

April 1, 2013

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

Dear Senator Masterson:

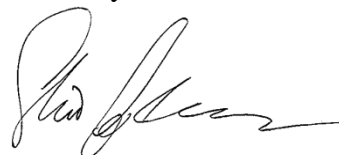
SUBJECT: Fiscal Note for SB 237 by Senate Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning SB 237 is respectfully submitted to your committee.

Under current law, military personnel who are discharged from service are given up to 12 months to return to a Kansas Public Employees Retirement System (KPERS) or Kansas Police and Firemen's (KP&F) Retirement System covered position. Members may be given an additional 12 months if the KPERS Board of Trustees determines that a disability resulting from the member's service prevents return within 12 months. SB 237 would extend the initial time period to 24 months with an additional 12 months provided if the Board determines that a service-connected disability delays the return to employment.

Currently, KPERS or KP&F members are eligible for up to five years of service credit without cost to the member for periods of military service that are (1) immediately preceded by employment with a participating employer; and (2) followed by a return to employment with a participating employer within 12 months (or 24 months with a service-connected disability). By extending the period to 24 months (or 36 months with a service-connected disability), SB 237 will create a cost to the retirement system in the form of higher benefit payments to certain members who would not otherwise qualify for the service credits. KPERS states that because the costs are highly variable and specific to each member, an accurate fiscal effect is impossible to determine. However, the number of cases in which the extension would apply is expected to be small. As a result, it is expected that passage of SB 237 would have a negligible effect on employer contribution rates or the unfunded actuarial liability. Implementation of the bill by KPERS could be accomplished within existing resources. Any fiscal effect associated with SB 237 is not reflected in *The FY 2014 Governor's Budget Report*.

Sincerely,



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

cc: Faith Loretto, KPERS