

# STATE OF KANSAS



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GOVERNOR JEFF COLYER, M.D.  
LARRY L. CAMPBELL, CHIEF BUDGET OFFICER

March 9, 2018

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 2764 by House Committee on Appropriations

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2764 is respectfully submitted to your committee.

HB 2764 would allow the Kansas Department of Wildlife, Parks and Tourism (KDWPT) to become an eligible employer with the Kansas Police and Firemen's Retirement System (KP&F) on July 1, 2018. Every employee of the KDWPT who is a certified police officer or law enforcement officer on or after the date of the Department's affiliation with KP&F would become a member of KP&F. Under current law, KDWPT law enforcement officers are members of the Kansas Public Employee Retirement System (KPERs) State Group. Retirement, death or disability benefits would be calculated based on future KP&F service on and after the effective date.

The Division of the Budget and the Governor would be required to include all necessary employer contributions in the budget resulting from the affiliation of the KDWPT with KP&F. After the effective date of affiliation, law enforcement officers in the Kansas Department of Wildlife, Parks and Tourism would pay an employee contribution rate of 7.15 percent. Under current law, these employees pay a contribution rate of 6.0 percent with the KPERs State Group.

Estimated State Fiscal Effect				
	FY 2018 SGF	FY 2018 All Funds	FY 2019 SGF	FY 2019 All Funds
Revenue	--	--	--	--
Expenditure	--	--	(\$12,464)	\$424,000
FTE Pos.	--	--	--	--

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Currently, the KP&F employer contribution rate for FY 2019 is 20.05 percent. According to KPERS, the bill would reduce the KP&F rate by 0.16 percent. This would occur in large part because of a decrease to the portion of the KP&F rate applied to the Unfunded Actuarial Liability (UAL). The employer contribution rate for the KPERS State Group is 13.21 percent for FY 2019. Beginning July 1, 2018, the state would need pay an employer contribution rate of 19.89 percent, or an increase of 6.68 percent, on those KDWPT employees who would be eligible for the KP&F plan. KPERS estimates that the bill would require additional employer contributions of approximately \$500,000 from all funds for the KDWPT. Currently, KDWPT salaries and wages are paid from special revenue funds. The additional expenditures for employer contributions would be paid from these sources. The Department estimates that the agency would be able to fund the additional expenditures with projected fund balances.

The reduction to the KP&F employer contribution rate described above would have a fiscal effect on state agencies who are currently affiliated with KP&F. The decrease to the KP&F employer contribution rate would result in a total decrease of \$76,000 from all funds. Based on salaries and wages data from the budget system, the Division of the Budget estimates that approximately 16.4 percent of total employer contributions from KP&F state agencies are from the State General Fund in FY 2019. Using this percentage, the Division estimates that of the total all funds decrease, \$12,464 would be from the State General Fund. Altogether, the bill would result in a net increase to state employer contributions of \$424,000 from all funds and savings of \$12,464 from the State General Fund in FY 2019.

KPERS indicates that transferring certain KDWPT employees from KPERS to KP&F would not increase the total UAL of KP&F and result in only a small decrease to the KPERS State Group UAL of \$4.1 million. However, the KPERS State/School employer contribution rate would remain unchanged. According to the December 31, 2016 actuarial valuation, the UAL for the KPERS State Group is \$922.0 million.

The reduction to the KP&F rate from the bill would also affect local KP&F employer contributions. KPERS estimates local governments could incur savings of approximately \$700,000. Any fiscal effect associated with HB 2764 is not reflected in *The FY 2019 Governor's Budget Report*.

Sincerely,



Larry L. Campbell  
Chief Budget Officer

cc: Jared Waltner, KPERS