

2024-2025

FISCAL YEAR

BUDGET



KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT

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October 4, 2023

Mr. Adam Proffitt
Secretary of Administration and Budget Director
Kansas Division of the Budget
Landon State Office Building, Suite 504-N
900 SW Jackson
BUILDING MAIL

Secretary Proffitt:

On behalf of the Board of Trustees of the Kansas Public Employees Retirement System (KPERs), I hereby submit for your consideration the Fiscal Year 2024 and Fiscal Year 2025 budget document for the System. The budget request was approved by the Board of Trustees of KPERs at their meeting on September 22, 2023. This budget was prepared in accordance with the budget indices dated July 18, 2023. To the best of my knowledge and belief, the information and explanation included in this budget request are correct and complete. One copy has also been submitted to the Legislative Research Department.

As always, Judy McNeal, Chief Fiscal Officer for KPERs or I are prepared to provide you or Jeff Arpin, Principal Analyst with any additional information that might be helpful. Thank you for your consideration.

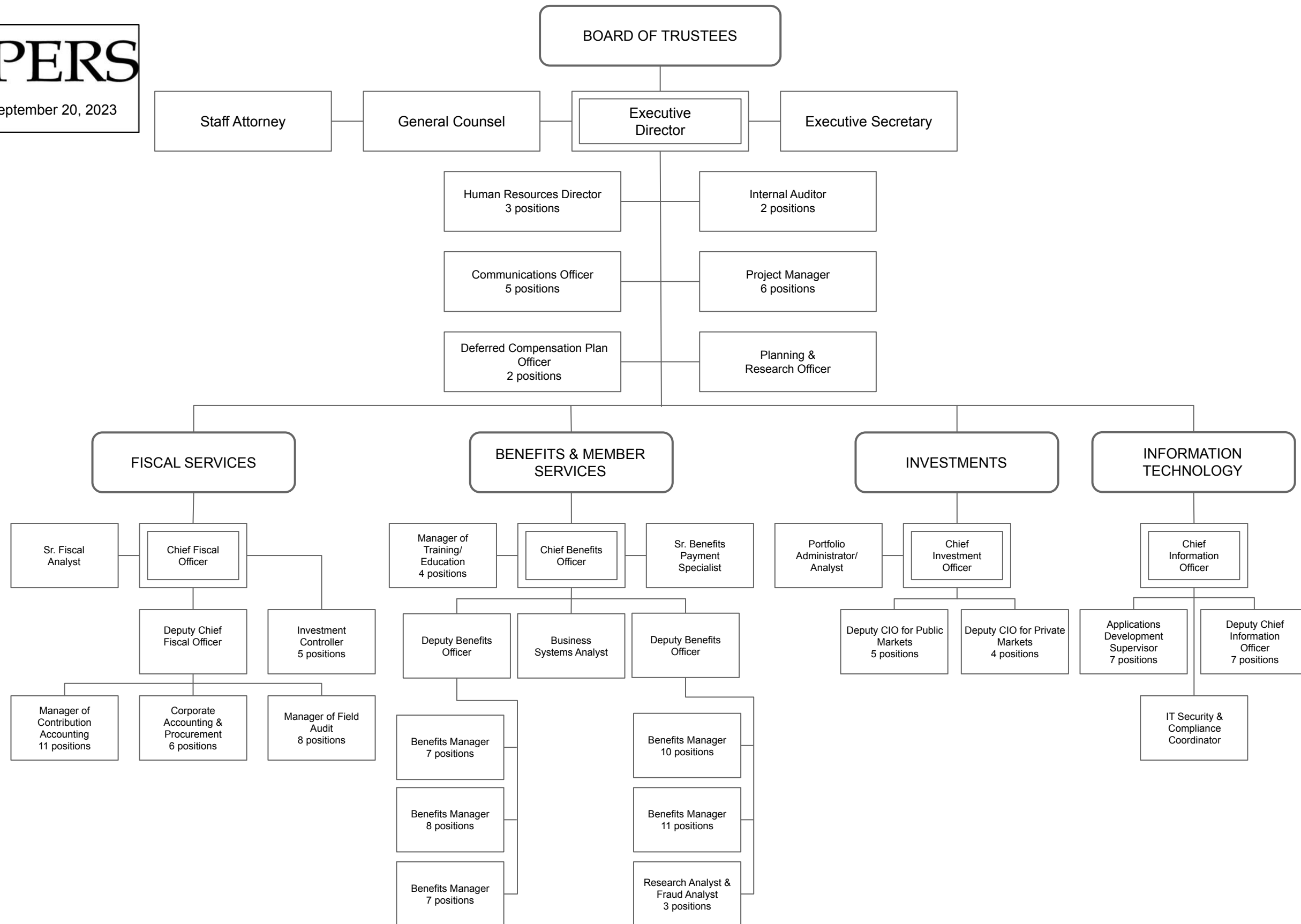
Sincerely,

Alan D. Conroy
Executive Director

Enclosure

CC: Mr. Jeff Arpin, Principal Analyst, Kansas Division of the Budget
Mr. Steven Wu, Managing Fiscal Analyst, Kansas Legislative Research Department

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
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GENERAL AGENCY INFORMATION

Agency History

The Kansas Public Employees Retirement System (KPERs) was created by an act of the 1961 Kansas Legislature. The Act provides that the purpose of the Retirement System is "...to provide an orderly means whereby employees of participating employers who obtain retirement age may be retired from active service without prejudice and without inflicting a hardship upon the employees retired and to enable such employees to accumulate reserves for themselves and their dependents to provide for old age, death, and termination of employment and for the purpose of effecting economy and efficiency in the administration of governmental affairs."

Since January 2015, all members of the State, School and Local Groups contribute 6.0 percent of their compensation. Plan design changes approved by the 2012 Legislature included an increase in the KPERs 1 contribution rate. Starting January 1, 2014, KPERs 1 members (membership dates prior to 7/1/2009) began contributing 5.0 percent of their compensation. That contribution rate rose to 6.0 percent on January 1, 2015 and remains at 6.0 percent of compensation going forward. Employer contribution rates are certified annually by the Board of Trustees upon recommendation of the actuary, based on amounts required to maintain the System on an actuarial reserve basis and subject to statutory limits on annual increases. For FY 2024 and FY 2025 the statutory State/School employer contribution rate is scheduled to be 12.57% and 11.42% respectively. Local employers are scheduled to contribute 8.43% in CY 2023 and 9.26% in CY 2024. KP&F employers are scheduled to contribute 22.86% in FY 2024 and 23.10% in FY 2025 (CY 2023 and CY 2024 for Local KP&F employers). The Judges' employer contribution rates for FY 2024 and FY 2025 are 16.48% and 21.35%. All employer groups are contributing the full actuarial required contribution rate for FY 2024 and FY 2025.

The 2017 Legislature included a reduction of \$64 million in FY 2017 and \$194 million in FY 2019 School employer contributions. The FY 2017 reduction was scheduled to be repaid over 20 years starting in FY 2018 with annual payments of \$6.4 million. The FY 2019 reduction was scheduled to be repaid over 20 years starting in FY 2020 with annual payments of \$19.4 million. The 2022 Legislature appropriated the remaining amount required to fully fund the past contributions and no additional payments will be made.

The 2018 Legislature included an additional payment of \$56 million in FY 2018, an additional payment of \$82 million in FY 2019, and a contingent payment of up to \$56 million in FY 2019 if actual revenues exceed the April consensus revenue payments. However, the second contingent payment was ultimately changed to a direct appropriation of \$51 million in July 2019 (FY 2020) by the 2019 Legislature. The 2019 Legislature also appropriated an additional \$115 million payment, which was the estimated cost to pay the delayed employer contributions from 2016, plus interest.

The 2022 Legislature appropriated \$1.125 billion in funding above the annual employer contribution rate to the School group. This includes \$253.9 million for reduced contributions in FY 2017 and FY 2019 and \$871.1 million in additional contributions.

A nine-member Board of Trustees is the governing body of the Retirement System. Four trustees are appointed by the Governor and confirmed by the Kansas Senate. The President of the Senate appoints one trustee; the Speaker of the House appoints one trustee; two are elected by the members; and the State Treasurer serves as a trustee (by virtue of the Office). The Board of Trustees appoints the Executive Director who is the executive officer of the System. The Board retains a qualified actuary to serve as its technical advisor and who is required to provide an annual valuation of the liabilities and reserves of the System.

By law, the State of Kansas, as an eligible employer, became a participating employer on the first entry date. The Act further provides that any county, city, township, special district, or any instrumentality of any one or several of whose

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employees are covered by Social Security could elect to become participating employers of the System. In 1962, besides the State of Kansas, 183 local units of government elected to affiliate on that date. In FY 2022, there were 1,543 participating employers. Employees of participating employers become members by meeting statutory requirements.

On June 30, 1962, there was a total membership of 24,278. As of the December 31, 2022 actuarial valuation, 227,606 active and inactive members are included in the various coverage groups administered by KPERS. Additionally, the System has 113,031 retired members and beneficiaries.

On January 1, 1971, the Kansas School Retirement System (KSRS) was merged into the Kansas Public Employees Retirement System. Members of this group include employees of the unified school districts, area vocational technical schools, and community junior colleges. This coverage group is the largest coverage group administered by the Board.

In 1971, all active members (and most inactive vested members) of the KSRS became members of KPERS. KSRS members who were retired at that time and certain classes of inactive employees with vested rights did not come under KPERS. Instead, payments to these members continued under the provisions of KSRS through separate reserves maintained specifically for that purpose. KSRS provided a benefit related to the amount of employee contributions, and a separate benefit paid by the State, based solely on years of school service. Although all currently active school employees are covered under KPERS, a small number of former school employees continue to qualify for benefits each year under KSRS. Legislation enacted in 1984 made members of the old KSRS special members of KPERS.

The 1965 Legislature, upon the recommendation of the League of Kansas Municipalities and committees representing the police officers and fire fighters in the State of Kansas, established the Kansas Police and Firemen's Retirement System (KP&F) and assigned the administration of that System to the Board of Trustees of the Kansas Public Employees Retirement System (KPERS).

The Kansas Police and Firemen's Retirement System is a division of and fully coordinated into the administrative structure of KPERS. Separate laws, rules and regulations, and accounts are maintained, but in all other respects, administration is the same as the administration of KPERS. Under KP&F, members contribute 7.15% of their compensation and have a cap on their retirement benefit of not more than 90% of final average salary (2013 HB 2213). The actuarially determined contribution requirement for employers in KP&F are comprised of two parts:

- a uniform rate, determined separately for State and Local employers, which includes the normal cost and an unfunded actuarial liability (UAL) payment for the entire group; and
- any payment required to amortize the unfunded past service liability.

In 1976, legislation was enacted to prescribe certain actuarial funding standards for local police and firemen's pension plans and authorizing the merger of such plans into the Kansas Police and Firemen's Retirement System. This legislation was the culmination of an extensive legislative study that focused on local police and fire pension plans that had accumulated sizable unfunded liabilities and were not soundly financed on an actuarial reserve basis. In effect, State law precluded sound financing of these local plans by preventing cities from accumulating assets on an actuarial reserve basis to meet their growing liabilities. The legislation provided, in part:

- for cities to retain their local pension plans, but establish certain minimum funding standards among which were amortization of unfunded liabilities of active members over 40 years and retired members over 20 years;
- for those cities which did not retain their local plans, to affiliate with KP&F for both active and retired members and for transfer of all monies and other assets to KP&F; and
- those active members of plans that affiliate with KP&F have the opportunity to either stay under the provisions of the local plan or become "special" members of KP&F or to become regular KP&F members. There are no longer any active "special" members of KP&F, only retirees remain from this group.

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The Kansas Retirement System for Judges was created by an act of the 1953 Kansas Legislature. The System covered Supreme Court Justices and District Court Judges and was administered by the Kansas Judges Retirement (KJR) Board. On July 1, 1975, the KJR Board was abolished and all the powers, duties and functions of that board were transferred to the Board of Trustees of the Kansas Public Employees Retirement System. The Kansas Retirement System for Judges is a division of and fully coordinated into the administrative structure of KPERS. Separate laws, rules and regulations, and accounts are maintained, but in all other respects administration is the same as the administration of KPERS. 1993 legislation provided that district magistrate judges would become members of the Judges Retirement System.

Retirement Benefits

Kansas law establishes the formula for calculating retirement benefits for all current KPERS members. The formula consists of the final average salary multiplied by years of service multiplied by a multiplier. The components of the formula are unique to each plan. Starting in January 2015, the KPERS 3 cash balance plan opened to most new hires. Cash balance plan benefits are based on member contributions, employer credits and accrued interest throughout the members' career.

Normal retirement thresholds differ among the plans. Under KPERS 1, effective for all who retire on and after July 1, 1993, normal retirement is age 65, age 62 with 10 years of service or when the members' age plus service equals eighty-five or more. KPERS 2 and KPERS 3 members may retire at age 65 with five years of service credit or age 60 with 30 years of service credit. All members in KPERS may retire with reduced benefits as early as age 55 with ten years of service credit.

Under KP&F, normal retirement for Tier I members is age 55 with 20 years of service or with 32 years of service regardless of age. For Tier II members, it is age 50 with 25 years of service, age 55 with 20 years of service or age 60 with 15 years of service. Early retirement with reduced benefits is age 50 with 20 years of service for both tiers.

Judges may retire with full benefits at age 65, age 62 with 10 years of service or when the judges age plus service equals eighty-five or more. Members may retire with reduced benefits at age 55 with ten years of service.

Revenues

The net investment income for FY 2022 was negative \$1.296 billion. Total pension contributions for the year totaled \$2.608 billion. Sources of revenue include \$481.8 million in employee contributions and \$1.025 billion in employer contributions plus an additional \$1.1 billion in contributions approved by the Legislature. FY 2023 figures will be published in the FY 2023 annual comprehensive financial report (ACFR) later this year.

Expenses

The largest expense of the Kansas Public Employees Retirement System relates to the purpose for which it was created, namely the payment of benefits. Total benefits for FY 2022 were \$2.113 billion. Included in this amount was \$2.006 billion for retirement benefits; \$13.8 million for retiree death benefits; and \$91.3 million for refunds of contributions. FY 2023 figures will be published in the FY 2023 annual comprehensive financial report (ACFR) later this year.

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Reserves

Contributions to the Retirement System are based on the principle of level cost financing with current service financed on a current basis and prior service amortized over a period not to exceed 40 years. Starting with the 12/31/2016 actuarial valuation, the unfunded actuarial liability is amortized using a “layered” approach. Each year funding changes due to investment or demographic experience are amortized over separate 20-year amortizations each year. Other changes, due to changes in plan design or assumptions, may be amortized separately from annual funding changes and can be amortized over different time periods.

As part of the change in the investment return assumption in May 2022, the KPERS Board of Trustees adjusted the amortization period for all funding groups and combined all the unfunded actuarial liability bases back into a single amount, which is now the first amortization layer. Changes to the unfunded actuarial liability in future years will again be recognized as separate layers.

The Retirement System funds are designed to assist State and local public employees and their dependents or beneficiaries in providing for their financial security. The assets of the retirement System are held in trust for the participants, pending disbursements to secure insurance, pay withdrawal of accumulated contributions, or to pay benefits.

The names of the reserves and their uses are specified in K.S.A. 74-4922. The Members’ Accumulated Contribution Reserve is used to account for members’ contributions and represents the statutory employee contribution that is used to fund a portion of participating service costs. The employers’ contributions are accumulated in the Retirement Benefit Accumulation Reserve. The employers’ contributions represent an amount to fund the employer portion of participating service as it accrues and an amount to pay the past service liability not yet funded, which is amortized over a period of not to exceed 40 years from the date of affiliation with the Retirement System. When an active member retires, the member’s accumulated contributions, plus an additional amount that, together with the member’s contributions, is necessary to equal the present value of future benefits for that individual, is transferred from the Retirement Benefit Accumulation Reserve and is accumulated into the Retirement Benefit Payment Reserve. Monthly retirement benefits for that individual and all other individual retired members are charged to this reserve.

The following chart shows a highlight of operations for Fiscal Year 2018 through Fiscal Year 2022. FY 2023 figures will be published in the FY 2023 annual comprehensive financial report (ACFR) later this year.

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Highlight of Operations – Fiscal Year

	2022	2021	2020	2019	2018
Membership Composition					
Number of Retirants	102,014	99,617	97,570	94,869	92,101
Number of Survivors (1)	8,572	8,233	8,050	7,864	7,706
New Retirants During the Fiscal Year	6,124	5,583	5,584	5,548	5,534
Active and Inactive Members (2)	222,512	218,752	219,510	215,550	211,653
Participating Employers	1,541	1,536	1,534	1,526	1,523
Financial Results (in millions)					
Member Contributions	\$482	\$459	\$452	\$437	\$420
Employer Contributions (3)	2,126	1,008	1,060	1,139	888
Retirement/Death Benefits	2,008	1,930	1,840	1,759	1,691
Investment Income	-1,296	5,185	347	1,217	1,517
Employer Contribution Rate					
KPERS–State/School	13.33%	14.23%	14.41%	13.21%	12.01%
KPERS–Local (4)	8.90	8.87	8.61	8.89	8.39
KP&F (Uniform Participating) (4)	22.99	22.80	21.93	22.13	20.09
Judges	18.40	17.26	18.65	14.68	15.89
Unfunded Actuarial Liability (in millions)					
KPERS–State/School	\$6,892	\$6,143	\$6,545	\$6,756	\$6,690
KPERS–Local	1,784	1,420	1,502	1,502	1,458
KP&F	1,141	919	949	933	860
Judges	10	6	10	11	8
Funding Ratios (5)					
KPERS –Total System	73.4%	71.6%	72.5%	70.0%	68.4%
KPERS–State/School	70.7	70.8	68.1	66.1	66.0
KPERS–Local	73.3	76.1	73.7	72.7	72.5
KP&F	72.8	75.3	73.5	73.0	74.1
Judges	95.3	96.8	94.7	94.4	95.9

(1) This is the number of joint annuitants as of December 31st, per the System's records.

(2) Membership information taken from System's actuarial valuation.

(3) The State of Kansas issued pension obligation bonds, Series 2015H, in August 2015.

(4) KPERS Local and KP&F contribution rates are reported on a calendar year basis.

(5) The funding percentage indicates the actuarial soundness of the System. Generally, the greater the percentage, the stronger the System.

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Funding Outlook and Projections

Current Funding Status

The Retirement System's 12/31/2022 actuarial valuation shows a \$260 million (2.7%) decrease in the unfunded actuarial liability (UAL). The total System funded ratio improved by 2.5%, from 71.6% on 12/31/2021 to 73.4% on 12/31/2022. KPERS experienced actuarial investment losses in CY 2022, but the additional contributions totaling \$1.125 billion helped to mitigate the impact of those losses.

Plan	Unfunded Actuarial Liability (millions)*	Funded Ratio
Kansas Public Employees Retirement System (KPERS)	\$ 8,213	73.8%
State Group	1,226	76.6
School Group	5,034	73.6
Local Group	1,952	72.2
Kansas Police and Firemen's Retirement System (KP&F)	\$ 1,337	70.2
Kansas Retirement System for Judges (Judges)	\$ 16	92.8
Retirement System Totals	\$ 9,567	73.4%

*Numbers may not add due to rounding

By statute (K.S.A. 74-4920) employer contribution rate increases for the KPERS plan are capped from fiscal year to fiscal year. Due to the statutory cap the employer contribution rate for KPERS employers did not meet the Actuarial Required Contribution (ARC) Rate for 25 years. In 1995, 2003 and again in 2012, the Legislature passed legislation phasing in higher caps on annual increases to KPERS employer contribution rates. Under 2012 HB 2333, the rate increase cap was raised from 0.6 percent annually to an increase of 0.9 percent in FY 2014, 1.0 percent in FY 2015, 1.1 percent in FY 2016, and 1.2 percent in FY 2017 and future years or until ARC is reached. However, 2015 SB 228 (\$1.0 billion bond authorization) set the employer contribution rates for FY 2016 and FY 2017. The Legislature also initially delayed, but ultimately reduced FY 2016 employer contributions by \$97 million. FY 2017 School employer contributions were reduced by \$64 million but are to be paid over a 20-year period starting in FY 2018, at approximately \$6.4 million annually. The 2017 Legislature also delayed \$194 million in School employer contributions in FY 2019. That reduction is also scheduled to be paid over 20-years, starting in FY 2020, at approximately \$19.4 million annually.

The 2018 Legislature did pass additional contributions to KPERS totaling \$194 million, including and \$82 million appropriation received in July 2018, a contingent \$56 million payment that was received in June 2018 and a contingent \$56 million payment that was scheduled for June of 2019 if revenues exceeded the consensus revenue estimates.

The 2019 Legislature removed the contingent \$56 million payment in June of 2019 and instead made a direct appropriation of \$51 million in July of 2019. In addition, the 2019 Legislature appropriated \$115 million, which is the estimated cost of the delayed 2016 employer contributions plus interest.

The 2021 Legislature approved the sale of \$500 million in pension funding bonds, contingent on the total interest cost of the bonds not exceeding 4.3%. The bonds were sold in August 2021 at a total interest rate of 2.65%. KPERS has already received the additional funding and the impact of the funding will first appear in the 12/31/2021 actuarial valuation. In addition to approving the pension funding bonds, the Legislature set new employer contribution rates for FY 2022 and FY 2023 based on the actuarial projections of the receipt of the bonds.

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The 2022 Legislature appropriated \$1.125 billion in additional contributions above the normal employer contributions in SB 421. The funding was scheduled to be paid in 4 tranches. The payment schedule includes:

1. \$553.9 million on May 19, 2022
2. \$300 million on June 1, 2022
3. \$146.1 million on August 1, 2022
4. \$125 million on December 1, 2022

The first payment includes \$253.9 million for the remaining balance of the delayed employer contributions from FY 2017 and FY 2019.

The State/School group remains at the actuarial required contribution (ARC) rate in FY 2024 and FY 2025 with employer contribution rates of 12.57% and 11.42% respectively. The State/School group has contributed the full ARC rate since July 1, 2020.

The Local Group has been at the actuarial required contribution rate since CY 2015 and remains at the full required rate in CY 2023 and CY 2024 at 8.43% and 9.26%.

The KP&F and Judges funding plans currently do not utilize caps to limit the employer contributions. The statutory employer contribution rate is equal to the actuarial required contribution rate. Changes in rates for these groups may occur due to changes in investment performance and other economic and demographic experience, as well as changes in actuarial assumptions. The actuarial required contribution rates for these groups are as follows:

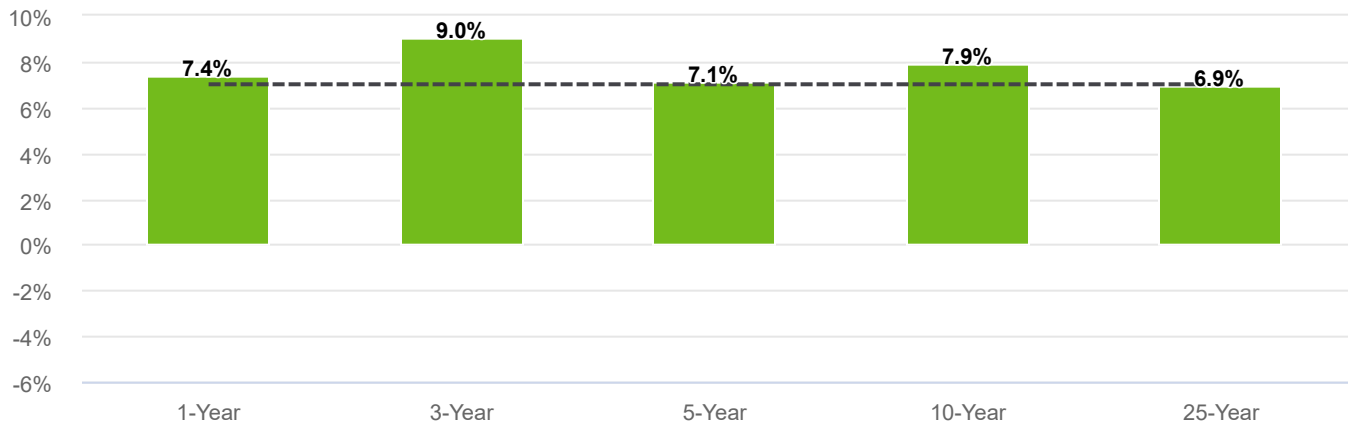
- KP&F (Local) - 23.10% effective calendar year 2024;
- KP&F (State) - 23.10% effective Fiscal Year 2025; and
- Judges - 23.06% effective Fiscal Year 2025.

Importance of Investment Returns

Future investment returns are extremely important to the System's funding. Returns above the System's assumed investment target of 7.0% would positively impact funding projections and vice versa.

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Annualized Total Return through 6/30/2023



-- 7.0% Investment Return Assumption since December 31, 2021

State's Funding Commitment

As important as investment returns are to funding, investment returns alone cannot fix the funding shortfall. Employer and employee contributions are crucial to improving funding and maintaining stable funding in the future.

The Legislature has adjusted employer contributions in recent years, including reducing FY 2016 employer contributions by \$97 million and financing \$64 million in FY 2017 and \$194 million FY 2019 over 20 years each. These annual payments total \$6.4 million and \$19.4 million respectively and are paid in addition to normal employer contributions to the School group each fiscal year.

However, the Legislature has appropriated \$1.429 billion in additional contributions in FY 2018, FY 2019 and FY 2020, FY 2022 and FY 2023. These additional appropriations include:

- \$56 million in FY 2018 due to actual State General Fund receipts exceeding the revenue estimates.
- \$115 million in FY 2019 to pay the reduced FY 2016 employer contributions plus interest (SB 9).
- \$82 million in FY 2019.
- \$51 million in FY 2020.
- \$1.125 billion pay in 4 tranches in CY 2022.

The FY 2024 and FY 2025 statutory State/School employer contribution rates are equal to the actuarial required contribution rate of 12.57% and 11.42%. The 12/31/2022 valuation sets the actuarial required contribution rate for FY 2026 and the State/School Group is projected to remain at the actuarial required rate at 11.56%. After FY 2026 the contribution rate is projected to stabilize around 12% through the end of the amortization period of the current unfunded actuarial liability. (FY 2039).

Recent Legislative Action

In response to KPERS' long-term funding shortfall, the Legislature has made changes to future benefits and contributions, affecting both members and employers. Changes were necessary to make KPERS more sustainable and to pay promised benefits long-term.

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2012 Legislation

The Legislature approved and the Governor signed 2012 Senate Sub for House Bill 2333 into law. The legislation created KPERS 3, which is a Cash Balance Plan, for new members effective January 1, 2015 and included benefit changes for KPERS 1 and KPERS 2 members. The bill also provides for increases in the employer contribution rate. The first increase is to 0.9 percent in FY 2014, 1.0 percent in FY 2015, 1.1 percent in FY 2016 and ultimately to 1.2% in FY 2017 and all future years or until ARC is reached. 2015 SB 228 did not make any changes to the statutory cap on employer contribution rate increases, but it did set the employer contribution rate for FY 2016 and FY 2017 at rates that are lower than they would have been had the statutory caps been followed.

In addition, the law created a 90-day election period to permit KPERS 1 members to choose between a 5.0 percent contribution rate in CY 2014 and a 6.0 percent contribution rate beginning in CY 2015 with a 1.85 percent multiplier for all years of future service or a 4.0 percent contribution and a 1.40 percent multiplier for all years of future service. However, the IRS did not respond prior to the deadline for the election and the default option (5.0 percent contribution rate in CY 2014, 6.0 percent contribution rate in CY 2015 and future years, and a 1.85 percent multiplier) was implemented for all KPERS 1 members starting January 1, 2014.

Effective July 1, 2012, the cost-of-living adjustment was eliminated for KPERS 2 members. However, those members who retire on or after July 1, 2012 will receive a higher multiplier of 1.85 percent for all years of service, not just future service.

2012 HB 2333 also provided for the state to make additional contributions to fund the unfunded actuarial liability of the State/School group until the funded ratio reaches at least 80.0 percent. The additional contribution stream, which comes from the Expanded Lottery Act Revenue Fund (ELARF), is determined as 50.0 percent of the money credited to the ELARF, after an annual reduction of \$10.5 million. The 2013, 2014 and 2015 Legislatures used these ELARF funds to pay a portion of the School Group employer base contributions rather than making additional contributions in FY 2014 and FY 2015 and that practice has continued since then.

2012 HB 2333 also provided that 80.0 percent of the proceeds from surplus real estate property sales will be used to pay down KPERS' unfunded actuarial liability.

2013 Legislation

2013 HB 2213 adjusted the benefit structure of the Kansas Police and Firemen's Retirement System (KP&F) by raising the cap on annual benefits from 80.0 percent of final average salary to 90.0 percent of final average salary. KP&F members will now contribute 7.15 percent of annual compensation for all years of service. Previously members contributed 7.0 percent for up to 32 years of service and then 2.0 percent for years of service beyond 32 years. The increase in the member contribution rate was estimated to make the benefit increase cost neutral to employers.

2014 Legislation

2014 HB 2533 adjusted the cash balance plan design established in K.S.A 74-49,301 et seq (2012 HB 2333). Specifically, the bill as amended:

- Changed the guaranteed interest crediting rate from 5.25% to 4.0%;
- Struck the provisions pertaining to a discretionary dividend;
- Added language establishing a formulaic dividend equal to 75% of the five-year average net compound rate of return on the market value of the system's assets above 6% on a rolling 5-year average, except that between calendar year 2015 and calendar year 2018, the average return begins in 2015 and includes all years up to the current year, and the dividend is capped at 1.5%. The rolling 5-year average begins 2019, at which point, there is no cap; and

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- Changed the annuity rate from a set 6% to the actuarially assumed investment rate of return minus 2%. At the time that amount equaled 6%.

2014 HB 2596 reinstated K.S.A. 74-49,115 for all future years. K.S.A. 74-49,115 provides for retirement, disability, and life insurance benefits to be held harmless for state officers and employees who are placed on a furlough without pay or whose compensation is reduced either pursuant to law or through a voluntary agreement and who subsequently retire, become disabled or die. In such cases, the amount of compensation that would have been paid if the employee was not placed on furlough or the employee's pay was not reduced ("additional compensation") would be included in computations of retirement, death or disability benefits provided by KPERS, KP&F, or the Judges Retirement System.

2014 HB 2602 eliminated the cap on the number of unclassified positions at KPERS. This will allow for the recruitment and retention of the most qualified staff to serve our members as well as providing greater budget flexibility in staffing decisions.

2015 Legislation

2015 SB 228 authorized the sale of bonds to help fund a portion of the State/School Group unfunded actuarial liability (UAL) and set the employer contribution rate for the State/School Group at 10.91% in FY 2016 and 10.81% in FY 2017. The bonds were sold in August 2015 and the proceeds were received and invested according to the target asset allocation.

2015 HB 2095 made changes to the existing working after retirement (WAR) rules. The working after retirement provisions changed the existing policy governing retirees returning to work starting July 1, 2016. Most new retirees were subject to an annual \$25,000 earnings limitation if they returned to work for any KPERS affiliated employer. If they reached or exceeded the \$25,000 earnings limitation they either choose to keep working and suspend their benefit or stop working and continue receiving their benefit. Employers contributed the statutory employer rate for all wages paid to the retiree.

There were exceptions to the general rule for special education teachers and hard-to-fill school positions. Those retirees could return to work with no earnings limitation for a period of up to 3 years. If they continued to work beyond the 3-year window they fell under the earnings limitation. School districts contributed the actuarial required contribution (ARC) rate plus 8% and maintained documentation of their efforts to fill the position being filled by a retiree.

In addition, all employers could fill a position with a retiree with no earnings limitation in instances of hardship. Hardships were decided by the governing entity of each employer and allowed for a 1-year exemption to the earnings limitation. Employers contributed the ARC plus 8% and maintained documentation of efforts to fill the position with a non-retiree.

State hospital nurses, Kansas Law Enforcement Training Center instructors, and elected city and county officials were completely exempt for the earnings limitation. Employers contributed the ARC rate plus the employee contribution rate (6%).

Licensed school professionals who retired before May 1, 2015 stayed under their old working after retirement rules until July 1, 2017, at which point they were also covered by the new rules. All other retirees who returned to work or had an agreement to return to work prior to May 1, 2015, remained under their current working after retirement rules so long as they continued working in the same position.

2015 HB 2095 also created a new deferred retirement option program (DROP) for KP&F members at the Kansas Highway Patrol. The pilot DROP plan design includes:

- Members may enter the DROP at normal retirement age,

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- Members must select a period of 3-5 years to continue working, during which time their benefit is deposited into a DROP account. The account may be credited with interest discretion when certain investment thresholds are met.
- At ultimate retirement, the member receives the balance of the DROP account as a lump sum or a rollover to another qualified account.

The DROP was scheduled to sunset on January 1, 2020, but the program was extended an additional five years by the 2019 Legislature.

2016 Legislation

The 2016 Appropriations bills (H Sub for SB 161 and H Sub for SB 249) included provisions that allowed the budget director to delay KPERs employer contributions from State and School employers for the last quarter of FY 2016. The delayed contributions are to be repaid by the end of FY 2018 with 8% interest. This allotment authority was used to delay a total of \$97.4 million in employer contributions from the last quarter of FY 2016.

2017 Legislation

After reviewing and making changes to working after retirement rules during the 2016 Legislative session, the Legislature made additional changes in 2017. The three primary changes to the existing working after retirement rules that became effective January 1, 2018:

1. Retirees have a 180-day waiting period if they retire before age 62 and a 60-day waiting period if they retire at age 62 or later.
2. No retiree who returns to work has an earnings limitation.
3. Employers contribute the statutory rate on the first \$25,000 in earnings and 30% on all earnings above \$25,000 for retirees in covered positions, but no contributions on non-covered positions.

In order to reduce complexity, the new rules for retiree earnings limits and employer contributions apply to almost all retirees starting January 1, 2018. Retirees who are currently grandfathered will be subject to the new working after retirement rules. Many retirees were advantaged by having an earnings limit removed. However, the impact of the new employer contribution structure varies. Employers make contributions on the pay of some retirees that were not required to in the past (e.g., State and Local grandfathered retirees working for the same employer). For other retirees, the effective rate under the new structure may be more or less than the current rate, depending in part on the retiree's compensation.

The working after retirement rules maintain the requirement that there is no pre-arrangement between the retiree and employer to return to work at any point prior to retirement or during the waiting period. In addition to the new basic rule that took effect January 2018, there were several other working after retirement rules that were adjusted, including:

- Changes to the 2016 exemptions;
- New tests to establish who qualifies as a third party or independent contractor;
- Clarification of the substitute teacher exemption;
- Exemptions for elected officials (local and statewide); and
- Exemptions for retirees working in Board of Regents Retirement Plan positions.

2018 Legislation

The 2018 Legislature repealed the statutes that prohibited investments in certain companies with business operations in Sudan. The statutes were no longer necessary due to action at the federal level.

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2019 Legislation

The 2019 Legislature made several smaller adjustments to benefit provisions, including:

1. Adding bloodborne pathogens and specific cancers to the definition of “service-connected” for Kansas Police and Fire (KP&F) death and disability benefits.
2. Extending the Deferred Retirement Option Program (DROP) pilot for an additional 5 years (through December 2025) and adding the Kansas Bureau of Investigation to the Kansas Highway Patrol as employers included in the pilot DROP.
3. Delaying the implementation of a penalty on retirees who return to work for a KPERS employer before the end of their waiting period, restore any penalties that were initiated, and allow the Executive Director to waive the retiree penalty in certain situations.
4. Allowing Community Developmental Disability Organizations (CDDOs) to designate a two-year waiting period for direct support positions.

2020 Legislation

The 2020 Legislature did not enact any changes to KPERS statutes.

2021 Legislation

The 2021 Legislature approved the sale of \$500 million in pension funding bonds to fund a portion of the School group unfunded actuarial liability. The addition of \$500 million to the State/School group is projected to improve the funded ratio by 2.3% and reduce the projected employer contribution rate in future years.

The 2021 Legislature also approved several plan design changes, including:

1. Adding a new survivor benefit option for disabled KP&F Tier 2 members who die from service-connected causes (Michael Wells Memorial Act).
2. Allowing members who participate in the deferred retirement option program (DROP) to elect to extend their DROP period to a maximum of 5 years in total.
3. Adjusting the timing of the actuarial experience study from a three-year schedule to a four-year schedule, with provisions for the Board of Trustees to complete an experience study after 3 years or 5 years if deemed appropriate.
4. Codifying the one-year Death and Disability contribution moratorium included in the Governor’s June 2020 allotment plan.
5. Technical changes to align KPERS statutes with the federal CARES and SECURE acts.

2022 Legislation

The 2022 Legislature appropriated a total of \$1.125 billion in additional funding in four payments to the KPERS Trust Fund in SB 421. The payment schedule includes:

1. \$553.9 million on May 19, 2022
2. \$300 million on June 1, 2022
3. \$146.1 million on August 1, 2022
4. \$125 million on December 1, 2022

The first payment includes \$253.9 million for the remaining balance of the delayed employer contributions from FY 2017 and FY 2019.

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The 2022 Legislature also added in-state, nonfederal service as eligible for purchase by KP&F members in HB 2481. The service cannot be purchased if it is used for retirement benefits in another retirement plan. The cost of the service is calculated using actuarial tables and is paid by the member. The member may purchase the service with a lump-sum payment or through additional payroll deductions. Currently, KP&F members have the option to purchase military service.

HB 2481 does not allow KP&F members to purchase KPERS service as KP&F service.

2023 Legislation

The 2023 Legislature passed both plan design and policy adjustments that affect the administration of the plan.

HB 2100 enacted new restrictions on the consideration of Environmental, Social and Governance (ESG) factors when entering into contracts and placed limits on the System's proxy voting. KPERS hired Egan-Jones as a proxy voting consultant and has instituted new policies to ensure that all investment managers are in compliance with the new law.

The 2023 Legislature also expanded the Deferred Retirement Option Program (DROP) to all KP&F employers. The DROP allows members to initiate the calculation of retirement benefits and have their benefits accumulate in a notional account, with interest, while they continue to work for a 3- to 5-year period. Members and employers continue to make contributions on the member's compensation, but the member does not accumulate any additional benefits. At retirement, the member receives a lump sum or qualified rollover of their DROP account.

The Department of Wildlife and Parks also was made an eligible employer for KP&F and law enforcement positions at the Department were made eligible for KP&F coverage. Eligible positions because KP&F members for future service only starting July 1, 2023.

KPERS Death and Disability Benefits Program

In addition to serving as the pension plan for State and local governmental employees, KPERS offers basic group life insurance and long-term disability benefits. The KPERS Death and Disability Benefits Program came into existence on January 1, 1966 under the provision of K.S.A. 74-4927. The cost of the plan is paid from a special reserve called the "group insurance reserve" and the statutory employer rate for this benefit is 1.0 percent of their covered payroll. The 2013 Legislature adjusted the employer rate to 0.85 percent for FY 2014 and FY 2015. The contribution rate returned to 1.0 percent in FY 2016. 2010 legislation placed a moratorium on death and disability contributions for the periods April 1, 2010 through June 30, 2010 and April 1, 2011 through June 30, 2011. 2012 legislation placed a moratorium on these contributions for the period of April 1, 2012 through June 30, 2012. The approved FY 2013 budget assumed the passage of substantive legislation for another moratorium on these contributions for the period of April 1, 2013 through June 30, 2013. Substantive legislation enacting that moratorium was ultimately passed by the 2013 Legislature. In the 2015 appropriations bill, the Legislature included savings from a seven-payroll period moratorium on contributions to the Group Insurance Fund during the end of FY 2016 and FY 2017. The 2016 Legislature amended the relevant statutes to accomplish the contribution moratorium. In June 2020 the Governor included a one-year moratorium on employer contributions to the Death and Disability plan as part of an allotment plan. The Legislative updated relevant statutes to enact the moratorium.

To carry out the legislative intent to provide, within the funds made available, the broadest possible coverage, the KPERS Board may adjust the plan from time to time. KPERS contracts with The Standard to underwrite the group life insurance

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benefits. Davies Life & Health, Inc. is the third-party administrator for the disability program. In FY 2022 more than \$43.4 million in insurance premiums and disability payments were made.

Deferred Compensation Plan Administration

The Kansas Deferred Compensation Plan is a voluntary, tax-deferred retirement savings program for state employees. In addition, many local public employers offer the plan to their employees. The Plan was administered by the Kansas Department of Administration and the Deferred Compensation Oversight Committee from 1980 to 2007.

Following a 2006 study of the Plan, the Secretary of Administration and the KPERS Board of Trustees recommended transferring Plan administration to KPERS. During the 2007 legislative session, the Kansas Legislature passed, and the Governor signed HB 2385 to implement this recommendation effective January 1, 2008. KPERS' administration of the Plan provides State and local employees with coordinated retirement education and planning information and facilitates an increased emphasis on personal savings for retirement.

The KPERS Board of Trustees created a new Board Deferred Compensation Plan Committee to oversee administration of the Plan. This Board committee manages plan assets, selects and monitors investment options, and selects and evaluates service providers. KPERS staff manages operations in conjunction with the Plan's service provider. The current service provider is Empower. The service provider handles participant account recordkeeping and direct services such as enrollments, phone inquiries and investment transactions.

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Mission Statement

The Kansas Public Employees Retirement System, in its fiduciary capacity, exists to deliver retirement, disability and survivor benefits to its members and their beneficiaries.

Values Statement

In fulfilling our mission, six core values guide the Retirement System:

- Service - We strive to provide excellent service that is timely, accurate, thorough and accessible. Members and employers should receive the best service possible.
- Integrity - We conduct business in an honest, ethical and fair environment. We adhere to the highest standards of professional and ethical conduct.
- Respect - We acknowledge that our dedicated employees are essential to our success. We value the unique contributions of individuals and encourage mutual respect, civility, diversity and personal development.
- Accountability - We take ownership and responsibility for our actions and their results. We are fiscally responsible and performance oriented.
- Innovation - We seek creative solutions to long-range situations and everyday issues. We are willing to embrace change and consider new ideas.
- Teamwork - We work together to achieve common goals. We are committed to sharing both risks and rewards; we value openness and flexibility.

These core values help determine how we treat our members, how we treat our employees, and how we do business.

Programs Established to Assist with Agency Mission

- Operations
- Public Employee Retirement Benefits
- Investments

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Agency Wide Overview of FY 2024 and FY 2025 Budget Information

Administrative Expenses

The Administrative Expenses portion of the budget document covers those costs, including all staff, associated with the operations of the System. Administrative expenses are divided into three categories: general operations, death and disability and deferred compensation.

Prior to 2018, KPERS did budget expenditure for non-KPERS investments for investing the proceeds of the Treasurer's Unclaimed Property (TUP) Fund. The 2017 Legislature liquidated the TUP Fund and KPERS no longer has expenditures related to non-KPERS investments.

The 2022 Legislature deleted that language prohibiting transfers to KPERS for management of TUP funds. It is up to the State Treasurer to resume those transfers. As of the budget submission, the TUP fund program has not been restarted. While we do expect the management of assets for the TUP fund to resume, at this time there is no time estimate for that to resume.

General Operations

The general operations expenses are estimated to total \$28.2 million in FY 2024 and \$33.0 million in FY 2025. The request for FY 2024 and FY 2025 includes the funding for the multi-year pension administration system modernization effort. Compared to total benefit payments, general operations expenditures equal only 1.20% of total benefit payments in FY 2024 and 1.36% in FY 2025.

Death and Disability

Administrative expenses related to the death and disability program includes the proportional salaries and contract costs related to the program. In the past, these expenditures have been reflected in the general operations budget, but are now separated to comply with current accounting standards. Death and disability expenditures are estimated to be \$413,496 in FY 2024 and \$411,834 in FY 2025.

Deferred Compensation

Administrative expenses related to the State and Local Deferred Compensation Plan are funded by the Deferred Compensation Trust Fund as required by law. No expenses for the Deferred Compensation Plan are funded by the KPERS Trust Fund. Total administrative expenses are estimated to be \$649,139 in FY 2024 and \$646,979 in FY 2025.

Investment Related Expenses

Investment related expenses reflect the costs related to both the internal KPERS investment staff and external investment managers. Most investment related expenditures are investment management fees on approximately \$25.6 billion in total Trust Fund assets. Estimated FY 2024 expenditures total \$45.7 million, which includes \$42.1 million for investment management and consultant fees and \$3.7 million for administration. FY 2025 investment related expenses are estimated to be \$49.7 million (\$46.0 million for investment related expenses and \$3.7 million for administration).

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Investment expense projections are developed by projecting the current market value of the portfolio will grow from the value on June 30, 2023 by the net of the System's 7.0% actuarial investment return assumption less benefit, investment and administrative expenses. Manager fee estimates are regularly updated to reflect the System's actual investment experience. Investment related expenses are estimated to be 0.167% of the System's assets in FY 2024 and 0.169% in FY 2025.

Benefit Expenses

The System's actual and projected benefit expenses are expected to increase as a result of the growing number of retirees. Total benefit expenses (including monthly benefits, partial lump sum options, death benefits, withdrawals, etc.) are estimated to total \$2.26 billion in FY 2024 and \$2.34 billion in FY 2025.

Revenues

At a 7.0% assumed rate of return, investment earnings are estimated to total \$1.79 billion in FY 2024 and \$1.92 billion in FY 2025. Total combined employee and employer contributions for pension, death and disability and optional group life insurance are estimated to be \$1.66 billion in FY 2024 and \$1.65 billion in FY 2025. This reflects the certified employer contributions set in the 2020 and 2021 actuarial valuations, which includes a State/School employer contribution rate of 12.57% in FY 2024 and 11.42% in FY 2025.

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BUDGET REPORT

FY 2023 Accomplishments

SERVICE

It is our goal to provide timely, accurate, thorough and accessible service to our members and employers. Service performance results and initiatives for FY 2023 include:

Retirement Services

Successfully distributed more than 1.3 million retirement benefit payments over the 12-month period totaling \$2 billion for the fiscal year, with nearly 100 percent of the distributions made in a timely manner.

- Successfully managed pension inception for 5,300 new retirees with nearly 100 percent of initial retirement benefit payments made on time. Processed and distributed partial lump-sum option benefit payments totaling \$133.2 million for 1,441 new retirees.
- Fiscal Year 2023 satisfaction surveys of new retirees showed that 97 percent of members responding to the survey rated our service during the process as “excellent,” “very good” or “good.”
- Participated in the reconciliation and distribution of more than 134,000 1099-R tax forms for retirees, beneficiaries, and former members who received distributions from KPERS during Calendar Year 2022. Assisted members with questions and requests related to the distribution of nearly 58,600 federal tax withholding change notices.

It is our goal to provide exceptional customer service when delivering retirement, disability, and survivor benefits on behalf of our members, retirees and beneficiaries. We are committed to treating our members and participating employers courteously and compassionately while helping them access their benefits. Our service performance results and initiatives for customer service in FY 2023 include:

- Close to meeting performance goals for responding to incoming telephone calls from our members and employers by responding to 97 percent of 102,005 incoming calls during FY 2023. On average, KPERS’ InfoLine staff received 408 calls per day, dropped fewer than 14 calls daily, and callers waited approximately 35 seconds before reaching a customer service representative.
- Responded to nearly 28,600 e-mail requests from members, employers, beneficiaries, and other interested parties and assisted with nearly 15,000 member requests for assistance with accessing Member Web Portal accounts or other MWP-related requests during the fiscal year.
- Benefits and Member Services’ performance results and operating costs contributed significantly to KPERS’ positive results in the 2022 Benefit Administration Benchmarking Report by CEM Benchmarking Inc. Our total service score of 81 was nearly equal to the peer median of 82. KPERS’ peer group is a high service group that includes the top scoring retirement systems in the CEM benchmarking group.
- Total cost per active and retired member was \$70, well below the peer average of \$92 per member. The cost per member is increasing, primarily because of expenditures related to the Modernization Project. The higher volume of transactions processed by Benefits and Member Services staff members was one of the key reasons cited for KPERS’ position as a low-cost system in our peer group.

Active Member Benefits and Service

- Assisted employers with enrolling 23,600 new members, approximately 9,200 members transferring from one participating employer to another and 5,500 members returning to KPERS-covered employment.

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- Assisted with processing of 24,000 new or modified beneficiary designations for active members' life insurance and retirement benefits and retired members' death benefits and retirement accounts.
- Successfully processed nearly 9,600 payments for withdrawing members with total payout of contributions and interest equal to \$75.1 million. On average, the withdrawal team processed approximately 800 payments to withdrawing members each month.
- Completed more than 1,450 detailed retirement benefit estimates for members approaching retirement, with all requests completed within 30 days.
- Assisted approximately 400 members (and their employers) who applied for KPERS disability benefits during the year. Coordinated and monitored distribution of monthly disability benefit payments by Davies Life & Health, Inc., our third-party administrator, to approximately 1,700 disabled public employees, totaling \$14.4 million for FY 2023. Assisted 36 members of the Kansas Police & Firemen's Retirement System with their applications for disability retirement benefits, including coordinating collection of information with employers and medical records reviews with Davies Life & Health, Inc.
- Coordinated distribution of approximately \$5 million in basic life insurance benefits to beneficiaries of approximately 90 disabled members who died during the year. Coordinated with The Standard to pay approximately \$21 million in basic group life insurance benefits and \$9 million in optional group life insurance benefits for nearly 450 life insurance claims. This included payments for more than 65 dependent life insurance claims (spouse or child) totaling approximately \$1.4 million.
- Implemented operational aspects of expanding the Kansas Police & Firemen's Retirement System's Deferred Retirement Option Program (DROP) to include all KP&F members and employers effective April 27, 2023.
- Working with Information Technology staff and consultants, implemented administrative and operational aspects of the 7 percent investment return assumption that became effective January 1, 2023, and also implemented substantial changes in federal income tax withholding forms and procedures effective January 1, 2023, as required by the Internal Revenue Service.
- Provided prompt, personal assistance to nearly 3,300 members who visited the KPERS office for one-on-one counseling and another 136 members who received individual, off-site visits. In-person counseling sessions increased by more than 22 percent over FY 2022 levels and virtual counseling sessions increased by 20 percent.

COMMUNICATION AND EDUCATION

The Communications team strives to communicate benefit information and details about complex pension issues effectively to a diverse group of members, employers, public officials, and other stakeholders. Our goal is to educate members about their benefits and financial needs during retirement and provide the information and understanding needed to make responsible financial and retirement security decisions. Our FY 2023 education and communication performance results and initiatives include:

Member Communication and Education

- Communications partnered with Benefits and Member Services to provide quarterly pre-retirement webinars for KPERS 1, KPERS 2 and KP&F members later in their career. KPERS offered 21 live webinar sessions with 2,085 members attending. Eighty eight percent of post-survey respondents gave the webinars a 4- or 5-star rating out of 5 stars for helpfulness and 99% said they would recommend the webinar.
- About 3,000 members responded to KPERS' annual communications survey. Survey results are informing Communications' fiscal year and long-term planning.
- Created and distributed two issues of Vested Interest, KPERS' paper retiree newsletter. The newsletter reaches both those receiving retirement benefits and those with joint and survivor benefits.
- Provided communications support for optional group life insurance open enrollment with materials for members, online enrollment function testing and employer communication.

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Employer Communications

In addition to KPERS staff, employers are our number one resource for helping members get the most from their benefits.

- Staff conducted approximately 50 employer educational workshops, webinars and training sessions attended by more than 1,700 employer representatives, and included a webinar for new employer representatives.
- The Communications staff provided communications support to the Training and Education team for annual employer workshops. Staff published webinar recordings and slides on the Employer Training page for employers who were not able to attend.
- The Communications Department hosted webinars specifically for new designated agents covering the basics to help new employer contacts understand their responsibilities.

INVESTMENTS

Investment Performance

The Retirement System's investment portfolio produced a total return of 7.4% for fiscal year 2023, trailing the Policy Index benchmark by -1.0%. For the three years ending June 30, 2023, the System's investment portfolio produced a 9.0% total return, which was 1.6% above the Policy Index return of 7.4%. The 25-year average annualized total return was 6.9% and ahead of the Policy Index return for that time period of 6.6% (resulting in +0.3% average annualized excess return).

The most significant accomplishment for the Investment Division during FY 2023 was completion of the triennial asset-liability study. The study was started in October 2022 and completed in May 2023. A new asset allocation policy was adopted and will be implemented during fiscal year 2024.

The System's total portfolio outperformed the Policy Index for the latest 1, 5, and 25 year periods reported ending May 31, 2023. The FY 2023 average annualized total return did not exceed the Policy Index. The Retirement System's one-year return ranked favorably in the RV Kuhns Public Funds Universe Analysis for the period ending December 31, 2022. The System ranked in the 34th percentile of the 61 funds reporting annual returns. The System's total return for five- and ten-year time periods ranked near the median of the RVK Universe of public pension plans though at-risk level below the median.

In the TUCS Master Trust – All Plans Universe, the Retirement System's returns rank in the top third for time periods of one, two, three, four, five, seven and ten years, as of March 31, 2023. The System posted top quartile returns over one-, two- and five-year time periods. The three-year risk/return comparison shows the System with a higher return with less risk than the median pension fund, which is a good outcome.

Investment Staff Activity

The following include the highlights of the accomplishments of the Investment Division during Fiscal Year 2023:

- Management of the System's investment portfolio in a challenging environment, as rising interest rates, high inflation, slowing economic growth, and high levels of global financial market volatility.
- Asset class allocations have been maintained in target ranges throughout fiscal year 2023, with a minimal number of portfolio rebalancing transactions.
- Investment staff met with Meketa Investment Group at offsite meetings in August and October 2022 and in June 2023. Discussion topics focused on return expectations across asset classes, as well as the 2023 asset liability study.

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- Investment staff facilitated Board educational sessions on a variety of topics, including: “Investment Basics for Trustees” and “Asset Liability Methodology” both by Meketa, and a review of the 15% alternatives cap by investment staff and Mercer.
- Along with Meketa, we presented a series of four asset liability study presentations to the Investment Committee from November 2022 through May 2023, culminating with the adoption of a new long-term asset allocation policy by the Board at its May 2023 meeting.
- Investment staff continued systematic, prudent oversight of the Retirement System’s 27 external publicly traded investment managers, managing 33 different investment portfolios, as well as the System’s eight core and 34 noncore real estate fund investments, and 87 private equity fund investments.
- Investment staff worked with the investment consultants to develop and present the 2023 pacing plans for private equity and real estate. We worked with the consultants to provide semi-annual performance reports to the Board for private equity and real estate in November 2022 and May 2023.
- The System, working with Molpus and The Townsend Group, conducted a competitive marketing process for the sale of the three timberland properties in the separately managed account. In fiscal year 2023, the Carmona Tristar-Idaho and Carmona Ranch-Texas timberland properties were sold at prices significantly above their carrying values.
- Investment staff continued disciplined risk monitoring and reporting using the System’s risk management system during fiscal year 2023. All assets (publicly traded and private) are included in the BarraOne risk reporting system.
- Investment staff received Board approval at its April 2023 special meeting to issue a Request for Proposal and establish a Procurement Negotiating Committee to hire a proxy voting advisory firm. The RFP was issued, responses received and evaluated by the PNC, Egan-Jones was selected, contracted and proxy voting authority transferred to the firm by July 1, 2023, the effective date of new legislation affecting the System’s proxy voting processes.

FISCAL ACCOUNTABILITY AND INTERNAL CONTROLS

It is our goal as fiduciaries to provide proper fiscal accountability for the funds we manage on behalf of our members and their beneficiaries, and to establish a system of internal controls to protect the System’s resources. Fiscal accountability and internal controls results and initiatives for the year include:

- Produced the 2022 Annual Comprehensive Financial Report (ACFR) and received the Public Pension Coordinating Council Public Standards Award for 2022.
- Received the Governmental Finance Officers Association Certificate of Excellence in Financial Reporting for the FY 2022 Annual Comprehensive Financial Report (ACFR).
- Received unqualified opinions on the FY 2022 financial compliance audit of the Retirement System’s financial records and the CY 2022 Deferred Compensation Plan (KPERs 457) financial and compliance audit with no significant audit finds or recommendations. Successfully completed the System’s SOC 1 Type 2 report on internal controls for our census data.
- Received, processed, and deposited employee and employer contributions totaling \$1.9 billion. The KPERs Trust Fund had investment income of \$1.8 billion (estimated).
- Along with the Fiscal Services and Information Technology Divisions, participated in the SOC 1 Type 2 (security) review for the KPERs Disability Plan during Fiscal Year 2023 with no significant findings related to member records.
- No significant findings were identified during CliftonLarsonAllen’s examination of benefit payment transactions during the audit of the Retirement System’s financial statements for the fiscal year ended June 30, 2022.
- Actively participated in the fall and spring disaster recovery exercises, with primary emphasis on testing the monthly benefit payment process and transactions.
- Completed 25 internal audits and projects including the GASB 68 employer audits of the 2021 member census (69 employers), KITS 1099-R reconciliation for 2022, the 2022 Investment Incentive Plan Calculations Review, continuous

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auditing for new benefit payments and administrative payments. The Employer Auditing Unit completed 89 employer audits during Fiscal Year 2023.

- The Employer Reporting Unit handled over 45,000 calls and emails from employers during Fiscal Year 2023.
- The Investment Accounting Unit, in conjunction with the Investments Division, has been working with State Street, KPERS' custodial bank, on the conversion of the Private Equity and Real Estate Dashboards and Alternatives Reporting to a new system, Solovis, that went live on July 1, 2023.

INFORMATION TECHNOLOGY

- KPERS IT Infrastructure staff has been working to create integration between our Service Management application, Vivantio, and our Application Lifecycle Management tool, Azure DevOps.
- IT staff completed the Fall 2022 and Spring 2023 Disaster Recovery tests to our cloud-based Azure Disaster Recovery Site.
- Completed the annual incident response tabletop exercise which was conducted by Optiv Security, with key security and executive staff. The topic covered was "Insider threat."
- KPERS contracted with our external security partner, Optiv, to complete an independent network perimeter scan and a security assessment of our public member and employer portals. We also had Optiv perform an Open-Source Intelligence (OSINT) assessment to identify publicly accessible data, mainly from our public KPERS website, that could be beneficial to an attacker.
- Completed a data sensitivity inventory audit with the Kansas Information Security Office.
- As part of the KPERS Modernization project, the Information Technology Division coordinated with Benefits and Member Services with a vendor to provide legacy record digitization services for all member records on microfiche, microfilm, and paper cards. The project includes scanning Microfilm – 95,100 sheets, Microfiche – 3,604 cartridges, and Kansas School Retirement Cards – 11,500 cards.
- Development staff participated in the annual generation of the CY 2022 Actuary, 1099R, Census Data and Member Annual Statement files.

PENSION MODERNIZATION PROJECT

The Pension Administration Modernization Project has seen steady progress despite some challenges that required adjustments to the project's direction. The Modernization Project Steering Committee prioritized the following Business & Technology priorities:

- Emergencies, production support, data security, resourcing and tracking, meet staffing needs, track ongoing status and resources for all business and technology priorities, fix root causes of emergency issues, develop a standard software testing plan, identify best practices for Operations, design, document and automate how we collect, prioritize, schedule, and manage requests related to software, and working backward through processes and technical designs to understand and document how things currently work.
- Developing the business phases of preparing for the Pension Administration Modernization Project, the Request for Proposals (due in July 2023), resource alignment and related activities intended to digitally transform KPERS' delivery of services and improve operational efficiencies.
- Continued focus on the Data Governance program, including significant contributions by data stewards to help achieve uniformity in member address records and to publish a business glossary.

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LEGISLATION, PLANNING AND RESEARCH

A number of the System's activities fall into the general category of legislation and long-term planning projects designed to improve the System's benefits, services and funding. Results and initiatives in this area for FY 2023 include:

Presentations

- Presentations were made to the following groups: County Weed Directors, Council of Firefighters, Keeping the Kansas Promise, Kansas Department of Wildlife and Parks, and the State Treasurer Retirement Symposium.

Legislation

- Prepared fiscal notes on request of the Division of Budget for 22 bills, including bills relating to: Environmental, Social and Governance (ESG) restrictions, KP&F Deferred Retirement Option Program expansion, KP&F coverage for Department of Wildlife and Parks officers, converting KPERS 3 members to KPERS 2 members, working after retirement, retiree cost of living adjustments, KP&F Deferred Retirement Option Program expansion and a Thrift Savings Plan.
- Worked with the consulting actuary, Cavanaugh MacDonald, to coordinate and review 24 cost studies and related data for the legislature and administration, including the projected impact of additional funding at various levels and timing, benefit changes in legislation (i.e., Cost of Living Adjustments, KP&F membership expansion, KP&F Deferred Retirement Option Program expansion, converting KPERS 3 members to KPERS 2 members), and a defined contribution plan design (thrift savings plan).
- Prepared 23 presentations, testimony, memoranda, and reports on a number of issues related to KPERS for 21 legislative meetings. Topics included KPERS overview information, the Governor's budget recommendation, KPERS long-term funding, Environmental, Social and Governance investments, and KPERS FY 2023 and FY 2024 budget request.

Planning and Research

- Worked with KPERS data stewards on data governance implementation, and chaired Data Governance Oversight Council, establishing a business glossary for common KPERS terms, reviewing data issues within the database, completing root cause analysis, and making recommendations for dealing with data quality issues and reviewing current database tables and beginning to establish Master Data elements.
- Prepared strategic plan update for presentation at the October Education and Planning meeting of the Board of Trustees.
- In collaboration with the General Counsel, assisted the Revisor of Statutes Office and Legislative Research with review of introduced legislation by identifying policy, drafting, and implementation issues and timelines, and administrative cost estimates.
- Coordinated review of pension's actuarial valuation with KPERS' consulting actuary and staff and coordinated review of death and disability valuation with its actuary and staff. Also coordinated with the consulting actuary to provide employer contribution, amortization, and funding information for the Governor's office.

DEFERRED COMPENSATION

The System coordinates deferred compensation activities for State employees and those local units of government that have elected to participate in the voluntary program. Results and initiatives in the program for the most recent available time period include:

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- For the seventh consecutive year, total participant enrollment increased. During CY 2022, 1,858 new participants were enrolled, bringing the total to 26,462.
- Total plan assets decreased by 7.6 percent from \$1.43 billion (March 2022) to \$1.32 billion (March 2023). Of that amount, \$870 million was in assets of State employees and \$452 million was in assets of local government employees.
- Total deferrals into the Plan decreased during CY 2022 by 0.7 percent. CY 2022 deferrals were \$63.2 million compared to \$63.6 million in CY 2020.
- A decrease of 124 or 0.9 percent in the number of actively deferring participants as of March 31, 2023, to 12,978 from the 13,102 actively deferring participants as of March 2022.
- Collaborated with Empower on strategic planning to improve plan outcomes and effectiveness in CY 2023, with a focus on increasing the number of employees deferring into the plan, participant enrollment, using data collection measurement, communications, administrative efficiencies, coordination with KPERS pension plans and future enhancements.
- Executed 24 new joinder agreements with local units of government for their affiliation with the Plan in calendar year 2022, with an additional seven joinder agreements signed through March of 2023.
- Completed the 2022 participant satisfaction survey. There were 1,532 responses to the survey, with a combined overall satisfaction rate of 90.2 percent (satisfied or very satisfied). Strong results were seen regarding the website being a good resource that is easy to use; positive interactions with Empower retirement plan counselors and specialists and quality of communication/education materials.
- The team continues to develop and produce a KPERS 457 Plan Dashboard of Key Performance Indicators which is compiled monthly and provided to members of the KPERS Executive Committee for review. Measures include Total Plan Assets, Number of Participants, Number of Active Plans, Average Participant Balance, Investment Diversification, Top Five Funds participants are invested in and various participant statistics.
- The Plan underwent a financial statement audit for CY 2022 by Moss Adams. The Plan received an unqualified opinion from Moss Adams.
- The fees for the plan remained highly competitive (as of March 31, 2023). The gross weighted average net investment expenses were 36.6 basis points, and 32.8 basis points when net of revenue sharing credited to participants. Recordkeeping fees of 14.8 basis points (same as last year) produced revenue to Empower of approximately \$1.87 million (as of March 31, 2023), a decrease of \$327,000 over last year's amount. KPERS 457 administrative fee also remained constant at 4.8 basis points generating approximately \$623,000 during the 12 months ending March 31, 2023. This is a decrease of \$78,000 over last year's administrative fee receipts.
- During the first quarter of 2023, work began on producing the Request for Proposals for both the Financial Statement and Compliance Audit services as well as for Recordkeeping and Communications Services.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT

Dept. Name:

Agency Name: Kansas Public Employees Retirement System

Agency Reporting Level:

Version: 2025-A-04-00365

Division of the Budget - KANSAS

Obj. Code	OBJECTS OF EXPENDITURE	FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
	Salaries and Wages	14,624,005	17,397,984	17,346,268
519990	Shrinkage	-	(397,034)	(395,644)
	TOTAL Salaries and Wages	14,624,005	17,000,950	16,950,624
52000	Communication	664,480	663,900	688,900
52100	Freight and Express	9,605	5,750	6,000
52200	Printing and Advertising	124,809	100,000	105,000
52300	Rents	85,194	112,000	112,000
52400	Reparing and Servicing	1,229,176	2,368,123	2,730,154
52500	Travel and Subsistence	-	156,000	176,000
52510	InState Travel and Subsistence	14,448	-	-
52520	Out of State Travel and Subsis	79,287	-	-
52530	International Travel and Subsis	9,093	-	-
52550	Travel & Subsistence	46,599	-	-
52600	Fees-other Services	862,676	530,850	555,850
52700	Fee-Professional Services	46,660,284	54,661,775	62,972,890
52800	Utilities	5,126	10,000	10,000
52900	Other Contractual Services	44,105,569	44,367,719	44,449,436
	TOTAL Contractual Services	93,896,346	102,976,117	111,806,230
53400	Maint Constr Material Supply	2,091	2,500	2,500
53500	Vehicle Part Supply Accessory	7,013	4,000	7,500
53600	Pro Science Supply Material	24,614	10,300	15,300
53700	Office and Data Supplies	47,047	101,150	101,150
53900	Other Supplies and Materials	6,939	7,000	7,500
	TOTAL Commodities	87,704	124,950	133,950
	TOTAL Capital Outlay	342,541	500,000	500,000
	SUBTOTAL State Operations	108,950,596	120,602,017	129,390,804
55200	Claims	1,994,705,252	2,188,523,956	2,275,176,061
	TOTAL Other Assistance	1,994,705,252	2,188,523,956	2,275,176,061
	TOTAL REPORTABLE EXPENDITURES	2,103,655,848	2,309,125,973	2,404,566,865
57000	Other Non-expense	1,675,300,664	122,494,109	124,430,710
	TOTAL Non-Expense Items	1,675,300,664	122,494,109	124,430,710
	TOTAL EXPENDITURES	3,778,956,512	2,431,620,082	2,528,997,575

**KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT**

Dept. Name:

Agency Name: Kansas Public Employees Retirement System

Agency Reporting Level:

Version: 2025-A-04-00365

Division of the Budget - KANSAS

Series	Fund Code	Fund/Account Title	FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
1	2376	2300 KPERS DEFER COMPNSATION FF	392,804	426,789	424,629
1	2376	2376 SUBTOTAL for 2376's	392,804	426,789	424,629
1	7002	7400 KPER-AGENCY OPERATIONS	11,655,928	13,234,473	13,188,142
1	7002	8000 KPER-INVESTMENT RELATED EXP	2,207,947	3,334,225	3,332,661
1	7002	7002 SUBTOTAL for 7002's	13,863,875	16,568,698	16,520,803
1	7358	9200 GROUP INSURANCE RESERVE FD	367,326	402,497	400,836
1	7358	7358 SUBTOTAL for 7358's	367,326	402,497	400,836
		1302 TOTAL Salaries and Wages	14,624,005	17,397,984	17,346,268
10	7002	7400 KPER-AGENCY OPERATIONS	-	(397,034)	(395,644)
10	7002	7002 SUBTOTAL for 7002's	-	(397,034)	(395,644)
		1312 TOTAL Shrinkage	-	(397,034)	(395,644)
2	2376	2300 KPERS DEFER COMPNSATION FF	146,225	191,900	191,900
2	2376	2310 Deferred Contrib 401(a) Plan	18,553	30,000	30,000
2	2376	2376 SUBTOTAL for 2376's	164,778	221,900	221,900
2	7002	7000 KS PUB EMP RETIREMENT FD	150,483	-	-
2	7002	7400 KPER-AGENCY OPERATIONS	12,144,747	13,529,061	18,343,432
2	7002	7405 KPER-AUDIT SERVICES TRANSFER	131,000	155,000	155,000
2	7002	8000 KPER-INVESTMENT RELATED EXP	229,079	325,000	325,000
2	7002	8020 KPER-IRE-PRIVATE MKT LEGAL FEE	245,500	294,000	308,000
2	7002	8030 KPER-IRE-PUBLIC MKT MGMT FEES	31,361,131	37,889,617	41,792,937
2	7002	8040 KPER-IRE-PUBLIC MKT LEGAL FEES	500	-	-
2	7002	8050 KPER-IRE-CUSTODIAL BANK FEES	1,523,869	1,493,500	1,568,200
2	7002	8060 KPER-IRE-INVEST CONSULTANT FEE	2,246,024	2,396,320	2,338,325
2	7002	7002 SUBTOTAL for 7002's	48,032,333	56,082,498	64,830,894
2	7357	9100 OPT DEATH BEN PLAN RESV FD	7,218,954	8,171,719	8,253,436
2	7357	7357 SUBTOTAL for 7357's	7,218,954	8,171,719	8,253,436
2	7358	9200 GROUP INSURANCE RESERVE FD	20,601,782	22,500,000	22,500,000
2	7358	9220 KPER-GROUP TERM LIFE	17,878,499	16,000,000	16,000,000
2	7358	7358 SUBTOTAL for 7358's	38,480,281	38,500,000	38,500,000
		1462 TOTAL Contractual Services	93,896,346	102,976,117	111,806,230
3	2376	2300 KPERS DEFER COMPNSATION FF	1,346	450	450
3	2376	2376 SUBTOTAL for 2376's	1,346	450	450
3	7002	7400 KPER-AGENCY OPERATIONS	86,358	123,500	132,500
3	7002	7002 SUBTOTAL for 7002's	86,358	123,500	132,500

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT

Dept. Name:

Agency Name: Kansas Public Employees Retirement System

Agency Reporting Level:

Version: 2025-A-04-00365

Division of the Budget - KANSAS

Series	Fund Code	Fund/Account Title	FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
3	7358	9200 GROUP INSURANCE RESERVE FD	-	1,000	1,000
3	7358	7358 SUBTOTAL for 7358's	-	1,000	1,000
		1522 TOTAL Commodities	87,704	124,950	133,950
4	7002	7400 KPER-AGENCY OPERATIONS	340,267	500,000	500,000
4	7002	8000 KPER-INVESTMENT RELATED EXP	2,274	-	-
4	7002	7002 SUBTOTAL for 7002's	342,541	500,000	500,000
		1572 TOTAL Capital Outlay	342,541	500,000	500,000
9	7002	7000 KS PUB EMP RETIREMENT FD	1,994,705,252	2,188,523,956	2,275,176,061
9	7002	7002 SUBTOTAL for 7002's	1,994,705,252	2,188,523,956	2,275,176,061
		1592 TOTAL Other Assistance	1,994,705,252	2,188,523,956	2,275,176,061
92	7002	7000 KS PUB EMP RETIREMENT FD	1,628,300,664	68,000,000	68,000,000
92	7002	7002 SUBTOTAL for 7002's	1,628,300,664	68,000,000	68,000,000
92	7358	9200 GROUP INSURANCE RESERVE FD	47,000,000	54,494,109	56,430,710
92	7358	7358 SUBTOTAL for 7358's	47,000,000	54,494,109	56,430,710
		1612 TOTAL Non-Expense Items	1,675,300,664	122,494,109	124,430,710
		1612 TOTAL All Funds	3,778,956,512	2,431,620,082	2,528,997,575

**KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT**

Dept. Name:

Agency Name: Kansas Public Employees Retirement System

**Agency
Reporting
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Version: 2025-A-04-00365

Division of the Budget - KANSAS

Fund Code	Fund/Account Title	FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
2300	KPERS DEFER COMPNSATION FF	540,375	619,139	616,979
2310	Deferred Contrib 401(a) Plan	18,553	30,000	30,000
2376	SUBTOTAL KPERS DEFER COMPNSATION FF	558,928	649,139	646,979
7000	KS PUB EMP RETIREMENT FD	3,623,156,399	2,256,523,956	2,343,176,061
7400	KPER-AGENCY OPERATIONS	24,227,300	26,990,000	31,768,430
7405	KPER-AUDIT SERVICES TRANSFER	131,000	155,000	155,000
8000	KPER-INVESTMENT RELATED EXP	2,439,300	3,659,225	3,657,661
8020	KPER-IRE-PRIVATE MKT LEGAL FEE	245,500	294,000	308,000
8030	KPER-IRE-PUBLIC MKT MGMT FEES	31,361,131	37,889,617	41,792,937
8040	KPER-IRE-PUBLIC MKT LEGAL FEES	500	-	-
8050	KPER-IRE-CUSTODIAL BANK FEES	1,523,869	1,493,500	1,568,200
8060	KPER-IRE-INVEST CONSULTANT FEE	2,246,024	2,396,320	2,338,325
7002	SUBTOTAL KS PUB EMP RETIREMENT FD	3,685,331,023	2,329,401,618	2,424,764,614
9100	OPT DEATH BEN PLAN RESV FD	7,218,954	8,171,719	8,253,436
7357	SUBTOTAL OPT DEATH BEN PLAN RESV FD	7,218,954	8,171,719	8,253,436
9200	GROUP INSURANCE RESERVE FD	67,969,108	77,397,606	79,332,546
9220	KPER-GROUP TERM LIFE	17,878,499	16,000,000	16,000,000
7358	SUBTOTAL GROUP INSURANCE RESERVE FD	85,847,607	93,397,606	95,332,546
TOTAL MEANS OF FUNDING		3,778,956,512	2,431,620,082	2,528,997,575

**KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT**

Agency Name: Kansas Public Employees Retirement System

Agcy No: 00365 00365

Division of the Budget - KANSAS

1		2	3	4
Object/Revenue			FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
Code	Description	FY 2023 Actuals		
1110000	1110000 Board of Trustees (365-00-01030-1110000-0000-000)	318,868	339,503	340,501
1110000	1110000 Board of Trustees (365-00-07200-1110000-0000-000)	26,938	15,684	15,683
1120000	1120000 Administrative Division (365-00-01030-1120000-0000-000)	3,645,666	3,708,687	3,796,472
1120000	1120000 Administrative Division (365-00-01038-1120000-0000-000)	1,839,278	2,175,575	2,173,902
1120000	1120000 Administrative Division (365-00-07000-1120000-0000-000)	67,623	96,748	96,263
1120000	1120000 Administrative Division (365-00-07100-1120000-0000-000)	68,869	98,020	97,484
1120000	1120000 Administrative Division (365-00-07200-1120000-0000-000)	491,222	589,807	587,870
1130000	1130000 Fiscal Services Division (365-00-01030-1130000-0000-000)	3,041,282	3,298,770	3,306,308
1130000	1130000 Fiscal Services Division (365-00-01038-1130000-0000-000)	-	69,174	69,273
1130000	1130000 Fiscal Services Division (365-00-07000-1130000-0000-000)	44,364	48,007	47,714
1130000	1130000 Fiscal Services Division (365-00-07100-1130000-0000-000)	21,439	22,605	22,494
1130000	1130000 Fiscal Services Division (365-00-07200-1130000-0000-000)	26,511	28,251	28,100
1140000	1140000 Member Services Division (365-00-01030-1140000-0000-000)	4,335,997	4,523,718	4,648,883
1140000	1140000 Member Services Division (365-00-01038-1140000-0000-000)	10,634	217,024	216,745
1140000	1140000 Member Services Division (365-00-07000-1140000-0000-000)	239,147	251,836	251,032
1170000	1170000 Investments Division (365-00-07100-1170000-0000-000)	2,348,992	3,538,600	3,537,683
1180000	1180000 Information Resources Division (365-00-01030-1180000-0000-000)	10,062,702	6,236,221	7,793,165
1180000	1180000 Information Resources Division (365-00-01038-1180000-0000-000)	1,103,873	6,576,328	9,578,181

**KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT**

Agency Name: Kansas Public Employees Retirement System

Agcy No: 00365 00365

Division of the Budget - KANSAS

1		2	3	4
Object/Revenue			FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
Code	Description	FY 2023 Actuals		
1180000	1180000 Information Resources Division (365-00-07000-1180000-0000-000)	16,192	16,906	16,827
1180000	1180000 Information Resources Division (365-00-07200-1180000-0000-000)	14,257	15,397	15,326
1210000	1210000 KPERS Combined (365-00-07000-1210000-0000-000)	1,663,173,213	101,155,828	103,174,146
1210000	1210000 KPERS Combined (365-00-07100-1210000-0000-000)	35,377,024	42,073,437	46,007,462
1310000	1310000 Non-School Main (365-00-07000-1310000-0000-000)	734,158,113	789,905,000	789,905,000
1316000	1316000 Regents (365-00-07000-1316000-0000-000)	3,812,634	3,821,500	3,821,500
1318000	1318000 Legislative Session (365-00-07000-1318000-0000-000)	281,490	300,000	300,000
1319000	1319000 Special Legislative (365-00-07000-1319000-0000-000)	458,255	450,000	450,000
1319100	1319100 Special Elected Officials (365-00-07000-1319100-0000-000)	830,539	865,000	865,000
1410000	1410000 Kansas Police & Fire (365-00-07000-1410000-0000-000)	239,238,440	247,945,000	247,945,000
1510000	1510000 School Main (365-00-07000-1510000-0000-000)	1,059,117,814	1,197,126,956	1,283,779,061
1515000	1515000 KSRS (365-00-07000-1515000-0000-000)	2,600	3,000	3,000
1516000	1516000 KCKS Teachers (365-00-07000-1516000-0000-000)	207,917	207,500	207,500
1710000	1710000 Judges (365-00-07000-1710000-0000-000)	14,574,619	15,900,000	15,900,000
	TOTAL BY APPROPRIATION ORGS	3,778,956,512	2,431,620,082	2,528,997,575
1	Salaries and Wages	14,624,005	17,397,984	17,346,268
10	Shrinkage	-	(397,034)	(395,644)
2	Contractual Services	93,896,346	102,976,117	111,806,230
3	Commodities	87,704	124,950	133,950
4	Capital Outlay	342,541	500,000	500,000
9	Other Assistance	1,994,705,252	2,188,523,956	2,275,176,061
92	Non-Expense Items	1,675,300,664	122,494,109	124,430,710
	TOTAL BY OBJECT SERIES	3,778,956,512	2,431,620,082	2,528,997,575

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT

Agency Name: Kansas Public Employees Retirement System

Agcy No: 00365 00365

Division of the Budget - KANSAS

1		2	3	4
Object/Revenue			FY 2024 Adjusted	FY 2025 Adjusted
Code	Description	FY 2023 Actuals	Budget Request	Budget Request
2376	KPERS DEFER COMPNSATION FF	558,928	649,139	646,979
7002	KPER-AGENCY OPERATIONS	3,685,331,023	2,329,401,618	2,424,764,614
7357	OPT DEATH BEN PLAN RESV FD	7,218,954	8,171,719	8,253,436
7358	GROUP INSURANCE RESERVE FD	85,847,607	93,397,606	95,332,546
TOTAL BY FUNDS		3,778,956,512	2,431,620,082	2,528,997,575
	FTE	0.00	99.35	99.35
TOTAL AUTHORIZED EMPLOYEES		0.00	99.35	99.35

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT

Explanation of Receipt Estimates – DA 405

K.S.A. 74-4902 (19) and K.S.A. 74-4921 establish the Kansas Public Employees Retirement Fund. The fund was created for the payment of expenses and benefits under the Retirement System. K.S.A. 74-4920 provides that the Division of the Budget and the Governor shall include in the budget and in the budget requests for appropriations for personal services the sum required to satisfy the state's obligation under the Retirement Act as certified by the Board and shall present the same to the Legislature for allowance of appropriation. Finally, K.S.A. 74-4939 provides that participating employers under K.S.A. 74-4931 (School Employers) shall certify to the State Board of Education before September 15 of each year the anticipated total compensation to be paid during the next fiscal year to employees who are or are to become members. The State Board of Education is required to transmit the necessary compensation information to the Division of Budget and the Governor, who shall include in the budget and budget document each year provisions for the transfer from the State General Fund of sufficient sums to satisfy the participating employer's obligation under the Retirement Act.

K.S.A. 74-4919 established an employee contribution rate under KPERS of 6% for all members that became members prior to July 1, 2009, K.S.A. 74-49,210 establishes a rate of 6% for all employees with membership on and after July 1, 2009, and K.S.A. 74-49,305 establishes a rate of 6% for all employees with membership on and after January 1, 2015.

K.S.A. 74-4920 establishes the State employer contribution rate and a local employer contribution rate. State statute delegates the certification of employer contribution rates to the KPERS Board of Trustees. This is accomplished through the completion of an annual actuarial valuation, which includes the actuarial required contribution rate each year. The combined State/School Group employer contribution rate for FY 2024 is 12.57% and 11.42% for FY 2025. The State/School statutory employer contribution rates are equal to the actuarial required contribution rate in both FY 2024 and FY 2025.

Local employer contribution rates are paid on a calendar year basis. In CY 2024 the local employer rate is 9.26% and in CY 2025 the employer contribution rate is 9.60% for local employers. Local employers have been contributing the full actuarial rate since CY 2015.

The State was in the process of making additional payment on delayed contributions from FY 2017 and FY 2019. However, 2022 SB 421 appropriated the remaining balance of those delayed contributions, and no further payments are scheduled.

Each employer contributes to the Group Insurance Fund. The employer insurance contribution rate is established in K.S.A. 74-4927 as 1.0% of compensation. The Legislature has, from time to time,

placed a moratorium on contributions to the Group Insurance Fund, most recently for all of FY 2021 for State/School employers and July 2021 through June 2022 for Local employers.

A special class of correctional employees in KPERS has a different plan design than regular KPERS members; Correctional Group 55 (C55), which is generally correctional officers, has a normal retirement age of 55 and Correctional Group 60 (C60), which is other correctional employees with regular inmate contact, has a normal retirement age of 60. Employer contributions for this group differ slightly due to the plan design differences. For FY 2024, the employer contribution rate is 12.99% for the C55 group and 13.73% for the C60 group. For FY 2025, the employer contributions are scheduled to be 12.34% for the C55 group and 13.13% for the C60 group.

K.S.A. 20-2603 establishes the employee contribution rate for Judges at 6%. The employer rate of contribution for Judges is 16.48% in FY 2024 and 21.35% in FY 2025.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM BUDGET REPORT

FY 2024 and FY 2025 revenue estimates for the Kansas Police and Firemen's Retirement System are based upon an employee contribution rate of 7.15%. KSA 74-4954b allows employers to affiliate under KP&F for future service only. Under this method of affiliation, the local employers will contribute at the uniform rate of 22.86% in FY 2024 and 23.10% in FY 2025. The revenue estimates for the Kansas Police and Firemen's Retirement System also take into account the provisions of K.S.A. 12-5001 and 12-5007 affecting cities that presently have local police and fire pension funds. Any city with local police and fire plans may merge the plans with KP&F and discontinue the administration of the local funds. Cities not presently in KP&F thereby become new participating employers in the statewide system; the contribution rates for such cities are 16.0% of salary for the first year after merger and, in subsequent years, the rates certified by the Board.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM BUDGET REPORT

Agency: 00365 Kansas Public Employees Retirement System

Version: 2025-A-04-00365

Fund Number: 2277 2200

Name: NON-RETIREMENT ADMIN FD

		FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
40007	CASH FORWARD	130,336	130,336	130,336
	Total Available	130,336	130,336	130,336
	Total Expenditures	-	-	-
	Balance Forward	130,336	130,336	130,336

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT

Agency: 00365 Kansas Public Employees Retirement System
Version: 2025-A-04-00365
Fund Number: 2376 2300
Name: KPERS DEFER COMPNSATION FF

		FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
40007	CASH FORWARD	52,879	15,217	15,217
430150	AVERAGE DAILY BALANCE INTEREST	2,712	-	-
441010	ALL OTHER OPERATING GRANTS	500,000	619,139	616,979
463790	RECOVERY OF PRIOR FISCAL YEAR ADMINISTRATIVE EXPENSES	1	-	-
	Total Available	555,592	634,356	632,196
	Total Reportable Expenditures	540,375	619,139	616,979
	Total Expenditures	540,375	619,139	616,979
	Balance Forward	15,217	15,217	15,217

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT

Agency: 00365 Kansas Public Employees Retirement System
Version: 2025-A-04-00365
Fund Number: 2376 2310
Name: Deferred Contrib 401(a) Plan

		FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
40007	CASH FORWARD	(799)	(19,352)	(19,352)
441010	ALL OTHER OPERATING GRANTS	-	30,000	30,000
	Total Available	(799)	10,648	10,648
	Total Reportable Expenditures	18,553	30,000	30,000
	Total Expenditures	18,553	30,000	30,000
	Balance Forward	(19,352)	(19,352)	(19,352)

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT

Agency: 00365 Kansas Public Employees Retirement System
Version: 2025-A-04-00365
Fund Number: 7002 7000
Name: KS PUB EMP RETIREMENT FD

		FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
40007	CASH FORWARD	7,816,464,535	7,776,335,274	9,023,631,636
462290	REFUND OF ADVANCES NOT CLASSIFIED ELSEWHERE	1,970,920,000	2,007,207,844	2,007,207,844
462900	OTHER REIMBURSEMENTS AND REFUNDS	3,413	-	-
463100	EMPLOYEE CONTRIBUTIONS	505,899,110	514,429,729	527,284,472
463190	EMPLOYEE DROP CONTRIBUTIONS	360,993	360,000	375,000
463200	EMPLOYER CONTRIBUTIONS	811,407,870	1,032,851,654	1,006,680,037
463240	EMPLOYER PENALTY	2,886,100	3,048,753	3,050,000
463250	EMPLOYER CONTRIBUTIONS AFTER RETIREMENT	13,186,217	12,400,000	12,500,000
463290	EMPLOYER DROP CONTRIBUTIONS	1,160,732	1,350,000	1,400,000
463600	PURCHASE OF PRIOR SERVICE CREDIT	5,654,811	5,050,000	5,050,000
463710	RECOVERY PRIOR FISCAL YEAR MONTHLY BENEFITS	164,153	-	-
463720	RECOVERY PRIOR FISCAL YEAR WITHDRAWALS	91,912	-	-
463730	RECOVERY PARTIAL LUMP-SUM OPTION – RETIREMENT BENEFITS	135,391	-	-
463780	RECOVERY PRIOR FISCAL YEAR DEATH BENEFITS	22,458	-	-
766010	OPERATING TRANSFERS IN	271,133,978	-	-
766020	OPERATING TRANSFERS OUT	-	(72,877,662)	(77,988,553)
	Total Available	11,399,491,673	11,280,155,592	12,509,190,436
	Total Reportable Expenditures	1,994,855,735	2,188,523,956	2,275,176,061
	Total Non-Reportable Expenditures	1,628,300,664	68,000,000	68,000,000
	Total Expenditures	3,623,156,399	2,256,523,956	2,343,176,061
	Balance Forward	7,776,335,274	9,023,631,636	10,166,014,375

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT

Agency: 00365 Kansas Public Employees Retirement System
Version: 2025-A-04-00365
Fund Number: 7002 7400
Name: KPER-AGENCY OPERATIONS

		FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
40007	CASH FORWARD	(2,725,255)	(26,878,945)	(26,878,945)
463790	RECOVERY OF PRIOR FISCAL YEAR ADMINISTRATIVE EXPENSES	73,610	-	-
766010	OPERATING TRANSFERS IN	-	26,990,000	31,768,430
	Total Available	(2,651,645)	111,055	4,889,485
	Total Reportable Expenditures	24,227,300	26,990,000	31,768,430
	Total Expenditures	24,227,300	26,990,000	31,768,430
	Balance Forward	(26,878,945)	(26,878,945)	(26,878,945)

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT

Agency: 00365 Kansas Public Employees Retirement System
Version: 2025-A-04-00365
Fund Number: 7002 7405
Name: KPER-AUDIT SERVICES TRANSFER

		FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
40007	CASH FORWARD	(8,038)	(139,038)	(139,038)
766010	OPERATING TRANSFERS IN	-	155,000	155,000
	Total Available	(8,038)	15,962	15,962
	Total Reportable Expenditures	131,000	155,000	155,000
	Total Expenditures	131,000	155,000	155,000
	Balance Forward	(139,038)	(139,038)	(139,038)

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT

Agency: 00365 Kansas Public Employees Retirement System
Version: 2025-A-04-00365
Fund Number: 7002 8000

Name:		FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
	KPER-INVESTMENT RELATED EXP			
40007	CASH FORWARD	(207,086)	(2,646,386)	(2,646,386)
766010	OPERATING TRANSFERS IN	-	3,659,225	3,657,661
	Total Available	(207,086)	1,012,839	1,011,275
	Total Reportable Expenditures	2,439,300	3,659,225	3,657,661
	Total Expenditures	2,439,300	3,659,225	3,657,661
	Balance Forward	(2,646,386)	(2,646,386)	(2,646,386)

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT

Agency: 00365 Kansas Public Employees Retirement System
Version: 2025-A-04-00365
Fund Number: 7002 8020
Name: KPER-IRE-REAL ESTATE MGMT FEES

		FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
40007	CASH FORWARD	(266,736)	(512,236)	(512,236)
766010	OPERATING TRANSFERS IN	-	294,000	308,000
	Total Available	(266,736)	(218,236)	(204,236)
	Total Reportable Expenditures	245,500	294,000	308,000
	Total Expenditures	245,500	294,000	308,000
	Balance Forward	(512,236)	(512,236)	(512,236)

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT

Agency: 00365 Kansas Public Employees Retirement System
Version: 2025-A-04-00365
Fund Number: 7002 8030
Name: KPER-IRE-PUB TRADED SEC MGMT

		FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
40007	CASH FORWARD	(9,098,200)	(40,459,331)	(40,459,331)
766010	OPERATING TRANSFERS IN	-	37,889,617	41,792,937
	Total Available	(9,098,200)	(2,569,714)	1,333,606
	Total Reportable Expenditures	31,361,131	37,889,617	41,792,937
	Total Expenditures	31,361,131	37,889,617	41,792,937
	Balance Forward	(40,459,331)	(40,459,331)	(40,459,331)

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT

Agency: 00365 Kansas Public Employees Retirement System
Version: 2025-A-04-00365
Fund Number: 7002 8040
Name: KPER-IRE-DIRCT PLCMT INVST PRG

		FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
40007	CASH FORWARD	(7,852)	(8,352)	(8,352)
	Total Available	(7,852)	(8,352)	(8,352)
	Total Reportable Expenditures	500	-	-
	Total Expenditures	500	-	-
	Balance Forward	(8,352)	(8,352)	(8,352)

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT

Agency: 00365 Kansas Public Employees Retirement System
Version: 2025-A-04-00365
Fund Number: 7002 8050
Name: KPER-IRE-CUSTODIAL BANK FEES

		FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
40007	CASH FORWARD	(567,005)	(2,090,874)	(2,090,874)
766010	OPERATING TRANSFERS IN	-	1,493,500	1,568,200
	Total Available	(567,005)	(597,374)	(522,674)
	Total Reportable Expenditures	1,523,869	1,493,500	1,568,200
	Total Expenditures	1,523,869	1,493,500	1,568,200
	Balance Forward	(2,090,874)	(2,090,874)	(2,090,874)

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT

Agency: 00365 Kansas Public Employees Retirement System
Version: 2025-A-04-00365
Fund Number: 7002 8060
Name: KPER-IRE-INVEST CONSULTANT FEE

		FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
40007	CASH FORWARD	(709,429)	(2,955,453)	(2,955,453)
766010	OPERATING TRANSFERS IN	-	2,396,320	2,338,325
	Total Available	(709,429)	(559,133)	(617,128)
	Total Reportable Expenditures	2,246,024	2,396,320	2,338,325
	Total Expenditures	2,246,024	2,396,320	2,338,325
	Balance Forward	(2,955,453)	(2,955,453)	(2,955,453)

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT

Agency: 00365 Kansas Public Employees Retirement System
Version: 2025-A-04-00365
Fund Number: 7357 9100
Name: OPT DEATH BEN PLAN RESV FD

		FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
40007	CASH FORWARD	1,104,940	2,012,295	2,012,295
430150	AVERAGE DAILY BALANCE INTEREST	35,498	-	-
463400	OPTIONAL LIFE INSURANCE	8,090,811	8,171,719	8,253,436
	Total Available	9,231,249	10,184,014	10,265,731
	Total Reportable Expenditures	7,218,954	8,171,719	8,253,436
	Total Expenditures	7,218,954	8,171,719	8,253,436
	Balance Forward	2,012,295	2,012,295	2,012,295

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT

Agency: 00365 Kansas Public Employees Retirement System
Version: 2025-A-04-00365
Fund Number: 7358 9200
Name: GROUP INSURANCE RESERVE FD

		FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
40007	CASH FORWARD	493,068	22,242,857	31,445,251
430150	AVERAGE DAILY BALANCE INTEREST	134,868	-	-
462290	REFUND OF ADVANCES NOT CLASSIFIED ELSEWHERE	3,000,000	-	-
463300	INSURANCE CONTRIBUTIONS	86,584,029	86,600,000	86,600,000
	Total Available	90,211,965	108,842,857	118,045,251
	Total Reportable Expenditures	20,969,108	22,903,497	22,901,836
	Total Non-Reportable Expenditures	47,000,000	54,494,109	56,430,710
	Total Expenditures	67,969,108	77,397,606	79,332,546
	Balance Forward	22,242,857	31,445,251	38,712,705

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT

Agency: 00365 Kansas Public Employees Retirement System
Version: 2025-A-04-00365
Fund Number: 7358 9220
Name: KPER-GROUP TERM LIFE

		FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
40007	CASH FORWARD	-	(17,878,499)	(17,878,499)
463300	INSURANCE CONTRIBUTIONS	-	16,000,000	16,000,000
	Total Available	-	(1,878,499)	(1,878,499)
	Total Reportable Expenditures	17,878,499	16,000,000	16,000,000
	Total Expenditures	17,878,499	16,000,000	16,000,000
	Balance Forward	(17,878,499)	(17,878,499)	(17,878,499)

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM BUDGET REPORT

Program Title:

OPERATIONS

Program Explanation:

This program provides a centralized agency to accumulate funds and statistical information on about 340,000 active, inactive, and retired members of the various systems under its jurisdiction. It provides services to more than 1,500 participating employers and their members in the areas of (1) determining creditable service, (2) purchasing and repurchasing service credit, (3) withdrawing, (4) retiring, (5) death and long-term disability benefits, and (6) prompt and accurate financial reporting.

Long Term Trends:

KPERS assets are invested according to the "prudent expert standard of care" for the sole purpose of providing benefits to our members. Solid investment performance over the long-term is vital to sound funding. KPERS' investment strategy is designed to withstand short-term market volatility and economic downturns, as well as to benefit from strong market and economic environments. The FY 2023 investment return was 7.4%.

According to the Retirement System's most recent actuarial valuation (12/31/2022) the System's funded ratio is 73.4%, up from a low of 56.4% in the 2012 valuation. The funded ratio is the ratio of actuarial assets to future liabilities. Long-term funding remains a primary focus of the System. The 2012 Legislature made plan design changes to the KPERS plan for employers, current employees, and future employees. These changes are a major step toward making the Retirement System more sustainable and helping to pay promised benefits long-term. Positive investment gains in recent years have helped to improve the funded ratio of the System in the short term, the Legislative changes were designed to ensure continued improvement and sustainability in the long term.

Associated with the funding issues, numerous requests for information and analysis are being placed upon the agency. In addition, demands are being placed on the agency to provide counseling services, retirement benefit estimates, more informative annual statements, and to be able to respond more promptly and accurately to the requests of more than 340,000 members and 1,500 participating employers. In the future it will be of even greater importance that the System have the capability to process information accurately and quickly as well as serve the needs of an even greater number of active and retired members.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT

KPERS General Operations

	FY 2024 Request	FY 2025 Estimate
Total General Operations Expenditures*	\$ 28,207,636	\$ 32,982,245

*Total reflects General Operations, Death and Disability and Deferred Compensation administrative expenses. Included in FY 2024 and FY 2025 are expenditures related to the modernization of the pension administration system.

Expenditure Justification:

Account Code Series 100: Salaries and Wages

FY 2024 – \$13,666,725; FY 2025 – \$13,617,963: The agency administers three programs (Operations, Benefits, and Investment Related Expenses). Staffing includes 99.35 unclassified positions. The Board of Trustees has statutory authority to create both classified and unclassified positions as well as setting the salary for unclassified positions. Traditionally the agency has not been subject to a full-time position limitation. The Board of Trustees received and approved a market study of salaries with a goal of rewarding performance, retaining experienced staff, and when necessary recruiting quality staff. Fringe benefit costs are also increasing, primarily for contributions for KPERS and group health insurance.

The Fiscal Year 2024 and Fiscal Year 2025 budget requests reflect continuing the current level of staffing, and other merit adjustments approved by the Board of Trustees. Additional staffing expenditures are anticipated for the pension administration system modernization (additional detail in modernization overview section of the budget narrative); however, those positions will initially be contract positions. During the modernization process, KPERS will determine if the positions will be necessary on an ongoing basis in future fiscal years.

Account Code Series 200: Communications

FY 2024 – \$650,400; FY 2025 – \$675,400: This level of expenditures covers all phone services, including the call center (which handles over 100,000 calls annually), which is imperative to the success of the agency. This also includes postage costs for the various publications that are mailed directly to members.

Account Code Series 210: Freight and Express

FY 2024 – \$5,000 ; FY 2025 – \$5,250: KPERS sends members’ annual statements to several large agencies for distribution. This also includes overnight express mailings. This mode of transportation is used as the volume is usually so great that it is more economical than first class mail or parcel post.

Account Code Series 220: Printing and Advertising

FY 2024 – \$100,000; FY 2025 – \$105,000: Included in this request are several publications required by law. K.S.A. 74-4907(2) requires the Board to provide an annual report covering the operation of the System for the past fiscal year including income and disbursements and the financial condition of the System at the end of the fiscal year, showing the assets, investments, liabilities, etc. Although the report is available electronically, the agency still receives requests for printed copies of the annual report each year to provide from our Designated Agents, legislators, etc.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM BUDGET REPORT

As an agency that is serving nearly 227,000 active and inactive public employees and over 113,000 retired members, it is imperative that KPERS provide members with sufficient information regarding their rights and benefits under the Retirement System. Since its inception in 1962, the Retirement System has expanded in (1) service-connected coverage; (2) group life insurance and long-term disability coverage; and (3) various purchases and repurchases of service credit. To facilitate the transmittal of this information, KPERS publishes many types of brochures and newsletters. Annually KPERS publishes membership guides and other publications used by active members, retiree newsletters, and communication and education to employers. Also requested at this allocation level are the miscellaneous forms, memos, and letterhead used in the day-to-day operation of the System.

Account Code Series 230: Rent

FY 2024 – \$100,000; FY 2025 – \$100,000: KPERS maintains a business continuity site in Lawrence. In the past the cost of this space was subcontracted through the contract with our information technology vendor (Sagitec). Starting in FY 2022, KPERS took over the lease of the business continuity site and will continue to maintain the facility.

This level also includes funds for storage facilities for documents and supplies, i.e., envelopes, brochures, manuals, etc. In addition, the System rents meeting room space for designated agents and membership workshops throughout the state. Also included in this category is copier rental at the System's office.

Account Code Series 240: Repairing and Servicing

FY 2024 – \$2,368,123; FY 2025 – \$2,730,154: This item includes estimated expenses for maintenance agreements for the agency's computer system maintenance agreements. Also included are estimated expenditures for repairs on computers and related equipment that doesn't qualify as capital outlay.

In June of 1998, KPERS moved to its present location at 611 Kansas Avenue. This building is owned by the Retirement System and the agency is housed rent-free. The agency occupies office space on the first and second floors and pays the proportionate share of building management and janitorial services.

The FY 2024 and FY 2025 includes a portion of the expected expenditures for the pension administration modernization project and the computer system upgrades that will be required in these Fiscal Years.

Account Code Series 250: Travel and Subsistence

FY 2024 – \$113,000; FY 2025 – \$133,000: K.S.A. 74-4906(3) provides that, "Members of the Kansas Public Employees Retirement Board of Trustees attending meetings of such board or attending a subcommittee meeting thereof authorized by such board, shall be paid compensation, subsistence allowance, mileage and other expenses." In addition, K.S.A. 74-4909(15) empowers the Board to authorize in-state and out-of-state travel at the federal IRS reimbursement rates. Presently, the KPERS Board has eight members who reside outside the Topeka area. The System is assuming that there will be 7 board meetings in each of FY 2024 and FY 2025.

Travel and subsistence expenditures includes investment-related travel for the Chief Investment Officer, Investment Officers, and the Investment Analysts. Travel involves due diligence meetings with external managers, investment consultants, and the review of potential investment properties.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM BUDGET REPORT

Other staff travel includes travel by staff members that have contact with the affiliated employers and members throughout the State of Kansas. Much of the traveling involves the work of eight State Auditor positions who audits the employers on-site ensuring that proper procedures are followed in processing KPERS activity.

We also have field representatives that assist employers and members throughout the state. The travel for these employees falls basically into two categories, the first being the travel to the Designated Agents of the participating employers to acquaint them with the various forms, rules, regulations, policies, and guidelines of the Retirement System as they apply to the individual members of the Retirement System and to assist them with specific problems as they occur. Whenever a participating employer of the Retirement System designates a new agent for retirement matters, it is generally the System who provides the basic training for these new agents.

The second category of travel is employee group meeting presentations. These are generally made on request by the group in question and involve a variety of types and numbers of employees. In addition, staff appears upon request on the program of various groups such as City Clerks Association, County Clerks Association, League of Kansas Municipalities, School Board Association, etc., to discuss the Retirement System.

Account Code Series 260: Fees – Other Services

FY 2024 – \$507,500; FY 2025 – \$532,500: Expenditures of other services include the fees related to the State’s Financial Management Software (SMART). This account code also includes funding for contract employees related to the pension administration system modernization.

Account Code Series 270: Fees – Professional Services

FY 2024 – \$9,885,938; FY 2025 – \$14,263,028: Included are fees for actuarial consulting services related to the actuarial funding valuation, review of proposed amendments; assistance in preparation of rules and regulations; actuarial advice; review of benefit award calculation procedures; plan design modeling; general consulting advice on Retirement System concepts and administrative procedures and an annual analysis of experience of the insured benefit program with advice as to possible changes in line with actual and projected experience. Actuarial services have increased in recent years to comply with the new Governmental Accounting Standards Board (GASB) 67, GASB 68 and GASB 75 requirements.

The System utilizes outside legal services for representation and counsel in matters of potential or actual litigation with the Federal government or with individual plan participants relating to the federal tax treatment of plan benefits.

Computer programming and support continues to be the largest professional service cost. The current vendor provides software assurance support, maintenance, and modifications of the membership information system (KITS). Included in the budget request are the annual expenditures to maintain the System’s disaster recovery hot site and ongoing security analysis and maintenance of the System’s information system.

KPERS proportionate share of utilities costs for office space at the 611 S. Kansas building are included in this account code because the utilities costs are paid to the building management company.

The FY 2024 and FY 2025 budgets reflect expenditures necessary to have the technical and infrastructure needs in place to begin a modernization effort of the existing pension administration system. The modernization effort began in FY 2021 after KPERS received approval and additional appropriations to begin the process. The budget request reflects the estimated costs to continue the modernization project in FY 2024 and FY 2025. Additional detail on the modernization effort is included in a separate section of this narrative.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT

Account Code Series 280: Utilities

FY 2024 – \$10,000; FY 2025 – \$10,000: The amount budgeted for utilities are specific to KPERS business continuity site in Lawrence. In previous fiscal years this was included as part of the contractual cost for the business continuity site but has now shifted to this account code.

Utilities for KPERS' Topeka office are included in the building management contract and included in account code 270.

Account Code Series 290: Other Contractual Services

FY 2024 – \$176,000; FY 2025 – \$176,000: Included is an amount for the System's pro-rata share of the cost of insurance and building services at 611 Kansas Avenue.

Included in the item of Other Contractual Services are membership fees to national public pension organizations such as National Association of State Retirement Administrators. The System provides data and information on KPERS and KP&F for the Public Fund Survey. KPERS provides an annual report on the legislative and administrative changes and developments in the State of Kansas and responds to periodic surveys or questionnaires on retirement questions. A membership fee is also included to the National Council on Teacher Retirement. These associations are for the exchange of technical concepts involving all phases of the public employee retirement system including, but not limited to, actuarial, accounting, investments, administrative procedures, legislative enactments, new developments, and concepts relating to retirement systems, both in the public and private sectors.

Other dues include the National Association of Pension Plan Attorneys, the Association of Public Pension Plan Auditors, and the International Foundation of Employer's Benefit Plans. Also included is a membership in the Governmental Finance Officers Association of the United States and Canada. GFOA is an association of professionals and among other things is a clearinghouse of new ideas, procedures, and developments in the field of municipal accounting. GFOA has several divisions, one of which is Public Employee Retirement System. The GFOA in conjunction with the National Council on Governmental Accounting (NCGA) sponsors a Certificate of Excellence in Financial Reporting program.

KPERS subscribes to a locator service provider, Accurint, to locate and identify correct member addresses. This enables the Retirement System to have instant access to a database of records that provides a valuable tool in finding members or former members who are entitled to benefits or a return of contributions.

The agency also subscribes to services such as NYSE Market Inc., Dow Jones & Co., Inc., and Wolters Kluwer Financial Services, Inc. for the purpose of monitoring developments in the financial investment markets.

Employee awards are included based on the Governor's initiative to recognize the high level of service provided by state of Kansas employees. A portion of the budgeted expenditures include official hospitality related to employer and employee workshops and meetings.

Account Code Series 340: Maintenance, Material, Supplies, Parts

FY 2024 – \$2,500; FY 2025 – \$2,500: This is requested for cables, power cells and various supplies related to the System's computer connections.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT

Account Code Series 350: Motor Vehicle Parts

FY 2024 – \$4,000; FY 2025 – \$ 7,500: Included within this account code series are expenditures for the purchase of gasoline by Field Auditors and Field Representatives.

Account Code Series 360: Professional and Scientific Supplies and Material

FY 2024 – \$10,300; FY 2025 – \$15,300: Included within this Account Code Series are subscriptions to professional publications and/or services such as the Legislative Directory, K.S.A. Supplements, The Kansas Bank Directory and miscellaneous technical publications and supplies.

Account Code Series 370: Stationery and Office Supplies and Material

FY 2024 – \$101,150; FY 2025 – \$101,150: This item includes retirement benefit envelopes and other envelopes, office stationery, fax machine supplies, copy machine supplies and general office supplies.

Account Code Series 390: Other Supplies, Materials and Parts

FY 2024 – \$7,000; FY 2025 – \$7,500: Expenditures for other supplies, materials and parts is primarily for household supplies, including materials for board meetings, other employer and employee meetings, and cleaning supplies for staff common areas.

Account Code Series 400: Capital Outlay

FY 2024 – \$500,000; FY 2025 – \$500,000: This includes printers, computers, information processing equipment, office furniture, equipment, and software for both KPERS main office as well as the disaster recovery and business continuity sites.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM BUDGET REPORT

KPERS Pension Administration System

KPERS maintains a pension administration software application that provides the functionality needed to collect data and contributions from employers, and to process and pay benefits. The current system was implemented in 2005. Over the past 17 years, many pension plan design changes have required additional system customization. These changes are both internal (i.e. implementing solutions for business processes) and external (i.e. legislative changes). The most significant plan design changes include creating KPERS 2 in 2007 and KPERS 3 in 2012. As part of adding the KPERS 3 cash balance plan, the Retirement System also needed to move from an annual reconciliation process to pay period reporting for employee and employer contributions.

The existing pension administration system is still capable of executing KPERS' mission-critical processes, namely collecting contributions, and paying benefits. However, these processes require more manual intervention by KPERS staff and due to the required customizations discussed earlier, the existing system has become less efficient and more unstable over time. Maintaining the codebase for existing functions is becoming more challenging, let alone keeping pace with current best practices among pension administration systems. It is imperative that a new pension administration system be implemented before the existing system can no longer effectively meet the needs of the organization and our members.

Modernization Project

The pension administration modernization project began with a budget request to the 2020 Legislature to begin the process of reviewing the requirements of a new pension administration system in FY 2021. The 2020 Legislature approved the additional appropriations and KPERS launched the project with the completion of an overall needs assessment. KPERS selected a vendor to complete this process via competitive bid and ultimately selected Segal to complete this work in the summer of 2020.

Part of the overall assessment was to determine whether KPERS needed to invest in a completely new pension administration system or whether the existing vendor (Sagitec) could meet the future needs of KPERS. Ultimately Segal recommended a "fork in the road" approach where Sagitec would be asked to first complete a specific project as a gauge for whether they could execute KPERS' vision of the pension administration modernization. The outcome of this approach was the decision to continue working with Sagitec.

After the decision was made to continue with Sagitec, between September 2021 and February 2022, KPERS held a series of meetings with business users from the different divisions (benefits and member services, fiscal services, information technology, and administration) to establish the requirements for the pension administration system to meet the needs and expectations of our members, and to administer all plans under KPERS (KPERS, KP&F and Judges). This process yielded about 3,000 requirements that will be continued from the existing system or added as new items in the updated system. Sagitec was fully engaged in this process.

Initially, KPERS expected that this project would be completed through a "build-in-place" of the Sagitec application. The existing data would be cleansed, and the base application would be expanded and adjusted to meet the requirements.

By August 2022, Sagitec was to have completed the first phase of the new build-in-place approach, which is the "deep dive" analysis of open issues in the pension administration system and the prioritization of those issues that must be addressed before moving into improvements.

Sagitec was not able to fully meet KPERS' expectations for a successful project. While there were some improvements made in the collaborative work between Sagitec and KPERS, Sagitec continued to struggle to meet deadlines and quality goals.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM BUDGET REPORT

In addition, an updated budget estimate for modernization submitted by Sagitec was increased by 20% for the remainder of the project. This increase was not fully explained to KPERS and put the total cost of the project almost equal to the expected cost of going to RFP for a new pension administration system.

After consideration of the budget estimates, KPERS staff ultimately recommended, and the Board of Trustees approved, the decision to send the modernization to RFP.

With Segal's assistance, the more than 3,000 requirements were written into an RFP. The RFP was sent to the Kansas Information Technology Office (KITO) for approval and that approval was given on May 1, 2023.

Ultimately KPERS received two qualified candidates for the RFP. During July, August and September, KPERS has been reviewing the technical proposals, meeting with references (e.g. other pension plans implementing the software) and participating in product demonstrations with the vendors.

As of the budget submission, KPERS Board of Trustees has not selected a vendor for the modernization project. That selection is expected in October or November 2023.

FY 2024 and FY 2025 Budget Request

The 2023 Legislature approved FY 2024 budget expenditures totaling \$9.0 million for the pension administration system modernization and this amount is maintained in this updated budget request.

In FY 2025, the requested appropriation for the modernization effort is \$12.0 million. This amount is based on the budget estimates included with the RFP submissions from the two potential vendors.

The estimated start date differs between the two potential vendors. One is proposing to start during FY 2024 and the other would not begin until FY 2025. The budget for FY 2025 reflects the expected cost of starting the modernization in FY 2024. Depending on which vendor is ultimately selected, the FY 2025 budget may be adjusted to reflect the expected budget of the successful vendor.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT

Program. Name: null
Agency Name: Kansas Public Employees Retirement System
Agency Reporting Level: null
Version: 2025-A-04-00365
Division of the Budget KANSAS

Classification of Employment	Pay Grade	FY 2024 Estimate		FY 2025 Request	
		Pos	Amount	Pos	Amount
Authorized Positions					
Regular Classified					
Applications Developer II	29	0.35	-	0.35	-
Subtotal Regular					
Classified		0.35	-	0.35	-
Regular Unclassified					
Accountant	1	8.00	713,419	8.00	713,419
Accounting Manager	1	3.00	336,448	3.00	336,448
Accounting Specialist	1	1.00	45,885	1.00	45,885
Administrative Specialist	1	4.00	198,890	4.00	198,890
Applications Developer	1	3.00	304,658	3.00	304,658
Applications Development Super	1	1.00	116,666	1.00	116,666
Attorney	1	1.00	102,497	1.00	102,497
Audit Manager	1	1.00	97,137	1.00	97,137
Auditor	1	3.00	190,861	3.00	190,861
Benefits Manager	1	5.00	418,301	5.00	418,301
Chief Counsel	1	1.00	144,128	1.00	144,128
Chief Fiscal Officer	1	1.00	178,717	1.00	178,717
Chief Information Officer	1	1.00	123,453	1.00	123,453
Communications Officer	1	1.00	94,686	1.00	94,686
Communications Specialist	1	3.00	210,184	3.00	210,184
Database Administrator	1	1.00	109,821	1.00	109,821
Deputy Members Servicers Officer	1	2.00	217,846	2.00	217,846
Education/Information Officer	1	3.00	205,974	3.00	205,974
Executive Director	1	1.00	340,983	1.00	340,983
Executive Secretary	1	1.00	71,323	1.00	71,323
Fiscal Analyst	1	1.00	107,848	1.00	107,848
Human Resource Director	1	1.00	118,357	1.00	118,357
Human Resource Professional	1	1.00	65,624	1.00	65,624
Information Resource Officer	1	1.00	168,860	1.00	168,860
Information Systems Analyst	1	1.00	118,227	1.00	118,227
Internal Auditor	1	1.00	106,911	1.00	106,911
Investment Analyst	1	2.00	220,917	2.00	220,917
Investment Officer	1	7.00	1,592,451	7.00	1,592,451
Member Services Officer	1	1.00	200,145	1.00	200,145

**KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT**

Program. Name: null

Agency Name: Kansas Public Employees Retirement System

Agency Reporting

Level: null

Version: 2025-A-04-00365

Division of the Budget KANSAS

Classification of Employment	Pay Grade	FY 2024 Estimate		FY 2025 Request	
		Pos	Amount	Pos	Amount
Planning & Research Officer	1	1.00	148,865	1.00	148,865
Procurement Officer	1	1.00	67,101	1.00	67,101
Program Administrator	1	1.00	73,195	1.00	73,195
Program Manager	1	1.00	148,865	1.00	148,865
Program Specialist	1	20.00	1,104,667	20.00	1,104,667
Project Manager	1	1.00	93,475	1.00	93,475
Public Service Administrator	1	2.00	139,318	2.00	139,318
Research Analyst	1	1.00	65,853	1.00	65,853
Security Systems Sr Technician	1	3.00	346,931	3.00	346,931
Senior Administratv Specialist	1	5.00	251,347	5.00	251,347
Technology Support Consultant	1	1.00	78,270	1.00	78,270
Web Portal & E-Rate Administr	1	1.00	66,082	1.00	66,082
Subtotal Regular					
Unclassified		99.00	9,505,186	99.00	9,505,186
Non FTE Unclassified					
Permanent					
Accounting Specialist	1	0.00	95,451	0.00	95,451
Adminstrative Specialist	1	0.00	43,680	0.00	43,680
Applications Developer	1	0.00	247,458	0.00	247,458
Auditor	1	0.00	340,645	0.00	340,651
Business Systems Analyst	1	0.00	350,917	0.00	350,917
Database Administrator	1	0.00	108,950	0.00	108,950
Deputy Director	1	0.00	210,000	0.00	210,000
Education/Information Officer	1	0.00	57,762	0.00	57,762
Internal Auditor	1	0.00	76,797	0.00	76,797
Investment Officer	1	0.00	103,126	0.00	103,126
Investment Operations Analyst	1	0.00	73,008	0.00	73,008
Program Specialist	1	0.00	502,861	0.00	502,861
Project Manager	1	0.00	225,927	0.00	225,927
Research Analyst	1	0.00	116,563	0.00	116,563
Senior Administratv Specialist	1	0.00	46,218	0.00	46,218
Staff Development Specialist	1	0.00	86,694	0.00	86,694
Storekeeper	1	0.00	44,491	0.00	44,491
Technology Support Consultant	1	0.00	108,846	0.00	108,846
Subtotal Non FTE		-	2,839,394	-	2,839,400

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT

Program. Name: null
Agency Name: Kansas Public Employees Retirement System
Agency Reporting Level: null
Version: 2025-A-04-00365
Division of the Budget KANSAS

Classification of Employment	Pay Grade	FY 2024 Estimate		FY 2025 Request	
		Pos	Amount	Pos	Amount
Unclassified Permanent					
Temporary Unclassified					
Administrative Assistant	1	0.00	8,902	0.00	8,902
Appt/elect Bd/comm Bd Member	1	0.00	7,802	0.00	7,802
Education/Information Officer	1	0.00	68,120	0.00	68,120
Intern	1	0.00	-	0.00	-
Legal Assistant	1	0.00	41,600	0.00	41,600
Program Specialist	1	0.00	21,840	0.00	21,840
Subtotal Temporary		-	148,264	-	148,264
Unclassified					
Overtime -- Unclass					
OT-UNC	1	0.00	70,000	0.00	70,000
Subtotal Overtime -- Unclass		-	70,000	-	70,000
Longevity					
Bonus					
Bonus		0.00	597,710	0.00	615,641
Subtotal Bonus and Pay--Class		-	597,710	-	615,641
Standby Pay - Unclass	1	0.00	6,680	0.00	6,680
Subtotal and Pay--Class		-	6,680	-	6,680
Totals		99.35	13,167,234	99.35	13,185,171
Totals by Fringe Benefits					
RET	KPERS	0.00	793,525	0.00	726,705
RET	KPER2	0.00	947,841	0.00	869,315
FICA		0.00	739,636	0.00	744,977
UNEMP		0.00	-	0.00	7,907
WKCMP		0.00	20,541	0.00	16,877
RSAL		0.00	94,804	0.00	94,933
HLT1		0.00	1,162,059	0.00	1,214,724
HLT2		0.00	283,552	0.00	297,484
FICA 2		0.00	190,925	0.00	191,185
Total Benefits		0.00	4,232,881	0.00	4,164,106
Total Salaries and Benefits		99.35	17,400,115	99.35	17,349,277
Totals by Position Type					
Regular Classified		0.35	-	0.35	-
Regular Unclassified		99.00	9,505,185	99.00	9,505,185

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM BUDGET REPORT

Program. Name: null
Agency Name: Kansas Public Employees Retirement System
Agency Reporting Level: null
Version: 2025-A-04-00365
Division of the Budget KANSAS

Classification of Employment	Pay Grade	FY 2024 Estimate		FY 2025 Request	
		Pos	Amount	Pos	Amount
Non FTE Unclassified Permanent		0.00	2,839,394	0.00	2,839,400
Temporary Unclassified		0.00	148,264	0.00	148,264
Overtime -- Unclass		0.00	70,000	0.00	70,000
Hazard Pay--Class		0.00	6,680	0.00	6,680
Bonus		0.00	597,710	0.00	615,641

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT

Agency Kansas Public Employees Retirement System
Program 01030 Administration
Reporting Level 365-00-01030-0000000-0000-000

	1	2	3	4
		FY 2023	FY 2024	FY 2025
		Actuals	Adjusted	Adjusted
			Budget Request	Budget Request
Code	Object/Revenue Description			
	10 Shrinkage			
519990	SHRINKAGE	-	(397,034)	(395,644)
	TOTAL	-	(397,034)	(395,644)
	MEANS OF FUNDING			
7400	KPER-AGENCY OPERATIONS	-	(397,034)	(395,644)
	KS PUB EMP RETIREMENT FD TOTAL	-	(397,034)	(395,644)
	1 Salaries and Wages			
511100	UNCLASSIFIED REGULAR	6,332,887	6,981,844	6,981,847
511110	UNCLASSIFIED TEMPORARY	1,816,769	2,325,269	2,325,269
511130	UNCLASSIFIED OVERTIME PAY	36,373	-	-
511140	UNCLASS HOLIDAY INCL IN BASE	290,419	-	-
511170	UNCLASS HOL NOT INCL IN BASE	340	-	-
517600	LEAVE PAYMENT ASSESSMENTS	61,033	67,011	67,011
518100	PUBLIC EE RETIREMENT SYSTEM	1,197,368	1,217,675	1,114,482
519101	MEDICARE	117,739	134,953	134,953
519102	OASDI	493,139	562,656	564,525
519500	GROUP HEALTH HOSPITALIZATION	1,061,447	1,168,774	1,222,642
519700	WORKERS COMPENSATION	10,428	14,519	11,913
519800		-	-	5,580
	TOTAL	11,417,942	12,472,700	12,428,222
	MEANS OF FUNDING			
7400	KPER-AGENCY OPERATIONS	11,417,942	12,472,700	12,428,222
	KS PUB EMP RETIREMENT FD TOTAL	11,417,942	12,472,700	12,428,222
	2 Contractual Services			
52000	COMMUNICATION	-	650,000	675,000
520100	POSTAGE	230,612	-	-
520300	COMMERCIAL LONG DISTANCE SVC	36,265	-	-
520600	INTERGOV POSTAGE OP DISC	100,412	-	-
520700	INTERGOV LD COMM SVC OP DISC	109,145	-	-
520710	INTERGOV LD COMM SVC CAP DISC	2,284	-	-
520900	OTHER COMMUNICATION	147,342	-	-
520910	CELLULAR PHONES	28,150	-	-
52100	FREIGHT & EXPRESS	-	5,000	5,250
521200	MOVING OFFICE EQUIP SUPPLIES	138	-	-
521900	OTHER FREIGHT AND EXPRESS	8,647	-	-

**KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT**

Agency Kansas Public Employees Retirement System
Program 01030 Administration
Reporting Level 365-00-01030-0000000-0000-000

		1	2	3	4
			FY 2023	FY 2024	FY 2025
			Actuals	Adjusted	Adjusted
Object/Revenue				Budget Request	Budget Request
Code	Description				
52200	PRINTING & ADVERTISING		-	100,000	105,000
522300	PRINTING AND COPYING		116,854	-	-
522400	ADVERTISING		7,124	-	-
52300	RENTS		-	100,000	100,000
523100	COPY PRINTING EQUIPMENT RENTAL		23,723	-	-
523200	BUILDING SPACE RENTAL		42,358	-	-
523300	EQUIPMENT RENTAL		14,626	-	-
523900	OTHER RENTALS		1,700	-	-
52400	REPAIRING & SERVICING		-	837,969	1,200,000
524400	REPAIR AND SVC BLDG GROUND		14,885	-	-
524700	REPAIR & SVC COMPUTER EQUIP		17,506	-	-
524800	COMPUTER SOFTWARE MAINT SVC		1,051,238	-	-
524900	REPAIR & SVC OTHER		3,207	-	-
52500	TRAVEL & SUBSISTENCE		-	105,000	125,000
525120	PRIVATE CHARTER IN STATE		9,943	-	-
525180	MEALS AND LODGING IN STATE		4,200	-	-
525270	AIR RAIL & BUS FARE OUT STATE		23,540	-	-
525280	MEALS AND LODGING OUT STATE		41,264	-	-
525370	RAILROAD, AIRPLANE AND BUS FARES FOR INTERNATIONAL TRAVEL		5,000	-	-
525380	SUBSISTENCE (MEALS AND LODGING) FOR INTERNATIONAL TRAVEL		4,093	-	-
525510	PRIVATE VEHICLE MILES		12,735	-	-
525520	HIRE OF CAR, PLANE, OR BUS IN T&E MODULE		12	-	-
525580	MEALS AND LODGING		27,661	-	-
525590	NON SUBSISTENCE		3,954	-	-
52600	FEES-OTHER SERVICES		-	500,000	525,000
526100	RECRUITMENT EXPENSES		50	-	-
526320	COMPUTER PROGRAMMING NOT DISC		56,900	-	-
526330	DATABASE ACCESS FEES NOT DISC		41,921	-	-
526600	EMPLOYEE AND STUDENT TUITION		3,831	-	-
526610	JOB RELATED TRAIN & CONF REG		98,687	-	-
526900	OTHER FEES		57,276	-	-
52700	FEES-PROFESSIONAL SERVICES		-	2,924,764	4,300,001
527200	ATTORNEYS AND LAWYERS		25,397	-	-
527800	ACCOUNTANTS AND AUDITORS		131,000	-	-

**KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT**

Agency Kansas Public Employees Retirement System
Program 01030 Administration
Reporting Level 365-00-01030-0000000-0000-000

		1	2	3	4
			FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
Code	Object/Revenue Description				
527860	ACTUARIAL SERVICES		275,542	-	-
	INFORMATION SYSTEMS				
527910	CONSULTING		6,181,765	-	-
527919	CONSULTING SERVICES OTHER		122,400	-	-
527990	OTHER PROFESSIONAL FEES		412,416	-	-
52800	UTILITIES		-	10,000	10,000
528100	ELECTRICITY		3,676	-	-
528200	NATURAL GAS		1,450	-	-
52900	OTHER CONTRACTUAL SERVICES		-	175,000	175,000
529100	DUES AND SUBSCRIPTIONS		50,749	-	-
529600	SURETY BOND AND INS PREMIUMS		1,028	-	-
529700	OFFICIAL HOSPITALITY		18,013	-	-
	TOTAL		9,570,719	5,407,733	7,220,251
	MEANS OF FUNDING				
7400	KPER-AGENCY OPERATIONS		9,439,719	5,252,733	7,065,251
7405	KPER-AUDIT SERVICES TRANSFER		131,000	155,000	155,000
	KS PUB EMP RETIREMENT FD TOTAL		9,570,719	5,407,733	7,220,251
	3 Commodities				
	MAINTENANCE & CONSTRUCTION MATERIALS, SUPPLIES, & PARTS				
53400	PARTS		-	2,500	2,500
534100	MATERIALS AND SUPPLIES FOR BUILDINGS AND GROUNDS		13	-	-
534300	COMPUTER SYS PARTS MATERIALS		1,539	-	-
534900	OTHER EQUIP MATERIALS PARTS		539	-	-
53500	VEHICLE PARTS, SUPPLIES & ACCESSORIES		-	4,000	7,500
535100	GASOLINE		7,013	-	-
53600	PROFESSIONAL & SCIENTIFIC SUPPLIES & MATERIALS		-	10,000	15,000
536900	PRO SCIENTIFIC SUPPLY OTHER		23,268	-	-
53700	STATIONARY, OFFICE & DATA PROCESSING SUPPLIES		-	100,000	100,000
537100	STATIONERY AND OFFICE SUPPLIES		27,875	-	-
537200	DATA PROCESSING SUPPLIES		19,172	-	-
53900	OTHER SUPPLIES, MATERIALS, & PARTS		-	7,000	7,500
539200	HOUSEHOLD SUPPLIES		6,341	-	-
539900	OTHER SUPPLIES AND MAT		1,205	-	-
	TOTAL		86,965	123,500	132,500
	MEANS OF FUNDING				

**KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT**

Agency Kansas Public Employees Retirement System
Program 01030 Administration
Reporting Level 365-00-01030-0000000-0000-000

		1	2	3	4
			FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
Code	Object/Revenue Description				
7400	KPER-AGENCY OPERATIONS		86,965	123,500	132,500
	KS PUB EMP RETIREMENT FD TOTAL		86,965	123,500	132,500
	4 Capital Outlay				
54000	FURNITURE FIXTURES AND EQUIP		-	500,000	500,000
540290	HOUSEHOLD EQUIPMENT NON CAP		870	-	-
540390	OFFICE EQUIPMENT NON CAP		2,908	-	-
540391	OFFICE FURNITURE NON CAP		56,348	-	-
541390	MICROCOMPUTER EQUIP NON CAP		246,271	-	-
541690	INFO PROCESSING EQUIP NON CAP		3,280	-	-
541890	SOFTWARE NON CAPITAL		556	-	-
546190	TELECOM TERMINATION NON CAP		18,656	-	-
	TOTAL		328,889	500,000	500,000
	MEANS OF FUNDING				
7400	KPER-AGENCY OPERATIONS		328,889	500,000	500,000
	KS PUB EMP RETIREMENT FD TOTAL		328,889	500,000	500,000
	Agency TOTALS				
	TOTAL EXPENDITURES		21,404,515	18,503,933	20,280,973
	KS PUB EMP RETIREMENT FD				
7400	KPER-AGENCY OPERATIONS		21,273,515	17,951,899	19,730,329
7405	KPER-AUDIT SERVICES TRANSFER		131,000	155,000	155,000
	TOTAL		21,404,515	18,106,899	19,885,329
	TOTAL FUNDING		21,404,515	18,106,899	19,885,329
	AUTHORIZED EMPLOYEES				
	FTE		-	83.09	83.09
	TOTAL AUTHORIZED EMPLOYEES		-	83	83

**KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT**

Agency Kansas Public Employees Retirement System
Program 01038 KITS Modernization Project
Reporting Level 365-00-01038-0000000-0000-000

Code	Object/Revenue Description	1 FY 2023 Actuals	2 FY 2024 Adjusted Budget Request	3 FY 2025 Adjusted Budget Request
1 Salaries and Wages				
511100		-	45,873	45,875
511110	UNCLASSIFIED TEMPORARY	169,271	502,033	502,033
511140	UNCLASS HOLIDAY INCL IN BASE	6,020	-	-
517600	LEAVE PAYMENT ASSESSMENTS	1,262	3,945	3,945
518100	PUBLIC EE RETIREMENT SYSTEM	24,734	74,351	68,050
519101	MEDICARE	2,471	7,945	7,945
519102	OASDI	10,566	33,970	33,970
519500	GROUP HEALTH HOSPITALIZATION	23,447	92,801	97,072
519700	WORKERS COMPENSATION	215	855	701
519800		-	-	329
	TOTAL	237,986	761,773	759,920
MEANS OF FUNDING				
7400	KPER-AGENCY OPERATIONS	237,986	761,773	759,920
	KS PUB EMP RETIREMENT FD TOTAL	237,986	761,773	759,920
2 Contractual Services				
52400	REPAIRING & SERVICING	-	1,530,154	1,530,154
524800	COMPUTER SOFTWARE MAINT SVC	142,083	-	-
526320	COMPUTER PROGRAMMING NOT DISC	600,000	-	-
52700	FEES-PROFESSIONAL SERVICES	-	6,746,174	9,748,027
527010	STAFFING & RECRUITING SERVICES	345,960	-	-
	INFORMATION SYSTEMS			
527910	CONSULTING	1,616,985	-	-
	TOTAL	2,705,028	8,276,328	11,278,181
MEANS OF FUNDING				
7400	KPER-AGENCY OPERATIONS	2,705,028	8,276,328	11,278,181
	KS PUB EMP RETIREMENT FD TOTAL	2,705,028	8,276,328	11,278,181
3 Commodities				
539200	HOUSEHOLD SUPPLIES	(607)	-	-
	TOTAL	(607)	-	-
MEANS OF FUNDING				

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT

Agency Kansas Public Employees Retirement System
Program 01038 KITS Modernization Project
Reporting Level 365-00-01038-0000000-0000-000

		1	2	3	4
			FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
Code	Object/Revenue Description				
7400	KPER-AGENCY OPERATIONS		(607)	-	-
	KS PUB EMP RETIREMENT FD TOTAL		(607)	-	-
	4 Capital Outlay				
541690	INFO PROCESSING EQUIP NON CAP		10,771	-	-
546190	TELECOM TERMINATION NON CAP		607	-	-
	TOTAL		11,378	-	-
	MEANS OF FUNDING				
7400	KPER-AGENCY OPERATIONS		11,378	-	-
	KS PUB EMP RETIREMENT FD TOTAL		11,378	-	-
	Agency TOTALS				
	TOTAL EXPENDITURES		2,953,785	-	-
	KS PUB EMP RETIREMENT FD				
7400	KPER-AGENCY OPERATIONS		2,953,785	9,038,101	12,038,101
	TOTAL		2,953,785	9,038,101	12,038,101
	TOTAL FUNDING		2,953,785	9,038,101	12,038,101

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT

Agency Kansas Public Employees Retirement System
Program 07000 KPERs Benefits
Reporting Level 365-00-07000-0000000-0000-000

		1	2	3	4
			FY 2023	FY 2024	FY 2025
			Actuals	Adjusted	Adjusted
Code	Object/Revenue Description			Budget Request	Budget Request
1 Salaries and Wages					
511100	UNCLASSIFIED REGULAR		259,381	283,311	283,312
511110	UNCLASSIFIED TEMPORARY		7,417	20,699	20,699
511130	UNCLASSIFIED OVERTIME PAY		17	-	-
511140	UNCLASS HOLIDAY INCL IN BASE		9,556	-	-
511170	UNCLASS HOL NOT INCL IN BASE		1	-	-
517600	LEAVE PAYMENT ASSESSMENTS		1,990	2,189	2,189
518100	PUBLIC EE RETIREMENT SYSTEM		39,043	41,179	37,690
519101	MEDICARE		3,903	4,408	4,408
519102	OASDI		15,471	17,161	17,375
519500	GROUP HEALTH HOSPITALIZATION		30,209	33,076	34,593
519700	WORKERS COMPENSATION		338	474	389
519800			-	-	182
	TOTAL		367,326	402,497	400,836
MEANS OF FUNDING					
9200	GROUP INSURANCE RESERVE FD		367,326	402,497	400,836
	GROUP INSURANCE RESERVE FD TOTAL		367,326	402,497	400,836
2 Contractual Services					
526910	CREDIT CARD FEES AND CHARGES		483	-	-
52700	FEES-PROFESSIONAL SERVICES		-	2,500,000	2,500,000
527200	ATTORNEYS AND LAWYERS		3,525	-	-
527800	ACCOUNTANTS AND AUDITORS		35,000	-	-
527860	ACTUARIAL SERVICES		138,000	-	-
527990	OTHER PROFESSIONAL FEES		1,650,000	-	-
52900	OTHER CONTRACTUAL SERVICES		-	44,171,719	44,253,436
529600	SURETY BOND AND INS PREMIUMS		44,022,710	-	-
	TOTAL		45,849,718	46,671,719	46,753,436
MEANS OF FUNDING					
7000	KS PUB EMP RETIREMENT FD		150,483	-	-
	KS PUB EMP RETIREMENT FD TOTAL		150,483	-	-
9100	OPT DEATH BEN PLAN RESV FD		7,218,954	8,171,719	8,253,436
	OPT DEATH BEN PLAN RESV FD TOTAL		7,218,954	8,171,719	8,253,436

**KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT**

Agency Kansas Public Employees Retirement System
Program 07000 KPERS Benefits
Reporting Level 365-00-07000-0000000-0000-000

		1	2	3	4
			FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
Code	Object/Revenue Description				
9200	GROUP INSURANCE RESERVE FD		20,601,782	22,500,000	22,500,000
9220	KPER-GROUP TERM LIFE		17,878,499	16,000,000	16,000,000
	GROUP INSURANCE RESERVE FD TOTAL		38,480,281	38,500,000	38,500,000
	3 Commodities				
53700	STATIONARY, OFFICE & DATA PROCESSING SUPPLIES		-	1,000	1,000
	TOTAL		-	1,000	1,000
9200	GROUP INSURANCE RESERVE FD		-	1,000	1,000
	GROUP INSURANCE RESERVE FD TOTAL		-	1,000	1,000
	92 Non-Expense Items				
57200	OTHER NON-EXPENSE		-	54,494,109	56,430,710
572300	INVESTMENT ADVANCES		1,617,473,978	-	-
57400	OTHER NON-EXPENSE		-	68,000,000	68,000,000
574100	RETURN CONTR - ACTIVE DEATH		3,238,573	-	-
574150	RET CONTR - ACTIVE DEATH - INT		2,940,322	-	-
574400	RETURN CONTR - WITHDRAWAL		41,600,684	-	-
574450	RETURN CONTR - WITHDRAW - INT		10,047,107	-	-
	TOTAL		1,675,300,664	122,494,109	124,430,710
	MEANS OF FUNDING				
7000	KS PUB EMP RETIREMENT FD		1,628,300,664	68,000,000	68,000,000
	KS PUB EMP RETIREMENT FD TOTAL		1,628,300,664	68,000,000	68,000,000
9200	GROUP INSURANCE RESERVE FD		47,000,000	54,494,109	56,430,710
	GROUP INSURANCE RESERVE FD TOTAL		47,000,000	54,494,109	56,430,710

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT

Agency Kansas Public Employees Retirement System
Program 07000 KPERS Benefits
Reporting Level 365-00-07000-0000000-0000-000

	1	2	3	4
		FY 2023	FY 2024	FY 2025
Object/Revenue		Actuals	Adjusted Budget Request	Adjusted Budget Request
Code	Description			
9 Other Assistance				
552900	OTHER CLAIMS	286	-	-
55400	RETIREMENT ANNUITIES AND PAYMENTS	-	2,188,523,956	2,275,176,061
554300	PARTIAL LUMP SUM OPTION	38,935,220	-	-
554390	DEFERRED RETIRE OPTION PROGRAM	92,482	-	-
554400	EMPLOYER PAID DEATHS	443,766	-	-
554500	REGULAR MONTH BENEFITS	1,949,380,845	-	-
554600	RETIRE DIVIDEND 13TH CHECK	586,330	-	-
554800	LUMP SUM DEATH BENEFIT	5,091,446	-	-
554850	DEATH MONTH BENEFIT	174,877	-	-
	TOTAL	1,994,705,252	2,188,523,956	2,275,176,061
MEANS OF FUNDING				
7000	KS PUB EMP RETIREMENT FD	1,994,705,252	2,188,523,956	2,275,176,061
	KS PUB EMP RETIREMENT FD TOTAL	1,994,705,252	2,188,523,956	2,275,176,061
Agency TOTALS				
	TOTAL EXPENDITURES	3,716,222,960	2,358,093,281	2,446,762,043
FEES AND CHARGES				
7000	KS PUB EMP RETIREMENT FD	3,623,156,399	2,256,523,956	2,343,176,061
	TOTAL	3,623,156,399	2,256,523,956	2,343,176,061
OPT DEATH BEN PLAN RESV FD				
9100	OPT DEATH BEN PLAN RESV FD	7,218,954	8,171,719	8,253,436
	TOTAL	7,218,954	8,171,719	8,253,436
GROUP INSURANCE RESERVE FD				
9200	GROUP INSURANCE RESERVE FD	67,969,108	77,397,606	79,332,546
9220	KPER-GROUP TERM LIFE	17,878,499	16,000,000	16,000,000
	TOTAL	85,847,607	93,397,606	95,332,546

**KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT**

Agency Kansas Public Employees Retirement System
Program 07000 KPERS Benefits
Reporting Level 365-00-07000-0000000-0000-000

		1	2	3	4
			FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
Code	Object/Revenue Description				
	TOTAL FUNDING		3,716,222,960	2,358,093,281	2,446,762,043
	AUTHORIZED EMPLOYEES				
	FTE		-	3.28	3.28
	TOTAL AUTHORIZED EMPLOYEES		-	3	3

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT

Enhancement Package

No Enhancements are requested for FY 2024 or FY 2025.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM BUDGET REPORT

Investment Activities

The 1970 Legislature in Chapter 324 (K.S.A. 74-4921) amended the investment authority and authorized the Board to enter into contracts with one or more persons whom the Board determined to be qualified to perform the investment functions of such portion of the fund as the Board decided to allocate to each manager. The first contracts for investment manager service were effective May 18, 1971.

Investments are made in accordance with state statute and the Statement of Investment Policy, Objectives and Guidelines, as maintained by the Board. The investment policy specifies a long term target asset mix (based on market value) of 21.5 percent domestic equities, 13 percent domestic fixed income, 3 percent real return assets, 21.5 percent international equities, 12 percent yield driven, 15 percent real estate, 11 percent alternative investments, and 3 percent cash equivalents. This target asset mix was adopted by the Board as a result of an Asset/Liability Study completed in May 2023.

The Board contracts with investment management firms to manage the assets in a variety of investment strategies, with each portfolio mandate within each firm's area of expertise. The current managers and strategies, by asset class, are:

Domestic Equity Managers

- Mellon (Passive)
- BlackRock (Passive)

Fixed Income Managers

- MacKay Shields (Core)
- T Rowe Price Associates (Core)

International Equity Managers

- Baillie Gifford Overseas Ltd. (Active)
- JP Morgan Asset Management (Active)
- Lazard Asset Management (Active)
- Wellington Asset Management (Active)

Yield Driven Managers

- Loomis, Sayles & Company (Strategic Fixed Income)
- Western Asset Management (Strategic Fixed Income)
- CenterSquare Investment Management (REITs)

Real Return Managers

- Molpus Woodlands Group (Timber)

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM BUDGET REPORT

- RMS Evergreen (Timber)
- Brookfield Asset Management (Infrastructure)
- JP Morgan Infrastructure (Infrastructure)
- IFM Global Infrastructure (Infrastructure)
- Axiom Infrastructure (Infrastructure)
- BlackRock GILB Index (Passive World ILB)
- BlackRock TIPS Index (Passive)

Real Estate Managers

- Morgan Stanley Prime Property Fund (Core Real Estate)
- Jones Lang LaSalle Property Fund (Core Real Estate)
- Jamestown Premier Property Fund (Core Real Estate)
- UBS Trumbull Property Fund (Core Real Estate)
- Heitman American Real Estate Trust (Core Real Estate)
- J.P. Morgan Strategic Property Fund (Core Real Estate)
- Prudential Real Estate Investors Fund (Core Real Estate)
- CBRE US Core Partners LP (Core Real Estate)

Cash Equivalents Managers

- Payden & Rygel (Cash Equivalents)
- Payden & Rygel (Strategic Cash Reserve)

Currency Overlay Managers

- Insight Investment (Currency Overlay)
- Adrian Lee & Partners (Currency Overlay)

Domestic Equity Managers

DOMESTIC EQUITY INVESTMENT MANDATE: The objective of the domestic equity investment component of marketable securities of the Fund is to earn, over time, an average annual total rate of return which is approximately equal to the return of the Russell 3000 Index, combining dividends and capital appreciation/depreciation, while at the same time maintaining a reasonable risk level (as measured by standard deviation) relative to its index.

MELLON (Domestic Equity – Passive)

Organization: Mellon manages \$3,172.6 million for the domestic, large cap passive mandate. Mellon manages a domestic equity index account for the System which is benchmarked to the Russell 3000 Index.

BLACKROCK (Domestic Equity – Passive)

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM BUDGET REPORT

Organization: BlackRock specializes in passive and quantitative investment strategies. BlackRock has total System assets under management of \$5,158.8 million, including \$3,155.9 million in a domestic equity index account which is benchmarked to the Russell 3000 Index.

FIXED INCOME MANAGERS

FIXED INCOME INVESTMENT MANDATE: The objective of the fixed income investment component of the Fund is to diversify the total portfolio and to earn, over time, an average annual total rate of return which exceeds that of the Bloomberg US Aggregate Index, combining interest income and capital appreciation/depreciation, while at the same time maintaining a reasonable risk level (as measured by standard deviation) relative to its benchmark.

MACKAY SHIELDS (Fixed Income – Core)

Organization: MacKay Shields has assets under management of \$1,232.6 million for the System. MacKay Shields' investment philosophy combines a top-down analysis to exploit opportunities and neutralize unwanted risks, with a bottom-up analysis to maximize security selection and protect the downside through risk controls.

T ROWE PRICE ASSOCIATES (Fixed Income – Core)

Organization: T Rowe Price Associates, Inc. has assets under management of \$1,196.8 million for the System. The firm's investment philosophy seeks to capitalize on the inefficiencies that exist between and within sectors of the fixed income market and along the yield curve. Portfolio decisions are both top-down and bottom-up, with the strategy team responsible for the sector and interest rate strategies and the sector specialists responsible for security selection.

INTERNATIONAL EQUITY MANAGERS

INTERNATIONAL EQUITY INVESTMENT MANDATE: The objective of the international equity investment component of marketable securities of the Fund is to earn, over time, an average annual total rate of return which exceeds that of the MSCI All Country World Index ex-U.S. Net in U.S. dollars, combining dividends and capital appreciation/depreciation, adjusted for currency overlay program, while at the same time maintaining a reasonable risk level (as measured by standard deviation) relative to its index.

BAILLIE GIFFORD OVERSEAS LTD (International Equity - Active)

Organization: Baillie Gifford manages total System assets of \$1,534.4 million in the International Equity portfolio. Baillie Gifford seeks to add value through bottom-up active management by making long-term investments in well researched and well managed, quality businesses that enjoy sustainable, competitive advantages in their marketplace. They believe markets tend to undervalue persistent growth and their style is biased towards growth.

JP MORGAN ASSET MANAGEMENT (International Equity - Active)

Organization: JP Morgan Asset Management currently manages System assets of \$1,311.9 million in the International Equity portfolio. JP Morgan believes every asset has a fair value that can be determined by fundamental in-house research and over time, market prices should move towards these fair values.

LAZARD ASSET MANAGEMENT (International Equity - Active)

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM BUDGET REPORT

Organization: Lazard Asset Management manages System assets of \$1,561.5 million in the International Equity portfolio. Lazard employs a bottom-up, multi-cap strategy that focuses on the trade-off between valuations and financial productivity. The process focuses on finding securities with a combination of sustainably high or improving returns on capital, at attractive valuations.

WELLINGTON ASSET MANAGEMENT (International Equity – Active)

Organization: Wellington Asset Management manages System assets of \$1,488.1 million in the International Equity portfolio. Wellington employs a bottom-up, fundamental research driven approach to investing. The firm believes the market rewards growth relative to the amount of capital invested, or return on capital. When analyzing a company, Wellington focuses on the company's assets, its management team and the industry structure as these are the drivers of future returns and can provide early insights on the potential for improving or sustaining those returns.

YIELD DRIVEN MANAGERS

YIELD DRIVEN INVESTMENT MANDATE: The objective of the yield driven investment component of the Fund is to diversify the total portfolio, to provide current income, and to earn, over time, an average annual total rate of return which is equal to or exceeds the KPERS Yield Driven Benchmark, combining income and capital appreciation/depreciation, while at the same time maintaining a reasonable risk level (as measured by standard deviation) relative to its benchmark.

LOOMIS, SAYLES & COMPANY (Strategic Fixed Income)

Organization: Loomis Sayles manages \$545.2 million in a strategic fixed income portfolio. Loomis Sayles investment philosophy is that of a fundamental "bond picker." Each security is selected using total return criteria with a bias towards stable securities with the potential to be upgraded. Their objective is to add value through diligent, independent and proprietary selection of corporate issues.

WESTERN ASSET MANAGEMENT (Strategic Fixed Income)

Organization: Western Asset Management has assets under management of \$553.6 million for the System. Western's investment philosophy combines traditional analysis with technology to analyze all sectors of the fixed income markets in an effort to exploit any inefficiencies that may exist. Western focuses on several key areas to add value, including sector allocation, issue selection, duration and the term structure of interest rates.

CENTERSQUARE INVESTMENT MANAGEMENT (REITs)

Organization: CenterSquare currently manages \$338.7 million in domestic REIT assets for the System. The manager employs an active stock selection process that combines top-down elements with bottom-up research.

REAL RETURN MANAGERS

REAL RETURN INVESTMENT MANDATE: The objective of the real return assets component of the Fund is to diversify the total portfolio and provide long-term inflation protection, as well as to earn, over time, an average annual total rate of return which is equal to or exceeds the KPERS Real Return benchmark, combining interest income and capital appreciation/depreciation, while at the same time maintaining a reasonable risk level (as measured by standard deviation) relative to its benchmark.

MOLPUS WOODLANDS GROUP (Timber)

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM BUDGET REPORT

Organization: Molpus Woodlands Group manages \$31.9 million in a timber mandate for the System with a geographic focus on the Southeastern United States and a real (adjusted for inflation) return target of 3.5%.

RMS EVERGREEN (Timber)

Organization: The RMS Evergreen US Forestland Fund currently manages \$83.8 million in assets for the System. RMS is a vertically integrated timberland investment manager that manages approximately 2.1 million acres of high quality pine plantation timberlands located across the primary timber producing regions of the southern United States. This open-end, core, timberland fund plans to continue to invest in intensively managed plantations of commercial softwood species in the U.S. South.

BROOKFIELD ASSET MANAGEMENT (Infrastructure)

Organization: The Brookfield Americas Infrastructure Fund and Brookfield Super-Core Infrastructure Partners L.P. currently manage \$11.5 million and \$77.2 million, respectively, in assets for the System. Brookfield operates high quality, long-life assets that generate stable cash flows, require relatively minimal maintenance capital expenditures and, by virtue of barriers to entry and other characteristics, are expected to appreciate in value over time.

JP MORGAN INFRASTRUCTURE (Infrastructure)

Organization: The J.P. Morgan Infrastructure Investments Fund (“IIF”) currently manages \$148.0 million in assets for the System. IIF invests in core and core plus infrastructure assets in countries with established regulatory environments. The Fund’s focus is on core, stable brownfield assets in the regulated utility, contracted asset and transportation sectors. The primary geographic focus for the Fund is the United States, Western Europe, Canada and Australia.

IFM GLOBAL INFRASTRUCTURE (Infrastructure)

Organization: The IFM Global Infrastructure Fund (“GIF”) currently manages \$203.5 million in assets for the System. GIF is composed of core infrastructure assets with stable and predictable revenues, monopolistic characteristics, strong market positions, a predictable regulatory environment, high barriers to entry and long useful lives. The primary geographic focus for the Fund is the United Kingdom and the United States, secondarily in Western and Eastern Europe.

AXIUM INFRASTRUCTURE US LP (Infrastructure)

Organization: Axiom Infrastructure U.S. LP currently manages \$121.8 million in assets for the System. The Fund invests in core and core plus infrastructure assets in the United States, which has an established regulatory environment and strong rule of law. The Fund targets both operating assets ($\geq 60\%$) and late-stage greenfield ($\leq 40\%$) investment opportunities primarily in the contracted asset and regulated utility sectors.

BLACKROCK GILB (Passive Global ILB)

Organization: BlackRock has total System assets under management of \$5,158.8 million, including \$851.4 million in the BlackRock Global Inflation Linked Bond (GILB) portfolio. This portfolio is managed as a passive mandate. The fund invests in US and non US sovereign inflation-linked bonds.

BLACKROCK TIPS (Passive)

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM BUDGET REPORT

Organization: BlackRock has total System assets under management of \$5,158.8 million, including \$1,151.5 million in the BlackRock TIPS indexed portfolio. The BlackRock TIPS Indexed portfolio is a passive approach that is designed to replicate the risk and return profile of the Bloomberg Barclays Capital US TIPS Index. The fund invests in inflation-indexed bonds issued by the US Treasury.

REAL ESTATE MANAGERS

REAL ESTATE INVESTMENT MANDATE: The objective of the real estate investment component of the Fund is to diversify the total portfolio and provide long-term inflation protection as well as earn, over time, an average annual total rate of return which exceeds the KPERS Real Estate Benchmark, combining income and capital appreciation/depreciation, while at the same time maintaining a reasonable risk level (as measured by standard deviation) relative to its benchmark.

MORGAN STANLEY PRIME PROPERTY FUND (Core Real Estate)

Organization: Prime Property is managed by Morgan Stanley. The fund currently manages \$528.0 million in assets for the System. Prime Property is a core open-end commingled equity real estate fund, diversified by property type and geographic location.

JONES LANG LASALLE PROPERTY FUND (Core Real Estate)

Organization: LaSalle currently manages \$411.1 million in assets for the System. The strategy employed by LaSalle targets Class A, well leased income-producing properties primarily located in coastal markets.

JAMESTOWN PREMIER PROPERTY FUND (Core Real Estate)

Organization: Jamestown currently manages \$70.1 million in core real estate assets for the System, investing in high-quality, income producing and opportunistic commercial real estate in the United States. The strategy is sector focused with a primary focus on retail and office assets.

UBS TRUMBULL PROPERTY FUND (Core Real Estate)

Organization: UBS Trumbull Property Fund currently manages \$130.8 million in assets for the System. UBS Trumbull Property Fund employs a disciplined and methodical process to investing in core real estate in which internal asset managers are organized by and focus on both property type(s) and region.

HEITMAN AMERICA REAL ESTATE TRUST (Core Real Estate)

Organization: Heitman HART currently manages \$188.4 million in assets for the System. HART employs a strategy focused on high-quality, income producing assets primarily in the multi-family and retail sectors.

JP MORGAN STRATEGIC PROPERTY FUND (Core Real Estate)

Organization: The JP Morgan Strategic Property Fund currently manages \$303.9 million in assets for the System, and focuses on attractive, stabilized investments, with high quality physical improvements located in the major U.S. metropolitan markets. The strategy is sector focused with a primary focus on office and retail assets.

PRUDENTIAL REAL ESTATE INVESTORS FUND (Core Real Estate)

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM BUDGET REPORT

Organization: The PRISA Fund currently manages \$385.6 million in assets for the System, and focuses on a property type mix which is weighted toward office, and geographic diversity, including several west coast holdings. The Fund's mandate is to invest primarily in existing, income producing properties in the U.S. with strong cash flow that is expected to increase over time and thereby provide the potential for capital appreciation.

CBRE US CORE PARTNERS LP (Core Real Estate)

Organization: CBRE U.S. Core Partners currently manages \$352.5 million in assets for the System and focuses on a property type mix which is weighted toward the industrial and apartment sectors, and geographic diversity, including an overweight to the Pacific region and Atlanta. The Fund's mandate is to invest primarily in markets with strong rent forecasts and assets that are expected to have above-average return potential in the U.S. by acquiring well-occupied, high-quality real estate assets with stable cash flows at discounts to fundamental values.

NON-CORE REAL ESTATE FUNDS

The Non-Core segment is implemented using several investment funds utilizing a variety of strategies and property types, both domestically and internationally. While providing inflation protection, Non-Core real estate investments are also expected to produce meaningful capital appreciation. These strategies typically involve a higher element of development risk and carry higher levels of leverage (debt) than Core investments. The return target for Non-Core Real Estate investments over a full market cycle is the NCREIF ODCE Index plus 3%. The System currently has \$597.9 million invested in NON-CORE Real Estate Funds.

ALTERNATIVE INVESTMENT MANAGERS

ALTERNATIVE INVESTMENT MANDATE: The objective of the alternative investment component of the Fund is to earn, over time, an average total return which exceeds the Russell 3000 Index plus 2%, while maintaining a risk level (as measured by standard deviation) commensurate with the expected return differential.

- A list of the System's private equity limited partnership investments can be found in the System's ACFR.

CASH EQUIVALENTS MANAGER

Investment Mandate: The objective of the short-term cash equivalent reserve component of the Fund is to provide liquidity for the timely payment of benefits and/or fees and expenses while earning a competitive return. The objective of the cash equivalent reserve component of the Fund is to earn, over time, an average annual total rate of return which exceeds that of the KPERs Cash Equivalents benchmark, combining income and capital appreciation/depreciation, while at the same time maintaining a reasonable risk level (as measured by standard deviation) relative to its index.

PAYDEN & RYGEL (Cash Equivalents)

Organization: Payden & Rygel manages a Short Term Investment Fund (STIF) program for the System. The STIF portfolio maintains a maximum maturity of fifteen months. Payden & Rygel also manages a Strategic Cash Reserve (SCR) program for the System. The SCR portfolio maintains a maximum maturity of 5.25 years.

CURRENCY OVERLAY MANAGER

INSIGHT INVESTMENT (Currency Overlay)

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM BUDGET REPORT

Investment Mandate: Insight Investment manages a currency overlay program for one half of the developed markets exposure in the System's international equity portfolio. The objective is to protect the dollar value of the international equity portfolio against a decline in the value of non-U.S. dollar currencies (U.S. dollar strength), while at the same time allowing partial participation in the appreciation of these currencies against the U.S. dollar (U.S. dollar weakness). Over a typical market cycle the manager is expected to reduce the currency risk and enhance the returns of the indexed international equity portfolio to which the currency overlay strategy will be applied.

ADRIAN LEE & PARTNERS (Currency Overlay)

Investment Mandate: Adrian Lee manages a currency overlay program for one half of the developed markets exposure in the System's international equity portfolio. The objective is to protect the dollar value of the international equity portfolio against a decline in the value of non-U.S. dollar currencies (U.S. dollar strength), while at the same time allowing partial participation in the appreciation of these currencies against the U.S. dollar (U.S. dollar weakness). Over a typical market cycle the manager is expected to reduce the currency risk and enhance the returns of the indexed international equity portfolio to which the currency overlay strategy will be applied.

INVESTMENT CUSTODIAN

K.S.A. 74-4921 authorizes the Board to contract with a member bank or trust company of the Federal Reserve to serve as custodian of securities and handle the collection of income, principal, proceeds from sales, and payment for securities purchased, as well as safekeeping of securities. State Street Bank & Trust Company is the global master custodian for the System's assets.

ANNUAL BOARD REVIEW

K.S.A. 74-4921 also requires the Board to provide for an examination of the investment program annually. The Board has contracted with Meketa Investment Group (formerly Pension Consulting Alliance) as the System's general investment consultant. The consultant assists the Board and staff in several complex areas such as: determining the appropriate asset allocation, preparation of investment guidelines, policy, practices, and procedures; investment manager searches; and the ongoing oversight of the investment managers' activities.

INVESTMENT PERFORMANCE

The time-weighted rate of return for FY 2023 is 7.4% for the System's total assets. The average annualized total return is 9.0% for the three years ending 6/30/23, and 7.1% for the five years ending 6/30/23. Over the past twenty-five years, the Retirement System's investment portfolio has earned an 6.9% average annualized total return.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT

Investment Performance Report

For the Period Ending June 30, 2023

Time-Weighted Return (1)	Last Year	Latest 3 Years	Latest 5 Years
Total Portfolio	7.4%	9.0%	7.1%
Policy Index	8.4%	7.4%	6.2%
Consumer Price Index	3.1%	5.7%	3.9%
Domestic Equity Portfolio	18.9%	13.9%	1.4%
Russell 3000 Index	19.0%	13.9%	11.4%
International Equity Portfolio	16.3%	6.1%	3.5%
KPERS Int'l Equity Benchmark	12.7%	7.2%	3.5%
Fixed Income Portfolio	-0.6%	-3.4%	1.2%
KPERS Fixed Income Benchmark	-0.9%	-4.0%	0.8%
Yield Driven Portfolio	5.6%	4.4%	1.7%
KPERS Yield Driven Benchmark	6.9%	4.7%	0.8%
Real Return Portfolio	2.1%	1.8%	3.9%
KPERS Real Return Benchmark	-1.4%	-0.1%	2.5%
Real Estate Portfolio	-9.7%	9.5%	7.1%
KPERS Real Estate Benchmark	-9.2%	8.7%	7.2%
Alternative Investment Portfolio	2.2%	26.9%	17.9%
KPERS Alternative Investment Benchmark	21.0%	15.9%	13.4%
Cash Equivalents Portfolio	3.5%	1.0%	1.9%
KPERS Cash Equivalents Benchmark	1.8%	0.1	1.3%

1) Time weighted total return includes income and changes in market value.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT

Agency Kansas Public Employees Retirement System
Program 07100 KPERS Investments
Reporting Level 365-00-07100-0000000-0000-000

	1	2	3	4
Object/Revenue			FY 2024 Adjusted	FY 2025 Adjusted
Code	Description	FY 2023 Actuals	Budget Request	Budget Request
1 Salaries and Wages				
511100	UNCLASSIFIED REGULAR	1,631,732	1,883,173	1,883,175
511110	UNCLASSIFIED TEMPORARY	100,168	799,169	817,100
511140	UNCLASS HOLIDAY INCL IN BASE	52,720	-	-
517600	LEAVE PAYMENT ASSESSMENTS	12,850	19,313	19,442
518100	PUBLIC EE RETIREMENT SYSTEM	230,640	363,994	335,374
519101	MEDICARE	25,479	38,894	39,154
519102	OASDI	74,868	104,528	106,805
519500	GROUP HEALTH HOSPITALIZATION	77,285	120,970	126,534
519700	WORKERS COMPENSATION	2,195	4,184	3,456
519800	UNEMPLOYMENT COMPENSATION	10	-	1,620
	TOTAL	2,207,947	3,334,225	3,332,661
MEANS OF FUNDING				
8000	KPER-INVESTMENT RELATED EXP	2,207,947	3,334,225	3,332,661
	KS PUB EMP RETIREMENT FD TOTAL	2,207,947	3,334,225	3,332,661
2 Contractual Services				
52000	COMMUNICATION	-	13,500	13,500
520700	INTERGOV LD COMM SVC OP DISC	5,070	-	-
520910	CELLULAR PHONES	4,700	-	-
52100	FREIGHT & EXPRESS	-	750	750
521200	MOVING OFFICE EQUIP SUPPLIES	320	-	-
521900	OTHER FREIGHT AND EXPRESS	500	-	-
522300	PRINTING AND COPYING	831	-	-
52300	RENTS	-	12,000	12,000
523100	COPY PRINTING EQUIPMENT RENTAL	2,787	-	-
524900	REPAIR & SVC OTHER	257	-	-
52500	TRAVEL & SUBSISTENCE	-	43,000	43,000
525180	MEALS AND LODGING IN STATE	123	-	-
525270	AIR RAIL & BUS FARE OUT STATE	6,750	-	-
525280	MEALS AND LODGING OUT STATE	608	-	-
525510	PRIVATE VEHICLE MILES	188	-	-
525580	MEALS AND LODGING	339	-	-

**KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT**

Agency Kansas Public Employees Retirement System
Program 07100 KPERS Investments
Reporting Level 365-00-07100-0000000-0000-000

		1	2	3	4
				FY 2024	FY 2025
Code	Object/Revenue Description		FY 2023 Actuals	Adjusted Budget Request	Adjusted Budget Request
525590	NON SUBSISTENCE		206	-	-
52600	FEES-OTHER SERVICES		-	23,350	23,350
526330	DATABASE ACCESS FEES NOT DISC		816	-	-
526610	JOB RELATED TRAIN & CONF REG		899	-	-
526900	OTHER FEES		83	-	-
52700	FEES-PROFESSIONAL SERVICES		-	42,285,837	46,219,862
527200	ATTORNEYS AND LAWYERS		246,000	-	-
527850	BANKING AND INVEST SVCS OTHER		1,681,869	-	-
527853	EXTERNAL INVESTMENT MANAGER		31,236,131	-	-
527919	CONSULTING SERVICES OTHER		1,852,078	-	-
527990	OTHER PROFESSIONAL FEES		553,620	-	-
52900	OTHER CONTRACTUAL SERVICES		-	20,000	20,000
529100	DUES AND SUBSCRIPTIONS		11,928	-	-
	TOTAL		35,606,103	42,398,437	46,332,462
MEANS OF FUNDING					
8000	KPER-INVESTMENT RELATED EXP		229,079	325,000	325,000
8020	KPER-IRE-PRIVATE MKT LEGAL FEE		245,500	294,000	308,000
8030	KPER-IRE-PUBLIC MKT MGMT FEES		31,361,131	37,889,617	41,792,937
8040	KPER-IRE-PUBLIC MKT LEGAL FEES		500	-	-
8050	KPER-IRE-CUSTODIAL BANK FEES		1,523,869	1,493,500	1,568,200
8060	KPER-IRE-INVEST CONSULTANT FEE		2,246,024	2,396,320	2,338,325
	KS PUB EMP RETIREMENT FD TOTAL		35,606,103	42,398,437	46,332,462
4 Capital Outlay					
540391	OFFICE FURNITURE NON CAP		2,274	-	-
	TOTAL		2,274	-	-
MEANS OF FUNDING					
8000	KPER-INVESTMENT RELATED EXP		2,274	-	-
	KS PUB EMP RETIREMENT FD TOTAL		2,274	-	-
Agency TOTALS					
	TOTAL EXPENDITURES		37,816,324	45,732,662	49,665,123

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT

Agency Kansas Public Employees Retirement System
Program 07100 KPERS Investments
Reporting Level 365-00-07100-0000000-0000-000

	1	2	3	4
	Object/Revenue	FY 2023	FY 2024	FY 2025
Code	Description	Actuals	Adjusted Budget Request	Adjusted Budget Request
KS PUB EMP RETIREMENT FD				
8000	KPER-INVESTMENT RELATED EXP	2,439,300	3,659,225	3,657,661
8020	KPER-IRE-PRIVATE MKT LEGAL FEE	245,500	294,000	308,000
8030	KPER-IRE-PUBLIC MKT MGMT FEES	31,361,131	37,889,617	41,792,937
8040	KPER-IRE-PUBLIC MKT LEGAL FEES	500	-	-
8050	KPER-IRE-CUSTODIAL BANK FEES	1,523,869	1,493,500	1,568,200
8060	KPER-IRE-INVEST CONSULTANT FEE	2,246,024	2,396,320	2,338,325
	TOTAL	37,816,324	45,732,662	49,665,123
	TOTAL FUNDING	37,816,324	45,732,662	49,665,123
AUTHORIZED EMPLOYEES				
	FTE	-	9.37	9.37
	TOTAL AUTHORIZED EMPLOYEES	-	9	9

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT

State of Kansas Deferred Compensation Program

The Kansas Deferred Compensation Plan is a voluntary, tax-deferred retirement savings program for state employees. In addition, many local public employers offer the plan to their employees.

Following a 2006 study of the Plan, the Secretary of Administration and the KPERS Board of Trustees recommended transferring Plan administration to KPERS. During the 2007 legislative session, the Kansas Legislature passed and the Governor signed HB 2385 to implement this recommendation. KPERS' administration of the Plan provides State and local employees with coordinated retirement education and planning information and facilitates an increased emphasis on personal savings for retirement.

Plan Overview

Established in 1980 according to Section 457 of the Internal Revenue Code and K.S.A. 75-5521 et seq., the Plan has 26,864 state and local participants with total assets of approximately \$1.38 billion.

- The Plan selects and offers a range of investment options to participating members.
- Empower is the Plan's service provider, providing recordkeeping.
- SageView Advisory Group acts as the Plan's investment consultant.

Deferred Compensation Plan Highlights*

Assets	\$1,377,189,969
State	\$903,215,970
Local	\$473,973,999
Participants	26,864
State	14,772
Local	12,092
Actively Deferring Participants	13,891
State	7,112
Local	6,779
Employers	422
State	1
Local	421

*As of 6/30/23

The 2016 Legislature also provided KPERS with authority to establish a flexible 401(a) supplemental defined contribution plan for local employers that have adopted the KPERS 457 plan

and wish to make employer contributions to their employees' personal savings. As of 6/30/23 there are fifteen employers participating in the 401(a) plan with 606 participants and assets of \$6,117,605.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT

Plan Administration

The KPERS Board of Trustees created a Deferred Compensation Committee to oversee administration of the Plan and make recommendations to the full Board for consideration and action, as needed. The Committee's oversight and recommendations relate to management of plan assets, selection and monitoring of investment options, and selection and evaluation of service providers. KPERS staff manages operations in conjunction with the Plan's service provider.

Great-West Financial (since renamed Empower) was selected through an RFP process in 2014 to be the plan's record keeper starting January 2015. The Empower contract is for seven calendar years, with three possible one-year extensions. Empower is responsible for account recordkeeping and direct services such as enrollments, phone inquiries and investment transactions.

The System recently completed the RFP process for the KPERS 457 recordkeeping services. Empower was selected to continue as the recordkeeper.

During FY 2023, 2,265 new participants enrolled in the plan. Twenty-two local employers adopted the KPERS 457 plan during FY 2023, and four local employers adopted the 401(a) plan. During FY 2023, Moss Adams, our external financial auditor, completed the financial statement audit of the KPERS 457 plan with no material findings.

Plan Administration Expenditures

All direct and indirect expenses of the Plan are paid using a cost allocation method with separate accounting of the Retirement System's and the Plan's assets and expenses. All expenses are paid out of the Deferred Compensation Fund's assets, which are all participant contributions. The budgeted expenditures total \$649,139 in FY 2024 and \$646,979 in FY 2025.

**KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT**

Agency Kansas Public Employees Retirement System
Program 07200 Non-KPERS Investments
Reporting Level 365-00-07200-0000000-0000-000

		1	2	3	4
			FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
Code	Object/Revenue Description				
1 Salaries and Wages					
511100	UNCLASSIFIED REGULAR		285,942	310,921	310,919
511110	UNCLASSIFIED TEMPORARY		3,569	14,801	14,801
511130	UNCLASSIFIED OVERTIME PAY		9	-	-
511140	UNCLASS HOLIDAY INCL IN BASE		10,371	-	-
517600	LEAVE PAYMENT ASSESSMENTS		2,159	2,345	2,345
518100	PUBLIC EE RETIREMENT SYSTEM		42,257	44,147	40,406
519101	MEDICARE		4,215	4,723	4,723
519102	OASDI		17,391	19,354	19,457
519500	GROUP HEALTH HOSPITALIZATION		26,520	29,990	31,366
519700	WORKERS COMPENSATION		371	508	417
519800			-	-	195
	TOTAL		392,804	426,789	424,629
MEANS OF FUNDING					
2300	KPERS DEFER COMPNSATION FF		392,804	426,789	424,629
	KPERS DEFER COMPNSATION FF TOTAL		392,804	426,789	424,629
2 Contractual Services					
52000	COMMUNICATION		-	400	400
520910	CELLULAR PHONES		500	-	-
52500	TRAVEL & SUBSISTENCE		-	8,000	8,000
525180	MEALS AND LODGING IN STATE		182	-	-
525270	AIR RAIL & BUS FARE OUT STATE		5,500	-	-
525280	MEALS AND LODGING OUT STATE		1,625	-	-
525510	PRIVATE VEHICLE MILES		622	-	-
525580	MEALS AND LODGING		490	-	-
525590	NON SUBSISTENCE		392	-	-
52600	FEES-OTHER SERVICES		-	7,500	7,500
526610	JOB RELATED TRAIN & CONF REG		1,730	-	-
52700	FEES-PROFESSIONAL SERVICES		-	205,000	205,000
527200	ATTORNEYS AND LAWYERS		26,072	-	-
527800	ACCOUNTANTS AND AUDITORS		45,150	-	-
527919	CONSULTING SERVICES OTHER		73,360	-	-
527990	OTHER PROFESSIONAL FEES		8,014	-	-
52900	OTHER CONTRACTUAL SERVICES		-	1,000	1,000
529100	DUES AND SUBSCRIPTIONS		1,141	-	-

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BUDGET REPORT

Agency Kansas Public Employees Retirement System
Program 07200 Non-KPERS Investments
Reporting Level 365-00-07200-0000000-0000-000

		1	2	3	4
			FY 2023	FY 2024	FY 2025
			Actuals	Adjusted	Adjusted
Code	Object/Revenue Description			Budget Request	Budget Request
	TOTAL		164,778	221,900	221,900
	MEANS OF FUNDING				
2300	KPERS DEFER COMPNSATION FF		146,225	191,900	191,900
2310	DEFERRED CONTRIB 401(A) PLAN		18,553	30,000	30,000
	KPERS DEFER COMPNSATION FF TOTAL		164,778	221,900	221,900
	3 Commodities				
53600	PROFESSIONAL & SCIENTIFIC SUPPLIES & MATERIALS		-	300	300
536900	PRO SCIENTIFIC SUPPLY OTHER		1,346	-	-
53700	STATIONARY, OFFICE & DATA PROCESSING SUPPLIES		-	150	150
	TOTAL		1,346	450	450
	MEANS OF FUNDING				
2300	KPERS DEFER COMPNSATION FF		1,346	450	450
	KPERS DEFER COMPNSATION FF TOTAL		1,346	450	450
	Agency TOTALS				
	TOTAL EXPENDITURES		558,928	649,139	646,979
	KPERS DEFER COMPNSATION FF				
2300	KPERS DEFER COMPNSATION FF		540,375	619,139	616,979
2310	DEFERRED CONTRIB 401(A) PLAN		18,553	30,000	30,000
	TOTAL		558,928	649,139	646,979
	TOTAL FUNDING		558,928	649,139	646,979
	AUTHORIZED EMPLOYEES				
	FTE		-	2.61	2.61
	TOTAL AUTHORIZED EMPLOYEES		-	3	3

PBB Program	PBB Subprogram	Measure Type	Measure Text	FY2019 Actuals	FY2020 Actuals	FY2021 Actuals	FY2022 Actuals	FY2023 Actuals	FY2024 Estimate	FY2025 Estimate
Administration		Outcome	KPERS portfolio rate of return (Goal: 7%)	0.067	0.021	0.263	-0.047	0.074		
Administration		Outcome	Percentage of monthly retirement benefit payments initiated by the last working day of the month (Goal: 100%)	1	1	1	1	1	1	1
Administration		Outcome	Percentage of valid retirement applications processed within 30 calendar days (Goal: 100%)	1	1	1	1	1	1	1
Administration		Outcome	Percentage of workable retirement estimates completed within 30 calendar days of receipt (Goal: 100%)	0.987	0.988	1	1	1	1	1
Administration		Outcome	Administrative cost per member and annuitant	47	44	48	63			
Administration		Outcome	Administrative expenses as % of benefit payments	0.00703	0.00767	0.00786	0.01	0.01113	0.01203	0.01362
Administration		Outcome	Administrative expenses as % of Trust Fund assets	0.00062	0.00068	0.00063	0.00087	0.00095	0.00099	0.00109
Administration		Outcome	Average amount of time to answer phone calls (in seconds)	10	21	21	34	34	N/A	N/A
Administration		Outcome	Benefit Payments, Including Refunds (in billions)	1.83	1.85	2.01	2.11	2.19	2.26	2.34
Administration		Outcome	Investment related expenses as % of Trust Fund assets	0.00158	0.00159	0.00133	0.00156	0.00147	0.00167	0.00169
Administration		Outcome	Total Trust Fund Assets (in billions)	20.2	20.7	24.9	24.29	25.64	27.43	29.35
Deferred Compensation		Outcome	Percentage of active members from participating employers in all retirement systems that also participate in KPERS 457	0.23	0.23	0.23	0.32	0.44	N/A	N/A
Deferred Compensation		Outcome	Total 457 Plan assets (in billions)	1.14	1.17	1.46	1.26	1.38	N/A	N/A
Deferred Compensation		Outcome	Total participating members (actively deferring)	13146	13280	13068	13081	13891	N/A	N/A

PBB Program	PBB Subprogram	Funding Source	FY2023 Approved	FY2023 Actuals	FY2024 Estimate	FY2025 Estimate
Administration		State General Fund	0	0	0	0
Administration		Federal Funds	0	0	0	0
Administration		All Other Funds	25839254	24358300	2714500	31923430
Administration		FTE	83.1	83.1	83.1	83.1
Deferred Compensation		State General Fund	0	0	0	0
Deferred Compensation		Federal Funds	0	0	0	0
Deferred Compensation		All Other Funds	596594	558928	649139	646979
Deferred Compensation		FTE	2.6	2.6	2.6	2.6