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MEMORANDUM

To: Chairman Johnson and members of the House Committee on Insurance and Pensions

From: Office of Revisor of Statutes

Date: February 24, 2021

Subject: **HB 2399-Amortizing the state and school KPERS unfunded actuarial liability over a 24-year period and eliminating certain level-dollar employer contribution payments.**

House Bill No. 2399 amortizes the KPERS unfunded actuarial liability of the state of Kansas and school participating employers that exists under the system over a period of 24 years commencing December 31, 2018, and requires the KPERS board of trustees to certify the employer contribution rates for such participating employers based upon such new amortization schedule.

The bill also eliminates the level-dollar employer contribution payments of \$6.4 million and \$19.4 million per year for 20 years that were placed in statute after employer contributions were delayed by the legislature in FY 2017 and FY 2019.

New Section 1 of the bill provides the mechanism to realize FY 2022 budget savings due to reamortization by providing that if any legislation that authorizes the amortization of the KPERS unfunded actuarial liability for the state of Kansas and school participating employers over a period of 24 years is passed by the legislature and enacted into law then on July 1, 2021, the amount in each account of the state general fund of each state agency that is appropriated for FY 2022 that is equal to the difference between the amount budgeted for KPERS employer contributions under current law and the amount required for employer contributions under the new amortization period is lapsed from the FY 2022 budget. The same procedure takes place to reduce expenditure limitations for special revenue funds in the state treasury.

The bill takes effect upon publication in the statute book.