

SESSION OF 2023

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2272

As Recommended by House Committee on
Financial Institutions and Pensions

Brief*

HB 2272 would modify 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 working after retirement employer contributions. The bill would add licensed nurses and direct support workers at a KPERS-affiliated Community Developmental Disability Organizations (CDDOs) to the list of exempted positions.

The bill would also make technical updates to remove previous working after retirement exceptions that expired January 1, 2018.

[*Note:* If exempted from the requirements, the participating employer (CDDO) 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.]

*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 would add a tenth exemption or other adjustment (employer contribution rate) from the statutory working after retirement rules. These categories of retirees permitted to work after retirement include:

- Licensed professional nurses at state institutions (different employer contribution rate);
- Daily call substitute teachers (exempt);
- Law enforcement officers employed by the Law Enforcement Training Center (different rate);
- Members of the Regents retirement plan (exempt);
- Poll workers (exempt);
- State or local elected officials (exempt); and
- STARBASE employees (exempt).

The bill was introduced by the House Committee on Financial Institutions and Pensions at the request of Representative Hoheisel.

House Committee on Financial Institutions and Pensions

In the House Committee hearing, **proponent** testimony was provided by representatives of the Big Lakes Development Center, Inc.; Starkey, Inc.; and Interhab. The proponents generally addressed the increasing demand for direct care support professionals and the challenges in filling vacancies, including the present cost to hire a KPERS retiree. The proponents noted the benefits of hiring KPERS retirees who may be retired school employees, including para educators and special education teachers whose experience could benefit the people their organizations serve. One

conferee estimated the bill would enable the organization to hire three to four more individuals a year.

Written-only proponent testimony was provided by Developmental Services of Northwest Kansas and Multi Community Diversified Services.

Neutral information provided by the Executive Director of KPERS detailed the current working after retirement rules for members who retire from KPERS and begin receiving benefits and for KPERS-affiliated employers, the actuarial impact of the exemption, and administrative costs on the Retirement System. The conferee noted, under these rules, employers are required to contribute the statutory contribution rate (8.43 percent in CY 2023 for local employees) on the first \$25,000 of retiree salary and 30.0 percent for salary above \$25,000.

No other testimony was provided.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, the KPERS actuary indicates the current working after retirement employer contribution's rate is to help offset the actuarial cost of KPERS-covered positions being filled with KPERS retirees who do not make KPERS contributions. Enactment of the bill would have an actuarial cost to KPERS to the extent that the bill would eliminate future contributions on the compensation of certain retirees who are employed by CDDOs. However, the number of KPERS retirees employed by CDDOs is relatively small when compared to the total number of KPERS members and the enactment of the bill would have a negligible effect on KPERS.

Retirement System; KPERS-affiliated employers; working after retirement rules; exemption; Community Developmental Disability Organizations