CORRECTED
SESSION OF 2015

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2253

As Amended by House Committee on Pensions and Benefits

Brief*

HB 2253, as amended, would extend the current working after retirement provisions until July 1, 2016. The revised working after retirement provisions contained in the bill then would be in effect from July 1, 2016, to July 1, 2017. The bill would apply to the State and all local and school employers affiliated with KPERS; it would not apply to persons covered by the Retirement System for Judges or the Kansas Police and Firemen's Retirement System. The waiting period before retirees would be able to return to work, whether it be for the same or a different employer or through a third-party contractor, would continue to be 60 days. Pre-arrangements for post-retirement employment would continue to be prohibited.

A retiree returning to work in a covered position would become an active KPERS member and would not be permitted to join multiple plans. The individual's original retirement benefit would be suspended for the duration of re-employment. A retiree returning to work in a non-covered position would receive full KPERS benefits and could earn up to $20,000 in a calendar year. Upon reaching the income cap, a retiree would be required either to stop working for the remainder of the calendar year or stop receiving pension benefits until the beginning of the next calendar year. Licensed, special education teachers and state nurses returning to work at state hospitals, including the Kansas Soldiers' and Veterans' Homes, would continue to be exempt

*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 and would be able to earn a pension without facing the limitation placed on earnings. Retirees who are employed at the time the revised working after retirement provisions take effect would not be eligible for the new provisions.

Regardless of the tier from which an individual retired, retirees returning to work in a covered position would enter the KPERS 3 Cash Balance Plan and would vest immediately. Employer and employee contributions would be made to KPERS 3 at the rates applicable for all other active KPERS members of that group. No purchase of service credit would be allowed. While employed, the retiree would not be eligible for long-term disability benefits but would be eligible for death benefits. A retiree hired by a third-party contractor would be ineligible to become an active KPERS 3 member.

Payment options for the original benefit would remain unchanged. A retiree could elect a benefit option currently available under the KPERS 3 Plan. A minimum account balance of $6,000 would be required for a retiree to receive a monthly benefit annuity. A retiree could elect to take a full lump sum withdrawal. A partial lump sum withdrawal could be elected so long as the account balance that would be annuitized would be no less than $6,000.

The provisions that would be codified at KSA 74-4914(7) and 74-4937(3) would be subject to legislative amendment or nullification and would not be construed so as to create any right.

Special and Non-special Teacher Positions

For licensed school professionals, the bill would distinguish between special teacher positions and non-special teacher positions. A retirees who returns to work for a school district as a special teacher would continue under the current provisions working after retirement provisions, which would sunset on July 1, 2018. Starting on July 1, 2016, and ending on July 1, 2017, a school district could fill a non-special teacher position with a retiree if the school district can certify to the State Board of Education (Board) the following information and efforts taken:

- The date the vacant position was posted internally and externally;
- The number of applications received;
- The number and dates of interviews conducted;
- The specific reason that non-retired applicants did not meet the position requirements, as compared to the retiree the school district proposes to hire; and
- A certification there was no pre-arrangement contract between the school district and the retiree.

The Board would review each request and, determining the conditions of the bill are met, would approve the school district's request. The Department of Education would report, by school district, the number of requests made, the number of retirees hired, and the positions for which the retirees were hired to the Legislature and the Joint Committee on Pensions, Investments and Benefits at the start of the 2018 Legislative Session.

Background

During the House Committee hearing, representatives of the Kansas National Education Association, the Wichita School District No. 259, the Kansas Association of School Boards, the United School Administrators of Kansas, and the Kansas Association of Retired School Personnel spoke in favor of the bill, stating for many hard-to-fill positions it is often necessary to hire school personnel who have retired recently.

There was no opponent testimony.

A representative of the League of Kansas Municipalities, expressing concern that small, rural cities could be negatively affected if the sunset was not extended, and a representative of the Kansas Associations of Chiefs of Police, Sheriffs, and Peace Officers, noting many of the consequences pertaining to changing working after retirement requirements remain to be vetted, provided neutral testimony. A representative of KPERS provided neutral statistical testimony. As of December 31, 2013, excluding Kansas Police and Firemen's and Judicial retirees, there were an estimated 66,336 KPERS retirees who did not work after retirement. There were approximately 5,506 individuals who returned to work for either the same or a different employer; this includes 4,009 individuals working for schools, 504 for the state, and 993 for local government.

The House Committee on Pensions and Benefits amended the bill to provide for alternative working after retirement provisions, which would include temporary provisions for re-hired school personnel for one fiscal year.

According to the fiscal note prepared by the Division of the Budget, in consultation with KPERS, the fiscal effect of the bill as introduced on KPERS revenues and costs cannot be estimated due to the unpredictability of retirement behavior. A revised fiscal estimate was not available at the time the House Committee amended the bill.