

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson Stephen Morris at 10:30 a.m. on March 19, 2003, in Room 123-S of the Capitol.

All members were present except: All present

Committee staff present:

Alan Conroy, Director, Kansas Legislative Research Department
Melissa Calderwood, Kansas Legislative Research Department
Julian Efird, Kansas Legislative Research Department
Paul West, Kansas Legislative Research Department
Amy VanHouse, Kansas Legislative Research Department
Robert Waller, Kansas Legislative Research Department
Norman Furse, Revisor of Statutes
Michael Corrigan, Assistant Revisor of Statutes
Judy Bromich, Administrative Analyst
Mary Shaw, Committee Secretary

Conferees appearing before the committee:

None

Others attending: See attached list

Kansas Public Employees Retirement System (KPERs) Issues (Attachment 1)

Subcommittee Chairman Kerr reported that a number of bills pertaining to retirement and other benefits were assigned for review. Hearings were held on March 6, 2003, on **SB 12**, **SB 13**, **SB 90** and **HB 2014**. In addition, two bills in the House were reviewed since they were introduced by the Joint Committee and had not advanced this Session: **HB 2012** and **HB 2013**. Senator Kerr explained the Senate Subcommittee on KPERs Issues made recommendations on **SB 12**, **SB 13**, **SB90** and **HB 2014**.

SB 12--Appointment of officers and employees by KPERs board of trustees

Senator Kerr moved, with a second by Senator Adkins, that **SB 12** be amended, as recommended by the Subcommittee on KPERs Issues, to provide that no more than 25 percent of total KPERs staff may be in the unclassified service. Motion carried on a voice vote.

Senator Adkins moved, with a second by Senator Kerr, to recommend **SB 12** favorable for passage as amended. Motion carried on a roll call vote.

SB 13--Benefits and service credit purchase under KPERs and systems related thereto

Senator Kerr moved, with a second by Senator Adkins, that **SB 13** be amended, as recommended by the Subcommittee on KPERs Issues, to clarify that a surviving spouse of a member, who dies before retirement, to elect any option in lieu of receiving the member's contributions, including election of a partial lump sum option (PLSO) where up to 50 percent of benefits may be taken at time of retirement. Motion carried on a voice vote.

Senator Adkins moved, with a second by Senator Kerr, to recommend **SB 13** favorable for passage as amended. Motion carried on a roll call vote.

SB 90--KPERs funding of unfunded obligations of certain benefits of employees of regents' institutions for prior service

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Senator Kerr moved, with a second by Senator Adkins, that **SB 90** be amended, as recommended by the Subcommittee on KPERS Issues, to:

Incorporate the remaining liability of \$17.0 million into KPERS state and school for a group of Regents unclassified employees with prior KPERS service credit and to issue pension obligation bonds to finance a portion of the liability over 10 years in order to avoid creating an additional unfunded liability in KPERS;

Also to make the Regents unclassified employees special members of the KPERS State and school group and establish a first-year payment from the Regents institutions of \$2.0 million in FY 2004, with subsequent payments over 10 years, beginning in FY 2005, to repay bonds and interest costs of a \$15,230,000 pension bond issue. Total principal and interest costs are estimated at \$18,831,619 by the Kansas Development Finance Authority.

Also to provide for payments from the University of Kansas Hospital Authority since it is no longer budgeted with the Regents institutions. Motion carried on a voice vote.

Senator Adkins moved, with a second by Senator Kerr, to recommend that **SB 90** be amended by substituting a new bill to be designated as **Substitute for SB 90**. Motion carried on a roll call vote.

HB 2014– Retirement annuities for members of legislature for past service

Senator Adkins moved, with a second by Senator Kerr, to amend **HB 2014**, as recommended by the Subcommittee on KPERS Issues, to permit retired members of KPERS who serve in the Legislature to elect the 8.0 percent deferred compensation plan since they are ineligible for further KPERS benefits and add the contents of **HB 2013** that allows members of the City of Overland Park Fire Department to remain covered by a local pension plan rather than have to become members of the Kansas Police and Fireman’s Retirement System. Motion carried on a voice vote.

Senator Adkins moved, with a second by Senator Kerr, to recommend **HB 2014** be amended by substituting a new bill to be designated as **Substitute for HB 2014**. Motion carried on a roll call vote.

With the passage of the above bills, the elements of the KPERS Issues Subcommittee report were incorporated.

Higher Education
Postsecondary Education Systemwide (Attachment 2)

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor with adjustments and observations for FY 2003.

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor with adjustments and observations for FY 2004.

Senator Feleciano moved, with a second by Senator Schodorf, to amend the Subcommittee report in FY 2004 with a proviso regarding state university savings from bonding KPERS unfunded liability to be transferred to the Board of Regents, net transferred back to the universities based on their proportionate share of unfunded health insurance and other fringe benefit costs. Motion carried on a voice vote.

Kansas Board of Regents (Attachment 3)

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor with adjustment for FY 2003.

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the

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Governor with adjustments and observations for FY 2004.

Senator Kerr moved, with a second by Senator Barone, to amend the Subcommittee report in FY 2004 regarding Item No. 2, to add funding for Midwest Higher Education Commission dues. Motion carried on a voice vote.

University of Kansas (Attachment 4)

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor for FY 2003.

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor with adjustments and observations for FY 2004.

University of Kansas Medical Center (Attachment 5)

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor for FY 2003.

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor with adjustments for FY 2004.

Kansas State University (Attachment 6)

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor for FY 2003.

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor with observations for FY 2004.

Kansas State University Veterinary Medical Center (Attachment 7)

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor for FY 2003.

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor with adjustments for FY 2004.

Kansas State University ESARP (Attachment 8)

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor for FY 2003.

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor for FY 2004.

Wichita State University (Attachment 9)

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor for FY 2003.

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor with adjustments and observations for FY 2004.

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Emporia State University (Attachment 10)

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor with adjustment for FY 2003.

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor with observations for FY 2004.

Fort Hays State University (Attachment 11)

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor for FY 2003.

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor with observations for FY 2004.

Pittsburg State University (Attachment 12)

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor for FY 2003.

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor with observations for FY 2004.

Senator Feleciano moved, with a second by Senator Downey, to adopt the Subcommittee budget report on Higher Education for the FY 2003 and FY 2004 budget as amended. Motion carried on a voice vote.

Chairman Morris called the committee's attention to discussion of:

SB 252--Placing the office of state fire marshal within a board of fire services

Copies of an e-mail were distributed from Ross Boelling, Tonganoxie, Kansas, regarding **SB 252** (Attachment 13).

Senator Adkins moved, with a second by Senator Downey, a balloon amendment (Attachment 14) to SB 252 and on Page 3, delete lines 26 through 33, pertaining to legislative members. Motion carried on a voice vote.

Senator Adkins moved, with a second by Senator Jordan, for technical corrections by the Revisor on page 13, lines 13 through 18, which delays implementation to January 1, 2004. Motion carried on a voice vote.

Senator Adkins moved, with a second by Senator Jordan, to make the effective date of the act match the date set for the first meeting of the board (January 1, 2004), three months or so earlier. Motion carried on a voice vote.

Senator Kerr moved, with a second by Senator Jackson, to recommend SB 252 favorable for passage as amended. Motion carried on a roll call vote.

The meeting adjourned at 11:55 a.m. The next meeting is scheduled for March 20, 2003.