

April 24, 2012

The Honorable Mitch Holmes, Chairperson
House Committee on Pensions and Benefits
Statehouse, Room 166-W
Topeka, Kansas 66612

Dear Representative Mitch Holmes:

SUBJECT: Fiscal Note for HB 2731 by House Committee on Pensions and Benefits

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2731 is respectfully submitted to your committee.

For the purpose of calculating KPERS employer contributions and member benefits for Kansas legislators, current law provides that legislative compensation is a monthly amount equal to the legislative pay received during the period of January 15 to February 14 of each legislative session, including any amounts for expenses that are received. As a result, the KPERS calculation for legislative compensation is effectively based on 372 days per year (31 days X 12 months = 372 days). HB 2731 would change the legislative compensation calculation to include the first 30 calendar days of the most recent legislative session, including any amount for expenses that would be received. In addition, the compensation calculation would include an additional five days of compensation in the most recent session that the member has served beyond the initial 30-day period. As a result, the bill would provide for legislative pay to be based on 365 days per year ((30 days X 12 months) + 5 days = 365 days).

According to KPERS, enactment of HB 2731 would decrease the amount of compensation attributed to legislators, resulting in reduced employer and employee contributions. In turn, these reduced amounts would result in lower final average salaries and retirement benefits for legislators. However, the amounts would be dependent upon a number of factors, including a current legislator's decision to include or exclude session expenses, length of service, and other factors. Because the number of legislators is small relative to the active KPERS membership, the bill would have negligible fiscal effect, both in terms of revenue and expenditures, to the state's retirement system. Any fiscal effect associated with HB 2731 is not reflected in *The FY 2013 Governor's Budget Report*.

Sincerely,



Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Faith Loretto, KPERS