


MEMORANDUM

TO: State Agencies

FROM: Shawn Sullivan, Director of Budget 

DATE: May 27, 2016

SUBJECT: FY 2016 KPERS Employer Contributions

Under 2016 House Substitute for Senate Bill 161, Section 98 (a)(1), the Director of the Budget is authorized to reduce expenditures or transfer funds if the amount of the unencumbered ending balance of the State General Fund is estimated to be below \$100.0 million for FY 2016. Expenditure reductions can include reducing employer contributions for the Kansas Public Employee Retirement System (KPERS). Any reductions made to employer contributions must be paid back under the process specified in 2016 House Substitute for Senate Bill 249, Section 50 through 52.

In order to implement the above policy, I authorized and initiated a process that will withhold the cash associated with SHARP and Regent Institution State General Fund employer contributions for the final three pay periods of FY 2016. This process was developed to minimize programming changes in SHARP and the need for KPERS to adjust and recertify employer contribution rates. For the pay periods corresponding to the pay dates of May 20, 2016, June 3, 2016, and June 17, 2016, the process includes:

1. Allowing KPERS employer contribution expenditures to be charged normally in FY 2016;
2. Creating accounts payable in agency budgetary funds that will remain at FY 2016 year's end;
3. Reversing the cash associated with the expenditures; and,
4. Establishing a corresponding accounts receivable in KPERS.

The process applies to all SHARP and Regent Institution agencies **except** Judicial Branch (67700), Judicial Council (34900), Legislative Coordinating Council (42200), Legislative

Research Department (42500), Legislature (42800), Office of Revisor of Statutes (57900), and Legislative Division of Post Audit (54000). These agencies are exempt from 2016 House Substitute for Senate Bill 161, Section 98 (a)(1). Additionally, the process applies to only State General Fund KPERS employer contributions. All non-State General Fund employer contribution payments will be made to KPERS using the regular payroll process.

Impacted agencies should expect to see a liability in fund 1000, posted as an AP Journal, for the total amount of the State General Fund employer contribution. A separate journal will be posted for each of the paydates impacted by the legislation: May 20, June 3, and June 17, 2016. The liability from the three journals will remain through FY 2016 year end and until the payment to KPERS is processed.

From a budget perspective, the FY 2016 state general fund appropriations for the KPERS employer contributions addressed above will reflect as expended so there will be no reappropriations required in FY 2017 for these amounts. The cash payment to KPERS from the state general fund will be paid in accordance with 2016 House Substitute for Senate Bill 249. Expenditures for employer contributions at the certified KPERS rates will appear unchanged in FY 2016 and FY 2017.