

Retirement—KP&F Service-connected Benefits; Working After Retirement; KPERS Membership Eligibility; Administration of the Retirement System; HB 2031

HB 2031 makes several revisions to the Kansas Public Employees Retirement System (KPERS or the Retirement System) pertaining to the Kansas Police and Firemen’s Plan (KP&F), provisions relating to working after retirement, membership eligibility, and the administration of the Retirement System.

KP&F

The bill allows agents of the Kansas Bureau of Investigation (KBI) to participate in the Kansas Deferred Retirement Option Program (DROP) of the KP&F, which was authorized previously for troopers, examiners, and officers of the Kansas Highway Patrol (KHP). The sunset date for the program is extended from January 1, 2020, to January 1, 2025.

The bill also revises the definition for “service-connected,” as that term is used to determine death and disability benefits in KP&F. Under prior law, service-connected causes for death and disability benefits included heart disease, lung or respiratory disease, and cancer. The bill adds bloodborne pathogens, which include any disease present in human blood and designated as infectious or contagious by the Secretary of Health and Environment through rules and regulations. With regard to cancer, the bill includes, but is not limited to, cancer of the brain, skin, digestive system, hematological system, or genitourinary system. Clear and precise evidence must be shown to KPERS demonstrating the bloodborne pathogen was caused by an act of duty as a policeman or fireman. Previously, this provision applied to disease of the lung or respiratory tract or cancer.

Working After Retirement

The bill revises the working-after-retirement provisions of KPERS by adding a new category of positions exempt from the law and reimbursing certain suspended benefits for a specific period of time. The bill adds individuals employed by the Kansas academies of the U.S. Department of Defense STARBASE Program to the list of exemptions. The participating employer is not required to enroll retirees into KPERS or report compensation to the Retirement System. The participating employer will not make contributions to KPERS. However, retirees must continue to serve their 60- or 180-day waiting period, as applicable, before returning to covered employment, provided there is no prearranged agreement for employment. In addition to the new exemption, 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;
- 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 authorizes KPERS to reimburse a retiree's benefits, provided the retiree had stopped working when notified of the violation. Starting on July 1, 2019, the Executive Director of KPERS may waive working-after-retirement penalties if one of the following conditions are satisfied:

- The retiree's period of reemployment is less than 21 days;
- The retiree's compensation during the period of reemployment is less than 10.0 percent of the retiree's KPERS benefit that is suspended as provided by law; or
- Other facts and circumstances indicate the retiree would not have been reemployed but for an error on the part of the KPERS-participating employer or the Retirement System in verifying that person's retirement status and the retiree immediately terminated employment upon notice of the violation.

Currently, if a retiree violates working-after-retirement law, KPERS benefits cease until six months after the retiree stops working.

KPERS Membership Eligibility

The bill delays KPERS membership eligibility by two years for employees employed in direct-support positions in community development disability organizations. Under the bill, an employee becomes a member of KPERS on the first day of the payroll period coinciding with or following completion of a two-year training period. Generally, individuals become KPERS members when they start employment.

Administration of the Retirement System

The KPERS Board of Trustees (Board) may develop policies and procedures to procure goods and services based upon sound business practices and in accordance to the Professional Services Sunshine Act. The bill authorizes in- and out-of-state travel by KPERS employees and Board trustees in accordance to current laws dictating mileage allowance rates for private vehicles. The Board has the authority to procure its contracts for professional and consultant services, including actuarial consulting, investment management and consulting, and legal services.

Starting with the 2020 Regular Session, the Executive Director of KPERS will report information annually to the Joint Committee on Pensions, Investments and Benefits, the Senate Committee on Financial Institutions and Insurance, and the House Committee on Financial Institutions and Pensions pertaining to the number of working-after-retirement waivers issued.