

March 22, 2021

The Honorable Steven Johnson, Chairperson
House Committee on Insurance and Pensions
Statehouse, Room 276A-W
Topeka, Kansas 66612

Dear Representative Johnson:

SUBJECT: Fiscal Note for HB 2198 by House Committee on Insurance and Pensions

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2198 is respectfully submitted to your committee.

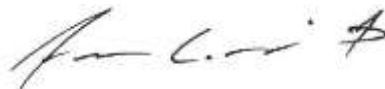
HB 2198 would allow certain local government correctional employees to become members of the Kansas Police and Firemen's Retirement System (KP&F). Currently, these employees are part of the Kansas Public Employees Retirement System (KPERS) Local Group. The provisions would apply to detention deputies, corrections officers, detention officers and jailers as defined in the bill.

KPERS estimates HB 2198 would have an actuarial effect on KP&F. However, the fiscal effect cannot be estimated as the number of local employees who would move from KPERS to KP&F is unknown. The agency does not have position description information of local government members to be able to discern how many members would be eligible for KP&F. Additionally, KPERS notes the bill would allow the election of KP&F coverage to be voluntary. Nevertheless, the number of employers who are not currently affiliated with KP&F but would choose to do so cannot be estimated. KPERS indicates any change to the KP&F actuarial required contribution rate would have to be paid by all KP&F employers. Because KP&F uses a single uniform rate for both state and local employers, HB 2198 has the potential to affect contributions for KP&F state agencies. KPERS notes that increasing the number of KP&F active members would result in a high total covered payroll. As a result, the unfunded actuarial liability (UAL) rate (dollar amount of the UAL payment divided by covered payroll) is expected to decline.

While KPERS does not have the data to determine precisely how many members would be eligible to become KP&F members, it is estimated that the number of employees would be large. The agency indicates the bill would require additional expenditures totaling \$410,337, all from the

KPERS Trust Fund. This figure includes \$130,337 for 2.00 new FTE positions to provide transition and ongoing support to local employers and members. The total also includes \$280,000 to make upgrades across several database systems. Any fiscal effect associated with HB 2198 is not reflected in *The FY 2022 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt
Director of the Budget

cc: Jarod Waltner, KPERS
Wendi Stark, League of Municipalities
Jay Hall, Association of Counties
Randy Bowman, Corrections