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Steven J. Anderson, CPA, MBA, Director

Sam Brownback, Governor

January 19, 2012

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 259 by Legislative Educational Planning Committee

In accordance with KSA 75-3715a, the following fiscal note concerning SB 259 is respectfully submitted to your committee.

Current law provides an exemption to allow teachers and other licensed professionals who retire with KPERS benefits to return to work without an earnings cap. SB 259 would extend the sunset date regarding this exemption from the statutory $20,000 earnings limit from July 1, 2012 to July 1, 2015. In addition, the bill would extend the special employer contribution rate the employing public school must pay, which equals the KPERS employer actuarial rate, plus 8.0 percent, also until July 1, 2015.

Enactment of SB 259 would have no direct effect on state expenditures, as any additional KPERS contributions required by the hiring of retired licensed school professionals would be paid by local school districts. During calendar year 2010, KPERS reports that school districts paid approximately $7.4 million under the special employer contribution rate for retired but employed licensed professionals. Without enactment of SB 259, school employers hiring licensed professionals who retired from another school district would be required to pay the actuarial rate, plus an additional 4.0 percent, rather than the actuarial rate plus 8.0 percent. Employers hiring an individual who retired from the district would be subject to the $20,000 earnings limit, but would not have to pay an additional actuarial contribution to KPERS. In addition, the licensed professionals would be subject to the $20,000 annual earnings limitation. This earnings limitation means that a KPERS retiree would have to make the choice of either continuing working and give up the remaining KPERS benefit payments for that calendar year, or stop working and continue receiving the KPERS benefit payment.

Sincerely,

Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Faith Loretto, KPERS
Dale Dennis, Education