

January 27, 2020

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 2452 by House Committee on Financial Institutions and Pensions

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2452 is respectfully submitted to your committee.

Under current law, when a Kansas Police and Firemen's (KP&F) Tier II KPERS member is disabled, the member receives a disability benefit equal to 50.0 percent of his or her final average salary at the time of the disability. If the disabled KP&F Tier II member dies before reaching eligibility for the KP&F retirement benefit, the spouse receives a lump-sum payment equal to 50.0 percent of the member's final average salary at the time of disability. Also, the spouse receives a monthly benefit equal to 50.0 percent of the member's disability benefit. If there is no spouse, any dependent children receive the benefit in equal shares.

HB 2452 would add a different benefit option for disabled KP&F Tier II members who die from service-connected causes. The new benefit would be the greater of either: (1) a monthly benefit based upon to 50.0 percent of the member's final average salary at the time of disability, plus 10.0 percent for each dependent child, up to a 75.0 percent maximum; or (2) the retirement benefit the member would have received if the member had retired, if there are no dependent children.

According to KPERS, the agency's consulting actuary completed a cost estimate on the proposed changes. The study indicates that the benefit changes contained in HB 2452 would increase the employer contributions by \$212,000 (or 0.04 percent) spread across all 212 KP&F members, including both state and local governments. The agency notes that the changes

contained in the bill would require KPERS to update printed materials and update the KPERS database; however, any costs would be negligible. Any fiscal effect associated with HB 2452 is not reflected in *The FY 2021 Governor's Budget Report*.

Sincerely,

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

Larry L. Campbell
Director of the Budget

cc: Jarod Waltner, KPERS