

SESSION OF 2002

SUPPLEMENTAL NOTE ON SENATE BILL NO. 530

As Amended by Senate Committee on
Ways and Means

Brief*

SB 530, as amended, would exempt licensed nurses who return to work at certain state institutions from a statutory \$15,000 limit on salary earnings if retired from KPERS and returning to work for a state agency. The bill would allow nurses who retire or have retired under KPERS to return to work for state institutions under the Department of Social and Rehabilitation Services or the Veterans Commission without a post-retirement restriction on how much they may earn annually. Under current law, retired nurses could have their KPERS retirement benefits suspended if working and earning more than the statutory limit. A three-year sunset was included, with a provision to allow any participating nurses to remain under the exemption after the sunset date. Technical amendments suggested by KPERS also were included to insure continued compliance with federal law regarding retirement.

Background

SB 530, as amended, would address a nurse shortage at SRS institutions, especially Osawatomie State Hospital, and Veterans Commission facilities, by allowing licensed nurses to be exempt from a \$15,000 earnings limitation imposed on KPERS retirees who return to work for the state or any of its agencies or institutions. A representative of the Kansas State Nurses Association appeared in support of the bill. After hearing information from the Director of Personnel Services, the bill was amended to include institutions under the Veterans Commission which also are experiencing a nurse shortage. In addition, a three-year sunset provision was included to allow a review of the fiscal impact on KPERS and of whether this program contributes to reducing

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org/cgi-bin/fulltext/bills.cgi>

the nurse shortage at these institutions. The bill would insure that any nurse who opts to participate in this post-retirement plan will be allowed to remain in the program after the sunset date, which is intended to cut off new nurses from entering the program, not to force participating nurses out.

An estimated 88 licensed nurses working for the state and eligible to retire within three years could participate under this option. It could not be determined how many licensed nurses who already are retired might return to work under this option. Approximately 64 of the 88 nurses could opt to retire and return to work after July 1, 2002, when the bill would be effective.

There would be potential savings to the state since KPERS contributions and health insurance no longer would be paid for retirees who return to work under this option. Retirees would not be required to make KPERS contributions, nor would they earn any additional KPERS service credit for time worked after retirement. SRS indicates that hiring retirees would allow the hospitals to fill vacant positions and reduce the amount of overtime paid to insure that there are enough nurses on duty every day. Hiring retired nurses also would reduce expenditures for recruiting and training new employees. SRS states that any net increase in expenditures due to filling vacant positions would be absorbed within existing resources. KPERS reports that the magnitude of any negative actuarial impact would be related to how many nurses take advantage of this option. Because the number of nurses is potentially small, the actuarial impact would be proportionately small. There would be no administrative costs for KPERS.