

February 8, 2021

The Honorable Steve Johnson, Chairperson
House Committee on Insurance and Pensions
Statehouse, Room 276A-W
Topeka, Kansas 66612

Dear Representative Johnson:

SUBJECT: Fiscal Note for HB 2044 by Representative Highland

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2044 is respectfully submitted to your committee.

HB 2044 would increase the employee KPERS contribution rate for employees of public school districts from 6.0 percent of compensation to 7.15 percent. The increase would only apply to KPERS members of Kansas public schools. Employees of community and technical colleges would be excluded.

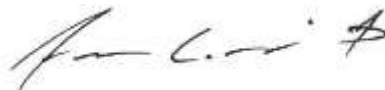
In addition, the bill would appropriate \$40.1 million from the State General Fund in FY 2022 to provide a 1.15 percent pay increase to these public school district employees who would be required to contribute the additional 1.15 percent of compensation to KPERS.

Although HB 2044 would require an additional 1.15 percent increase in contributions by KPERS members of Kansas public schools, it would offset this increase by appropriating the same amount as a pay increase to these school employees.

KPERS reports its actuary estimates HB 2044 would reduce the FY 2022 employer contribution rate from 14.09 percent to 13.25 percent (excluding the KPERS Death and Disability rate). This contribution rate reduction would occur because the bill would increase the employee contributions, which in turn would reduce the cost to the retirement system as the bill does not change employee benefits. KPERS indicates that although the FY 2022 KPERS employer rate of 14.09 percent has already been certified to the Division of the Budget, the agency would recertify the lower rate of 13.25 percent if HB 2044 were enacted.

The FY 2022 Governor's Budget Report includes expenditures of \$538.0 million for contributions on behalf of public school districts in FY 2022, all from the State General Fund. This recommendation is based on the KPERS certified FY 2022 employer contribution rate of 15.09 percent (including 1.0 percent for the KPERS Death and Disability rate). If HB 2044 were enacted and the lower employer contribution rate was recertified by KPERS, the Division of the Budget estimates that the KPERS employer contributions for FY 2022 would total \$508.0 million, or a reduction from the Governor's recommendation of \$30.0 million from the State General Fund. When factoring in this estimated savings along with the additional State General Fund appropriation of \$40.1 million contained in the bill, the net fiscal effect of HB 2044 would be an increase of \$10.1 million from the State General Fund expenditures included in *The FY 2022 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt
Director of the Budget

cc: Jarod Waltner, KPERS