

February 13, 2019

The Honorable Jim Kelly, Chairperson  
House Committee on Financial Institutions and Pensions  
Statehouse, Room 581-W  
Topeka, Kansas 66612

Dear Representative Kelly:

**SUBJECT:** Fiscal Note for HB 2140 by House Committee on Financial Institutions and Pensions

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2140 is respectfully submitted to your committee.

HB 2140 would add agents of the Kansas Bureau of Investigation (KBI) to the Deferred Retirement Option Program (DROP) of the Kansas Police and Firemen's Retirement System (KP&F). Currently, the DROP is available to only troopers, examiners or officers of the Kansas Highway Patrol. The bill would also extend the sunset date of the DROP to January 1, 2025. Under current law, the DROP is scheduled to sunset on January 1, 2020.

KPERS estimates the bill would increase the KP&F employer uniform contribution rate by 0.2 percentage points, which would result in an increase to KP&F employer contributions of about \$102,000 from all funds in FY 2020. Based on salaries and wages data from the budget system, the Division of the Budget estimates that approximately \$16,626 would be from the State General Fund. The contribution rate for state agencies affiliated with KP&F is 22.11 percent for FY 2020. There are currently 496 Kansas Highway Patrol KP&F members who are eligible for the DROP. HB 2140 would increase the total number of eligible members to 563, or by 67 members. The increase to the uniform contribution rate from HB 2140 would apply to all KP&F employers. KPERS estimates that adding KBI agents would increase the KP&F unfunded actuarial liability by approximately \$450,000. Local KP&F employers also would be required to pay any increases to the uniform contribution rate, which would increase local government contribution costs.

KPERS notes that the DROP was established as a pilot program for the Kansas Highway Patrol in 2015. Adding KBI agents to the DROP would not require additional administrative

expenditures for KPERS. However, if the DROP were expanded to include other employers, KPERS estimates it would need to upgrade information technology systems and add staff to assist KP&F members. Any fiscal effect associated with HB 2140 is not reflected in *The FY 2020 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink that reads "L. L. Campbell". The signature is written in a cursive style with a large initial "L" and a long, sweeping underline.

Larry L. Campbell  
Director of the Budget

cc: Jarod Waltner, KPERS