

January 22, 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 2063 by Joint Committee on Pensions, Investments and Benefits

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2063 is respectfully submitted to your committee.

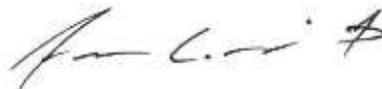
Under current law, when a Kansas Police and Firemen's (KP&F) Tier II KPERS member is disabled, the member receives a disability benefit equal to 50.0 percent of his or her final average salary at the time of the disability. If the disabled KP&F Tier II member dies before reaching eligibility for the KP&F retirement benefit, the spouse receives a lump-sum payment equal to 50.0 percent of the member's final average salary at the time of disability. Also, the spouse receives a monthly benefit equal to 50.0 percent of the member's disability benefit. If there is no spouse, any dependent children receive the benefit in equal shares.

HB 2063 would add a different benefit option for disabled KP&F Tier II members who die from service-connected causes. The new benefit would be the greater of either: (1) a monthly benefit based upon to 50.0 percent of the member's final average salary at the time of disability, plus 10.0 percent for each dependent child, up to a 75.0 percent maximum; or (2) the retirement benefit the member would have received if the member had retired, if there are no dependent children.

According to KPERS, the agency's consulting actuary completed a cost estimate on the proposed changes. The study indicates that the benefit changes contained in HB 2063 would increase the employer contributions by \$222,000 (or 0.04 percent) spread across all 112 KP&F employer members, including both state and local governments. With regards to the actuarial cost, the enactment of the bill would result in the increased unfunded actuarial liabilities totaling \$91,000 with a corresponding increase in the unfunded actual payment rate of 0.01 percent over a

closed 20-year period. The agency notes that the changes contained in the bill would require KPERS to update printed materials and update the KPERS database; however, any costs would be negligible. Any fiscal effect associated with HB 2063 is not reflected 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