

SESSION OF 2014

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2596

As Amended by Senate Committee of the Whole

Brief*

HB 2596, as amended, would make a change in law concerning employee retirement and disability benefits. The bill would revive a provision that previously expired on June 30, 2007, and permanently reinstate the provision.

The provision would hold harmless both the retirement and disability benefits calculations for any state employee member of the Kansas Public Employees Retirement System (KPERs), the Kansas Police and Firemen's Retirement System, or the Retirement System for Judges, if the employee is furloughed or accepted a voluntary reduction in pay during the period of time used for determining benefits.

The bill also would prevent credited service from being earned during any leave of absence by an employee who is not working for a KPERs participating employer during the break in service when not serving in a covered position.

Background

Before the House Committee on Pensions and Benefits, a representative from the Office of Judicial Administration spoke in favor of the bill. A representative from KPERs offered neutral testimony. No opponents offered testimony.

In the Senate Select Committee, a representative of the Office of Judicial Administration supported the bill. The KPERs Executive Director provided neutral testimony and a

*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>

history of the provision's application from 2003 to 2007, when the provision was in effect.

The Senate Select Committee removed a reference in the bill to a specified effective period from July 1, 2014, to June 30, 2017, making the revived provision a permanent statute without expiration.

The Senate Committee of the Whole amendment would suspend the eligibility of any public employee from KPERS coverage during periods when the employee is on leave of absence and not working for a participating KPERS employer in a covered position. The effect of this amendment would be to eliminate accumulating credited service during such leave of absence periods. It also would make an employee ineligible for KPERS death and disability benefits as well as accruing service credit used in computing retirement benefits.

The fiscal note prepared by the Division of the Budget indicated passage could result in additional costs for state agencies. However, those costs are unknown as any such reductions and furloughs were unplanned when the fiscal note was prepared.

KPERS staff provided additional information about the period when the hold harmless provision previously was in effect. From FY 2003 through FY 2007, the provision applied to fewer than 10 members who retired or became disabled in a year that otherwise would have been included in the member's computation of either retirement or disability benefits.