

State of Kansas
Senate Chamber

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Vice-Chair
Ways and Means
Financial Institutions and Insurance
Joint Committee on State Building
Construction
Member
Agriculture and Natural Resources

Testimony of Senator Rick Billinger
In Support of SB 9

Hello Mr. Chairman and members of the committee. I am here to testify as a proponent of Senate Bill No. 9

SB 9 would transfer \$115 million from the state general fund to the KPERS system. One hundred percent of the payment would be applied to the public-school group, a group that carries the largest unfunded liability. The funded ratio is only 61.6%. A 60% or less funded ratio is considered a critical code red status.

Not making the payment would cause an increase of \$630,000 to the unfunded liability/interest expense monthly. Making the payment would result in meeting the actuarial required payment for the first time in 25 years. In 2016 we postponed a \$97.4M payment. We promised to make the payment in 2018 with interest. Alan Conroy calculated interest to make the payment actuarially sound for FY 2018. The total amount with interest is \$115M

In 2018, the legislature opted to postpone the payment, to see what future revenues produced. Kansas's revenues ended FY18 with \$317 million more than expected in the 4th quarter. This left the approved ending balance at \$905 million. Since the payment was postponed 30 months ago it has already cost KPERS \$18,900,000.00

There is absolutely no reason to not make this payment.

It is irresponsible to build our ending balance with KPERS money.

Why wouldn't we make this payment now unless you want to spend the money on something else??

We have a cost of \$20,712.32 per day.

According to KPERS, the actuarial effect of repaying the contribution would be net savings of \$186.1 million from all funds over 30 years.