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MEMORANDUM

To: Chairman Kelly and members of the House Financial Institutions and Pensions Committee

From: David Wiese, Assistant Revisor

Date: February 13, 2019

Subject: **HB 2197; Amortizing the state and school KPERS actuarial accrued liability over a 30-year period and eliminating certain level-dollar employer contribution payments.**

House Bill No. 2197 amortizes the KPERS actuarial accrued liability of the state of Kansas and school participating employers under K.S.A. 74-4931(1), (2) and (3) over a period of 30 years commencing December 31, 2016, and requires the KPERS board of trustees to certify the employer contribution rates for such participating employers based upon such amortization schedule.

The bill also eliminates the remaining level-dollar employer contribution payments of \$6.4 million per year for 20 years. The first such payment was made in fiscal year 2018. The level-dollar employer contribution payment of \$19.4 million per year for 20 years scheduled to begin in fiscal year 2020 is also eliminated under the bill.

New section 1 of the bill provides that if any legislation that authorizes the amortization of the actuarial accrued liability for the state of Kansas and participating employers under K.S.A. 74-4931(1), (2) and (3), in KPERS over a period of 30 years is passed by the legislature and enacted into law then on July 1, 2019, the amount in each account of the state general fund of each state agency that is appropriated for FY 2020 by an appropriation act of the 2019 session that is equal to the difference between the amount budgeted for KPERS employer contributions under current law and the amount required for employer contributions under new amortization period is lapsed from the FY 2020 budget. The same procedure takes place to reduce expenditure limitations for special revenue funds in the state treasury.