

MEMORANDUM

To: Joint Committee on Pensions, Investments, and Benefits

From: Alan D. Conroy, Executive Director

Date: December 19, 2014

Subject: Committee Requests for Additional Information

At the November 17, 2014 meeting of the Joint Committee, there were several requests for additional information made by the Committee.

KP&F Enrollment Appeals

The 1998 Legislature adjusted the definition of police officer to incorporate more specific standards related to actual law enforcement for enrollment of members in the Kansas Police & Firemen's Retirement System. This definition excluded employees whose primary duties were correctional in nature.

KPERS is currently a party in two administrative appeals where KPERS administrators determined that a member was improperly enrolled in KP&F and whose position was eligible instead for regular KPERS. Both determinations were made when the member in question applied for disability benefits and it was discovered the position description did not qualify for KP&F benefits. These are the first two appeals the Retirement System has had with respect to this issue.

Because these members were enrolled as KP&F members, their employee contribution rate was more than it would have been if they had been properly enrolled as KPERS members. Because of the legal nature of the administrative appeal process, KPERS anticipates any resulting payment of excess contributions and interest in these two cases will be handled as part of the final determinations. KPERS does routinely deal with repayment of additional contributions when a member is incorrectly enrolled by an employer. However, the statutes are silent on the System's ability to pay interest to members who contributed more than was required.

Dollar Value of Reduced Actuarially Required Contribution (ARC) Rate

As reported to the Committee in November, the ARC rate for the State/School group was lower in the 12/31/2013 actuarial valuation than in the previous valuation. Normally it would be difficult to compare the dollar value of such a change, due to changing projections of employee salaries. However, total payroll projections in the 12/31/2012 and 12/31/2013



valuations were virtually unchanged, going from \$4.382 billion in the 12/31/2012 valuation to \$4.376 billion in the 12/31/2013 valuation, a reduction of 0.1 percent. Because the salaries are so similar, a reasonable estimate of the value of the change in the actuarially required contributions can be accomplished by multiplying the ARC rate by the projected active member salaries:

	12/31/12 Valuation	12/31/13 Valuation	Difference
Projected Salaries	\$4.382 billion	\$4.376 billion	\$6.5 million
ARC Rate	14.95%	14.85%	0.1%
Projected Employer Contributions	\$655.2 million	\$649.8 million	\$5.3 million

It should be noted that the state is not currently contributing the full ARC rate for the State/School group. Despite the lower ARC rate in the 12/31/2013 valuation, the statutory contribution rate remains below the ARC rate, so the state will not realize any savings due to the lower ARC rate.

Social Security Coverage

The question of social security coverage of state employees arose at the November meeting. The Department of Administration Office of Personnel Services (OPS) was able to provide information for all employees that receive a Kansas W-2. This includes all employees, not just KPERS members, and would include temporary employees and student employees as well. According to data provided by OPS, 76.5 percent of all employees, 54,881 of 71,736, who received a Kansas W-2 for calendar year 2014 were subject to social security deductions. More than 16,000 employees who were not covered by social security in calendar year 2014 were students, which represents more than 96 percent of the employees without Social Security. Another 553 employees without Social Security were employed in public safety positions.

State KP&F Members

A request was made to provide information on the types of State positions that are covered by KP&F retirement. There are approximately 675 KP&F members employed by state agencies. However, KPERS does not have data regarding the job classifications of members. The Department of Administration Office of Personnel Services (OPS) was again able to provide a list of the job classes of all KP&F members paid through the state payroll system (SHARP), which excludes some university police positions at the Regents institutions:

Job Class	KP&F Employees
Assistant Director	2
Director	1
Fire Protection Specialist	8
Fire Protection Station Captain	3
Fire Protection Crew Chief	6
Fire Protection Safety Training Specialist	1
Fire Protection Supervisor	3
Associate Director	1
Senior Special Agent	1
Highway Patrol Trooper Trainee	6
Highway Patrol Trooper	56
Highway Patrol Master/Tech Trooper	253
Highway Patrol Lieutenant	73
Highway Patrol Captain	16
Highway Patrol Major	4
University Police Captain	1
Law Enforcement Officer I	7
Law Enforcement Officer II	32
Law Enforcement Officer III	10
Public Service Executive II	2
Special Agent - KBI	18
Senior Special Agent - KBI	40
Special Agent in Charge - KBI	8
University Police Officer	1
Total	553

There are approximately 125 KP&F members employed as police officers at the state Universities who are not included in the report from SHARP.

I hope this information is responsive to your requests. If there are additional questions I would be happy to gather the information for the Joint Committee.