

February 22, 2019

The Honorable Jim Kelly, Chairperson
House Committee on Financial Institutions and Pensions
Statehouse, Room 581-W
Topeka, Kansas 66612

Dear Representative Kelly:

SUBJECT: Fiscal Note for HB 2165 by Representative Delperdang, et al.

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2165 is respectfully submitted to your committee.

Under current law, employees of the Department of Corrections are members of either the Kansas Public Employee Retirement System (KPERS) State Group or the Corrections Groups. Both groups are part of regular KPERS. The Corrections Groups are subgroups of the KPERS State Group. Generally, the requirements for normal retirement are different under the Corrections Groups and members may retire earlier than KPERS State Group members. Eligibility for membership in the Corrections Groups is based on certain job classes that have regular contact with adult offenders.

HB 2165 would allow the Department of Corrections to become an eligible employer with the Kansas Police and Firemen's Retirement System (KP&F) on January 1, 2020. Every person who is employed as a security officer on or after the date of the Department's affiliation with KP&F would become a member of KP&F. Retirement, death or disability benefits for existing employees would be calculated based on (1) prior KPERS State Group or Corrections Group service up to the effective date of affiliation and (2) future KP&F service on and after the effective date.

The bill would define security officer as any employee in the Department of Corrections:

1. Who is in any position in the corrections officer job class series;
2. Who is in any position in the juvenile corrections officer job class series;
3. Who is promoted prior to, on, or after January 1, 2020, from a position in the corrections officer class series to a position in any job class of warden or deputy warden, training program manager, training technician, superintendent, deputy superintendent, corrections manager I, corrections manager II, staff development specialist, safety and health inspector or safety and health specialist;
4. Who is in any position relating to the operation of power plant facilities within any correctional facility or juvenile correctional facility and has regular contact with adult or juvenile offenders;

5. Who is in any position relating to correctional industries and has regular contact with adult or juvenile offenders;
6. Who is in any position relating to food service or laundry operations at any correctional facility or juvenile correctional facility and has regular contact with adult or juvenile offenders; and
7. Who is in any position relating to supervising maintenance operations within any correctional facility or juvenile correctional facility and has regular contact with adult or juvenile offenders.

The Division of the Budget and the Governor would be required to include all necessary employer contributions in the budget resulting from the shift of the Department of Corrections to KP&F. After the effective date of affiliation with KP&F, security officer employees in the Department of Corrections would pay an employee contribution rate of 7.15 percent. Currently, they pay a contribution rate of 6.0 percent.

KPERS estimates the bill would reduce employer contributions for state agencies affiliated with KP&F by approximately \$430,000 in FY 2020. The Division of the Budget estimates that of the total decrease, \$70,220 would be from the State General Fund. Currently, the employer contribution rate for the Corrections Groups and the KPERS State Group is 14.41 percent for FY 2020. Beginning January 1, 2020, the state would need pay an employer contribution rate of 20.48 percent, or an increase of 6.07 percentage points, on those Department of Corrections employees who would be eligible for the KP&F plan. KPERS estimates the bill would require additional employer contributions of \$3.1 million from all funds for the Department of Corrections in FY 2020. The Division of the Budget estimates that approximately \$3.0 million would be from the State General Fund. Altogether, the bill would result in a net increase to state employer contributions of \$2.7 million from all funds, including about \$3.0 million from the State General Fund in FY 2020. KPERS indicates that transferring certain Department of Corrections employees from the Corrections Groups to KP&F would not increase the total unfunded actuarial liability (UAL) of KP&F and result in only a small decrease to the KPERS State Group UAL of \$18.0 million.

To help with the transition and ongoing support to the Department of Corrections, KPERS estimates it would need \$50,425 for 1.00 FTE position, all from the KPERS Trust Fund. The position would also assist with testing information technology changes. Any fiscal effect associated with HB 2165 is not reflected in *The FY 2020 Governor's Budget Report*.

Sincerely,



Larry L. Campbell
Director of the Budget

cc: Jarod Waltner, KPERS
Linda Kelly, Corrections