

March 2, 2022

The Honorable Rick Billinger, Chairperson  
Senate Committee on Ways and Means  
Statehouse, Room 548-S  
Topeka, Kansas 66612

Dear Senator Billinger:

**SUBJECT:** Fiscal Note for SB 523 by Senate Committee on Ways and Means

In accordance with KSA 75-3715a, the following fiscal note concerning SB 523 is respectfully submitted to your committee.

During FY 2022, SB 523 would authorize the transfer \$600.0 million from the State General Fund to the Kansas Public Employees Retirement Fund in two \$300.0 million installments. One installment would be on the effective date of the bill, and one installment would be on June 1, 2022.

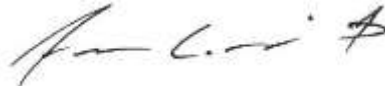
In addition, during FY 2023, the bill would transfer \$400.0 million from the State General Fund to the Kansas Public Employees Retirement Fund in two \$200.0 million installments. One installment would be on October 1, 2022, and the other installment would be on January 1, 2023. Both transfers in FY 2023 would require the approval of the State Finance Council and the bill would authorize the State Finance Council to meet for this approval while the Legislature is in session. The bill would become effective upon publication in the *Kansas Register*.

Estimated State Fiscal Effect				
	FY 2022 SGF	FY 2022 All Funds	FY 2023 SGF	FY 2023 All Funds
Revenue	(\$600,000,000)	(\$600,000,000)	(\$400,000,000)	(\$400,000,000)
Expenditure	--	--	--	--
FTE Pos.	--	--	--	--

To estimate the fiscal effect of SB 523, the Kansas Public Employee Retirement System (KPERS) actuary would assume that the \$1.0 billion would be received, even though \$400.0 million would require the approval of the State Finance Council. The actuary also would assume the funds would be applied to the KPERS State/School Group.

The actuary reports that the enactment of SB 523 would reduce the unfunded actuarial liability by \$1.0 billion and would increase the projected funding ratio from 77.4 percent to 80.2 percent in calendar year 2022 and from 80.4 percent to 84.9 percent in calendar year 2023. The Division of the Budget notes that SB 523 does not contain language that would change current certified employer contribution rates for the KPERS State/School Group for FY 2023 or FY 2024; as a result, the bill would not reduce expenditures for KPERS employer contributions for this Group. Any fiscal effect associated with SB 523 is not reflected in *The FY 2023 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt  
Director of the Budget

cc: Jarod Waltner, KPERS