



February 26, 2025

The Honorable Brenda Dietrich, Chairperson
Senate Committee on Financial Institutions and Insurance
300 SW 10th Avenue, Room 546-S
Topeka, Kansas 66612

Dear Senator Dietrich:

SUBJECT: Fiscal Note for SB 238 by Senate Committee on Financial Institutions and Insurance

In accordance with KSA 75-3715a, the following fiscal note concerning SB 238 is respectfully submitted to your committee.

SB 238 would provide for a cost-of-living adjustment (COLA) for certain KPERS retirees, as outlined in the bill. On or before July 1, 2025, each retirant would receive a COLA in the following amounts for those retirants who date of retirement is:

1. July 1, 2015—1.0 percent;
2. July 1, 2011—2.0 percent;
3. July 1, 2007—3.0 percent;
4. July 1, 2003—4.0 percent; and
5. July 1, 1999—5.0 percent.

The bill would cap the COLA at \$100 per month per retirant. The COLA would apply to a person who is a joint annuitant or beneficiary of any qualified member, as well as insured disability benefit recipients. Finally, the bill would appropriate \$136.4 million from the State General Fund to KPERS for the COLA payments to retirees.

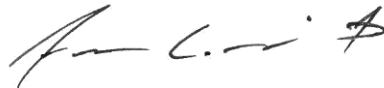
According to KPERS, the enactment of the bill would require the agency to calculate benefit adjustments to approximately 65,000 KPERS retirees and beneficiaries. The agency indicates that this would require development and testing of the KPERS IT systems to ensure the accurate calculation of benefits. KPERS indicates that this could be done with its existing staff

and would have no cost beyond the salaries and wages costs of its staff that would work on these administrative duties.

The KPERS actuary indicates that the actuarial cost for the enactment of the bill would be \$131.8 million for the State/School Group. Because the bill would contain an appropriation of \$136.4 million from the State General Fund for the COLA benefit enhancement for certain members of the State/School Group, the appropriation in the bill would cover the entire cost for this group. Any fiscal effect associated with SB 238 is not reflected in *The FY 2026 Governor's Budget Report*.

For the Local Group, the actuary estimates that the COLA would cost \$23.4 million. Unless an appropriation would be made for this Group from the State General Fund, any benefit enhancement for the Local Group would be amortized over ten years and paid from local employer contributions. The actuary estimates that the employer contribution rate would increase by 0.21 percent, with additional contributions for the approximate 1,400 local employers totaling \$2.9 million for the first year of the ten-year amortization.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt", followed by a stylized dollar sign symbol.

Adam C. Proffitt
Director of the Budget

cc: Jarod Waltner, KPERS