

MEMORANDUM

To: Senate Select Committee on KPERS

From: Alan D. Conroy, ^{att.c.} Executive Director

Date: February 10, 2015

Subject: Testimony in Support of Senate Bill 168

KPERS, in its fiduciary capacity, is supportive of efforts to improve the funding and reduce the unfunded actuarial liabilities of the System. The Board of Trustees does not advocate for any particular policy choices, but more generally supports policies that improve KPERS' funding and sustainability.

Senate Bill 168, as introduced, would have the effect of improving the funded ratio and decreasing unfunded actuarial liabilities of the State/School Group by crediting up to \$1.0 billion in bond proceeds to its unfunded actuarial liability.

- The funded ratio is projected to increase from 60.7% to 66.0% with the addition of \$1.0 billion at the end of 2015.
- Likewise, the unfunded actuarial liability falls from \$7.26 billion to \$6.28 billion at the same point.

The Board of Trustees has not had a chance to meet and discuss Senate Bill 168 specifically. Assuming the debt service is funded from a source other than KPERS' contributions, Senate Bill 168 appears to meet the general criteria laid out above, and therefore, on behalf of KPERS, I would urge your favorable consideration of Senate Bill 168.

I would be happy to answer any questions the Committee may have.

cc: KPERS Board of Trustees