

SESSION OF 2019

SUPPLEMENTAL NOTE ON SENATE BILL NO. 121

As Amended by Senate Committee on Financial
Institutions and Insurance

Brief*

SB 121, as amended, would permit local eligible employers to affiliate with the Kansas Police and Firemen's Retirement System (KP&F) with regard to coverage for certain local adult and juvenile corrections employees.

Local Employer Affiliation with KP&F

The bill would authorize any political subdivision of the state providing certain services described in the bill that is an eligible employer under KP&F to apply or provide supplemental application to affiliate with KP&F for future service with regard to coverage for detention deputies, corrections officers, detention officers, or jailers.

Definition of Local Corrections Employees

The bill would specify the terms "detention deputy," "corrections officer," "detention officer," and "jailer" to mean an employee assigned to a jail, adult detention center, juvenile detention center, or other local adult or juvenile correctional facility whose principal duties are engagement in maintaining security and control of the facility, monitoring both pre- and post-conviction inmate or prisoner behaviors and activities, enforcing the facility rules and guidelines, and who is specifically designated, appointed, commissioned, or styled

*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>

by the governing body of the participating employer and certifies to the retirement system as such.

The bill would specify, for purposes of affiliation in KP&F, the word “policeman” would include “detention deputy,” “corrections officer,” “detention officer,” or “jailer.”

Retirement and Vested Benefits

The bill would state if a detention deputy, corrections officer, detention officer, or jailer has a vested retirement benefit under both KP&F and the Kansas Public Employees Retirement System (KPERS), and retires on or after such individual’s normal retirement date under KP&F, then the individual would also be deemed to have retired for purposes of KPERS and eligible for such vested retirement benefit under KPERS.

Background

The bill was introduced by the Senate Committee on Financial Institutions and Insurance at the request of the Kansas Sheriffs’ Association (KSA). In the Senate Committee hearing, a representative of KSA provided testimony in support of the bill, noting KPERS Tier III has created challenges in recruiting new detention employees and the bill would allow local counties the option of placing certain corrections employees into KP&F.

No neutral or opponent testimony was provided. (*Note:* In the House Committee on Financial Institutions and Pensions, a representative of KPERS provided information on a companion bill, 2019 HB 2139. The representative noted the bill would take effect July 1, 2019, at which point current local KP&F employers could choose to include detention deputies, corrections officers, detention officers, and jailers among their KP&F covered employers. Local employers not currently affiliated with KP&F could not elect KP&F for its

employees until affiliation with KP&F, which typically takes effect January 1 of the year following their approved affiliation application.

If an employer chooses to move these employees from KPERS to KP&F, all eligible employees would move to KP&F; there would be no opportunity for an individual election to remain in KPERS or to move to KP&F. Local governments choosing to opt to cover these employees would be required to pay the higher KP&F employer contribution rate.)

The Senate Committee amended the bill to specify the KP&F affiliation would only apply for future service. This amendment was requested by KPERS.

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, KPERS estimates the bill would have an actuarial effect on KP&F. However, the fiscal effect cannot be estimated as the number of local employees who would move from KPERS to KP&F is unknown. The agency does not have position description information of local government members to be able to discern how many members would be eligible for KP&F. Additionally, KPERS notes the bill would allow the election of KP&F coverage to be voluntary. As a result, the number of employers who are not currently affiliated with KP&F, but would choose to do so cannot be predicted. KPERS indicates any change to the KP&F actuarial required contribution rate would have to be paid by all KP&F employers. Because KP&F uses a single uniform rate for both state and local employers, enactment of the bill has the potential to affect contributions for KP&F state agencies.

While KPERS does not have the data to determine precisely how many members would be eligible to become KP&F members, it is estimated the number of employees would be large. The agency indicates the bill would require additional expenditures totaling \$378,479, all from the KPERS Trust Fund. This figure includes \$98,479 for 2.0 new FTE positions to provide transition and ongoing support to

local employers and members. The total also includes \$280,000 to make upgrades across several database systems. Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2020 Governor's Budget Report*. (Note: According to testimony provided by a representative of KPERS on HB 2139, if local employers affiliate for future service only, as the amended bill would specify, KPERS would expect no increase in the unfunded actuarial liability for KP&F.)