

Kansas Public Employees Retirement System

Expenditure	Actual FY 2020	Approved FY 2021	Approved FY 2022
All Funds:			
State Operations	\$ 48,525,570	\$ 52,687,529	\$ 60,555,156
Aid to Local Units	-	-	-
Other Assistance	-	-	-
<i>Subtotal - Operating</i>	<u>\$ 48,525,570</u>	<u>\$ 52,687,529</u>	<u>\$ 60,555,156</u>
Capital Improvements	-	-	-
TOTAL	<u>\$ 48,525,570</u>	<u>\$ 52,687,529</u>	<u>\$ 60,555,156</u>
State General Fund:			
State Operations	\$ -	\$ -	\$ -
Aid to Local Units	-	-	-
Other Assistance	-	-	-
<i>Subtotal - Operating</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Capital Improvements	-	-	-
TOTAL	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Percent Change:			
Operating Expenditures			
All Funds	(3.1)%	8.6 %	14.9 %
State General Fund	--	--	--
FTE Positions	98.4	98.4	98.4

The approved budget for the Kansas Public Employees Retirement System (KPERs) in FY 2021 is \$52.7 million, all from special revenue funds. This is an all funds increase of \$4.2 million, or 8.6 percent, above FY 2020 actual expenditures. The increase is primarily due to commencement of the KPERs Information Technology System (KITS) modernization project (\$1.5 million), which includes expenditures for laying technical and infrastructure groundwork (\$1.0 million), temporary staffing to assist with the modernization process (\$302,500), information technology support (\$77,240), data management and governance (\$70,000), and preliminary work on integrating and automating parts of the Pension Administration System (\$39,512). The increase is also attributable to additional expenditures for investment management fees, which are based on performance of those investments and are regularly updated to reflect actual investment experience (\$1.3 million). The approved budget also includes increases in salary and wage expenditures in the Administration (\$715,669) and KPERs Investments (\$637,958) programs as well as an allocation from the federal Coronavirus Relief Fund for COVID-19 relief (\$200,000), including emergency protective measures, the purchase of laptops for agency employees, and conference room equipment for streaming Board of Trustees meetings. The approved budget includes 98.4 FTE positions in FY 2021, which is the same as the FY 2020 actual number.

The approved budget for KPERs for FY 2022 is \$60.6 million, all from special revenue funds. This is an all funds increase of \$7.9 million, or 14.9 percent, above the FY 2021 approved budget. The increase is primarily due to continued expenditures for the modernization of the Pension Administration System (\$6.6 million), which includes integrating and automating portions of the system (\$3.8 million), data management and governance (\$1.0 million), temporary staffing (\$789,000), establishing a contingency fund (\$389,708), creating a member web portal (\$359,200), information technology support (\$272,800), and residual expenditures for technical and infrastructure groundwork necessary for the modernization project (\$24,000). The increase is also attributable to additional expenditures for investment management fees, which are based on performance of those investments and are regularly updated to reflect actual investment experience (\$1.6 million). These increases are partially offset by expenditures for information processing equipment incurred in FY 2021 that are not present for FY 2022 (\$350,000). The approved budget includes 98.4 FTE positions for FY 2022, which is the same as the FY 2021 approved number.

Kansas Public Employees Retirement System

	FY 2021			FY 2022		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Agency Estimate	\$ -	\$ 52,487,529	98.4	\$ -	\$ 60,555,156	98.4
Governor's Changes:						
1. COVID-19 Relief Funding	\$ -	\$ 200,000	-	\$ -	\$ -	-
<i>Subtotal - Governor's Recommendation</i>	\$ -	\$ 52,687,529	98.4	\$ -	\$ 60,555,156	98.4
Change from Agency Est.	\$ -	\$ 200,000	-	\$ -	\$ -	-
Percent Change from Agency Est.	-- %	0.4 %	0.0 %	-- %	-- %	0.0 %
Legislative Action:						
2. KPERS Reamortization	\$ -	\$ -	-	\$ -	\$ -	-
3. HB 2405 – KPERS Pension Obligation Bonds	-	-	-	-	-	-
4. Employer Contribution Rates	-	-	-	-	-	-
TOTAL APPROVED	\$ -	\$ 52,687,529	98.4	\$ -	\$ 60,555,156	98.4
Change from Gov. Rec.	\$ -	\$ -	-	\$ -	\$ -	-
Percent Change from Gov. Rec.	-- %	-- %	0.0 %	-- %	-- %	0.0 %
Change from Agency Est.	\$ -	\$ 200,000	-	\$ -	\$ -	-
Percent Change from Agency Est.	-- %	0.4 %	0.0 %	-- %	-- %	0.0 %

1. The Governor added \$200,000, all from the federal Coronavirus Relief Fund, for supplementary remote technology equipment and program expenses in FY 2021. KPERS used that funding for emergency protective measures, the purchase of laptops for agency employees, and conference room equipment for streaming Board of Trustees meetings.
2. The Legislature added \$177.3 million, including \$158.7 million SGF, due to the KPERS reamortization policy not being enacted into law. The Governor's Budget included cost savings for FY 2022 attributable to the passage of KPERS reamortization policy. This item is represented as a statewide adjustment and is not reflected in the tables for this agency.
3. The Legislature added \$28.8 million, all SGF, for debt service payments on pension obligation bonds issued pursuant to 2021 HB 2405, including \$6.5 million for principal payments and \$22.3 million for interest, for FY 2022. This item is represented in the budget for the Department of Administration and is not reflected in the tables for this agency.
4. The Legislature added language to adjust KPERS employer contributions for FY 2022 to account for the provisions of 2021 HB 2405. This will adjust the rates to 13.33 percent in calendar year (CY) 2021 and 13.11 percent for CY 2022.