

February 22, 2022

The Honorable Steven Johnson, Chairperson
House Committee on Insurance and Pensions
Statehouse, Room 218-N
Topeka, Kansas 66612

Dear Representative Johnson:

SUBJECT: Fiscal Note for HB 2687 by House Committee on Appropriations

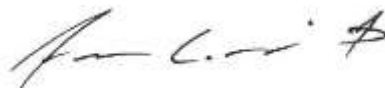
In accordance with KSA 75-3715a, the following fiscal note concerning HB 2687 is respectfully submitted to your committee.

During FY 2017 and FY 2019, the Legislature enacted budgets that withheld approximately \$258.0 million from KPERS-School employer contributions, all from the State General Fund. To keep the retirement system whole from an actuarial view, statutory annual layering payments were authorized for 20 years for each of the missed payments, totaling \$25.8 million from the State General Fund. The annual layering payments are financed at the KPERS-assumed rate of return of 7.75 percent. At the end of FY 2022, the outstanding balance of these payments totals \$253,866,022, which is held as an accounts receivable by KPERS.

HB 2687 would enact the statutory change for the Governor's recommendation to pay off the outstanding KPERS-School employer contributions layering payment balance.

The fiscal effect associated with HB 2687 has been included in *The FY 2023 Governor's Budget Report*. The Governor recommends appropriating \$253,866,022 to the Department of Education in FY 2022, which would be paid to KPERS for the outstanding balance of the layering payments. However, the appropriation is not contained in HB 2687, but rather in the Governor's FY 2022 supplemental appropriations bill, HB 2592.

Sincerely,



Adam Proffitt
Director of the Budget

cc: Jarod Waltner, KPERS