

February 19, 2019

The Honorable Robert Olson, Chairperson
Senate Committee on Financial Institutions and Insurance
Statehouse, Room 236-E
Topeka, Kansas 66612

Dear Senator Olson:

SUBJECT: Fiscal Note for SB 121 by Senate Committee on Financial Institutions and Insurance

In accordance with KSA 75-3715a, the following fiscal note concerning SB 121 is respectfully submitted to your committee.

SB 121 would allow certain local government correctional employees to become members of the Kansas Police and Firemen's Retirement System (KP&F). Currently, these employees are part of the Kansas Public Employees Retirement System (KPERS) Local Group. The bill would apply to detention deputies, corrections officers, detention officers and jailers as defined in SB 121.

KPERS estimates the bill would have an actuarial effect on KP&F. However, the fiscal effect cannot be estimated as the number of local employees who would move from KPERS to KP&F is unknown. The agency does not have position description information of local government members to be able to discern how many members would be eligible for KP&F. Additionally, KPERS notes the bill allows the election of KP&F coverage to be voluntary. As a result, the number of employers who are not currently affiliated with KP&F but would choose to do so cannot be predicted. KPERS indicates any change to the KP&F actuarial required contribution rate would have to be paid by all KP&F employers. Because KP&F uses a single uniform rate for both state and local employers, SB 121 has the potential to affect contributions for KP&F state agencies.

While KPERS does not have the data to determine precisely how many members would be eligible to become KP&F members, it is estimated that the number of employees would be large. The agency indicates the bill would require additional expenditures totaling \$378,479, all from the

KPERS Trust Fund. This figure includes \$98,479 for 2.00 new FTE positions to provide transition and ongoing support to local employers and members. The total also includes \$280,000 to make upgrades across several database systems. Any fiscal effect associated with SB 121 is not reflected in *The FY 2020 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "L. L. Campbell". The signature is fluid and cursive, with a large initial "L" and a long, sweeping underline.

Larry L. Campbell
Director of the Budget

cc: Jarod Waltner, KPERS