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Shawn Sullivan, Director of the Budget

Sam Brownback, Governor

June 22, 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 250 by Senate Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning SB 250 is respectfully submitted to your committee.

SB 250 would exclude county commissioners or city council members or commissioners whose term of office begins on or after January 1, 2018, from the definition of "employee" as it is used in current law relating to the Kansas Public Employees Retirement System (KPERS).

The bill would also exclude from the definition of "member" as it is used in current KPERS law the following persons:

1. Members of the Legislature whose term of office begins on or after January 8, 2018; and
2. Any other elected official whose term begins on or after January 1, 2018.

KPERS indicates that changing the eligibility for KPERS membership would affect actuarial costs of the retirement system. The loss of new, active elected officers would have an effect as covered payroll for the group would not grow at the assumed rate. Lower covered payroll would result in reduced contributions to fund the unfunded actuarial liability and would require higher contribution rates. While new actuarial liabilities would not continue to accrue for elected officials once they are no longer eligible, these members would remain entitled to any vested benefits already earned. As a result, the unfunded actuarial liabilities associated with the group would still need to be funded through contributions paid by all employers. However, KPERS indicates that the actuarial effect from SB 250 would likely be small because the number of members in the group is also small. Any fiscal effect associated with SB 250 is not reflected in *The FY 2018 Governor's Budget Report*.

Sincerely,

Shawn Sullivan,
Director of the Budget

cc: Faith Loretto, KPERS