

April 20, 2023

The Honorable Rick Billinger, Chairperson  
Senate Committee on Ways and Means  
300 SW 10th Avenue, Room 548-S  
Topeka, Kansas 66612

Dear Senator Billinger:

**SUBJECT:** Fiscal Note for SB 10 by Senator Hawk

In accordance with KSA 75-3715a, the following fiscal note concerning SB 10 is respectfully submitted to your committee.

Under current law, legislative compensation is set by statute and includes a daily per diem (\$88.66 per legislative day), session expenses (\$157 per legislative day) and non-session expenses (\$354.15 biweekly). Legislators make an election to join KPERS when they take office, and for purposes of calculating their KPERS benefit, their compensation is annualized at the level they elect, and member and employer contributions are based on the annualized compensation amount.

SB 10 would affect the compensation for legislators and the calculation of covered compensation for KPERS purposes. The bill would increase the legislative per diem to \$320 per legislative day but would maintain the existing session and non-session expenses for legislator services after January 13, 2025. The bill would also eliminate the annualized compensation option for KPERS benefit purposes. Legislators with service prior to January 13, 2025, may elect to continue under the existing pay structure with annualized compensation for KPERS purposes or move to the new structure without annualized KPERS compensation; however, this election would be a one-time irrevocable election.

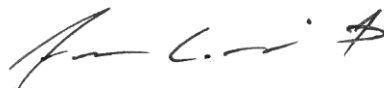
According to Legislative Administrative Services (LAS), the enactment of SB 10 would increase expenditures for the Legislature and the Legislative Coordinating Council, beginning in FY 2025 by \$4,618,824 for the Legislature and \$27,119 for the Legislative Coordinating Council, all from the State General Fund. For the Legislature, the cost estimate includes \$4,198,582 for increasing the daily salary from \$88.66 to \$320.00 per day; \$85,705 for increasing the biweekly legislative allowance from \$354.15 to \$375.40; and \$334,447 for increasing the salary costs incurred for interim committee meetings for an average of 91 interim committee days. For the Legislative Coordinating Council, the cost estimate includes increased salary costs for 12 meetings

of eight legislators totaling \$27,119. All estimated costs include fringe benefits. LAS notes that its estimates are based on a 90-day legislative session and do not include increases which may occur when the federal government increases subsistence rates.

KPERS indicates that additional administrative time would be required to update existing publications and to educate effected legislators on the changes contained in the bill. However, any additional costs would be negligible and could be accomplished within existing budgetary resources.

KPERS notes that for actuarial costs associated with the bill, KPERS benefits are funded using the entry age normal cost method, where the contribution rate needed to fund the ultimate benefits expected to be paid from the KPERS Trust Fund is determined as a level percentage of payroll from entry age to retirement age. This rate is independent of the dollar amount of the member's compensation. As a result, the enactment of SB 10 is not expected to affect the normal cost rate for legislators who become KPERS members after January 13, 2025. For current legislators who elect to change the calculation of covered compensation, the calculation of their actuarial liability could be affected, depending on each legislator's situation. Presumably a member would only elect to change the calculation if it was to their benefit. KPERS would expect the actuarial liabilities resulting from legislators to increase. However, because the legislator group is so small compared to the overall KPERS State/School group (128 active members out of 107,815 active members), any change is expected to be immaterial to the funding and the KPERS State/School Group employer contribution rate. Any fiscal effect associated with SB 10 is not reflected in *The FY 2024 Governor's Budget Report*.

Sincerely,



Adam Proffitt  
Director of the Budget

cc: Karen Clowers, Legislative Services  
Craig Neuenswander, Department of Education  
Jarod Waltner, KPERS