SESSION OF 2012

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2786

As Recommended by House Committee on Pensions and Benefits

Brief*

HB 2786 would suspend all participating employer contributions to the Kansas Public Employees Retirement System (KPERS) Group Insurance Reserve Fund for a three-month period, beginning on April 1, 2012, and ending on June 30, 2012. Under current law, each KPERS participating state, school, and local employer must pay an amount equal to 1.0 percent of the amount of compensation on which KPERS members' contributions to the System are based. The participating employer contributions are deposited in the Group Insurance Reserve Fund, from which the death and long-term disability benefits are paid.

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

Background

The bill was introduced by the House Committee on Appropriations as a trailer bill to the three-month moratorium on death and long-term disability benefits contributions for the state school groups contained in the Omnibus Appropriations bill passed by the 2011 Legislature. Substantive legislation is required to place the moratorium in effect for the local group's KPERS participating employers.

Neutral testimony was provided by Alan Conroy, Executive Director, KPERS.

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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

In the fiscal note, the agency indicated a balance of at least $10.0 million is needed in the Group Insurance Reserve Fund to pay necessary claims and obligations. Additionally, the agency noted the KPERS Group Insurance Reserve Fund would have a projected ending balance of $11.5 million at the end of the three-month moratorium.

The fiscal note indicates budget savings of $12.1 million, including $9.7 from the State General Fund, were authorized by the 2011 Legislature for the state and school group. The KPERS local group would realize savings of approximately $3.9 million.