

## Kansas Public Employees Retirement System

Expenditure	Actual FY 2021	Approved FY 2022	Approved FY 2023
<b>All Funds:</b>			
State Operations	\$ 50,607,052	\$ 63,113,341	\$ 68,272,942
Aid to Local Units	-	-	-
Other Assistance	78,750	-	-
<i>Subtotal - Operating</i>	<u>\$ 50,685,802</u>	<u>\$ 63,113,341</u>	<u>\$ 68,272,942</u>
Capital Improvements	-	-	-
<b>TOTAL</b>	<b><u>\$ 50,685,802</u></b>	<b><u>\$ 63,113,341</u></b>	<b><u>\$ 68,272,942</u></b>
<b>State General Fund:</b>			
State Operations	\$ -	\$ -	\$ -
Aid to Local Units	-	-	-
Other Assistance	-	-	-
<i>Subtotal - Operating</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Capital Improvements	-	-	-
<b>TOTAL</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
<b>Percent Change:</b>			
Operating Expenditures			
All Funds	4.5 %	24.5 %	8.2 %
State General Fund	-	-	-
FTE Positions	98.4	98.4	98.4

The approved budget for the Kansas Public Employees Retirement System (KPERs) in FY 2022 is \$63.1 million, all from special revenue funds. This is an all funds increase of \$12.4 million, or 24.5 percent, above FY 2021 actual expenditures. 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 (\$5.5 million), which are based on performance of investments. Each year, the submitted budget assumes the rate of return as determined by the KPERs Board of Trustees (7.75 percent at the time of submission), with associated investment management expenses. When the system's investment portfolio experiences higher returns, investment-related expenses also increase. The FY 2022 approved budget also includes 98.4 FTE positions, which is the same as the FY 2021 actual number.

The approved budget for KPERs for FY 2023 is \$68.3 million, all from special revenue funds. This is an all funds increase of \$5.2 million, or 8.2 percent, above the FY 2022 approved budget. The increase is primarily due to continued expenditures for the modernization of the Pension Administration System (\$2.6 million). For FY 2023, the agency has budgeted \$9.2 million for the project, with increased costs included for contractual expenditures with the company Sagitech as it develops the new system. Major efforts include employer web portal updates, administration system upgrades, business process management, data profiling and cleaning, and development of the member web portal. The increase is also attributable to additional expenditures for investment management expenses (\$1.8 million), a 5.0 percent state employee salary increase for FY 2023 (\$592,516), the repair and servicing of the agency's computer system (\$57,880), and higher travel and subsistence costs as staff travel increases after being suppressed during the COVID-19 pandemic (\$59,000). The approved budget also includes 98.4 FTE positions for FY 2023, which is the same as the FY 2022 approved number.

**Governor's Vetoes.** In House Sub. for Sub. for SB 267 Section 43(d), the Governor deleted language allowing any member of the Legislature to become a member of the Kansas Public Employees Retirement System in FY 2022, provided said member previously elected not to participate in the system and the election is completed before the beginning of the 2023 Session.

## Kansas Public Employees Retirement System

	FY 2022			FY 2023		
	SGF	All Funds	FTE	SGF	All Funds	FTE
<b>Agency Estimate</b>	\$ -	\$ 63,113,341	98.4	\$ -	\$ 67,680,426	98.4
<b>Governor's Changes:</b>						
1. Governor's Veto No. 1, House Sub. for Sub. for SB 267 Section 43(d)	\$ -	\$ -	-	\$ -	\$ -	-
<i>Subtotal - Governor's Recommendation</i>	\$ -	\$ 63,113,341	98.4	\$ -	\$ 67,680,426	98.4
Change from Agency Est.	\$ -	\$ -	-	\$ -	\$ -	-
Percent Change from Agency Est.	-- %	-- %	0.0 %	-- %	-- %	0.0 %
<b>Legislative Action:</b>						
2. Salary Increase	\$ -	\$ -	-	\$ -	\$ 592,516	-
3. Legislator Participation	-	-	-	-	-	-
<b>TOTAL APPROVED</b>	<b>\$ -</b>	<b>\$ 63,113,341</b>	<b>98.4</b>	<b>\$ -</b>	<b>\$ 68,272,942</b>	<b>98.4</b>
Change from Gov. Rec.	\$ -	\$ -	-	\$ -	\$ 592,516	-
Percent Change from Gov. Rec.	-- %	-- %	0.0 %	-- %	0.9 %	0.0 %
Change from Agency Est.	\$ -	\$ -	-	\$ -	\$ 592,516	-
Percent Change from Agency Est.	-- %	-- %	0.0 %	-- %	0.9 %	0.0 %

1. The Governor vetoed Section 43(d) of House Sub. for Sub. for SB 267, which allowed any member of the Legislature to become a member of the Kansas Public Employees Retirement System in FY 2022, provided said member previously elected not to participate in the system and the election is completed before the beginning of the 2023 Session.
2. The Legislature added \$592,516, all from special revenue funds, for a 5.0 percent salary increase for most state employees for FY 2023. This adjustment excludes statewide elected officials, current beneficiaries of the 24/7 pay plan, with other specific limitations for employees who receive salary adjustments in other portions of the appropriations bill.
3. The Legislature added language allowing any member of the Legislature to become a member of the Kansas Public Employees Retirement System in FY 2022, provided said member previously elected not to participate in the system and the election is completed before the beginning of the 2023 Session. The Governor vetoed Section 43(d) of House Sub. for Sub. for SB 267, which contained this language.