

SESSION OF 2010

**SUPPLEMENTAL NOTE ON SUBSTITUTE FOR  
HOUSE BILL NO. 2400**

As Recommended by House Select Committee on KPERS

**Brief\***

Sub. for HB 2400 would raise the annual cap on employer contribution increases for the state and school groups from the current 0.6 percent to 1.0 percent for the state's payments to the Kansas Public Employees Retirement System (KPERS), effective July 1, 2012. In addition, the bill would permit the use of Expanded Lottery Act moneys for paying the unfunded actuarial liability of the KPERS state and school groups.

**Background**

The bill, as introduced in 2009, would have raised the annual cap to 1.0 percent in FY 2010 and would have appropriated \$13.49 million from federal stimulus funds for the additional cost of the state's annual employer contribution increase.

The KPERS Executive Director testified in support of HB 2400, indicating that raising the state's employer contribution rate would be one of the actions needed to address the KPERS long-term funding issue. Because of a projected funding shortfall in long-term KPERS financing, the KPERS Board of Trustees requested the Joint Committee on Pensions, Investments and Benefits to consider increasing the annual statutory cap for state contributions to 1.0 percent no later than FY 2011. The Joint Committee recommended to the 2009 Legislature that such action should be undertaken not later than FY 2012 in order to increase annual contributions by the state for KPERS. Increases in local employer KPERS contribution

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\*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>

caps were not addressed and no increase for local units of government is included in HB 2400.

In 2009, the House Select Committee on KPERS amended the bill to change the implementation date from FY 2010 to FY 2011 and increased the appropriation amount from \$13.49 million to \$18.41 million in FY 2011. The source of funding would be federal stimulus money.

KPERS staff indicated that the revised fiscal note for FY 2011 would be \$18.41 million to implement HB 2400 as amended.

HB 2400 as amended was re-referred from House General Orders during the 2009 Session.

In 2010, the House Select Committee on KPERS further amended the bill to change the implementation date from FY 2011 to FY 2013 in recognition of the continuing budget shortfalls. The Committee deleted the appropriations language from the 2009 version of the bill and replaced that section with an amendment to KSA 74-8768 to allow the use of moneys from the Expanded Lottery Act for KPERS state and school payments.

By delaying implementation to FY 2013, the estimated first year cost for increasing the cap from 0.6 percent to 1.0 percent for KPERS state and school groups would be \$19.3 million in additional funding, including \$16.5 from the State General Fund, according to KPERS staff.