SESSION OF 2015

SUPPLEMENTAL NOTE ON SENATE SUBSTITUTE FOR HOUSE BILL NO. 2095

As Recommended by Senate Select Committee on KPERS

Brief*

Senate Sub. for HB 2095 would extend the current working after retirement provisions of the Kansas Public Employees Retirement System (KPERS) for two years, from June 30, 2015, to June 30, 2017. Starting on July 1, 2017, and ending on July 1, 2021, a retiree would be allowed to receive up to $25,000 in compensation annually from a contributing KPERS employer, regardless of whether the retiree is returning to work for the same or a different employer, before the retiree would be required either to terminate employment or forgo monthly KPERS benefits until the end of the calendar year. Under current law, most retirees who return to work for the same contributing employer may receive up to $20,000 in compensation before either terminating employment or forgoing monthly KPERS benefits until the end of the calendar year. The Joint Committee on Pensions, Investments and Benefits (Joint Committee) would be required periodically to study the compensation limit, taking into account the effect of inflation and retirement data.

The compensation limit would not apply to the following retirees:

- Professional or practical licensed nurses who are employed at a state institution, including the Kansas Soldiers' Home or the Kansas Veterans' Home;

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*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

- Certain licensed school district employees (described in more detail below);
- Certified law enforcement officers who are employed by the Law Enforcement Training Center;
- Members of the Kansas Police and Firemen's Retirement System or the Retirement System for Judges;
- Substitute teachers or legislative officers, employees, or appointees;
- Elected city or county officers; and
- Individuals who are employed or have accepted employment by a contributing employer prior to May 1, 2015.

A contributing employer that hires a retiree would be required to pay to the Retirement System the employer contribution rate. However, employers of licensed nurses or certified law enforcement officers, as described above, also would be required to pay the statutorily prescribed employee contribution rate, which is based on the retiree's compensation during the period of employment. Retirees would not receive additional credit for service while employed under the provisions of the bill. For retirees who are employed prior to May 1, 2015, any break in continuous employment or a move to a different position during the period July 1, 2017, to July 1, 2021, would be deemed new employment and would subject the retiree to the provisions of the bill.

A contributing employer would be permitted to appeal to the Joint Committee for a one-year hardship exemption for an unexpected vacant position with no active KPERS member to fill the vacancy. The bill would authorize the Joint Committee to grant extensions. The Joint Committee also would be granted the authority to examine an employer's recruitment documentation.

Certain Licensed School District Employees Also Exempt

A school district would be permitted to hire a retiree to fill a special teacher position or any of the top five hard-to-fill positions, which the State Board of Education would determine annually. Re-employed retirees would continue to receive full retirement benefits for up to three school years or 36 months, whichever would be less. During this period the school district would pay to KPERS the actuarially determined employer contribution plus 8 percent. School districts would be required to maintain documentation describing recruiting efforts to employ non-retirees in hard-to-fill positions.

A school district would be permitted to appeal to the Joint Committee for a one-year extension of the exemption. The bill would authorize the Joint Committee to grant extensions. The Joint Committee also would be granted the authority to examine a school district's recruitment documentation. If a school district was found to have made insufficient efforts to hire non-retirees or if evidence was found of pre-arrangement between the school district and the retiree, the Joint Committee could revoke the exemption.

Background

The Senate Select Committee on KPERS deleted the language of HB 2095, which pertained to the authorization of $1.5 billion of bonds for KPERS, and inserted a substitute bill relating to working after retirement provisions. Previously the Select Committee heard testimony on SB 299, which would extend the working after retirement sunset provision pertaining to licensed school personnel for one year, until June 30, 2016.

SB 299 was introduced by the Select Committee and heard initially on March 31, 2015. Language for a substitute bill was was proposed to the Select Committee on April 29, 2015. There were no proponents or opponents on the substitute bill . Representatives of KPERS, the Kansas National Education Association, the Kansas Association of School Boards, the Elk Valley School District (USD 283), the Wichita Public Schools, the League of Kansas Municipalities, the Kansas Associations of Chiefs of Police, Sheriffs, and Peace Offices, along with individual teachers and school administrators, provided neutral testimony. Neutral education conferees stated any changes to the current working-after retirement provisions should not diminish a school district's ability to fill positions with qualified individuals.

A revised fiscal note was not available when the Select Committee recommended a substitute bill.