

MINUTES OF THE HOUSE SELECT COMMITTEE ON KPERS COMMITTEE

The meeting was called to order by Chair Sharon Schwartz at 8:05 a.m. on March 8, 2010, in Room 159-S of the Capitol.

All members were present except.

Representative Robert Olson, Absent  
Representative Jeff Whitham, Absent

Committee staff present:

Kristen Kellems, Office of the Revisor of Statutes  
Gordon Self, Office of the Revisor of Statutes  
Julian Efird, Kansas Legislative Research Department  
Carol Bertram, Committee Assistant

Conferees appearing before the Committee:

Jerry Sloan, Judicial Branch  
Glenn Deck, Executive Director, Kansas Public Employees Retirement System (KPERS)

Others attending:

See attached list.

Julian Efird, Legislative Research Department, briefed the Committee on **SB 146**. He said this bill is very similar to **HB 2716 - Computation of KPERS benefits for certain state officers and employees placed on furlough**; however, it has a greater fiscal impact because it requires a current payment to KPERS of the employee and employer contributions if the employee is furloughed. He distributed a handout which compared **SB 146**, **HB 2716**, and the Prior Law concerning furloughs (Attachment #1). The handout explained the purpose, administration and the fiscal impact of each legislation.

Questions and answers concerning furloughs, sunset laws and KPERS payments followed.

Chair Schwartz opened the hearing on **SB 146 - Kansas public employees retirement system; computation of benefits when rate of computation is reduced or placed on furlough; removing sunset provision.**

HB 2716 - Computation of KPERS benefits for certain state officers and employees placed on furlough  
Jerry Sloan on behalf of the Judicial Branch appeared before the Committee in support of **SB 146**. He presented background information as to why **SB 146** is an important bill to pass at this time and stated the bill addresses issues employees are facing-- furloughs and salary reductions have a great impact on employees. He noted the Judicial Branch would have the largest number of individuals who would be impacted by **HB 2222**, and encouraged the Committee to pass a bill concerning furloughs and salary reductions (Attachment #2).

Questions and answers followed.

Chair Schwartz informed the Committee that Secretary Roger Werholtz, Kansas Department of Corrections, told her he would support **HB 146** if it had an amendment in Section 1 having to do with the effective date of the bill; namely, making it retroactive to January 1, 2010.

Glenn Deck, Executive Director, Kansas Public Employees Retirement System (KPERS), appeared before the Committee to stand for questions on how **SB 146** may impact KPERS. He reviewed the calculations on how retirement for employees would be calculated, and explained why he thought a sunset clause to the bill would be wise.

Questions and answers followed.

There being no further conferees to testify, Chair Schwartz closed the hearing on **SB 146**.

Chair Schwartz recognized Representative Proehl who introduced Alexandra Kunde, a foreign exchange student from Berlin, Germany, who is shadowing Representative Proehl for the day.

Chair Schwartz appointed a subcommittee consisting of Representative Proehl, Chair, and Representatives

CONTINUATION SHEET

Minutes of the House Select Committee on KPERS Committee at On Call on March 8, 2010, in Room of the Capitol.

Flaharty and Carlson. She asked that they report back to the Committee at its next meeting with recommendations in regard to the issues discussed in today's meeting on **SB 146**.

The Chair asked Gordon Self, Office of the Revisor of Statutes, to explain the Committee's new bill **HB 2730 Retirement health care benefit payments for certain retirants** which will be discussed at the next meeting.

The next meeting is scheduled for March 12, 2010.

The meeting was adjourned at 8:50 a.m.



Comparison of SB 146, HB 2716, and Prior Law Concerning Furloughs

Prior Law To 2007	SB 146	HB 2716
<p><b>Purpose:</b> To preserve the retirement, death and disability benefits of certain KPERS state officers and employees who were furloughed. Contributions generally were paid at retirement, not during the furlough.</p>	<p>Requires contributions to be paid during furloughed and other specified absences for all persons and for the state to pay both the employee and employer contributions for retirement, death and long-term disability benefits. Clarifies that all KPERS plans are covered.</p>	<p>Requires contributions to be paid during furloughed absences, including both the employee and employer contributions for retirement, death and long-term disability benefits. Must be designated by the state agency as eligible. Clarifies that all KPERS plans are covered.</p>
<p><b>Administration:</b> Required more extensive record-keeping to insure that employees received credit for period of layoffs and reduced salaries.</p>	<p><b>Administration:</b> Requires less extensive record-keeping since everyone will receive credit for period of layoffs and reduced salaries. Also requires agencies to remain open regular business hours five days per week.</p>	<p><b>Administration:</b> Requires less extensive record-keeping since anyone designated by the agency with 20 or more years of service will receive credit for period of layoffs and reduced salaries.</p>
<p><b>Fiscal Note:</b> Low cost since contributions were not paid on all persons but only those who had a negative impact on their benefits when eligible.</p>	<p><b>Fiscal Note:</b> Higher cost must be paid for all persons during layoffs.</p>	<p><b>Fiscal Note:</b> Not as high as SB 146 since the cost must be paid for only those agency-designated persons during layoffs with 20 or more years of service.</p>
<p><b>Background:</b> Legislation originally was enacted in 1987, and renewed in 2002 through June 30, 2007.</p>	<p><b>Background:</b> Requested by Senator John Vratil to revive prior law with modifications.</p>	<p><b>Background:</b> Requested by Representative Tom Hawk to revive prior law with modifications.</p>



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### House Select Committee on KPERS

March 08, 2010

Madam Chairman and Members of the Committee:

My name is Jerry Sloan and I am here on behalf of the Judicial Branch. I appear in support of SB 146. The intent of SB 146 is to hold retirement benefits harmless for those impacted by furloughs or other salary reductions due to budgetary shortfalls.

SB 146 was introduced last session and was unanimously passed by the Senate. Since reductions in compensation were not necessary last year, the bill was not heard in the House. With the passage of HB 2222, the rescission bill, SB 146 becomes more critical.

Furloughs and pay reductions impact employees on two levels. In the current year, they have less take home pay. Often this reduction can have rippling effects from incurring late fees and finance charges due to the inability to make payments in a timely manner to just not having the cash flow to purchase necessary items. Once the reductions are no longer in effect, the impact of the reductions continues. Retirement benefits are calculated using the employee's final average salary. This salary is either a three or four year average based on the employee's date of hire. Furloughs and salary reductions, therefore, can impact the benefit an employee receives for the duration of retirement.

SB 146 specifies that the amount of compensation that would have been paid if the employee's salary had not been reduced shall be included as compensation for the purposes of computing retirement benefits. Thank you for the opportunity to discuss Senate Bill 146.

HOUSE SELECT COMMITTEE ON KPERS  
DATE: 3-8-10  
ATTACHMENT: 2