

MEMORANDUM

To: Senate Select Committee on KPERS

From: Alan D. Conroy, Executive Director

Date: February 16, 2015

Subject: Senate Bill 228

Senate Bill 228 would expand the group of members eligible to be included in the Kansas Police and Firemen's (KP&F) retirement system by including members who have been contributing as KP&F members even if they are assigned to a local correctional facility.

Background

Effective, July 1, 1999, K.S.A. 74-4952 established three eligibility criteria for membership in KP&F, as follows:

- The employee is assigned to the police department whose principal duties are engagement in the enforcement of law and maintenance of order within the state and its political subdivisions, including sheriffs and sheriffs' deputies;
- The employee has successfully completed the required course of instruction for law enforcement officers approved by the Kansas law enforcement training center and is certified pursuant to the provisions of K.S.A. 74-5607a and amendments thereto; and
- The employee is specifically designated, appointed, commissioned or styled as a police officer by the governing body or city manager of the participating employer and certified to the retirement system as such.

Based on the above criteria, local correctional officers, including Sheriff's deputies assigned to local jails, have not been considered eligible for KP&F membership.

KPERS is currently involved in administrative appeals where a member applied for KP&F disability benefits, but upon review of the member's primary job duties, was deemed not eligible for KP&F due to their assignment to a local correctional facility.

KPERS does not routinely receive data regarding job duties of its members whether at enrollment, during active service or during the retirement application process. However, applications for disability benefits do include a review of primary job duties because of the requirements for a disability designation.



Therefore, the scope of membership enrolled in KP&F, but whose primary assignment is to a local correctional facility, is not currently known. The issue only came to light in the recent past when an application for disability benefits was made.

However, since the first determination that a member was enrolled as a KP&F member but whose primary assignment was to a local correctional facility, it has become clear that there are additional members enrolled in KP&F whom KPERS would consider not eligible for KP&F membership under existing law.

Cost Considerations

Since a member must be contributing as a KP&F member to be affected by the new, broader definition of KP&F eligibility (page 4, lines 28 and 29), KPERS believes this group will already be enrolled as KP&F members in the KPERS membership database. Because they have been enrolled as KP&F members in the membership database, they will have been treated as KP&F members in all actuarial calculations. Therefore, if SB 228 is passed as introduced and applies only to those members contributing as KP&F members prior to the effective date of SB 228, there is no expected actuarial cost to the System.

If SB 228 is applied more broadly, there could be changes in the pool of KP&F members due to the bill, and those changes will be reflected in the actuarial assumptions going forward and any cost changes will flow through the annual valuation to the actuarial required contribution (ARC) rate. However, the extent to which membership demographics will change, if any, is unknown and a cost cannot be calculated.

There may be some administrative costs to align KPERS administrative processes and information technology systems with the new definition of KP&F membership. However, it is estimated that those costs can be covered within the existing budget.

If the Committee has additional questions regarding Senate Bill 228, I would be happy to respond further.