

## House Budget Committee Report

**Agency:** Kansas Public Employees Retirement System    **Bill No.** HB 2588    **Bill Sec.** 15

**Analyst:** Wu                      **Analysis Page No.** Vol. 1, p. 358                      **Budget Page No.** 70

Expenditure Summary	Agency Request FY 2023	Governor Recommendation FY 2023	House Budget Committee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ -	\$ -	\$ -
Federal Funds	-	-	-
Other Funds	67,680,426	67,680,426	-
<i>Subtotal</i>	\$ 67,680,426	\$ 67,680,426	\$ -
<b>Capital Improvements:</b>			
State General Fund	\$ -	\$ -	\$ -
Federal Funds	-	-	-
Other Funds	-	-	-
<i>Subtotal</i>	\$ -	\$ -	\$ -
<b>TOTAL</b>	<b>\$ 67,680,426</b>	<b>\$ 67,680,426</b>	<b>\$ -</b>
FTE positions	98.4	98.4	0.0

### Agency Request

The **agency** requests \$67.7 million in expenditures and 98.4 FTE positions for FY 2023, including \$66.8 million from the Kansas Public Employees Retirement Fund. This represents an increase of \$4.6 million, or 7.2 percent, above the agency’s revised estimate in FY 2022. The request includes an increase of \$2.6 million in expenditures for modernization of the pension administration system. For FY 2023, the agency has budgeted \$9.2 million for the project, with increased costs included for contractual expenditures with the company Sagitec as it develops the new system. Major efforts include employer web portal updates, administration system upgrades, business process management, data profiling and cleaning, and development of the member web portal. The request also includes an increase of \$1.8 million in expenditures from the Kansas Public Employees Retirement Fund for investment management expenses. Each year, the submitted budget assumes a 7.75 percent return, with associated investment management expenses. When the system’s investment portfolio experiences higher returns, investment-related expenses also increase.

### Governor’s Recommendation

The **Governor** concurs with the agency request for FY 2023.

### House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor’s recommendation for FY 2023.

**House Committee Recommendation**

The **Committee** concurs with the Budget Committee’s recommendation for FY 2023.

**House Committee of the Whole Recommendation (House Sub. for Sub. for SB 267)**

The **Committee of the Whole** concurs with the Committee’s recommendation for FY 2023.

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**Senate Subcommittee Report**

**Agency:** Kansas Public Employees Retirement System      **Bill No.** SB 422      **Bill Sec.** 15

**Analyst:** Wu      **Analysis Page No.** Vol. 1, p. 358      **Budget Page No.** 70

<u>Expenditure Summary</u>	<u>Agency Request FY 2023</u>	<u>Governor Recommendation FY 2023</u>	<u>Senate Subcommittee Adjustments</u>
<b>Operating Expenditures:</b>			
State General Fund	\$ -	\$ -	\$ -
Federal Funds	-	-	-
Other Funds	67,680,426	67,680,426	-
<i>Subtotal</i>	<u>\$ 67,680,426</u>	<u>\$ 67,680,426</u>	<u>\$ -</u>
<b>Capital Improvements:</b>			
State General Fund	\$ -	\$ -	\$ -
Federal Funds	-	-	-
Other Funds	-	-	-
<i>Subtotal</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>TOTAL</b>	<u><b>\$ 67,680,426</b></u>	<u><b>\$ 67,680,426</b></u>	<u><b>\$ -</b></u>
FTE positions	98.4	98.4	0.0

**Agency Request**

The **agency** requests \$67.7 million in expenditures and 98.4 FTE positions for FY 2023, including \$66.8 million from the Kansas Public Employees Retirement Fund. This represents an increase of \$4.6 million, or 7.2 percent, above the agency’s revised estimate in FY 2022. The request includes an increase of \$2.6 million in expenditures for modernization of the pension administration system. For FY 2023, the agency has budgeted \$9.2 million for the project, with increased costs included for contractual expenditures with the company Sagitec as it develops the new system. Major efforts include employer web portal updates, administration system upgrades, business process management, data profiling and cleaning, and development of the member web portal. The request also includes an increase of \$1.8 million in expenditures from the Kansas Public Employees Retirement Fund for investment management expenses. Each

year, the submitted budget assumes a 7.75 percent return, with associated investment management expenses. When the system's investment portfolio experiences higher returns, investment-related expenses also increase.

#### **Governor's Recommendation**

The **Governor** concurs with the agency request and recommends \$67.7 million in expenditures and 98.4 FTE positions for FY 2023.

#### **Senate Committee on Financial Institutions and Insurance Recommendation**

The **Committee** concurs with the Governor's recommendation for FY 2023.

#### **Senate Committee Recommendation**

The **Committee** concurs with the Committee on Financial Institutions and Insurance's recommendation for FY 2023.

#### **Senate Committee of the Whole Recommendation (Sub. for SB 444)**

The **Committee of the Whole** concurs with the Committee's recommendation for FY 2023.

#### **Conference Committee Recommendation (House Sub. for Sub. for SB 267)**

The **Conference Committee** concurs with the Governor's recommendation for FY 2023.

#### **State Finance Council**

1. Add \$592,516, all from special revenue funds, for a 5.0 percent salary adjustment for most state employees for FY 2023. This adjustment excludes statewide elected officials, current beneficiaries of the 24/7 pay plan, with other specific limitations for employees who receive salary adjustments in other portions of the appropriations bill.

	Governor's Recommendation FY 2023	Legislative Action	Legislative Approved FY 2023	Governor's Vetoed FY 2023	Final Legislative Approved FY 2023
<b>All Funds</b>					
State Operations	\$ 67,680,426	\$ 592,516	\$ 68,272,942	\$ 0	\$ 68,272,942
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 67,680,426</i>	<i>\$ 592,516</i>	<i>\$ 68,272,942</i>	<i>\$ 0</i>	<i>\$ 68,272,942</i>
Capital Improvements	0	0	0	0	0
<b>TOTAL</b>	<b>\$ 67,680,426</b>	<b>\$ 592,516</b>	<b>\$ 68,272,942</b>	<b>\$ 0</b>	<b>\$ 68,272,942</b>

**State General Fund**

State Operations	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
<i>Subtotal - Operating</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>
Capital Improvements	0	0	0	0	0
<b>TOTAL</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

FTE Positions	98.4	0.0	98.4	0.0	98.4
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