

REVISED
SESSION OF 2009

SUPPLEMENTAL NOTE ON SENATE BILL NO. 219

As Amended by Senate Committee on
Ways and Means

Brief*

SB 219, as amended, would implement a nine-month moratorium on state and local employer contributions to the KPERs Death and Disability Plan. The nine-month moratorium would begin on March 1, 2009 and end on November 30, 2009.

The bill would be in effect upon the publication in the *Kansas Register*.

Background

Presenting neutral testimony was Glenn Deck, Executive Director, Kansas Public Employees Retirement System.

Under current law, each KPERs participating state and local employer must pay an amount equal to 1.0 percent of the amount of compensation on which members' contributions to the System are based. The employer contributions are deposited in the Group Insurance Reserve Fund, from which the death and disability benefits are paid.

SB 219, as amended, is trailer legislation to House Substitute for Substitute for SB 23 which suspends state contributions to the KPERs Death and Disability Plan for a three-quarter moratorium beginning March 1, 2009 and ending November 30, 2009.

*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>

SB 219, as introduced, is the Governor's bill which suspended payments for a three-quarter moratorium in FY 2010.

The Senate Committee on Ways and Means amended the bill to accelerate the moratorium to begin on March 1, 2009, instead of July 1, 2009.

The fiscal note states that the KPERS Group Insurance Reserve Fund has a sufficient balance to allow suspension of payments on a temporary basis without affecting employee benefits. Following the three-quarter moratorium, the FY 2010 year-end balance of the Fund is projected to be \$11.0 million.

A revised fiscal note from KPERS for the bill, as amended by the Senate Committee, indicates that the total savings from March 1 to November 30, 2009, for state and local governments will total approximately \$48.8 million in budget savings from not having to make statutory employer contributions. State contributions will be reduced \$37.4 million and local contributions will be reduced \$11.3 million as a result of the moratorium. SB 23 that was signed into law by the Governor earlier this year removed \$16.7 million, including \$13.5 million from the State General Fund, of the estimated FY 2009 state savings from agency budgets and SB 219 is required as a statutory amendment to ratify that action earlier in the 2009 Session for the period through June 30, 2009. Subsequent adjustments in the state's FY 2010 agency budgets and in local units of governments that reduced their expenditures also are dependent upon SB 219 authorizing such actions.