

January 18, 2019

The Honorable Carolyn McGinn, Chairperson  
Senate Committee on Ways and Means  
Statehouse, Room 545-S  
Topeka, Kansas 66612

Dear Senator McGinn:

SUBJECT: Fiscal Note for SB 9 by Senator Baumgardner, et al.

In accordance with KSA 75-3715a, the following fiscal note concerning SB 9 is respectfully submitted to your committee.

SB 9 would transfer \$115.0 million from the State General Fund to the Kansas Employees Retirement Fund to pay for reduced employer contributions from prior fiscal years. In FY 2016, a total of \$97.4 million in KPERS State/School Group employer contributions was withheld from the KPERS retirement system. Originally, it was required that the contributions be repaid in FY 2018, with interest. This would have required a transfer from the State General Fund of \$115.0 million in FY 2018. However, the requirement to repay the reduced FY 2016 employer contributions was eliminated and the unpaid contributions were added to the unfunded actuarial liability.

The bill would become effective upon its publication in the *Kansas Register*.

Estimated State Fiscal Effect				
	FY 2019 SGF	FY 2019 All Funds	FY 2020 SGF	FY 2020 All Funds
Revenue	(\$115,000,000)	(\$115,000,000)	--	--
Expenditure	--	--	--	--
FTE Pos.	--	--	--	--

SB 9 would reduce revenue to the State General Fund by \$115.0 million in FY 2019. According to KPERS, the actuarial effect of repaying the contributions would be net savings of \$186.1 million from all funds over 30 years. This figure includes total future savings of \$301.1

million minus the \$115.0 million in additional contributions for FY 2019. The bill would also reduce the actuarial required contribution rate by approximately 0.23 percent for FY 2023 through FY 2035. Any fiscal effect associated with SB 9 is not reflected in *The FY 2020 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