



State to Make Up \$115M in Contributions

Governor Kelly has signed Senate Bill 9, which transfers \$115 million from the State General Fund to the KPERS Trust Fund. This payment covers \$97 million in missed KPERS "School" contributions and interest from 2016.

Next steps and timing

Now that the Governor has signed the bill, the next step is to publish it in the Kansas Register, the official state newspaper published weekly. Then the Department of Administration will transfer the money to the KPERS Trust Fund, likely before the end of March.

Why and how the State missed the original contributions

The State has many competing budget priorities year after year. Funding the State's KPERS obligations is a significant commitment among them. In 2016, the Legislature approved special allotment authority that allowed then Governor Brownback to reduce KPERS contributions in Fiscal Year 2016 to help balance the budget.

KPERS' funding status

For almost two decades, KPERS has been facing a long-term funding shortfall, significantly affected by two recessions and underfunded and skipped employer contributions. Any underfunding or skipped payments are added to the unfunded actuarial liability, and paid down the road with interest.

Over the last 15 years, there have been setbacks and incremental progress in KPERS' overall funding position. Funding is slowly improving and headed in the right direction. This \$115 million in contributions is a positive step on that path.

KPERS' current funded ratio is 68%, with an unfunded actuarial liability of \$8.9 billion. We are projected to extinguish the legacy unfunded liability in 2033. However, continued funding improvements hinge on meeting our investment return target over time and full, consistent employer contributions year after year.

2019 Legislative Session | KPERS Bill Recap

Senate Bill 9: \$115 million transfer to KPERS

Where It's At



Quick Look

Transfer \$115 million from the State General Fund to the KPERS Trust Fund for KPERS school employer contributions. The transfer is a payment for reduced employer contributions in prior fiscal years.

Hearings

January 22 – Bill hearing in Senate Ways and Means
 January 30 – Senate Ways and Means recommended the bill be passed
 February 4 – Full Senate debate
 February 5 – Senate Final Action; Passed 40-0
 February 12 – Bill hearing in House Appropriations
 February 19 – House Appropriations Committee recommended the bill be passed
 February 21 – Full House debate
 February 22 – House Final Action; Passed 123-0

The Fine Print

The 2016 Legislature approved special allotment authority that allowed the Governor to reduce KPERS employer contributions if the ending balance of the State General Fund was less than \$100M. Separate legislation called for the repayment of any allotted contributions, plus interest, by the end of FY18.

This special allotment ultimately reduced employer contributions by \$97M. The estimated amount needed to fully pay the FY16 contribution, plus interest, on June 30, 2018, was \$115M. However, the 2017 Legislature removed the statutory provision to pay the FY16 employer contributions. Those unpaid contributions were then added to KPERS' unfunded actuarial liability.

Although not specified in the bill, it is KPERS' understanding that SB 9 will make the FY16 employer contribution and interest payment as originally laid out in statute.