

SESSION OF 2018

SUPPLEMENTAL NOTE ON SENATE BILL NO. 241

As Amended by Senate Committee on Financial
Institutions and Insurance

Brief*

SB 241, as amended, would increase the cap placed on retirement benefits for members of the Kansas Police and Firemen's Retirement System (KP&F) from 90.0 percent of the member's final average salary to 100.0 percent.

Background

The bill was introduced during the 2017 Legislative Session by the Senate Committee on Ways and Means. A representative of the Kansas State Council of Fire Fighters spoke in favor of the bill during the hearing before the Senate Committee on Financial Institutions and Insurance, stating firefighters do not receive additional benefits after working 36 years.

A representative of the Kansas Policy Institute provided written testimony in opposition to the bill, noting that while members of the Kansas Public Employees Retirement System (KPERs) do not have a cap on their final average salaries, KPERs benefits roughly equal 60.0 percent of the final average salary. The testimony also noted those KP&F members hired before 1993 are allowed to have overtime payments calculated into their final average salary.

A representative of KPERs provided neutral testimony, explaining the history of KP&F benefit caps. In 2013, the cap was increased from 80.0 percent to 90.0 percent. As of the

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

2016 KP&F valuation, no member had more than 36 years of service. Six active members had 36 years of service, and 11 active members were within one year of reaching 36 years of service.

The Senate Committee amended the bill to revise the statutory references.

According to the fiscal note provided by the Division of the Budget on April 20, 2017, the bill, as introduced, was estimated to increase the KP&F unfunded actuarial liability (UAL) by \$3.2 million. During the Senate Committee hearing, the KPERS conferee updated the actuarial estimates. KPERS estimates the bill would increase the KP&F UAL by \$2.8 million. This would result in an increase of 0.05 percent to the UAL rate paid by KP&F employers. The KP&F rate would increase from 20.05 percent to 20.11 percent. This would be reflected in FY 2019 for state KP&F employers and calendar year 2018 for local KP&F employers. Any fiscal effect associated with the bill is not reflected in *The FY 2019 Governor's Budget Report*.