

STATE OF KANSAS



DIVISION OF THE BUDGET
LONDON STATE OFFICE BUILDING
900 SW JACKSON STREET, ROOM 504
TOPEKA, KS 66612

PHONE: (785) 296-2436
FAX: (785) 296-0231
larry.campbell@ks.gov

GOVERNOR JEFF COLYER, M.D.
LARRY L. CAMPBELL, CHIEF BUDGET OFFICER

February 28, 2018

The Honorable John Barker, Chairperson
House Committee on Federal and State Affairs
Statehouse, Room 285-N
Topeka, Kansas 66612

Dear Representative Barker:

SUBJECT: Fiscal Note for HB 2720 by House Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2720 is respectfully submitted to your committee.

Under current law, a Kansas Police and Firemen's Retirement System (KP&F) member's retirement benefit cannot exceed 90.0 percent of the member's final average salary. HB 2720 would increase the cap on benefits to 100.0 percent of the member's final average salary.

KPERS indicates that the bill would change the benefit plan design for KP&F members, which would result in a higher cost to fund benefits. Any cost increases would be funded by increases to KP&F employer contributions. KPERS estimates that the bill would increase the KP&F unfunded actuarial liability by \$2.8 million. The increase in benefits plus the increase in the KP&F unfunded actuarial liability would increase the KP&F contribution rate to 20.11 percent in FY 2019, or by 0.06 percent. Currently, the employer contribution rate for FY 2019 for state KP&F employers is 20.05 percent. According to the *FY 2019 Governor's Budget Report*, it is estimated that KP&F employer contributions from state agencies will total \$9,887,794 from all funds in FY 2019. The Division of the Budget estimates that HB 2720 would increase state KP&F contributions to \$9,917,383 in FY 2019, or by \$29,589. Of the total increase, approximately \$4,844 would be from the State General Fund. Local KP&F employers would also be required to pay the higher employer contribution rate. However, the fiscal effect for local governments is unknown.

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KPERS indicates that the bill could be implemented within existing operating expenditures. Any fiscal effect associated with HB 2720 is not reflected in *The FY 2019 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "L. Campbell". The signature is fluid and cursive, with a large initial "L" and a stylized "C".

Larry L. Campbell
Chief Budget Officer

cc: Jarod Waltner, KPERS