



**Jim Denning**  
Senate Majority Leader

March 11, 2020

In support of SB368 and HB 2503

Dear Chairwoman McGinn, Vice Chairman Billinger, and Committee members:

The following financial analysis is presented to demonstrate support for paying off the two (2) layering receivables in FY20. The total amount of the layering receivables, including the actuarially calculated interest, is \$477.4 million. Paying off the receivables today would require a payment of \$268.4 million. This would result in interest savings of \$209 million.

	<u>FY-20</u>
<b>Ending Balance before Pmts</b>	\$ 934.0
Less: KPERS Layering Pmt	\$ (268.4)
Less: PMIB Loan pay off	\$ (132.3)
Add: FY-20 YTD receipts above Estimates	<u>\$ 187.80</u>
<b>Modified Ending Balance</b>	\$ 721.1
Ending Bal as % of Expenditures	9.2%

**Tax Receipts: Estimates Vs Actuals**

FY-18 Receipts above Estimates	\$ 844.6
FY-19 Receipts above Estimates	\$ 797.4
FY-20 YTD Receipts above Estimates	<u>\$ 187.8</u>
Total Receipts above Estimates	\$ 1,829.8

1. The state general fund (SGF) has a sufficient ending balance to pay off the balance of the State/School Employer layered receivables
2. KPERS will be able to invest the \$268.4 million now rather than later:
  - a. Take advantage of abrupt depressed stock prices from Covid-19 and Saudi oil price war
  - b. Use for 60 days of liquidity to avoid having to liquidate equities to make the monthly retirement payments
3. And most importantly, once the funds are placed in the KPERS Trust Fund, they cannot be removed