

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1235-01
Bill No.: SB 223
Subject: Education, Elementary and Secondary; Teachers; Retirement - Schools; Boards, Commissions, Committees, Councils
Type: Original
Date: March 7, 2013

Bill Summary: This proposal modifies provisions of the Public School Retirement System of Kansas City.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2014 | FY 2015 | FY 2016 |
| | | | |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2014 | FY 2015 | FY 2016 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2014 | FY 2015 | FY 2016 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2014 | FY 2015 | FY 2016 |
| | | | |
| | | | |
| Total Estimated Net Effect on FTE | 0 | 0 | 0 |

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|-----------------|------------------|------------------|
| FUND AFFECTED | FY 2014 | FY 2015 | FY 2016 |
| Local Government | \$30,000 | \$190,000 | \$430,000 |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Public School and Education Employees Retirement System** assume the current proposal would not fiscally impact their agency.

Officials from the **Joint Committee on Public Retirement** state that their review of the legislation indicates that such provisions associated with the **Public School Retirement System of the City of Kansas City (KCPSRS)** may constitute a substantial proposed change in future plan benefits.

According to the KCPSRS, the provisions contained in this proposal will decrease the required contribution by approximately \$30,000, \$190,000 and \$430,000 in 2014, 2015, and 2016, respectively. Contribution rates for the employer and employee are projected to increase from 7.5% of pay to 8.0%, 8.5% and 9.0% in 2014, 2015 and 2016 respectively.

| <u>FISCAL IMPACT - State Government</u> | FY 2014 (10 Mo.) | FY 2015 | FY 2016 |
|--|------------------------|-------------------------|-------------------------|
| | \$0 | \$0 | \$0 |
| | | | |
| <u>FISCAL IMPACT - Local Government</u> | FY 2014 (10 Mo.) | FY 2015 | FY 2016 |
| LOCAL GOVERNMENT FUNDS | | | |
| <u>Savings - Kansas City Public Schools</u> | | | |
| Reduction in Contribution Requirements | <u>\$30,000</u> | <u>\$190,000</u> | <u>\$430,000</u> |
| ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS | <u>\$30,000</u> | <u>\$190,000</u> | <u>\$430,000</u> |

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal modifies the normal retirement eligibility and benefit multiplier for employees, of Kansas City Public Schools, hired on or after January 1, 2014. The proposal also modifies employer/employee contribution rates.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Joint Committee on Public Retirement
Public School and Education Employees Retirement System



Ross Strope
Acting Director
March 7, 2013