

February 14, 2023

The Honorable Nick Hoheisel, Chairperson  
House Committee on Financial Institutions and Pensions  
300 SW 10th Avenue, Room 582-N  
Topeka, Kansas 66612

Dear Representative Hoheisel:

**SUBJECT:** Fiscal Note for HB 2272 by House Committee on Financial Institutions and Pensions

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2272 is respectfully submitted to your committee.

HB 2272 would make changes to current law regarding KPERS and working after retirement rules. Under current law, when a KPERS retiree returns to work for a KPERS-participating employer, if the employee earns greater than \$25,000 in a calendar year, this threshold triggers a KPERS employer contribution rate of 30.0 percent on amounts above \$25,000. For amounts under \$25,000 the employer pays the statutory contribution rate, currently 14.33 percent in FY 2023. HB 2272 would add licensed nurses and direct support positions at community developmental disability organizations (CDDOs) to the statutory list of positions that would be exempt from the working after retirement employer contributions.

The KPERS actuary indicates that the current working-after-retirement employer contribution rate's purpose is to help offset the actuarial cost of KPERS-covered positions being filled with KPERS retirees who do not make KPERS contributions. The enactment of the bill would have an actuarial cost to KPERS to the extent that the bill would eliminate future contributions on the compensation of certain retirees who are employed by CDDOs. However, the number of KPERS retirees employed by CDDOs is relatively small when compared to the total number of KPERS members and the enactment of the bill would have a negligible effect on KPERS.

KPERS also indicates that the bill would require additional administrative expenses, including updating printed materials and minor changes to the KPERS IT systems; however, any additional administrative costs would be negligible. Any fiscal effect associated with HB 2195 is not reflected in *The FY 2024 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