

February 8, 2013

The Honorable Steven Johnson, Chairperson  
House Committee on Pensions and Benefits  
Statehouse, Room 286-N  
Topeka, Kansas 66612

Dear Representative Johnson:

**SUBJECT:** Fiscal Note for HB 2228 by House Committee on Appropriations

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2228 is respectfully submitted to your committee.

Under current law, the employer contribution to the Group Insurance Reserve Fund for long-term disability benefits under the Kansas Public Employees Retirement System is equal to 1.0 percent of current employees' salaries. HB 2228 would reduce the contribution rate to 0.85 percent from July 1, 2013 to June 30, 2015. The rate would return to 1.0 percent on July 1, 2015 for all future years.

Estimated State Fiscal Effect				
	FY 2013 SGF	FY 2013 All Funds	FY 2014 SGF	FY 2014 All Funds
Revenue	--	--	--	--
Expenditure	--	--	(\$4,634,418)	(\$6,282,486)
FTE Pos.	--	--	--	--

Using salary and wage data from the budget system, the Division of the Budget estimates that passage of HB 2228 would create savings totaling \$6,282,486 from all funding sources including \$4,634,418 from the State General Fund in FY 2014. It is expected that similar savings would be realized in FY 2015. Likewise, local governments would experience savings from the rate reduction; however, those amounts are unknown to the Division. The fiscal effect associated with HB 2228 is reflected in *The FY 2014 Governor's Budget Report*.

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February 8, 2013

Page 2—HB 2228

KPERS estimates that the local government share of the reduced contributions would be \$1,875,750 and \$2,074,000 for FY 2014 and FY 2015, respectively.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven J. Anderson", with a long horizontal flourish extending to the right.

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

cc: Faith Loretto, KPERS