

SESSION OF 2017

SUPPLEMENTAL NOTE ON SENATE BILL NO. 137

As Amended by Senate Committee on Financial
Institutions and Insurance

Brief*

SB 137, as amended, would revise death benefits for certain surviving spouses covered by the Kansas Police and Firemen's Retirement System (KP&F). Upon the service-connected death of a KP&F member, the member's spouse would receive an immediate lump-sum benefit equal to 100 percent of the member's final average salary and an annual spouse's benefit equal to the greater of:

- Fifty percent of the member's final average salary; or
- The amount the member would have been paid had the member elected the joint and survivor retirement benefit option and retired as of the first day of the month following the date of death.

Under current law, a surviving spouse receives an annual benefit equal to 50 percent of the member's final average salary plus an additional 10 percent for each child under the age of 18, or 23 if the child is a full-time student, capped not to exceed 75 percent of the member's final average salary. The bill would increase the cap to 90 percent.

The benefits would apply retroactively, starting on July 1, 2016. The Kansas Public Employee Retirement System (KPERS) would have the administrative authority to implement the provisions of the bill.

*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>

Background

The bill was introduced by the Senate Committee on Ways and Means and referred to the Senate Committee on Financial Institutions and Insurance. During the hearing before the Senate Committee on Financial Institutions and Insurance, a representative from the Kansas State Council of Fire Fighters and a representative of the Kansas Association of Chiefs of Police, the Kansas Sheriffs Association, and the Kansas Peace Officers Association testified in favor of the bill. The proponents generally stated the bill would provide for surviving spouses and children when a member with a career of public service dies in the line of duty. An example was given of a law enforcement officer with a young family that was killed in Kansas City in 2016.

Written-only proponent testimony was submitted by the Kansas State Lodge Fraternal Order of Police.

A representative of KPERS provided informational testimony, explaining that over the past five years there have been two to three service-connected fatalities annually.

No neutral or opponent testimony was provided.

The Senate Committee amended the bill to allow the survivor benefits specified in the bill to apply retroactively, starting on July 1, 2016.

According to the fiscal note prepared by the Division of the Budget, in consultation with KPERS, the bill, as introduced, would increase the unfunded actuarial liability (UAL) of the Retirement System by an estimated \$605,453, resulting in an increase of 0.02 percent to the KP&F employer contribution rate, which would include a 0.01 percent increase in the UAL and a 0.01 percent increase to the normal cost of benefits. KPERS estimates the increase to the employer contribution rate would have a small fiscal effect on revenues to the KPERS Trust Fund. KPERS indicates the bill would require upgrades to its information technology system, but it

is anticipated that the cost of the upgrades would be negligible. Any fiscal effect associated with enactment of the bill, as introduced, is not reflected in *The FY 2018 Governor's Budget Report*.