


MEMORANDUM

TO: State Agencies

FROM: Shawn Sullivan, Director of Budget 

DATE: June 28, 2017

SUBJECT: FY 2016 KPERS Employer Contributions Delayed Payment

Under Section 98 (a)(1) of Chapter 12 of the 2016 Session Laws of Kansas, the Director of the Budget was authorized to reduce expenditures or transfer funds if the amount of the unencumbered ending balance of the State General Fund was estimated to be below \$100.0 million for FY 2016. Expenditure reductions could include reducing employer contributions for the Kansas Public Employee Retirement System (KPERS). However, any reductions made to employer contributions were required to be paid back under the process specified in Sections 50 through 52 of Chapter 111 of the 2016 Session Laws of Kansas.

In order to implement this policy, last year I authorized a process that withheld the cash associated with SHARP and Regent Institution State General Fund employer contributions for the final three pay periods of FY 2016. For the last three pay dates of FY 2016, the processes included:

1. Allowing KPERS employer contribution expenditures to be charged normally in FY 2016;
2. Creating accounts payable in agency budgetary funds that remained until payment to KPERS was processed;
3. Reversing the cash associated with the expenditures; and
4. Establishing a corresponding accounts receivable in KPERS.

The process applied 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). Additionally, the process applied only to State

General Fund KPERS employer contributions.

Section 42 of Senate Substitute for Substitute for House Bill No. 2052 declares the repayment provisions contained in Section 50 of Chapter 111 of the 2016 Session Laws of Kansas to be null and void. Impacted agencies should expect to see a reduction of a liability and a revenue (469095 Pension/OPEB Nonpayment Principal) in fund 1000, posted as a GL Journal for the total amount of the State General Fund employer contribution.