

January 31, 2017

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

Dear Representative Kelly:

SUBJECT: Fiscal Note for HB 2111 by House Committee on Financial Institutions and Pensions

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2111 is respectfully submitted to your committee.

Under current law, if a Kansas Police and Firemen's Retirement System (KP&F) member dies in a service-connected death, the member's spouse receives 50.0 percent of the member's final average salary. Also, the member's children are entitled to receive 10.0 percent of the member's final average salary. The total maximum benefit may not exceed 75.0 percent of the final average salary.

HB 2111 would provide a spousal benefit that is the greater of:

1. 50.0 percent of the member's final average salary; or,
2. The amount the retirement benefit would have been had the member elected a joint and 100.0 percent survivor annuity and had retired on the first day of the month coinciding with or following the date of death.

The total maximum benefit would also be increased to 90.0 percent of the member's final average salary.

According to the consulting actuary for the Kansas Public Employees Retirement System (KPERs), it is estimated that the bill would increase the KP&F unfunded actuarial liability by \$605,453. HB 2111 would also result in a 0.02 percent increase to the KP&F employer contribution rate. Of the total percentage increase, 0.01 percent would be from the increase to the unfunded actuarial liability and the other 0.01 percent would be from an increase to the normal cost of benefits. KPERs estimates that the increase to the employer contribution rate would have a small fiscal effect on revenues to the KPERs Trust Fund.

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KPERS indicates the bill would require upgrades to its information technology systems; however, it is anticipated that the cost of the upgrades would be negligible. Any fiscal effect associated with HB 2111 is not reflected in *The FY 2018 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Faith Loretto, KPERS