

SESSION OF 2019

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2203

As Amended by House Committee on Financial
Institutions and Pensions

Brief*

HB 2203, as amended, would revise the working-after-retirement provisions of the Kansas Public Employees Retirement System (KPERS or the Retirement System) by adding a new category of positions exempt from the law and reimbursing certain suspended benefits for a specific period of time.

The bill would add individuals employed by the Kansas academies of the U.S. Department of Defense STARBASE Program to the list of exemptions. The participating employer would not have to enroll retirees into KPERS or report compensation to the Retirement System. The participating employer would not make contributions to KPERS. However, retirees would still be required to serve their 60- or 180-day waiting period, as applicable, before returning to covered employment, provided there is no prearranged agreement for employment. Currently, there are eight categories of retirees who may work after retirement:

- Nurses or practical nurses employed at certain state institutions;
- Certain school district positions defined by KSA 74-4937 (3), (4), and (5);
- Law enforcement officers employed by the Law Enforcement Training Center;

*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>

- Members of the Kansas Police and Firemen's Retirement System;
- Substitute teachers or certain legislative positions;
- Poll workers;
- Persons employed prior to May 1, 2015; and
- State or local elected officials.

In instances prior to July 1, 2019, where benefits have been suspended due to either the employer or the individual, who retired during the period of July 1, 2016, through July 1, 2019, violating working-after-retirement law, the bill would authorize KPERS to reimburse a retiree's benefits, provided the retiree had stopped working when notified of the violation.

Background

The bill was introduced by the House Committee on Financial Institutions and Pensions at the request of Representative Dietrich. During the House Committee hearing, a representative from the Adjutant General's Department (Department) spoke in favor of the bill, explaining the STARBASE education program, which is focused towards teaching fifth grade students about science, technology, engineering, and mathematics, is federally funded. The conferee stated additional contributions to KPERS comes at the expense of fewer resources for the classroom.

A representative from KPERS provided neutral testimony, stating the number of retirees employed by STARBASE is relatively small and the Retirement System would not be expected to have any actuarial cost. On February 25, 2019, a representative from KPERS provided neutral testimony on the House Committee amendment described below, explaining while the new working-after-retirement provisions have been working effectively, there

have been a few instances where either retirees or employers have not followed the provisions, thinking the policy was not necessarily applicable in their circumstances. No opponent testimony was provided.

The House Committee amended the bill to allow for the reimbursement of certain suspended benefits for a specific period of time, if the retiree terminated employment when notified of the violation.

According to the fiscal note provided by the Division of the Budget, the Department estimates the bill, as introduced, would reduce expenditures by \$25,000 from all funds in FY 2020; there are five employees who would be affected by the bill. KPERS estimates the bill would not have an actuarial cost. Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2020 Governor's Budget Report*.