

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

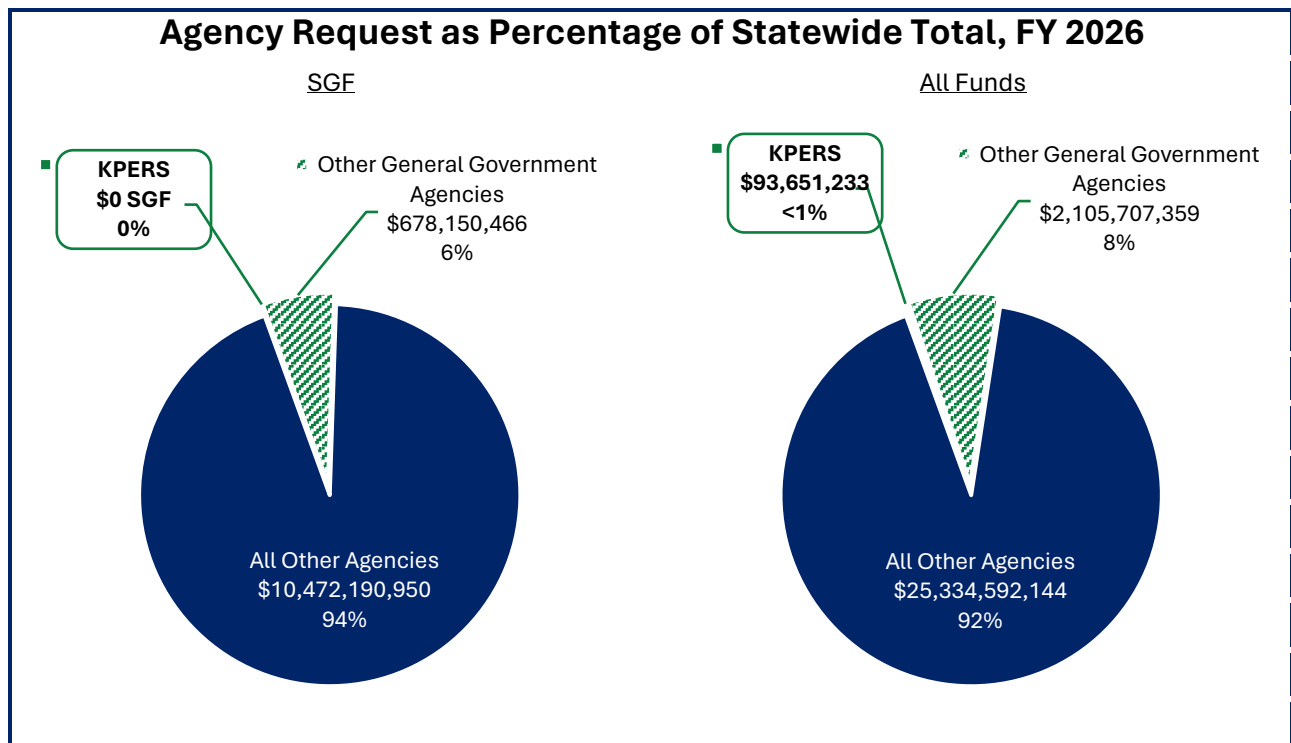
Budget Summary – Agency Request

Executive Summary

The Kansas Public Employees Retirement System’s (KPERS) statutory purpose is to provide for a system by which employees “may be retired from active service without prejudice and without inflicting a hardship upon the employees retired.”¹ To carry out these duties, KPERS administers three statewide coverage groups:

- **KPERS.** The largest plan, usually referred to as the regular KPERS plan or as KPERS, includes state, school, and local groups composed of regular state and local public employees; school district, vocational school, and community college employees; Board of Regents classified employees and certain Regents unclassified staff; and state correctional officers.
- **Kansas Police and Firemen’s Retirement System (KP&F).** The second plan, known as the KP&F Retirement System, is for certain designated state and local public safety employees.
- **Kansas Retirement System for Judges.** The third plan, known as the Kansas Retirement System for Judges, is for the state judicial system’s judges and justices.

Expenditures by Fiscal Year and Version				
	SGF		All Funds	Note
FY 2024 Actual	\$	-	\$ 74,532,601	Actual expenditures
FY 2025 Actual		-	87,642,301	Actual expenditures
FY 2026 Approved		-	93,025,923	2025 SB 125
FY 2026 Agency		-	93,651,233	Revised estimate, submitted September 2025
FY 2027 Agency		-	99,280,450	Agency request, submitted September 2025





¹ [KSA 74-4901](#) et al.

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Budget and Policy Snapshot

The tables below provide a selection of items that inform the agency budget request. These items include **supplemental and enhancement requests** () , **adjustments related to reappropriated funds** () , **language-only policy changes** requested for inclusion in legislation, changes in **federal or state policy** that impact agency funding, and other budgetary items.

These tables are not intended to be a comprehensive list of changes in the agency budget request. For more detail on individual fiscal year requests, please refer to the [FY 2026 Analysis](#) and [FY 2027 Analysis](#) sections later in this document.

FY 2026

Item	Amount	Source	Note
Pension Administration System	\$ 999,140	KPERS Trust Fund	\$15,143,293 total expenditures
Investment-Related Expenses	(160,717)	KPERS Trust Fund	\$53,094,413 total expenditures

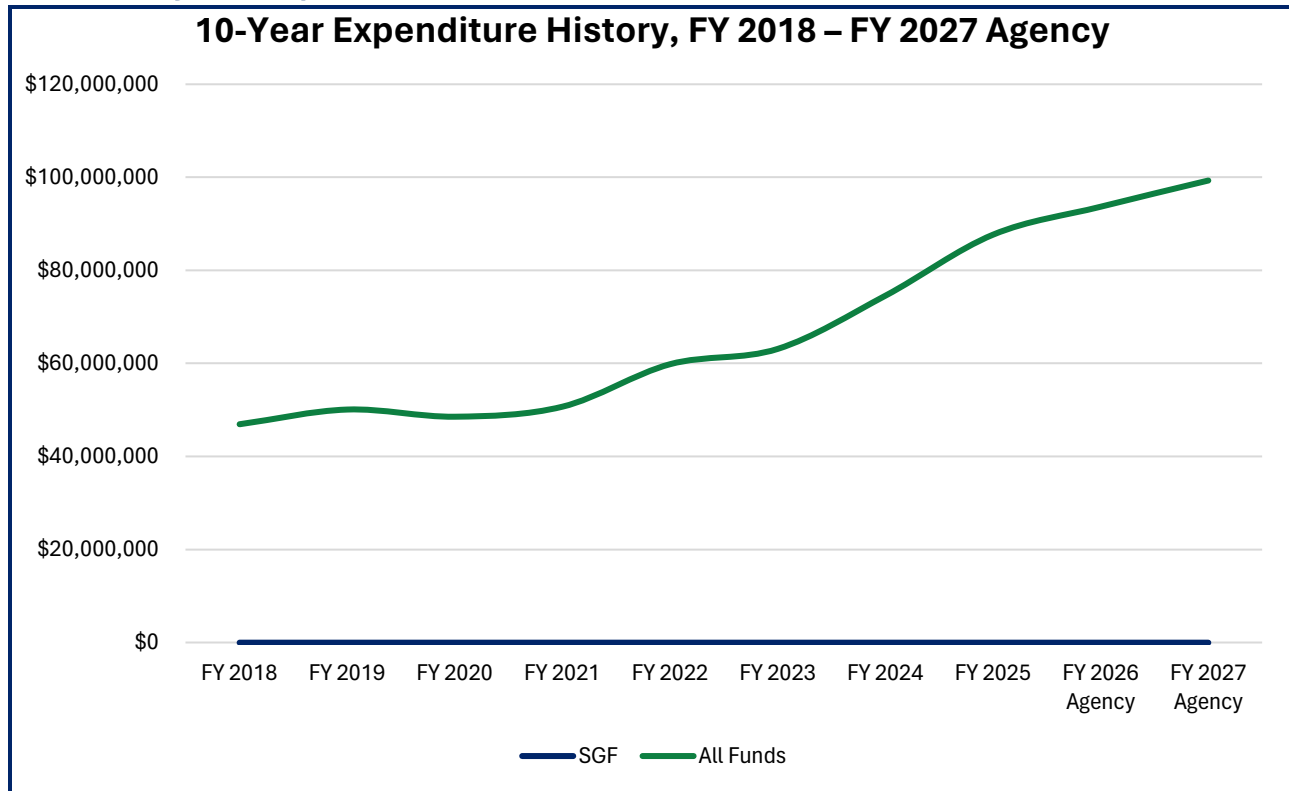
FY 2027

Item	Amount	Source	Note
Pension Administration System	\$ 4,266,804	KPERS Trust Fund	\$18,410,957 total expenditures
Investment-Related Expenses	894,149	KPERS Trust Fund	\$54,149,279 total expenditures

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

Budget Summary – Agency Request

Summary of Expenditures



Fiscal Year	SGF		All Funds		FTE	CPI-U*
	Amount	Change (%)	Amount	Change (%)		
FY 2018	\$	-	\$	(0.8)	98.35	0.2
FY 2019		-		6.7	98.35	--
FY 2020		-		(3.1)	98.35	0.8
FY 2021		-		4.5	98.37	2.4
FY 2022		-		18.0	98.37	9.2
FY 2023		-		5.5	98.37	5.8
FY 2024		-		18.1	99.35	3.0
FY 2025		-		17.6	99.35	3.0
FY 2026 Agency		-		6.9	99.35	2.8
FY 2027 Agency		-		6.0	99.35	2.4

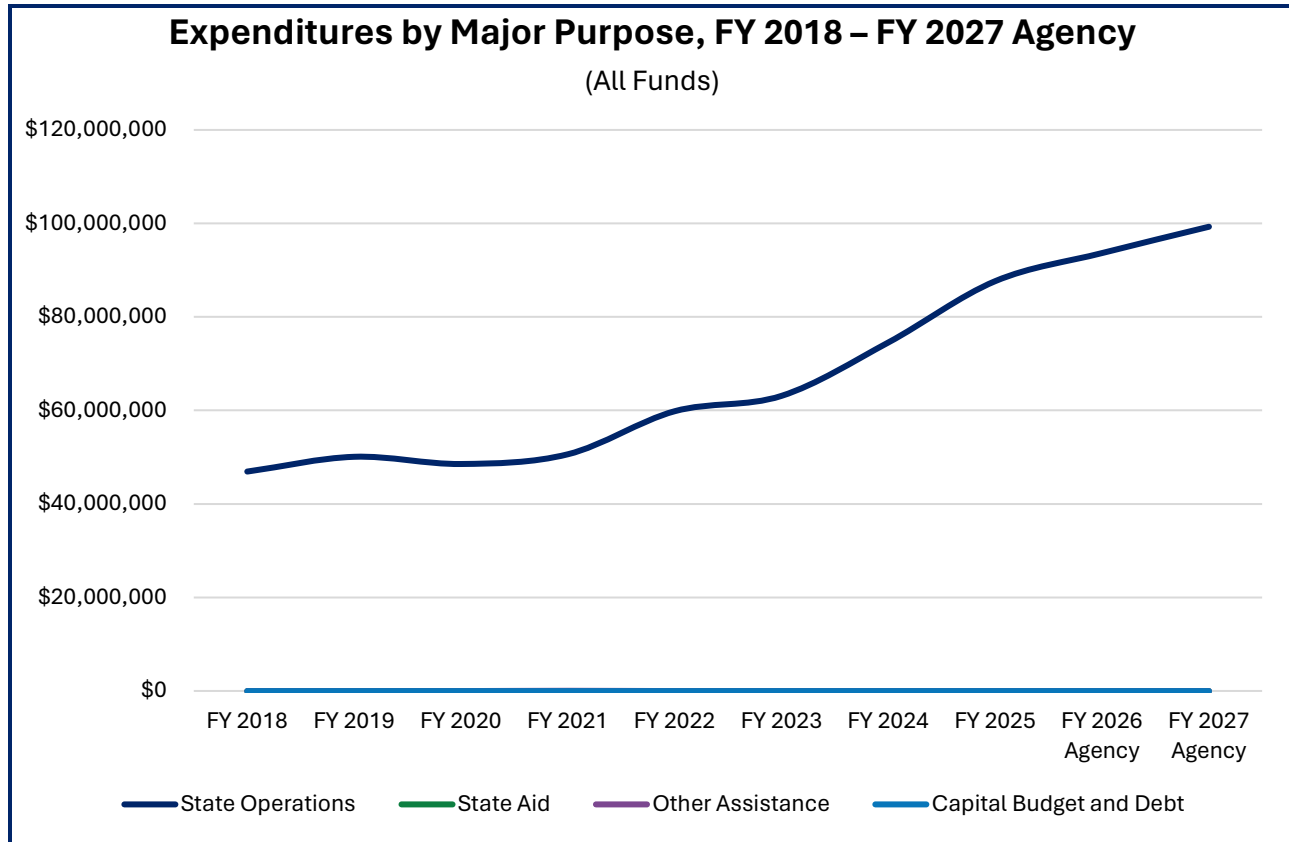
5-Year Change (FY 2023–2027)	\$	-	\$	57.3	0.98	11.6
5-Year Change (FY 2018–2027)		-		111.6	1.00	33.1
3-Year Average** (FY 2023–2025)		-	N/A	N/A	99.02	N/A

* Note : Consumer Price Index for All Urban Consumers estimate for FY 2026 and FY 2027 is from the Consensus Revenue Estimating Group.

** Note : Reflects the three most recent years of actuals data.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

Budget Summary – Agency Request



Expenditures by Category, FY 2024 – FY 2027 Agency						
(All Funds)						
	FY 2026 Agency % of Total	FY 2024 Actual	FY 2025 Actual	FY 2026 Approved	FY 2026 Agency	FY 2027 Agency
State Operations						
Salaries and Wages	21.4 %	\$ 15,855,877	\$ 17,803,252	\$ 19,982,467	\$ 20,057,123	\$ 20,520,630
Contractual Services	77.9	58,283,660	69,068,523	72,209,506	72,983,460	78,143,670
Commodities	0.1	70,679	75,650	133,950	110,650	116,150
Capital Outlay	0.5	322,385	694,876	700,000	500,000	500,000
Operating Adjustments	--	-	-	-	-	-
Subtotal	100.0 %	\$ 74,532,601	\$ 87,642,301	\$ 93,025,923	\$ 93,651,233	\$ 99,280,450
State Aid and Assistance						
Aid to Locals	-- %	\$ -	\$ -	\$ -	\$ -	\$ -
Other Assistance	--	-	-	-	-	-
Subtotal	-- %	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Budget and Debt						
Capital Improvements	-- %	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service Principal	--	-	-	-	-	-
Debt Service Interest	--	-	-	-	-	-
Subtotal	-- %	\$ -	\$ -	\$ -	\$ -	\$ -
Reappropriations	-- %	\$ -	\$ -	\$ -	\$ -	\$ -
GRAND TOTAL	100.0 %	\$ 74,532,601	\$ 87,642,301	\$ 93,025,923	\$ 93,651,233	\$ 99,280,450

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

Budget Summary – Agency Request

State Operations

Expenditures by Classification, FY 2024 – FY 2027 Agency						
(State Operations, All Funds)						
	FY 2026 Agency % of Total	FY 2024 Actual	FY 2025 Actual	FY 2026 Approved	FY 2026 Agency	FY 2027 Agency
Salaries and Wages						
Employee Pay	16.7 %	\$ 11,981,674	\$ 13,575,357	\$ 15,558,013	\$ 15,647,509	\$ 15,904,510
Employee Benefits	5.3	3,874,203	4,227,895	4,886,595	4,999,496	5,220,215
Shrinkage	(0.6)	-	-	(462,141)	(589,882)	(604,095)
Subtotal	21.4 %	\$ 15,855,877	\$ 17,803,252	\$ 19,982,467	\$ 20,057,123	\$ 20,520,630
Contractual Services						
Communication	0.9 %	\$ 693,520	\$ 802,271	\$ 719,050	\$ 821,640	\$ 829,100
Fees (Professional)	73.1	54,071,474	64,820,730	67,620,356	68,475,646	73,534,260
Fees (Other Services)	0.9	308,128	764,265	582,350	823,650	880,850
Freight and Express	0.1	10,179	17,690	9,750	9,750	10,000
Printing and Advertising	0.2	141,039	149,662	130,000	150,000	155,000
Rent and Leases	0.1	86,505	70,616	117,000	95,000	97,000
Repair and Servicing	2.5	2,755,822	2,255,851	2,750,000	2,376,664	2,400,000
Travel and Subsistence	0.2	141,737	106,706	185,000	141,260	146,260
Utilities	0.1	3,833	3,652	10,000	5,000	5,000
Other	0.1	71,423	77,080	86,000	84,850	86,200
Subtotal	77.9 %	\$ 58,283,660	\$ 69,068,523	\$ 72,209,506	\$ 72,983,460	\$ 78,143,670
Commodities						
Clothing	-- %	\$ -	\$ -	\$ -	\$ -	\$ -
Equipment and Parts	0.1	316	634	2,500	2,500	2,500
Food	--	-	-	-	-	-
Fuel	--	-	-	-	-	-
Motor Vehicle Parts	0.1	7,556	3,494	7,500	5,000	5,000
Supplies (Office)	0.1	39,250	45,768	101,150	75,150	80,150
Supplies (Professional)	0.1	15,050	16,888	15,300	20,500	20,500
Supplies (Research)	--	-	-	-	-	-
Other	0.1	8,507	8,866	7,500	7,500	8,000
Subtotal	0.1 %	\$ 70,679	\$ 75,650	\$ 133,950	\$ 110,650	\$ 116,150
Capital Outlay						
Books	-- %	\$ -	\$ -	\$ -	\$ -	\$ -
Computer Hardware	--	219,770	82,411	-	-	-
Computer Software	--	11,101	203,038	-	-	-
Equipment, Furniture	0.5	37,901	350,141	700,000	500,000	500,000
Information Processing	--	34,224	32,867	-	-	-
Telecommunications	--	19,389	26,419	-	-	-
Other	--	-	-	-	-	-
Subtotal	0.5 %	\$ 322,385	\$ 694,876	\$ 700,000	\$ 500,000	\$ 500,000
Operating Adjustments	-- %	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	100.0 %	\$ 74,532,601	\$ 87,642,301	\$ 93,025,923	\$ 93,651,233	\$ 99,280,450

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

Budget Summary – Agency Request

Expenditures by Program

Expenditures by Program, FY 2024 – FY 2027 Agency							
(All Funds, Dollars in Thousands)							
	FY 2026 Agency % of Total	FY 2024 Actual	FY 2025 Actual	FY 2026 Approved	FY 2026 Agency	FY 2027 Agency	
General Operations							
Administration	25.6 %	\$ 22,109.3	\$ 21,358.1	\$ 24,174.0	\$ 23,961.2	\$ 25,253.1	
PAS Modernization	16.2	3,528.7	11,227.8	14,144.2	15,143.3	18,411.0	
KPERS 457	0.7	574.0	593.1	677.8	694.3	696.0	
Death and Disability Benefits	0.4	847.2	366.2	423.9	413.1	415.5	
Treasurer's Unclaimed Property	0.4	-	245.0	351.0	344.8	355.6	
Subtotal – Gen. Operations	43.3 %	\$ 27,059.2	\$ 33,790.1	\$ 39,770.8	\$ 40,556.8	\$ 45,131.2	
Investment-Related Expenses	56.7 %	\$ 47,473.4	\$ 53,852.2	\$ 53,255.1	\$ 53,094.4	\$ 54,149.3	
TOTAL	100.0 %	\$ 74,532.6	\$ 87,642.3	\$ 93,025.9	\$ 93,651.2	\$ 99,280.5	

FTE Positions by Program, FY 2024 – FY 2027 Agency						
	FY 2026 Agency % of Total	FY 2024 Actual	FY 2025 Actual	FY 2026 Approved	FY 2026 Agency	FY 2027 Agency
General Operations	90.9 %	90.0	90.0	90.0	90.4	90.4
Investment-Related	9.1	9.4	9.4	9.4	9.0	9.0
TOTAL	100.0 %	99.4	99.4	99.4	99.4	99.4

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Budget Summary – Agency Request

Expenditures by Fund

Expenditures by Fund, FY 2024 – FY 2027 Agency						
	FY 2026 Agency % of Total	FY 2024 Actual	FY 2025 Actual	FY 2026 Approved	FY 2026 Agency	FY 2027 Agency
State General Fund	-- % \$	- \$	- \$	- \$	- \$	-
KPERS Trust Fund	98.4	73,111,435	86,438,028	91,573,276	92,198,905	97,813,376
Fee Funds	0.7	573,991	593,109	677,768	694,346	695,984
All Other Funds	0.8	847,175	611,164	774,879	757,982	771,090
TOTAL	100.0 % \$	74,532,601	\$ 87,642,301	\$ 93,025,923	\$ 93,651,233	\$ 99,280,450

KPERS Trust Fund

The Kansas Public Employees Retirement Fund (KPERS Trust Fund) is statutorily established for the payment of expenditures and benefits under the retirement system.² The Division of the Budget and the Governor are statutorily required to include in the budget appropriations for personal services amounting to the sum required to satisfy the State's obligation under the Retirement Act, as certified by the Board of Trustees, presenting the same to the Legislature for allowance of appropriation.³

State and local employer contribution rates are also set in statute. The combined KPERS-State/School employer contribution rate is 11.68 percent in FY 2026 and 11.32 percent for FY 2027, which reflects the full actuarial required contribution rate (ARC) for those years. The local employer rate is 9.59 percent in calendar year (CY) 2026 and 9.44 percent for CY 2027. Local employers have been contributing the full ARC since CY 2015 and are scheduled to pay the full ARC in CY 2026 and for CY 2027.

The Legislature has taken action to increase state and local employer contributions to provide enhanced resources for the long-term financing of KPERS. In recent years, the Legislature has utilized State General Fund (SGF)-backed pension obligation bonds and direct SGF transfers to increase KPERS Trust Fund resources. In total, the Legislature has made \$3.125 billion in extraordinary deposits and transfers, as follows:

- The 2004 Legislature authorized issuance of \$500.0 million in bonds;
- The 2015 Legislature authorized issuance of \$1.0 billion in bonds;
- The 2021 Legislature authorized issuance of \$500.0 million in bonds; and
- The 2022 Legislature transferred \$1.125 billion SGF directly to the KPERS Trust Fund.⁴

At a 7.0 percent assumed rate of return, total portfolio assets at estimated to grow to \$31.3 billion by the end of FY 2026 and \$33.5 billion by the end of FY 2027.

² [KSA 74-4902, 74-4921](#)

³ [KSA 74-4920](#)

⁴ Of that amount, the first \$253.9 million SGF paid off outstanding accounts receivable for KPERS-School employer contributions withheld in FY 2017 and FY 2019 ("layering payments"), while the remaining \$871.1 million SGF was applied to the KPERS-School unfunded actuarial liability.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

Budget Summary – Agency Request

FY 2026 Analysis

Summary of Agency Budget Request, FY 2026						
	SGF	KPERS Trust Fund	All Other Funds	Total	FTE Positions	
Approved, FY 2026						
1. 2025 SB 125, without Reappropriations	\$	- \$ 91,573,276	\$ 1,452,647	\$ 93,025,923	99.4	
Reappropriations						
No Reappropriations	\$	- \$	- \$	- \$	--	
Supplemental Requests						
No Supplemental Requests	\$	- \$	- \$	- \$	--	
Agency Changes						
2. Pension Admin. Sys. Modernization	\$	- \$ 999,140	\$ -	\$ 999,140	--	
3. Investment-Related Expenses		- (160,717)	-	(160,717)	--	
4. General Operations		- (212,794)	(319)	(213,113)	--	
Subtotal – Agency Changes	\$	- \$ 838,423	\$ -	\$ 625,310	--	
TOTAL	\$	- \$ 92,411,699	\$ 1,452,647	\$ 93,651,233	99.4	

Approved Budget

1. 2025 SB 125

The 2025 Legislature passed, and the Governor enacted, one bill appropriating and adjusting funding for state agencies. The approved budget for KPERS totals \$93.0 million in FY 2026, including \$91.6 million in expenditures from the KPERS Trust Fund. The approved budget includes expenditures for the **Pension Administration System (PAS) modernization project** (\$14.1 million), **portfolio management costs** (\$53.3 million), and **other general operations** (\$25.6 million).

These figures do not reflect the \$2.42 billion in benefit payments, which are considered non-expense items and not included for budgeting purposes.

Agency Changes

2. Pension Administration System Modernization

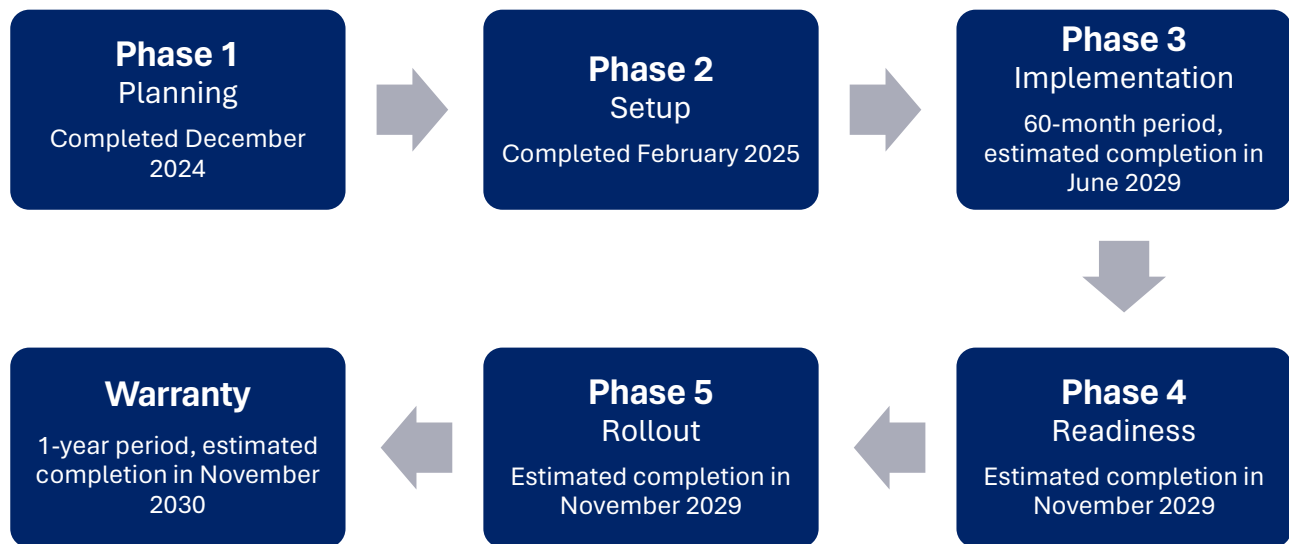
KPERS maintains a pension administration software application that provides the functionality needed to collect data and moneys from employers and to process and pay benefits. The current software system has been in continuous use since 2005 and has presented challenges adapting to externally driven changes such as the creation of KPERS 2 in 2007 and KPERS 3 in 2012. In 2024, after an extensive review process and receipt of Kansas Information Technology Office⁵ approval, KPERS signed with Tegrit Software Ventures to modernize the system.

The project has a five-year time frame, with a total cost of \$74.9 million to implement. Project implementation is divided into five phases, with a one-year warranty period at the end:

⁵ Kansas Information Technology Office, Summary of Quarterly IT Project Reports (April–June 2025), <https://www.ebit.ks.gov/home/showpublisheddocument/1595/638905804282600000>

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KPERS reports the project is on schedule and within budget. As of October 2025, KPERS reports the project is on-schedule and within budget. KPERS is nearing completion of design for employers, employment, and employer reporting and is in-progress with design for the refund process and life insurance benefits. Other recent and upcoming activities include converting an initial sample of images, ongoing data cleansing and migration, and change management planning.

The agency's revised estimate includes \$15.1 million in expenses, all from the KPERS Trust Fund, for the project in FY 2026, which is approximately \$1.0 million above the approved amount. This represents shifting expenses based on work planned and completed, rather than an overall increase in costs.

3. Investment-Related Expenses

The KPERS Board of Trustees is statutorily authorized to contract investment management firms to manage KPERS Trust Fund assets, with portfolio mandates within each firm's area of expertise.⁶ Investment-related expenses are built into the agency budget each year, including management fees for real estate, publicly traded securities, custodial bank services, and investment consulting. Investment-related expenses are determined by forecasting the current market value of the portfolio on June 30, 2025, by an actuarial rate of return assumption—currently 7.0 percent. Management fee estimates are regularly updated to reflect investment experience and performance. In FY 2026, investment-related expenses are projected comprise of approximately 0.17 percent of portfolio assets.

The agency's revised estimate adjusts management fee expenses from the \$53.3 million approved by the 2025 Legislature to \$53.1 million in FY 2026. These expenses include both management fees and operational expenses related to investment activities, such as compensation for investment professionals at the agency.

4. General Operations

The agency's revised estimate includes \$25.4 million, from various special revenue funds, for other operational expenditures in FY 2026. This is \$213,113 less than the approved amount, and is represented across several agency operations:

- **Deferred Compensation:** The agency's revised estimate includes an increase of \$16,578 in spending from the Deferred Compensation Fee Fund, from \$677,768 to \$694,346, for operational costs related to the Kansas Deferred Compensation Plan. This is a voluntary,

⁶ [KSA 74-4921](#)

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tax-deferred retirement savings program for State employees that is also offered by 467 local employers;

- **Death and Disability Benefits:** The agency's revised estimate includes \$10,730 less in spending from the Group Insurance Reserve Fund, from \$423,871 to \$413,141, for operational costs related to administering the Death and Disability Benefits program; and
- **Treasurer's Unclaimed Property Fund:** The agency's revised estimate includes \$6,167 less in spending from the Non-Retirement Administrative Fund, from \$351,008 to \$344,841, for administrative costs and investment expenses related to the Treasurer's Unclaimed Property Fund. The State Treasurer is statutorily authorized to transfer idle fund balances equivalent to the net amount of unclaimed property received by the State each year to KPERS for long-term investment.⁷

⁷ [KSA 75-2263](#)

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

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FY 2027 Analysis

Summary of Agency Budget Request, FY 2027					
	SGF	KPERS Trust Fund	All Other Funds	Total	FTE Positions
Approved, FY 2026					
2025 SB 125, without Reappropriations	\$ -	\$ 91,573,276	\$ 1,452,647	\$ 93,025,923	99.4
Enhancement Requests					
No Enhancement Requests	\$ -	\$ -	\$ -	\$ -	--
Agency Changes					
1. Pension Admin. Sys. Modernization	\$ -	\$ 4,266,804	\$ -	\$ 4,266,804	--
2. Investment-Related Expenses	-	894,149	-	894,149	--
3. General Operations	-	1,079,147	14,427	1,093,574	--
Subtotal – Agency Changes	\$ -	\$ 5,160,953	\$ 14,427	\$ 6,254,527	--
TOTAL	\$ -	\$ 96,734,229	\$ 1,467,074	\$ 99,280,450	99.4

Agency Changes

1. Pension Administration System Modernization

The agency request includes \$18.4 million in expenses, all from the KPERS Trust Fund, for the Pension Administration System modernization project, which is approximately \$4.3 million above the approved amount, and \$3.3 million above the agency's revised estimate, in FY 2026. Work planned for FY 2027 includes design and development for retired member services, payroll, and annual projects.

2. Investment-Related Expenses

The agency request includes \$54.1 million in expenses, all from the KPERS Trust Fund, for investment management fees and operational costs related to investment activities. This is approximately \$894,149 above the approved amount, and \$1.1 million above the agency's revised estimate, in FY 2026. Since fees are tied to portfolio size and market performance, these expenses are expected to grow over time.

3. General Operations

The agency request includes \$26.7 million, from various special revenue funds, for other operational expenditures for FY 2027. This is \$1.1 million more than the approved amount, and \$1.3 million more than the agency request, in FY 2026. Relative to the approved amount, these changes include increased expenditures for the Deferred Compensation Program (\$18,216 increase), the Treasurer's Unclaimed Property Fund (\$4,619), and other operational costs.