

April 7, 2022

The Honorable Steven Johnson, Chairperson
House Committee on Insurance and Pensions
Statehouse, Room 218-N
Topeka, Kansas 66612

Dear Representative Johnson:

SUBJECT: Fiscal Note for HB 2742 by House Committee on Appropriations

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2742 is respectfully submitted to your committee.

HB 2742 would appropriate \$143.9 million from the State General Fund in FY 2023 to fund payments to eligible Kansas Public Retirement System (KPERS) retirees and beneficiaries for a retirant dividend payment, also known as a “13th Check.” The bill would require the dividend payment to be paid on October 1, 2022. The additional payment would be equal to the amount of the KPERS beneficiary’s monthly benefit during calendar year 2022. To be eligible for the one-time payment, a person would have to be: (1) a KPERS retiree who retired prior to July 1, 2020; (2) a special member of a retirement system who retired prior to July 1, 2020; (3) a joint annuitant or beneficiary of KPERS, the Kansas Police and Firemen’s Retirement System, the State School Retirement System, or the Judges’ Retirement System; or (4) a KPERS insured disability benefit recipient.

Estimated State Fiscal Effect				
	FY 2022 SGF	FY 2022 All Funds	FY 2023 SGF	FY 2023 All Funds
Revenue	--	--	--	--
Expenditure	--	--	\$143,900,000	\$143,900,000
FTE Pos.	--	--	--	--

According to the KPERS actuary, the enactment of HB 2742 would allow 104,233 retirees to receive payments totaling \$142.4 million for a “13th Check.” The following table illustrates

the cost of the 13th check for each KPERS group, along with the estimated number of recipients for the payment:

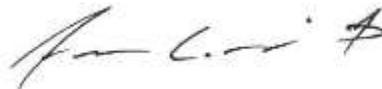
Cost of Providing a "13th Check" to KPERS Retirees

(dollars in millions)

<u>KPERS Group</u>	<u>Number of Recipients</u>	<u>13th Check Cost</u>
State/School	76,445	\$ 100.6
State KP&F	733	2.0
Judges	296	1.1
State Subtotal	77,474	\$ 103.7
KPERS Local	21,800	\$ 23.9
Local KP&F	4,959	14.8
Local Subtotal	26,759	\$ 38.7
Total	104,233	\$ 142.4

KPERS indicates that the State General Fund appropriation that would be included in HB 2742 would be sufficient the entire cost of the "13th Check" for all KPERS state and local groups. Any funds left in the State General Fund account after a payment was made to retirees would be lapsed back to the State General Fund at the end of FY 2023. Any fiscal effect associated with HB 2742 is not reflected in *The FY 2023 Governor's Budget Report*.

Sincerely,



Adam Proffitt
Director of the Budget

cc: Jarod Waltner, KPERS