

SESSION OF 2009

**SUPPLEMENTAL NOTE ON SENATE
SUBSTITUTE FOR HOUSE BILL NO. 2219**

As Recommended by Senate Committee on
Ways and Means

Brief*

Senate Substitute for HB 2219 would amend provisions of the Kansas Public Employees Retirement (KPERS) Act. The bill would:

- Require the KPERS employer contribution rate for both the state group and the school group to be equal to the statutory rate in FY 2010 and subsequent fiscal years. Any additional KPERS state contributions in excess of those required by the actuarial rate that are a result of using the statutory rate and that are remitted to KPERS would be credited to the school group; and
- Allow the purchase of KPERS participating service credit for work experience that is necessary to obtain certain technical or vocational teacher certifications.

Background

The Senate Ways and Means Subcommittee on KPERS Issues held a series of hearings and working sessions on February 27 and March 4, 2009 to review a number of items. Among the bills considered were SB 259 and HB 2073.

SB 259 as introduced addressed KPERS employer rates for state and school contributions. Two proponents spoke in favor of the legislation: The Director of the Budget and 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>

KPERS Executive Director, both of whom indicated that the bill would shift a portion of the future payments to address the KPERS school unfunded liability from the State General Fund to other special revenue funds. The Governor's FY 2010 and FY 2011 budget recommendations included the proposed shift in financing.

The fiscal note for SB 259 indicated that under current law the State General Fund would be required to contribute an additional amount of \$2.6 million in FY 2010 and in \$9.0 million in FY 2011 for the KPERS school group because the KPERS state group's actuarially-required contribution rate has fallen below the statutory rate in each fiscal year. SB 259 would implement the Governor's FY 2010 budget recommendation that both the KPERS state group and school group contribution should be equal to the higher statutory rate. The net impact of the recommendation is to reduce the amount of State General Fund money required in FY 2010, and to increase the amount of special revenue funds to approximately 50.0 percent of the financing for the additional state KPERS contributions that are included in the *Governor's FY 2010 Budget Report*.

HB 2073 as introduced concerned purchases of KPERS service credit for apprenticeship experience required for vocational teaching positions. Senator Laura Kelly spoke in favor of the provision since any costs would be paid by those purchasing service credit for an actuarially determined payment.

The Senate Committee on Ways and Means added provisions of SB 259 and HB 2073 to Senate Substitute for HB 2219. SB 2073 was included as introduced. A change in the original SB 259 was adopted for inclusion in Senate Substitute for HB 2219, including an amendment recommended by the Subcommittee to continue the use of the statutory contribution rate in FY 2011 and subsequent fiscal years for the state KPERS group.