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MEMORANDUM

To: Chairperson McGinn and members of the Senate Ways and Means Committee

From: David Wiese, Assistant Revisor

Date: February 5, 2020

Subject: **SB 321; Amortizing the state and school KPERS unfunded actuarial liability over a 25-year period and authorizing the transfer of \$268,412,000 from the state general fund to the KPERS fund during fiscal year 2020 and eliminating certain level-dollar employer contribution payments.**

Senate Bill No. 321 amortizes the KPERS unfunded actuarial liability of the state of Kansas and school participating employers that existed under the system on December 31, 2015, over a period of 25 years commencing December 31, 2017, and requires the KPERS board of trustees to certify the employer contribution rates for such participating employers based upon such new amortization schedule.

Section 1 of the bill transfers \$268,412,000 from the state general fund to the Kansas public employees retirement fund of KPERS in FY 2020 to pay the remaining balance of delayed KPERS state and school employer contributions from FY 2017 and FY 2019 while also eliminating the level-dollar employer contribution payments of \$6.4 million and \$19.4 million per year for 20 years that were placed in statute after such FY 2017 and FY 2019 employer contribution delays.

New Section 2 of the bill provides the mechanism for the FY 2021 budget savings due to reamortization by providing that if any legislation that authorizes the amortization of the KPERS unfunded actuarial liability for the state of Kansas and school participating employers over a period of 25 years is passed by the legislature and enacted into law then on July 1, 2020, the amount in each account of the state general fund of each state agency that is appropriated for FY 2021 that is equal to the difference between the amount budgeted for KPERS employer contributions under current law and the amount required for employer contributions under the new amortization period is lapsed from the FY 2021 budget. The same procedure takes place to reduce expenditure limitations for special revenue funds in the state treasury.

The bill is effective upon publication in the Kansas register.