

SESSION OF 2002

SUPPLEMENTAL NOTE ON SENATE BILL NO. 375

As Amended by House Committee on
Appropriations

Brief*

SB 375, as amended, would eliminate the statutory requirement that community college boards and public school boards in districts having an early retirement incentive program must submit actuarial valuations at least once every three years. The bill would replace the reporting provision with a requirement that districts with early retirement incentive plans must submit a budget report beginning in 2002 and then every three years thereafter to the State Board of Education for schools and to the State Board of Regents for the community colleges. Those entities would be responsible for distributing and collecting a budget survey and for providing a summary report of findings to the Joint Committee on Pensions, Investments and Benefits. The bill would be effective on July 1, 2002.

Background

SB 375 was recommended by the Joint Committee on Pensions, Investments and Benefits following its 2001 Interim study of early retirement incentive plans. A post audit report by the Legislative Division of Post Audit was reviewed. The report addressed *Early Retirement Incentive Programs in Kansas School Districts: Reviewing Their Funding and Effects on the Supply of Teachers*. One of the post audit recommendations required legislation to change the early retirement incentive plan statutory reporting requirements for school districts from actuarial reports to budget reports.

*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.accesskansas.org/legislature/>

Proponents of the bill as introduced included the Legislative Post Auditor, a representative of the Kansas Association of School Boards, and a former public school official who had researched the subject.

The bill as introduced pertained only to school districts. A representative of the Kansas Association of Community College Trustees requested inclusion of those institutions in the bill, and the Senate Ways and Means Committee added the amendment.

Many school boards and community colleges have paid for two actuarial valuations over the past four or five years since the initial reporting law passed in 1996, and this change will reduce future costs to the boards. Some 159 school districts and 11 community colleges have early retirement incentive plans, although some plans have been closed since the actuarial valuations were performed in the mid-1990s for the first time. Several new plans have been started in other school districts that filed actuarial valuations for the first time after 1996. In the post audit study, annual costs of the early retirement incentive plans was reported at \$16.76 million for the 1999-2000 school year.

The House Committee amendment changed the effective date from publication in the *Kansas Register* to July 1, 2002.