

April 20, 2017

The Honorable Jeff Longbine, Chairperson
Senate Committee on Financial Institutions and Insurance
Statehouse, Room 341-E
Topeka, Kansas 66612

Dear Senator Longbine:

SUBJECT: Fiscal Note for SB 241 by Senate Committee on Ways and Means

In accordance with KSA 75-3715a, the following fiscal note concerning SB 241 is respectfully submitted to your committee.

Under current law, a Kansas Police and Firemen's Retirement System (KP&F) member's retirement benefit cannot exceed 90.0 percent of the member's final average salary. SB 241 would increase the cap on benefits to 100.0 percent of the member's final average salary.

KPERS indicates that the bill would change the benefit plan design for KP&F members, which would result in a higher cost to fully fund benefits. Any cost increases would be funded by increases to KP&F employer contributions. KPERS estimates that the bill would increase the KP&F unfunded actuarial liability by \$3.2 million. The increase in benefits plus the increase in the KP&F unfunded actuarial liability would increase the KP&F contribution rate by 0.11 percent in FY 2019. Currently, the employer contribution rate for FY 2019 for state KP&F employers is 20.05 percent. According to the *FY 2018 Governor's Budget Report*, it is estimated that state agencies will have total KP&F employer contributions of \$9,246,351 from all funds in FY 2019. SB 241 would increase state KP&F contributions to \$9,256,522 in FY 2019, or by \$10,171. Of the total increase, approximately \$2,000 would be from the State General Fund.

KPERS indicates that the bill could be implemented within existing operating expenditures. Any fiscal effect associated with SB 241 is not reflected in *The FY 2018 Governor's Budget Report*.

Sincerely,



Shawn Sullivan,
Director of the Budget

cc: Faith Loretto, KPERS