitute motion which was seconded by Senator Brady to amend item 2 of the subcommittee report (Attachment 5-2) to delete any exemptions referencing judges and justices, to repeal all exemptions in current statute, to increase the salary earnings limitation to \$18,750, and to review the contractual arrangements with the Attorney General. The motion carried on a voice vote.

Staff told members that item 3 (Attachment 5-2) has a \$500,000 annual fiscal note. Senator Morris moved, Senator Kerr seconded, that item 3 be deleted from the subcommittee report. The motion carried on a voice vote.

In discussing the Senate subcommittee's sixth recommendation (Attachment 5-3), staff distributed and reviewed a matrix that illustrates current state policy in regard to acquiring service credit (Attachment 7). In response to staff's request for clarification, members of the subcommittee indicated that their intent would be that in purchasing TIAA service credit at Kansas Regents institutions, individuals may purchase participating service credit at 1.75% for all years employed at such institutions, using either lump sum or the modified double/triple method described by KPERS staff at an actuarially determined rate over a fixed period of time (which would be in addition to the employee rate of 4%). The modified method should be used for all other participants who are eligible for double/triple purchases either currently or in the future, beginning January 1, 1996.

The Committee clarified that item 7 (Attachment 5-3) includes participating service at 1.75%.

Senator Brady inquired why the Senate subcommittee had recommended that the COLA for retired members (as passed by the House) be amended into HB 2077. The Chairman replied that the majority felt that it was a separate item and noted that the annual fiscal cost to the State General Fund is estimated at \$1.9 million. Senator Brady moved, Senator Rock seconded, that the postretirement COLA be amended into HB 2555. The motion failed on a voice vote.

Senator Morris moved, Senator Lawrence seconded, that the subcommittee report be amended by adding a provision allowing KPERS members to purchase out-of-state governmental (non-federal) service as prior service credit at 1.0% by using the lump sum method only. The motion carried on a voice vote.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S Statehouse, at 11:00 a.m. on March 30, 1995.

In discussing item 15 (Attachment 5-3), members clarified that the CY 1997 (state FY 97) statutory annual increase in the KPERS employer contribution rates will be from 0.10 to 0.20 for the state and from 0.10 to 0.15 for local units.

Members authorized the revisors to make any necessary technical adjustments to the bill and to delete the reference to the Secretary of Revenue assisting KPERS upon request which is in the salary cap provision of current law.

Senator Rock moved, Senator Morris seconded, that the subcommittee reports as amended be adopted. The motion carried on a voice vote.

Senator Lawrence moved, Senator Rock seconded, that **HB 2555** as amended be recommended favorable for passage. The motion carried on a roll call vote.

Senator Rock moved, Senator Brady seconded, that **HB 2077** as amended be recommended favorable for passage. The motion failed on a roll call vote.

It was noted that **HB 2005** as passed by the House could not be implemented because of a potential adverse ruling of IRS. The bill as it was amended by the subcommittee would allow the court to employ retired judges on a contractual basis (certain dollars for certain time periods). This would be in addition to current law which allows only a daily per diem basis for the services of retired judges. No action was taken on **HB 2005**.

The Chairman adjourned the meeting at 1:30 P.M. The next meeting has not been scheduled.

SENATE WAYS AND MEANS COMMITTEE GUEST LIST

DATE: MARCH 30, 1995

NAME	REPRESENTING
Jack Hawn	KPER5
Meredith Williams	"
Basel Covey	KRTA
Megan Giff	—
Rev Guye Rendoff	Guest Chaplain
Sue Chell	KNEA
LINDA McGill	PMA
Kandy Shurtle	SRS



SEDGWICK COUNTY, KANSAS

INTERGOVERNMENTAL RELATIONS

WILLIE MARTIN

COUNTY COURTHOUSE • 525 N. MAIN • SUITE 315 • WICHITA, KANSAS 67203 • TELEPHONE (316)383-7552

TO: SENATE WAYS AND MEANS COMMITTEE
FROM: WILLIE MARTIN
SUBJECT: HOUSE BILL 2573
DATE: MARCH 30, 1995

Chairman Bogina and members of the Committee, good morning. I am Willie Martin and I represent the Sedgwick County Board of Commissioners. I appreciate the opportunity to speak in support of House Bill 2573.

House Bill 2573 provides for the transfer of property (one lot) from the University of Kansas Medical Center in Wichita to Sedgwick County for construction of a Regional Forensic Center.

Sedgwick County is completing plans for the construction of the Forensic Center on property just north of the University of Kansas School of Medicine - Wichita (UKMC-W). HB 2573 will allow the State to convey to Sedgwick County its interest in the property known as Lots 18 and 20 of Beal and Berry's subdivision, replatted in January 1995 into Lot 2, Block 2, KUMC Addition to Wichita. This will allow Sedgwick County to own all the property on which the Regional Forensic Science Center and its primary parking areas will be located.

There is a long history of cooperative interaction between UKMC-W and Sedgwick County.

September, 1979 - UKMC-W entered into a lease agreement whereby the University leased the former county hospital and lots north of the hospital from the County. The term of the Lease was for 99 years at a rate of \$1.00 per year.

May, 1994 - Discussions began with Dr. Joseph Meek, Dean, UKMC-W, regarding the location of the Sedgwick County Forensic Science Center on the lots north of the medical school. Dr. Meek felt that the forensic center should be an integral part of the UKMC-W campus. Dr. Corrie May, Sedgwick County Coroner Medical Examiner, agreed with the campus concept. In the design of the new forensic

SWAM
March 30, 1995
Attachment 1

The University of Kansas

Office of the Chancellor

September 29, 1994

Mr. William P. Buchanan
County Manager
Sedgwick County Courthouse
525 N. Main St., Suite 343
Wichita, KS 67203

Dear Mr. Buchanan:

I understand that you and Dean Joseph Meek have had further discussions concerning the need of Sedgwick County for access to parking near the proposed Regional Forensic Science Center which will be constructed in the block north of the University of Kansas School of Medicine - Wichita.

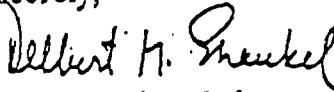
As Ms. Thomas explained to Assistant County Counselor Euson in her letter to him dated September 21 concerning the draft lease agreement he had prepared between the Board of Regents and Sedgwick County, the parking needs of the School of Medicine - Wichita in the area are critical. We understand the County's needs, however, and we wish to cooperate as we can in your important project. Therefore, I have accepted Dean Meek's recommendation that we agree to make available to Sedgwick County 15 parking spaces in the lot which we will ask the Kansas University Endowment Association to construct for our use on their property east of Minneapolis Street. I understand that Sedgwick County is willing to make \$100,000 available to the School of Medicine to undertake the construction necessary to replace the parking spaces which will be lost because of the construction of the Regional Forensic Sciences Center west of Minneapolis Street.

I understand that you are also concerned about the term of the lease agreement, and that Sedgwick County would ultimately like to acquire ownership of lots 18 and 20 of Beal and Berry's subdivision which are currently held by the State of Kansas. It is our intention, after the lease agreement is executed and our projects are moving ahead, to seek authority from the Board of Regents and the Kansas Legislature to convey the State's interest in those lots to the County. We understand the desire of the County to own all of the property on which the Regional Forensic Sciences Center and its primary parking areas are located. It is our understanding that in return for this, Sedgwick County will convey to the University the two mental health buildings belonging to the County which are located immediately to the northwest of the current School of Medicine - Wichita facility.

Mr. William P. Buchanan
September 29, 1994
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I hope that this resolution of the matter will address the County's need for parking near the Regional Forensic Sciences Center in a manner that is compatible with our parking needs. Please let me know if you have any questions.

Sincerely,



Delbert M. Shankel
Acting Chancellor

DMS:bkm

cc: Dean Joseph C. Meek
Marlin Rein
Victoria Thomas
Ted D. Ayres

center, the County agreed to include an area for the training and teaching of medical students.

June, 1994 - Discussions began between the County and UKMC-W regarding the replat of the area around the medical school. The replat was necessary for the construction of the University's Women Research/Primary Care Center and the County's Forensic Science Center. It was agreed that the cost of the replat document would be shared.

July, 1994 - A meeting between the County Manager, Dr. Joseph Meek, Jan Arbuckle, Associate Dean - UKMC-W, Roger Lambson, University of Kansas Vice Chancellor for Administration, and Victoria Thomas, University of Kansas General Counsel was held to discuss the vision for the campus area.

Discussed at this meeting were the parking needs for the medical school and the site needs for the forensic center. UKMC-W agreed to build a parking lot on property owned by the KU Endowment Association located on the northeast corner of 10 Street and Minneapolis. Sedgwick County agreed to provide \$100,00 to the University for the construction of this parking lot. In return for this payment, the University leased lots 18 and 20, Beal and Berry's Subdivision to the County for the building of the forensic center.

September, 1994 - Delbert Shankel, Acting Chancellor, the University of Kansas wrote a letter in support of the title transfer of lots 18 and 20 to the County. (See attached letter dated September 29, 1994 to Bill Buchanan.)

November, 1994 - The contract was signed between UKMC-W and Sedgwick County whereby the County paid the University \$100.00 for the construction of a parking lot in exchange for the lease of lots 18 and 20 and the use of 15 parking spaces in the new parking lot.

January, 1995 - The Sedgwick County Public Building Commission agreed to acquire the bonding for the Forensic Science Center. The term of the bond can not exceed the term of the lease. Because lots 18 and 20 are leased for a 10 year period, bonding can not be in excess of 10 years. The County would prefer additional options on the term of the bond issue.

March, 1995 - Dr. Joseph Meek, Dean, UKMC-W, wrote a letter in support of proposed House Bill # 2573. (See attached letter dated March 4, 1995.)

As stated by Doctor Meek in his letter, we view this as the beginning of a long term partnership to advance medical education in our community.

We respectfully request your support of this legislation.

The University of Kansas Medical Center School of Medicine-Wichita

Office of the Dean

March 14, 1995

William P. Buchanan
County Manager
Sedgwick County Courthouse
525 N. Main, Suite 343
Wichita, Kansas 67203

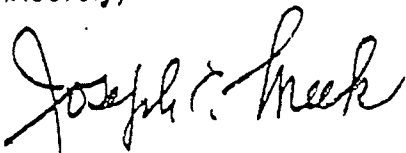
RE: House Bill 2573

Dear Bill:

The KU School of Medicine-Wichita is in full support of the proposed House Bill 2573 which conveys to Sedgwick County the State's interest in the property known as Lots 18 and 20 of Beal and Berry's subdivision, replatted in January 1995 into Lot 2, Block 2, KUMC Addition to Wichita. We recognize that construction of the Regional Forensic Center on this property north of the Medical School is just the beginning of a long term partnership with the County to advance medical education in this community.

I appreciate the continued cooperative efforts between the University of Kansas School of Medicine and Sedgwick County.

Sincerely,



Joseph C. Meek, M. D.
Dean

JCM:jm



DIVISION OF THE BUDGET
Room 152-E
State Capitol Building
Topeka, Kansas 66612-1504
(913) 296-2436
FAX (913) 296-0231

Bill Graves
Governor

Gloria M. Timmer
Director

M E M O R A N D U M

TO: Senate Committee on Ways and Means
FROM: Gloria M. Timmer, Director of the Budget
DATE: March 30, 1995
SUBJECT: HB 2136--Ending Balance of Securities Act Fee Fund

The Governor requested introduction of HB 2136 in support of his FY 1996 budget recommendations. This bill will eliminate the \$500,000 ending balance in the Securities Act Fee Fund in FY 1996 by transferring this amount to the State General Fund. This change is not to penalize the Office of the Securities Commissioner but is the result of an analysis of the fund's cash flow. That analysis indicated that the balance of that magnitude is not needed for cash flow purposes and serves no other useful purpose.

After the bill was introduced, the Division of the Budget and the Securities Commissioner were in contact and discovered potential cash flow problems. First, the timing of revenues into the fund will be affected by a change to electronic filing of securities registrations and, second, the timing of expenditures will be affected by the state's change to biweekly payroll in 1996. These two factors changed the cash flow projections for the agency enough to require an amendment to the bill to provide a \$50,000 ending balance rather than the \$0 balance specified in the original bill.

I appreciate your time and assistance in consideration of this bill and am happy to answer any questions you may have.

SWAM
March 30, 1995
Attachment 2

SENATE BILL No. 215

By Senators Oleen and Morris, Burke, Downey, Feleciano, Hardenburger, Hensley, Petty, Praeger, Tillotson and Vidricksen

2-6

10 AN ACT concerning reserve officers' training corps programs; relating to
11 certain educational benefits provided for by the state; affecting defini-
12 tions; increasing the number of students eligible to qualify; amending
13 K.S.A. 74-3255 and 74-3256 and repealing the existing sections; also
14 repealing K.S.A. 74-3261.

15
16 *Be it enacted by the Legislature of the State of Kansas:*

17 Section 1. K.S.A. 74-3255 is hereby amended to read as follows: 74-
18 3255. As used in this act:

19 (a) "ROTC institution" means a *any* state educational institution; ~~un-~~
20 ~~der the control and supervision of the state board of regents, which or~~
21 ~~municipal university that provides an army~~ reserve officers' training corps
22 program.

23 (b) "Selection committee" means a committee established at each
24 ROTC institution by the chief executive officer of each such institution.
25 The selection committee shall consist of ~~said the~~ chief executive officer
26 ~~of the institution~~, the professor of military science, a civilian member of
27 the faculty appointed by ~~said the~~ chief executive officer, and a commis-
28 sioned officer of the Kansas national guard appointed by the adjutant
29 general.

30 (c) "Eligible student" means a person who is: (1) A resident of Kan-
31 sas, (2) initially acceptable for enrolling ~~in at~~ an ROTC institution or who
32 has so enrolled and is in good standing, and (3) qualified for participation
33 in the reserve officers' training corps program at such ROTC institution
34 or who is participating in ~~said the~~ program.

35 (d) "State educational institution" *has the meaning ascribed thereto*
36 *in K.S.A. 76-711, and amendments thereto.*

37 (e) "Municipal university" *means the municipal university estab-*
38 *lished and operating under the provisions of article 13a of chapter 13 of*
39 *Kansas Statutes Annotated.*

40 Sec. 2. K.S.A. 74-3256 is hereby amended to read as follows: 74-
41 3256. (a) The state board of regents shall:

42 ~~(a)~~ (1) Adopt rules and regulations for the administration of this act;

43 ~~(b)~~ (2) provide for enrollment without charge of tuition at each

SWAM
March 30, 1995
Attachment 3

1 ~~ROTIC institution for not to exceed in any academic year a total of 40 60~~
 2 ~~eligible students, who qualify therefor, as determined by the selection~~
 3 ~~committee;~~

4 (e) (3) publicize application procedures and provide application
 5 forms;

6 (d) (4) require any ROTC institution to promptly furnish upon re-
 7 quest any information which relates to the administration or effect of this
 8 act.

9 (b) Any ROTC institution at which enrollment of eligible students
 10 without charge of tuition is provided for under subsection (a)(2) may file
 11 a claim with the state board of regents for reimbursement of the amount
 12 of such tuition. The state board of regents shall be responsible for payment
 13 of reimbursements to ROTC institutions upon certification by each such
 14 institution of the amount of reimbursement to which entitled. Payments
 15 to ROTC institutions shall be made upon vouchers approved by the state
 16 board of regents and upon warrants of the director of accounts and re-
 17 ports. Payments may be made by issuance of a single warrant to each
 18 ROTC institution at which one or more eligible students are enrolled for
 19 the total amount of tuition not charged eligible students for enrollment at
 20 that institution. The director of accounts and reports shall cause such
 21 warrant to be delivered to the ROTC institution at which such eligible
 22 student or students are enrolled. If an eligible student discontinues atten-
 23 dance before the end of any academic year, after the ROTC institution
 24 has received payment under this subsection, the institution shall pay to
 25 the state the entire amount which such eligible student would otherwise
 26 qualify to have refunded, not to exceed the amount of the payment made
 27 by the state in behalf of such student for the academic year. All amounts
 28 paid to the state by ROTC institutions under this subsection shall be
 29 deposited in the state treasury and credited to the state general fund.

30 Sec. 3. K.S.A. 74-3255, 74-3256 and 74-3261 are hereby repealed.

31 Sec. 4. This act shall take effect and be in force from and after its
 32 publication in the statute book.

(2) provide for enrollment without charge
 of tuition at each ROTC institution of eligible
 students who qualify therefor, as determined by
 the selection committee, for not to exceed a
 total of 60 eligible students in any academic
 year if the ROTC institution is a state
 educational institution and if the ROTC
 institution is a municipal university, for not
 to exceed a total of 10 eligible students in
 the 1995-96 academic year, 20 eligible students
 in the 1996-97 academic year, 30 eligible
 students in the 1997-98 academic year, 40
 eligible students in the 1998-99 academic year,
 50 eligible students in the 1999-2000 academic
 year, and 60 eligible students in the 2000-01
 academic year and in academic years thereafter;

If the ROTC institution is a municipal
 university, the amount of reimbursement for
 each eligible student for whom enrollment is
 provided without charge of tuition shall be at
 a rate not greater than the maximum rate of
 tuition that would be charged by the state
 educational institutions for enrollment of the
 eligible student.

3-2

**SUBCOMMITTEE/COMMITTEE REPORTS
ON 1995 H.B. 2555 (KPERS AND RETIREMENT ISSUES)**

House Subcommittee Recommendation

The Subcommittee recommends **H.B. 2555** to implement a number of adjustments in what collectively will be known as the KPERS Omnibus Bill and includes the following recommended items (with bill sections referenced below in parenthesis):

1. Add a new, unclassified position of Assistant Investment Officer in statute. Funding of this new position should be considered during the Omnibus Appropriations deliberations, if authorizing legislation passes. (Section 5)
2. Make a technical change in correctional employees' disability benefits, Tier II, to be consistent with a provision added last year when changes were made in KP&F, which also should have been reflected in authorizing similar benefits for correctional employees. (Section 20)
3. Provide for an offset to Social Security benefits that should be applicable to correctional employees' disability benefits in order to conform treatment of this group to the treatment of other similarly situated KPERS members. (Section 6)
4. Require spousal consent in situations where vested members apply for withdrawal of contributions. (Section 18)
5. Incorporate by reference the Internal Revenue Code pertaining to pensionable compensation in order to grandfather current employees and new hires. (Section 22)
6. Authorize KPERS to collect payments for service credit purchases which are based on double or triple deductions to be longer than one year in order to collect an actuarially determined amount rather than basing the amount of current salary. (Section 19)
7. Require that dual system members must retire from both systems if credit from both systems is needed to establish eligibility for retirement. (Section 15)
8. Provide for purchase of service credit at Regents institutions for regular KPERS program to assist employees who change employers. (Section 21)
9. Incorporate a series of "technical" corrections into the bill as requested by the Board of Trustees and the Revisor's Office, including:
 - (a) Make statutory references consistent for definitions. (Sections 1, 3, 6, 10)

*SWAM
March 30, 1995
Attachment 4*

- (b) Clarify that retirant death benefits are payable to the beneficiary. (Section 16)
- (c) Further clarify that retirant death benefits are payable to the beneficiary and that the beneficiary may assign the benefit to a funeral home. (Section 9)
- (d) Extend KP&F membership protection from two to five years which would be consistent with KPERS protection period. (Sections 12, 13)
- (e) Clarify spousal consent at retirement by rewording 1994 law. (Section 7)
- (f) Change a reference in the KP&F statute to correctly refer to an EMS definition. (Section 11)
- (g) Resolve Revisor's conflicts. (Section 4)

10. Allow credit for military service that is immediately preceded by the signing of an employment contract with a participating employer, where the actual start of the contracted service is prevented by induction into the military and followed by a return to employment with the same participating employers after military service. (Section 3)

11. Permit KP&F members to purchase military service by double or triple deduction over the time period required to pay the full actuarial costs. (Section 14)

12. Authorize for Judges who attain the maximum level of 70 percent of final average salary, the member contribution rate would drop from 6.0 percent (or 4.0 percent under certain conditions) to 2.0 percent. Under current law, when a judge reaches the maximum benefit level, the contribution rate drops to 4.0 percent. Upon reaching age 65 and 20 years of service, the member contribution rate drops to 2.0 percent under current law. These provisions originally were in 1995 H.B. 2367. (Section 2)

13. Provide a benefit increase of 1.5 percent, effective July 1, 1995. All members who retired prior to July 1, 1994, and all disabled members, will receive whichever is the greater: either a 1.5 percent increase in retirement or disability benefits, or alternatively, \$0.50 for each year of service and \$0.50 for each year since retirement or disability. This increase would apply to all KPERS regular and special members who are retired or disabled, joint annuitants or beneficiaries, TIAA retirants, KPERS disability recipients, retirants of the State School Retirement System, and retirants of the Kansas City Kansas School Retirement System. By definition, most retired members of the Legislature are excluded from the increase in benefits. (New Section 17)

House Committee Recommendation

The House Committee concurs with the Subcommittee recommendations and makes the following changes:

1. Strike the prohibition in order to allow retired legislators to receive a cost-of-living adjustment in their retirement benefits. (New Section 17)

2. Amend provisions of H.B. 2554 which pertains to KPERS real estate holdings and investments into this bill without the implementation effective upon publication in the *Kansas Register*. (Section 8)

House Committee of the Whole Recommendations

The HCOW recommends the following changes in H.B. 2555:

1. Delete original Section 5 which would authorize a new, unclassified position for the KPERS staff by amending current law providing for positions in that agency.

2. Expand the definition of "military service" by changing the current reference from "armed forces" to "uniformed services" in order for members of a participating KPERS retirement plan to be able to obtain service credit for serving in such organizations as the U.S. Public Health Service. (Sections 1, 3, 7, 14)

3. Add a reporting requirement for KPERS to submit at least once every 90 days investment information and market values for review by the Legislature's Joint Committee on Pensions, Investments and Benefits. (Section 4)

Fiscal Note

The KPERS actuary has indicated the enactment of the cost-of-living adjustment would have the following cost impact, first to be reflected in FY 1998 for State/School, KP&F and Judges, and CY 1998 for local units:

Coverage Group	Increased Employer Contribution Rate	Annual Cost	Total Liability
KPERS State/School	0.07%	\$ 2,050,000	\$ 37,700,000
TIAA	0.02%	63,000	442,000
KP&F State	0.32%	82,000	657,000
Judges	0.19%	34,000	344,000
KPERS Local	0.07%	459,000	8,400,000
KP&F Local	0.32%	575,000	4,442,100
Total State Cost	--	\$ 2,229,000	\$ 39,143,000
Est. SGF Cost	--	1,901,000	32,837,000
Total Local Cost	--	1,034,000	12,842,100

SUBCOMMITTEE REPORT

Subcommittee on Kansas Public Employees Retirement System (KPERS)
and Retirement Issues

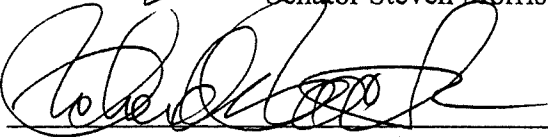
March 24, 1995



Senator August Bogina, Chairperson



Senator Steven Morris



Senator Richard Rock

SWAM
March 30, 1995
Attachment 5

Senate Subcommittee Recommendations

The Subcommittee concurs with the House and makes the following adjustments and additional recommendations:

1. Take no action on S.B. 44 (which would extend special disability benefits on a permanent basis for certain KPERS-Correctional employees). The Subcommittee action would allow the special disability enhancements for the KPERS-Correctional class to expire June 30, 1995. These disability benefits which are similar to those provided to members of KP&F have been extended since 1982 on an annual basis by past legislative actions. No change is anticipated in the state's actuarial contribution rate as a result of this change since the regular KPERS disability program will pick up these members and the assessment will need to continue for this purpose.
2. Incorporate H.B. 2076, as introduced (which would limit retirement benefit payments under certain conditions), into H.B. 2555. The Senate Subcommittee also recommends excluding retired judges and justices from these provisions. The bill, as introduced, would have provided that any KPERS retirant, who subsequently is employed by any KPERS participating employer, would not receive in that particular calendar year any KPERS retirement benefit after the retirant earns \$11,160 or more in compensation, beginning in calendar year 1995 or thereafter. This provision as recommended by the Senate Subcommittee would include most KPERS participating employers, including those state agencies with regular KPERS, local units and school districts, and the Kansas Police and Firemen's Retirement System (KP&F). The provisions will not apply to the Retirement System for Judges (which also includes the magistrates as well as judges and justices). In addition to exempting judges and justices, the salary earnings restrictions would not apply to retirants employed as substitute teachers; as officers, employees, appointees or members of the Legislature, or any other elected office; by a non-KPERS participating governmental employer; or by the private sector. An amendment to increase the amount of salary earnings to \$11,280 was added by the House.
3. Incorporate certain aspects of S.B. 45 (definition of what constitutes "support services") into H.B. 2555. The Senate Subcommittee recommends that law enforcement support personnel should be defined to include only dispatchers for the State Highway Patrol and local units. The actuarial cost impact on the state's contribution rate for KP&F has not been determined.
4. Include a portability provision relative to Wichita/Sedgwick County consolidations and transfers by municipal or county employees from the local retirement system to KPERS or from KPERS to the local retirement system.
5. Change the double-triple deduction method for purchasing or repurchasing service credit in order for additional purchases of service to be based on an actuarially determined rate over a fixed period of time for the individual to pay. KPERS staff indicated to the Senate Subcommittee that this method would be easier to calculate than the double-triple method.

6. Modify a provision allowing for purchase of TIAA service based on full actuarial costs and provide that additional purchases of service will be based on an actuarially determined rate over a fixed period of time for the individual to pay rather than using double or triple deductions.
7. Allow for the purchase of KP&F service by KPERs members for full actuarial costs based on either a lump sum or actuarially determine rate over a period of time for the individual to pay.
8. Add the Lt. Governor's staff to those state officials who are eligible for participation in the 8.0 percent deferred compensation program authorized for certain state officers in lieu of participating in regular KPERs. The state pays the entire 8.0 percent contribution and the employee does not make contributions to this deferred compensation program, which currently includes as eligible participants under K.S.A. 74-4911f the 10 cabinet secretaries, Highway Patrol Superintendent, State Grain Inspector, Lottery Executive Director, Racing Commission Executive Director, KDFa President, State Fire Marshall, State Librarian, Securities Commissioner, Adjutant General, State Board of Tax Appeals, Kansas Parole Board, State Corporation Commission, unclassified staff of the Governor, and unclassified employees on the staff of the House and Senate officers. The fiscal note for this change has not been calculated, but the state would only make contributions for two staff who would be affected.
9. Restore statutory authorization for a new, unclassified position for KPERs staff which was deleted by the House. The Senate Subcommittee recommends adding an Assistant Investment Officer in statute. Funding of this new position should be considered during the Omnibus Appropriations deliberations, if this authorizing legislation passes to establish this new position.
10. Delete and/or revise references pertaining to KPERs-Correctional disability benefits as a result of recommending that the enhancements expire on June 30, 1995.
11. Delete provisions for a COLA for retired members, certain retirant's beneficiaries, and disabled members from H.B. 2555 and amend the COLA as passed by the House into H.B. 2077.
12. Amend provisions of H.B. 2077 (which would require a periodic actuarial audit of the KPERs actuary's work) into H.B. 2555. The cost range for an audit is estimated from \$10,000 to \$50,000 depending on the complexity of the audit.
13. Delete the references to "uniformed services" and define "armed forces" to include only the U.S. Coast Guard.
14. Delete the mandated KPERs 90-day reporting requirement since the Senate Subcommittee views this as an unnecessary mandate which would require an unreasonable amounting of copying of documents which are available to members of the Legislature without passing this statutory requirement of providing open KPERs records.
15. Change the current employer's annual, statutory contribution rate increase from 0.1 percent annually to 0.2 percent annually, effective in FY 1997, in order to begin reducing the projected actuarial shortfall in the KPERs long-term funding. Attached to this Subcommittee Report is the

KPERS calculations regarding this change and the cost impact. The Senate Subcommittee considered a parallel increase in employee contributions based on the model provided by KPERS as the Subcommittee's preferred option, but the Subcommittee does not recommend that the combined employer-employee method be incorporated into H.B. 2555. This issue should be revisited prior to the time that the employer rate exceeds 4.0 percent (which is the current statutory employee contribution rate) in order that consideration may be given to linking the employer and employee rates. The Senate Subcommittee considered the possible legal consequences which might result from increasing the employee contribution rate in the absence of a concurrent and significant increase in employee retirement benefits.

Kansas Public Employees Retirement System
Summary of Additional Employer Contributions Required
Employer Contribution Rate Increase Beginning In Fiscal Year 1997
(Employee contribution Rate Constant at 4%)
STATE / SCHOOL

Fiscal Year	Projected Salaries (1)	Base Rate	COLA Rate (2)	.10% Current Cap		.20% Cap			.225% Cap			.25% Cap		
				Contributions	Rate	Contributions	Additional	Rate	Contributions	Additional	Rate	Contributions	Additional	Rate
1995	\$ 2,628,514,502	3.20%		\$ 84,112,464	3.20%	\$ 84,112,464	\$ 0	3.20%	\$ 84,112,464	\$ 0	3.200%	\$ 84,112,464	\$ 0	3.20%
1996	2,647,491,897	3.30%		87,367,233	3.30%	87,367,233	0	3.30%	87,367,233	0	3.300%	87,367,233	0	3.30%
1997	2,753,391,573	3.40%	.09%	96,093,366	3.49%	98,846,757	2,753,392	3.59%	99,535,105	3,441,739	3.615%	100,223,453	4,130,087	3.64%
1998	2,863,527,236	3.50%	.09%	102,800,628	3.59%	108,527,682	5,727,054	3.79%	109,959,446	7,158,818	3.840%	111,391,209	8,590,582	3.89%
1999	2,978,068,325	3.60%	.09%	109,890,721	3.69%	118,824,926	8,934,205	3.99%	121,058,477	11,167,758	4.065%	123,292,029	13,401,307	4.14%
2000	3,097,191,058	3.70%	.09%	117,383,541	3.79%	129,772,305	12,388,764	4.19%	132,869,496	15,485,955	4.290%	135,966,687	18,583,146	4.39%
2001	3,221,078,701	3.80%	.09%	125,299,961	3.89%	141,405,355	16,105,394	4.39%	145,431,703	20,131,742	4.515%	149,458,052	24,158,090	4.64%
2002	3,349,921,849	3.90%	.09%	133,661,882	3.99%	153,761,413	20,099,531	4.59%	158,786,296	25,124,414	4.740%	163,811,178	30,149,297	4.89%
2003	3,483,918,723	4.00%	.09%	142,492,276	4.09%	166,879,707	24,387,431	4.79%	172,976,565	30,484,289	4.965%	179,073,422	36,581,147	5.14%
2004	3,623,275,471	4.10%	.09%	151,815,242	4.19%	180,801,446	28,986,204	4.99%	188,047,997	36,232,755	5.190%	195,294,548	43,479,306	5.39%
2005	3,768,206,490	4.20%	.09%	161,656,058	4.29%	195,569,917	33,913,858	5.19%	204,048,381	42,392,323	5.415%	212,526,848	50,870,788	5.64%
2006	3,918,934,750	4.30%	.09%	172,041,236	4.39%	211,230,583	39,189,347	5.39%	221,027,920	48,986,684	5.640%	230,825,257	58,784,021	5.89%
2007	4,075,692,140	4.40%	.09%	182,998,577	4.49%	227,831,191	44,832,614	5.59%	239,039,344	56,040,767	5.865%	242,911,252	59,912,674	5.96%
2008	4,238,719,825	4.50%	.09%	194,557,240	4.59%	245,421,878	50,864,638	5.79%	257,290,293	62,733,053	6.070%			
2009	4,408,268,619	4.60%	.09%	206,747,798	4.69%	264,055,290	57,307,492	5.99%						
2010	4,584,599,363	4.70%	.09%	219,602,309	4.79%	283,786,701	64,184,391	6.19%		<u>\$ 359,380,296</u>				
2011	4,767,983,338	4.80%	.09%	233,154,385	4.89%	297,045,362	63,890,977	6.23%						
2012	4,958,702,671	4.90%	.09%	247,439,263	4.99%									
2013	5,157,050,778	5.00%	.09%	262,493,885	5.09%		<u>\$ 473,565,292</u>							
2014	5,363,332,809	5.10%	.09%	278,356,973	5.19%									
2015	5,577,866,122	5.20%	.09%	295,069,118	5.29%									

(1) Based on KPERS estimate.
(2) COLA adjustments include 1994 legislation



5-5



**Kansas Public Employees
Retirement System**

**KPERS
MEMBERSHIP
INFORMATION
MANUAL**

July 1, 1993

Kansas Public Employees Retirement System
Capitol Tower,
400 SW 8th Avenue, Suite 200
Topeka, Kansas 66603-3925

Phone: (913) 296-6666
or 1-800-228-0366
Fax #: (913) 296-2422

SWAM
March 30, 1995
Attachment 6

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

Capitol Tower
400 SW 8th Avenue, Suite 200
Topeka, Kansas 66609-3925
Phone: 913-298-6998 or 1-800-228-0998



Kansas Public Employees
Retirement System

Steps to Retirement



July 1, 1993

beneficiary, notify the Retirement System so we can send you the necessary form to name another beneficiary. Under the joint/survivor option, you may not name another joint annuitant but you can name another beneficiary to receive the lump sum death benefit. With Life Certain Options, you may change your beneficiary designation any time.

TAXABILITY OF BENEFITS

By law, your benefit is exempt from Kansas state income tax. Your benefit is taxable by the Internal Revenue Service from the start of your payments; however, if you made contributions prior to 1984 to the Retirement System, you can exclude a percentage of your benefit from taxation. The percentage you can exclude is based on the relationship between how much you contributed that has already been taxed and your expected return during your lifetime.

When you receive your first monthly retirement benefit you will also receive a form for withholding taxes if you are required to provide a withholding election. Please complete that form and return to this office immediately or the retirement system will automatically set your withholding at "married with three exemptions" which is the maximum according to federal regulations. You may elect to have taxes withheld or to change your previous election at any time but either request must be in writing. We also need your social security number in order to identify your records.

Each year in January you will receive a 1099-R form. File this form with the IRS each year you had withholding for federal income tax.

EMPLOYMENT AFTER RETIREMENT

For those who retired on or after July 1, 1988 all provisions relating to post-retirement work restrictions are removed, unless the retired member is employed by the same employer for whom he/she worked during the last two years of KPERs participation.

In those cases, retired members could receive benefits until earnings equal \$10,560 in a calendar year. At that point, retired members may elect (a) to terminate employment and continue to receive retirement benefits, or (b) continue employment and have benefits suspended, or (c) revoke their retirement and then become participating KPERs members.

Substitute teaching and service as an elected official, including officers, employees and appointees of the legislature, are excluded from all provisions of post-retirement work restrictions.

A retirement benefit is considered recognition of past service. The courts have generally held that retirement denotes termination of employment with the individual's particular employer. Consequently, if an employee has not severed employment with the employer, retirement has not occurred.

DEATH BENEFITS

After retirement, there is a death benefit of \$4,000 payable to the named beneficiary or beneficiaries. The beneficiary may assign this benefit to a funeral home. If there is a surviving spouse, the spouse receives the monthly benefit for the month in which death occurs.

Retired members receiving benefits based solely on service with the legislative branch (and elected service) or on special benefits do not have this death benefit.

POP-UP OPTION

In the event that the named joint annuitant under a joint survivor option predeceases the retired member, the amount of retirement benefit otherwise payable to the retired member will be "pop up" to the retirement benefit amount which the retired member would have received if no option were elected. Notify the Retirement System immediately if your joint annuitant dies.

RETURN OF EXCESS CONTRIBUTIONS

If the member dies after retirement, any contributions made in excess of the benefits received at the time of death will be refunded as a lump sum to the named beneficiary or in accordance with K.S.A. 7-4902(7) or monthly benefits paid in accordance with the option selected.

GENERAL INFORMATION

When contacting the Retirement System about your account please furnish your social security number and your retirement number if known. This is necessary whether the contact is by telephone or writing. To preserve the confidentiality of a member's record, we require any changes to a record be done in writing. This is to protect the member's benefits.

FIELD SERVICES

The Retirement System presently employs three field representatives who call upon designated agents throughout the year. The field representatives make generally fall into two categories, the first being calls made to participating employers' designated agents acquaint them with the forms, rules, regulations, policies and guidelines of the retirement system, and to assist them with specific problems that they occur.

The second call category is employee group presentation. Field representatives make these presentations upon request and tailor them to meet the needs of many types and numbers of employee groups such as retirement groups.

PUBLICATIONS AVAILABLE:

- KPERs Papers (member newsletter)
- Taxability of Benefits brochure
- Purchasing Service Credit brochure
- Member's Annual Statement of Account
- Membership and Service Credit brochure
- Should I Withdraw? brochure
- Designating a Beneficiary brochure
- Choosing a Retirement Option brochure
- Employee Information Manuals (KPERs, KP&F, Judges, Correctional Officers, Special Class of Elected Officials)
- Designated Agents Serve Important Functions brochure
- KPERs Procedure Manual - Available from designated agent only.
- Annual Report - Available from designated agent only.
- Internal Revenue Service Publications 554 and 575 - Available from IRS only.

Benefits are based on credited service and certain salaries. Prior and participating service benefits are based on the Final Average Salary. If you were hired before July 1, 1993, your Final Average Salary equals the greater of either a four-year Final Average Salary, including additional compensation, or a three-year Final Average Salary, excluding additional compensation. If you were hired on or after July 1, 1993, your pension will be based on a three-year Final Average Salary, excluding additional compensation.

If you retired on or after July 1, 1988, all provisions relating to post-retirement work restrictions are removed, unless you are employed by the same employer for whom you worked during the last two years of KPERS participation. In such cases, you can receive benefits until earnings equal \$10,560 in a calendar year. At that point, you may elect (a) to terminate employment and continue to receive benefits, or (b) continue employment and have benefits suspended, or (c) revoke your retirement and once again become a participating KPERS member.

Substitute teaching and service as an elected official, including officers, employees and appointees of the legislature, are excluded from all provisions of post-retirement work restrictions.

RETIREMENT OPTIONS

If you elect to receive the maximum monthly benefit without option, you will receive the maximum benefit payable, based on your service and salary. If you die before receiving benefits equal to your accumulated contributions, any remaining balance not already paid in benefits will be paid to your beneficiary and monthly benefit payments will cease.

In lieu of the maximum benefit, you may provide survivor benefits by selecting one of the following options. If you choose one of these, your monthly benefit is reduced for life with benefits continuing to your joint annuitant or beneficiary after your death. If your joint annuitant precedes you in death under any of the joint/survivor options, the option is cancelled and your benefit is increased to the maximum monthly benefit. This feature is referred to as a "pop-up" option. The options available are:

Joint and 1/2 Joint Survivor Option - This option provides a reduced monthly benefit to you for life with one-half that amount continuing to your joint annuitant after your death. The reduction is based on your age and the age of your joint annuitant. The reduction factor is 91 percent minus (-) 0.4 percent for each year your joint annuitant is younger than you or plus (+) 0.4 percent for each year your joint annuitant is older than you.

Joint and 3/4 Joint Survivor Option - This option provides a reduced monthly benefit to you for life with three-fourths that amount continuing to your joint annuitant after your death. The reduction factor is 87 percent minus (-) 0.5 percent for each year your joint annuitant is younger than you or plus (+) 0.5 percent for each year your joint annuitant is older than you.

Joint and Survivor Option - This option provides a reduced monthly benefit to you for life with the same amount continuing to your joint annuitant after your death. The reduction factor is 83% minus (-) 0.6 percent for each year your joint annuitant is younger than you or plus (+) 0.6 percent for each year your joint annuitant is older than you.

Payment of excess contributions is provided if benefits paid to you and your joint annuitant do not equal your accumulated contributions.

Life Certain Options - These options provide a reduced monthly benefit to you for life, and if you die within five, 10, or 15 years of your retirement date, the same monthly amount will continue to your beneficiary for the balance of the five-, 10-, or 15-year period. Under this option, the reduction factor is 98 percent, 95 percent, or 88 percent, respectively.

You may choose any retirement option on the form titled, "Application for Retirement Benefits" (KPERS-15).

For additional information about options, you should request the brochure, "Choosing a Retirement Option."

ANNUAL STATEMENTS

Each year the Retirement System will provide you with an Annual Statement of your account. The Annual Statement will advise you of your contributions on deposit.

KANSAS LEGISLATIVE RESEARCH DEPARTMENT

**300 S.W. 10th Avenue
Room 545-N -- Statehouse**

Phone 296-3181

March 29, 1995

TO: Senator August Bogina, Jr.

Office No. 120-S

RE: KPERS Service Credit

You asked during the KPERS Subcommittee meeting of March 23, 1995, if there were comparable examples of what Representative Sloan was requesting. At that meeting an example relative to purchase of out-of-state teaching service was cited. This memo places that example (purchasing out-of-state teaching service credit) in the context of current state policy with regard to KPERS service credit, KPERS proposed changes to that policy, and certain statutory provisions which may be cited in this case.

The following matrix helps show current state policy in regard to acquiring service credit.

Acquisition Cost	Service Multiplier 1.0% KPERS	Service Multiplier 1.75% KPERS / 2.5% KP&F
No Cost to Individual; State Pays Cost	Prior Service for Teachers & Some State Workers; Some Legislators with School Board Service; <i>TIAA members' service pre-1962</i>	None
Lump Sum Purchase by Individual	Out-of-State Teaching Credit; Some Military Service for KPERS	Some Military Service for KPERS & KP&F; Some Legislators with School Board Service
Double, Triple Purchase by Individual	Some Military Service for KPERS Only	Some Military Service for KPERS Only; Some Legislators with School Board Service

The matrix shows three KPERS acquisition means (no cost, lump sum purchase, or periodic payments) for two levels of service credit (1.0 percent and 1.75 percent multipliers). KP&F is shown for comparative purposes since that rate is 2.5 percent. The policy question would be to determine if the Senate Subcommittee actions place several new types of KPERS acquisitions and a modification of an existing KP&F one in the box or boxes on the matrix deemed appropriate by the Subcommittee.

Among the current KPERS recommendations in H.B. 2555, as passed by the House, is a proposed revision to allow KP&F members to purchase military service credit by double or triple deductions, thus making policy consistent with regular KPERS members' ability to use an alternative which offers a tax deferral advantage not provided by lump sum purchases. (The Senate Subcommittee concurred with this request.) KPERS also asked the Senate Subcommittee to replace the double or triple deduction method with

*SWAM
March 30, 1995
Attachment 7*

a new method which uses an actuarially determined rate for a specified period of time. This method would continue to offer a tax deferral alternative. (The Senate Subcommittee concurred with this request.)

Three new categories were considered by the Senate Subcommittee relative to acquiring KPERS service credit for other governmental work:

1. **Out-of-State Governmental or Public Service.** The House version of H.B. 2555 did not include an out-of-state recommendation. There is no affirmative Senate Subcommittee recommendation in the Subcommittee Report relative to adding this category.

The Subcommittee did address this out-of-state issue indirectly in its discussion which considered adding to the military definition "uniformed services" which had been included by the House. The Subcommittee decided to modify the House recommendation and add "Coast Guard" to the military services for which credit might be purchased. That recommendation rather than using "uniform services" is reflected in the Senate Subcommittee Report.

2. **Regents Service under TIAA.** The House version of H.B. 2555 includes a provision to allow either lump sum or double/triple dedications to buy service credit worth 1.75 percent for discontinued employment at Regents institutions. The Senate Subcommittee Report includes the recommendation to replace the double/triple method with an alternative actuarially determined periodic method per the KPERS request.

3. **Special Member Service under KP&F.** The House version of H.B. 2555 did not include a provision relative to this item. The Senate Subcommittee Report includes the recommendation to authorize either a lump sum or modified double/triple purchase of prior KP&F service at 1.75 percent.

Other Related Provisions

K.S.A. 1994 Supp. 74-4919a(2) allows any state employee who received Regents assistance in the purchase of a retirement annuity, such as TIAA, if reclassified to a classified position under the Kansas Civil Service Act or transferred to a civil service position under the Kansas Civil Service Act to purchase KPERS participating service credit by either the lump sum or double/triple method. This statute pertains to purchasing the first year of KPERS service (which is considered a year of waiting) and allows the use of TIAA service as part of the first year counting (but the TIAA service cannot be purchased).

In addition, there is a closed group of KPERS-TIAA members who do not make contributions to KPERS. They receive prior service benefits for service before 1962 and the benefit is 1.0 percent of final average salary for each year of credited service. Service after 1961 is counted for purposes of determining eligibility for vesting.

I hope this information is helpful to you. If I may be of further assistance, please let me know.

Julian Efird
Principal Analyst

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