

Approved: March 28, 2012

MINUTES OF THE HOUSE PENSIONS & BENEFITS COMMITTEE

The meeting was called to order by Chairman Mitch Holmes at 9:10 a.m. on March 12, 2012, in Room 142-S of the Capitol.

All members were present.

Committee staff present:

Gordon Self, Office of the Revisor of Statutes
David Wiese, Office of the Revisor of Statutes
Julian Efird, Kansas Legislative Research Department
Darla Conner, Committee Assistant

Others attending:

See attached list:

Continued action on:

SB 259 – KPERS; employment after retirement for certain school employees.

The motion of Representative Hill failed to table **SB 259** to a certain date; Monday, March 12, 2012 at the meeting on Friday, March 9, 2012.

The motion of Representative Grange failed to add the contents of 2011 **HB 2311 – Enacting the Kansas public employees retirement system defined contribution act**, with the following modifications: establish a six month waiting period for new hires to have an election for either the cash balance plan or the defined contribution plan alternative in **HB 2311**; employee will contribute 6% and on a four year graduated scale, have the employer contribution increasing from 1% to 4%; no retirement contributions made for the first six months at the meeting on Friday, March 9, 2012.

Representative Johnson moved to amend **SB 259** by setting a maximum employer contribution rate of 6% to apply to Tier 3 only. In order to allow the Legislature to make future adjustments to the benefits provided for the Cash Balance Portion of Tier III, two events would be required. First, if the KPERS Board recommends specific adjustments or second, if an actuarial study that concludes: 1) there is significant likelihood that contribution rates will continue to rise and 2) that participating employers are liable for system costs above the contribution rate established previously. The Legislature may adjust benefits for the Cash Balance portion of Tier III of the KPERS system for future years of service including: a) the guaranteed minimum interest credit, b) the interest rate used to guarantee retirement benefits, and c) other provisions of the Cash Balance portion of Tier III of the KPERS system. The Legislature may make adjustments to the benefits and the system if: 1) cannot reasonably be sustained under its current provisions, 2) is critically underfunded, 3) has become unstable and is in risk of collapse. Subject to federal law the adjustments made may include: 1) conversion to a different type of retirement plan, 2) equitable distribution of system assets to retirees and members, and 3) a closure of the system. Seconded by Representative Hill. Motion passed.

CONTINUATION SHEET

The minutes of the House Pensions & Benefits Committee at 9:10 a.m. on March 12, 2012, in Room 142-S of the Capitol.

Representative Holmes moved to amend the contents of **HB 2732 – Fiscal notes and actuarial cost determination reports of bills containing KPERS benefit enhancements**, into **SB 259**. Seconded by Representative Roth. Motion passed.

Representative Roth moved to amend **S Sub for HB 2194 – Increased employee and employer contribution rates and benefit formula multiplier** and add the language to **SB 259** with the following exceptions: 1) remove the trigger, 2) remove the elections on tier 1 and 2 and instead add the default provisions. Seconded by Representative Johnson.

Representative Holmes moved to make a substitute amendment to make Tier I and Tier II have the same multiplier and contribution rate. Seconded by Representative Worley. Motion passed.

Representative Grange moved to pass out favorably as amended **SB 259**. Seconded by Representative Roth. Motion passed.

Representative Ruiz and Representative Flaharty having voted “ no” wished to have their votes recorded.

The next meeting is scheduled for March 14, 2012.

The meeting was adjourned at 10:48 a.m.