

SESSION OF 2017

SUPPLEMENTAL NOTE ON SENATE BILL NO. 205

As Amended by Senate Committee on Financial
Institutions and Insurance

Brief*

SB 205, as amended, would expand the definition of participating service for members of the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F). Any period of time away from work or normal duties while in paid status authorized and approved by a participating employer would constitute service credit. Any administrative, vacation, sick, or personal leaves—including Worker's Compensation or light or temporary duty assignments—would qualify as service credit without limitation. This provision would apply retroactively, starting on July 1, 2014.

If a member does not return to work for the participating employer at the conclusion of the leave, except for death or disability, the service credit would be removed. If a member voluntarily quits employment, the period of leave exceeding 365 days would be removed from the service credit. In either case, the Retirement System would reimburse the employer and employee for contributions made during that period.

Under current law, the credit for leave types is addressed administratively by KPERS without specific statutory language. Some forms of leave, such as sick and annual, qualify for service credit. If paid administrative leave extends beyond a calendar quarter, service credit is not earned. Some alternative forms of work assignment, such as light duty, may receive service credit while others, such as temporary duty, do not.

*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

During the hearing before Senate Committee on Financial Institutions and Insurance, representatives of the League of Kansas Municipalities, the Kansas State Council of Fire Fighters, Shawnee County, and various law enforcement officer associations spoke in favor of the bill, stating the legislation would not penalize employees from accruing service credit for legitimate, unexpected, and extended limited-term absences from work.

A representative of KPERS provided neutral testimony, stating the agency has been made aware of instances where the Retirement System has been used to solve personnel matters. Rather than go through termination proceedings, a participating employer may place an employee on paid leave until that member is eligible to retire. KPERS staff concluded the bill would allow employers, in some situations, to use KPERS as a personnel management tool, which would be a foundational shift in policy.

There was no opponent testimony.

The Senate Committee amended the bill to:

- Remove service credit if the member does not return to work for the same employer after the leave period; and
- Reimburse the employee and employer for contributions previously made for service that subsequently was not credited.

According to the fiscal note prepared by the Division of the Budget, in consultation with KPERS, the cost of the bill, as introduced, would be negligible.