

March 11, 2021

The Honorable Troy Waymaster, Chairperson
House Committee on Appropriations
Statehouse, Room 111-N
Topeka, Kansas 66612

Dear Representative Waymaster:

SUBJECT: Fiscal Note for HB 2404 by House Committee on Appropriations

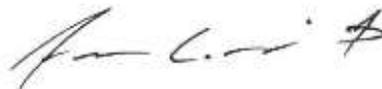
In accordance with KSA 75-3715a, the following fiscal note concerning HB 2404 is respectfully submitted to your committee.

HB 2404 would statutorily suspend payments made by the State of Kansas to the Group Insurance Reserve Fund, which is used for the KPERS Death and Disability Program for public employees, from July 1, 2020, to June 30, 2021. For other participating local employers, the bill would statutorily suspend payments to the fund from July 1, 2021, to June 30, 2022.

HB 2404 would statutorily authorize the Governor's allotment for the Death and Disability Program for payments for state agencies in FY 2021. The normal cost for participating KPERS employers for the Death and Disability Program is 1.0 percent of payroll each year. The Division of the Budget estimates that during FY 2021, total payments to the Group Insurance Reserve Fund, before the Governor's July 2020 allotment plan was implemented, was estimated to be \$60,070,659 from all funding sources, including \$47,438,029 from the State General Fund. The Governor's July 2020 allotment plan suspended these Death and Disability Program payments to the fund and KPERS recertified the employer contribution rates for all state agencies by reducing employer contributions by 1.0 percent for FY 2021. However, because the Governor's allotment authority only allows the Governor to reduce State General Fund appropriations for the Executive Branch, the Governor's plan reduced State General Fund appropriations totaling \$46,687,965 for the Death and Disability Program costs of the Executive Branch. The remaining State General Fund reductions of \$525,289 for the Judicial Branch and \$224,775 for the Legislative Branch were included as overall FY 2021 revised expenditures in the *FY 2022 Governor's Budget Report*.

For local KPERS employers, HB 2404 would reduce employer contributions to KPERS for the Death and Disability Program by 1.0 percent, from July 1, 2021, to June 30, 2022. KPERS estimates that the bill would save approximately \$20.0 million for these local KPERS employers during this period.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt
Director of the Budget

cc: Jarod Waltner, KPERS