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Adam C. Proffitt, Director

Laura Kelly, Governor

February 1, 2024

The Honorable Jeff Longbine, Chairperson
Senate Committee on Financial Institutions and Insurance
300 SW 10th Avenue, Room 546-S
Topeka, Kansas 66612

Dear Senator Longbine:

SUBJECT: Fiscal Note for SB 396 by Senate Committee on Financial Institutions and Insurance

In accordance with KSA 75-3715a, the following fiscal note concerning SB 396 is respectfully submitted to your committee.

SB 396 would change the working after retirement law for KPERS retirees. When a member retires from KPERS, there are statutes governing the return to work for a KPERS employer, including a 180-day waiting period before being rehired by a KPERS employer, or a 60-day waiting period for members who retire at age 62 or later. The bill would change the waiting rules, where members who retire before age 62 would have a 60-day waiting period, and where members who retire at or after age 62 would have a 30-day period. This policy change would be effective from July 1, 2024, through July 1, 2029; after this timeframe, the waiting period would revert to current law.

KPERS indicates that the provisions from the enactment of SB 396 could be implemented within its existing staffing levels and any administrative costs would be negligible. KPERS notes that during calendar year 2022, there were approximately 4,400 retirees with reported compensation from KPERS employers during that year. Since the current working after retirement laws were enacted on January 1, 2018, the number of retirees returning to work each year has averaged approximately 4,000 to 5,000 retirees each year. The KPERS actuary indicates that the actuarial cost to the retirement system cannot be estimated, as the actuary cannot reasonably estimate the behavioral changes from the enactment of the bill. However, because of the overall number of KPERS members that would be affected by this policy change, the proposed change would likely be negligible to the KPERS system.

In addition, the actuary states that if other legislation would be enacted that changes other aspects of the current working after retirement laws, the fiscal effect from other legislation could be greater than the sum of each change, depending on how retirement behavior would change. Finally, because the provisions would have a sunset date of July 1, 2029, the long-term actuarial affects from the enactment of the bill would be limited. Any fiscal effect associated with SB 396 is not reflected in *The FY 2025 Governor's Budget Report*.

Sincerely,

Adam C. Proffitt
Director of the Budget

cc: Jarod Waltner, KPERS