Approved: 3/15/11
Date

MINUTES OF THE SENATE KPERS SELECT COMMITTEE

The meeting was called to order by Chairman Stephen Morris at 8:00 a.m. on February 23, 2011, in Room 152-S of the Capitol.

All members were present except:
Senator Vicki Schmidt - excused

Committee staff present:
Alan Conroy, Kansas Legislative Research Department
Julian Efird, Kansas Legislative Research Department
Michael Steiner, Kansas Legislative Research Department
Gordon Self, Office of the Revisor of Statutes
Daniel Yoza, Office of the Revisor of Statutes
Linda Reed, Committee Assistant

Conferees appearing before the Committee:

Glenn Deck – Executive Director of KPERS
Tom Krebs – Kansas Association of School Boards
Terry Forsyth – Keeping the Kansas Promise
Beccy Yocham – Deputy City Attorney
Gary George - Olathe Public Schools
Jane Carter – Kansas Organization of State Employees

Others attending:
See attached list.

The hearing was opened on ***SB 49*--Increased employee and employer contribution rates and benefit formula multiplier**.

Chairman Morris welcomed Mr. Glenn Deck – Executive Director of KPERS (Attachment 1), to the Committee. Mr. Deck spoke to the Committee on the three components of the bill, consisting of increased employer contributions, increased employee contributions, and increased multiplier for future service. Mr. Deck concluded that legislative action to begin establishing a more sound foundation for KPERS' long-term financial health is needed as quickly as possible. By raising the statutory cap on employer contribution increases to 1.0% and increasing employee contribution by 2% over a four-year period, **SB 49** provides a meaningful first step. Mr. Deck urged the Committee to work toward enactment of legislation such as **SB 49**.

Mr. Deck took questions from the Committee, regarding State, School and Local Group Projections. The Executive Director also presented to the Committee an analysis of additional employer contributions under **SB 49**.

Mr. Tom Krebs, Governmental Relations Specialist for the Kansas Association of School Boards (Attachment 2) spoke in support of **SB 49**. Mr. Krebs stated that by raising the contributory cap and increasing the employees' contributions, the state is taking the first step in the right direction, which, in the long run, protects our members' employees' interests. Mr. Krebs went on to say that it may be a difficult choice to make, but the group feels it to be the correct choice.

Mr. Terry Forsyth from the Coalition for Keeping the Kansas Promise, presented testimony in opposition of **SB 49**. Mr. Forsyth stated that they support certain provisions of **SB 49**, though, as a whole, the Coalition opposes the legislation. (Attachment 3)

Beccy Yocham, Deputy City Attorney of Lenexa, Kansas provided written testimony in support of the bill. (Attachment 4).

Gary George, Ed. D., Assistant Superintendent of Olathe Public Schools, also provided written testimony in support of the bill. (Attachment 5)

The minutes of the KPERS Select Committee at 8:00 a.m. on February 23, 2011, in Room 152-S of the Capitol.

Written testimony was presented in opposition of the bill (Attachment 6) by Jane Carter, Executive Director of the Kansas Organization of State Employees.

Mr. Deck provided information requested during the initial meeting requested by Senator King. (Attachment 7). Mr. Deck spoke on the impact of lowering KPERS investment return assumption and the relative cost of of the components of **SB 49**.

The meeting was adjourned at 9:00 a.m.

SENATE KPERS SELECT COMMITTEE
8:00 a.m.
Room 152-S, Capitol Building

GUEST LIST

DATE: 2/23/2011

NAME	REPRESENTING
Brett Nigus	Peak
Nancy Tuder	PEAK
Brian Thompson	PEAK
Mark Birdsall	KID
TERRY FORSYTH	KNEA
Tara Mays	KDOT
Nancy S. [illegible]	KARSP
Tami Couture-Lovelady	State Treasurer's Office
Ed Klumpp	KACP/KPOA/KSA
Mindy Brissey	AFT-KS
Lisa Ochs	AFT-KS

SENATE KPERS SELECT COMMITTEE
8:00 a.m.
Room 152-S, Capitol Building

GUEST LIST

DATE: 2/23/2011

NAME	REPRESENTING
Ronald Richey	
Nicole Proulx Aiken	LKM
Dennis Phillips	KSCFF
Ed Redmon	KSCFF
Bruce Tunnell	KSAFL-CIO
Jane Carter	KOPB
Marlin Hanna	Hanna's Capitol Report
Rep John C Grange	House cmte
Glenn Deck	KPERS
Faith Loretto	"

SB 49

Testimony for the Senate Select Committee on KPERS

Glenn Deck
Executive Director
Kansas Public Employees Retirement System

February 23, 2011

Chairman Morris and Members of the Committee:

Thank you for this opportunity to provide testimony in support of SB 49, which addresses the long-term funding shortfall facing the Kansas Public Employees Retirement System (KPERS).

SB 49, as introduced by the Joint Committee on Pensions, Investments, and Benefits, has three components:

Increased Employer Contributions. Raises the cap on employer contribution rate increases from .6% per year to 1.0% per year, beginning in FY 2013.

Increased Employee Contributions. Increases employee contribution rates for both Tier 1 and Tier 2 by 2% over four years, beginning January 1, 2013.

Increased Multiplier for Future Service. Beginning January 1, 2013, raises the benefit formula multiplier to 1.85% for all future years of service credited to members.

Background

To fund a series of benefit enhancements enacted in 1993, a statutory cap was placed on annual increases to employer contribution rates. Although it did not become fully apparent for several years, these changes, along with subsequent experience losses and other factors adversely affecting liabilities, contributed to long-term funding issues that emerged in 2001-2002. Over a period of several years, KPERS worked with the Legislature to develop a comprehensive plan to address the long-term funding shortfall. As a result of funding and plan design changes made during that time, along with several years of positive investment returns, the funding status of the System began to improve.

However, the investment losses of 2008 had a substantial negative impact on the funding status of the Retirement System as a whole and reversed previous forward progress on long-term funding. All measures of KPERS' funded status deteriorated significantly, as reported in the December 31, 2008, actuarial valuation. Due to strong investment performance during 2009, the December 31, 2009, actuarial valuation report shows modest improvement in the System's funding status. The System's unfunded actuarial liability (UAL) decreased by $602 million to $7.7 billion, and the funded ratio rose to 64%. But despite this modest, short-term improvement in its funded status, the System's fundamental, long-term shortfall remains, and the UAL will continue to grow.

Senate KPERS Select Committee
2/23/11
Attachment 1

KPERS

A fundamental principle of sound funding for a defined benefit plan is to consistently pay the full actuarially required contribution (ARC) rate. As a result of the statutory cap, employer contributions to KPERS have not equaled the full ARC rate, and the current State/School statutory rate is 72% of the ARC rate. Therefore, additional contributions are needed as an initial step toward improving KPERS' long-term funding.

SB 49 represents such a step. By speeding up the rate at which employer contributions increase to 1.0% per year and phasing in employee contributions totaling 2% over a four-year period, additional revenues to the KPERS plan in the near term are projected to improve its funded status over the long term. Over time, SB 49 is projected to reduce the maximum ARC rate and reach the "ARC date" (the point at which the margin between the statutory rate and the ARC rate is eliminated) more quickly.

- The **State Group** reaches its ARC rate of 9.13% in FY 2013 and its maximum ARC rate of 10.64% in FY 2016. Without the additional revenue provided in SB 49, the State's ARC rate is not projected to reach the ARC date until FY 2018 at 11.8%.
- The **School Group** reaches its ARC rate of 15.66% in FY 2019, with a maximum ARC rate of 15.82% two years later. Under current law, it does not reach the ARC rate before the end of the UAL amortization period, even with a statutory rate of 21.37%.
- The **Local Group** reaches its ARC date in CY 2014 at a rate of 9.16%, followed by a maximum ARC rate of 9.34% a year later. The ARC rate under current law is 10.58% at an ARC date of CY 2018.

More detailed information about the projected impact of SB 49 is attached.

Conclusions

The funding problem facing KPERS does not constitute a crisis threatening its short-term viability. Instead, KPERS' ability to withstand future economic downturns has been compromised, which may threaten its ability to pay benefits over the long term. With SB 49 and similar measures, the impact of additional contributions may not become apparent for some time due to the size of the shortfall and the compounding effect of investment returns. Therefore, substantial improvements in KPERS' funded ratio and similar measurements of funding status may be limited in the short to mid-term, and KPERS' funding status may remain threatened for an extended period of time.

Therefore, legislative action to begin establishing a more sound foundation for KPERS' long-term financial health is needed as quickly as possible. By raising the statutory cap on employer contribution increases to 1.0% and increasing employee contributions by 2% over a four-year period, SB 49 provides a meaningful first step. It is consistent with the position of the KPERS Board of Trustees supporting responsible legislation that will result in substantial improvement to the KPERS' long-term funding status. For these reasons, I would urge the Committee to work toward enactment of legislation such as SB 49.

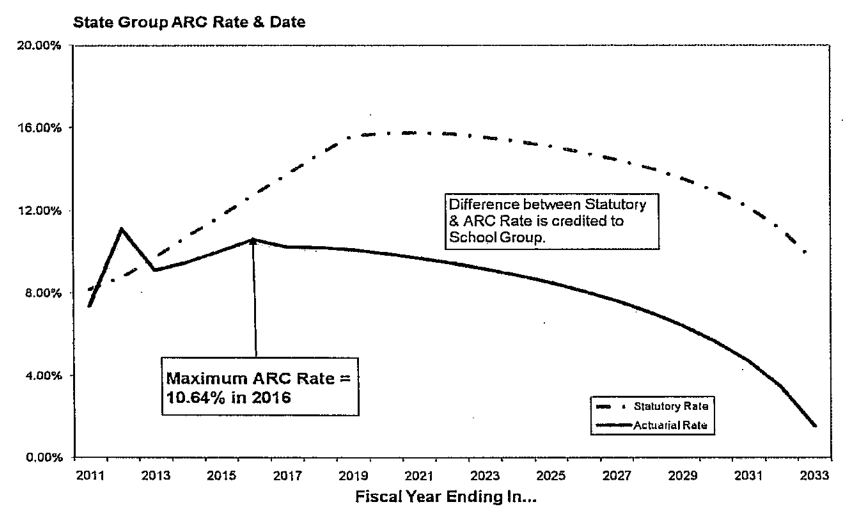
I would be glad to respond to any questions you might have.

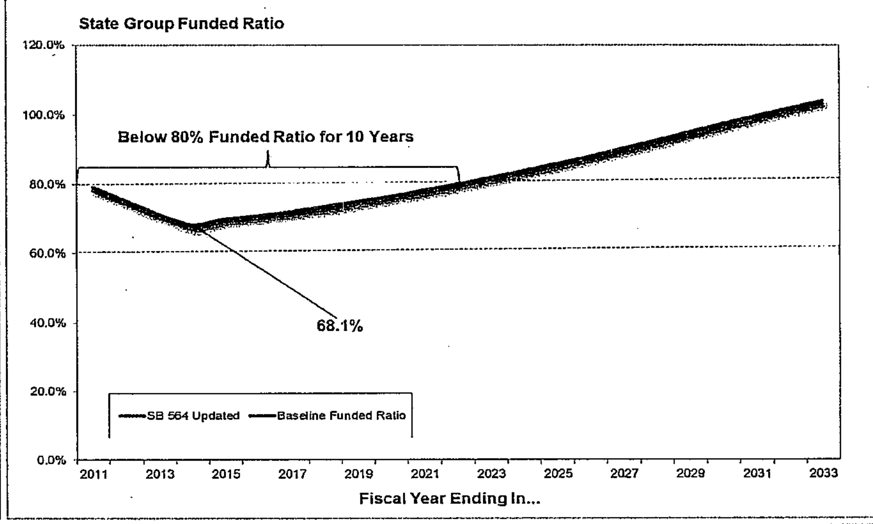
State Group: SB 49 Projections

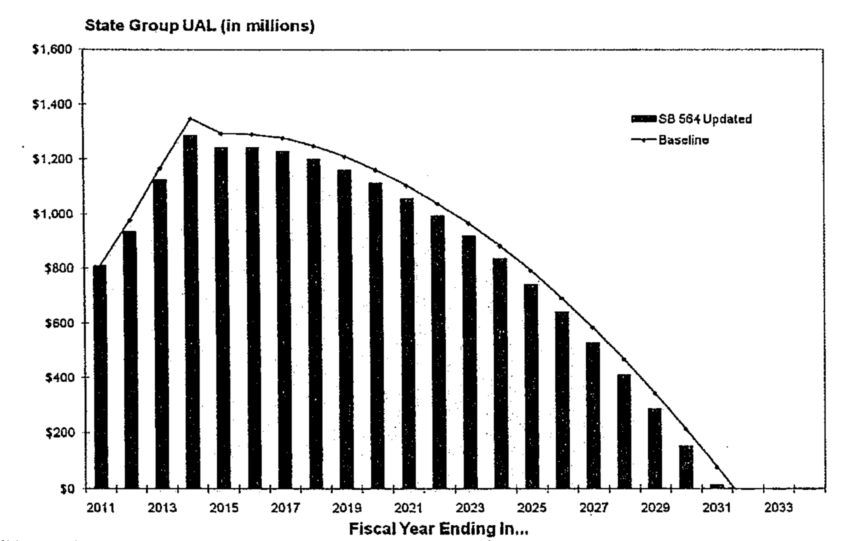
Attachment 1

1-3

▪ **Raise employer rate increase cap to 1.0%, effective FY 2013. Raise employee contribution rate by 2.0% over 4 years and multiplier to 1.85% for future service, effective January 1, 2013. Assumes average annual investment return of 8%.**







▪ The projected ARC rate of 9.13% in FY 2013 is 2.67% less than the Baseline ARC rate of 11.8%. The ARC rate continues rising through FY 2016 to a high of 10.64%.

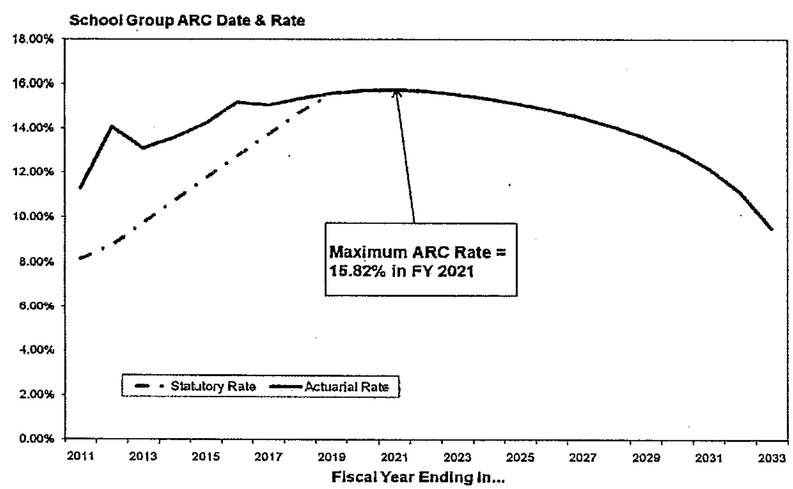
▪ Funded ratios reach a low of 68.1% in FY 2014. They are projected to reach 80% in FY 2022.

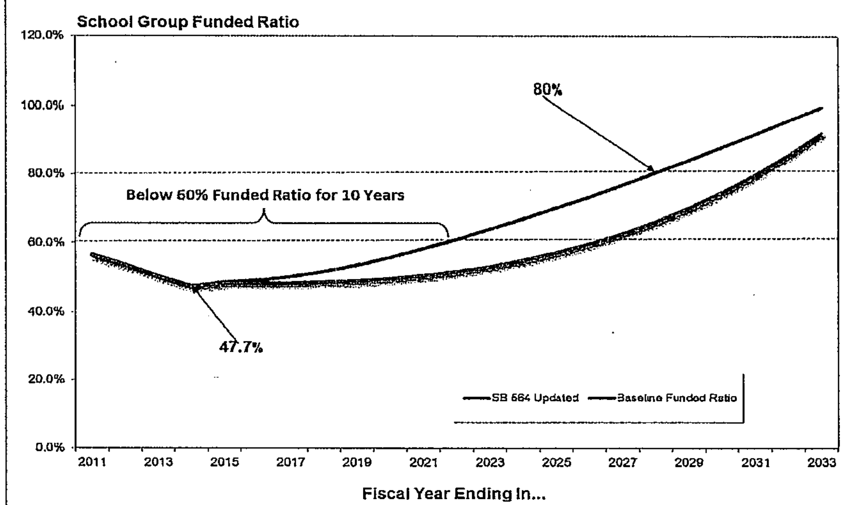
▪ The projected UAL rises by 60% to $1.29 billion in FY 2014.

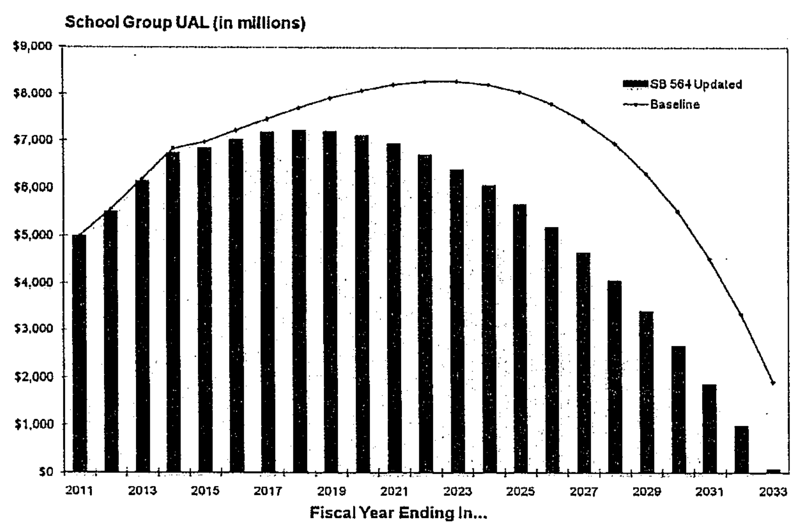
School Group: SB 49 Projections

Attachment 2

- **Raise employer rate increase cap to 1.0%, effective FY 2013. Raise employee contribution rate by 2.0% over 4 years and multiplier to 1.85% for future service, effective January 1, 2013. Assumes average annual investment return of 8%.**





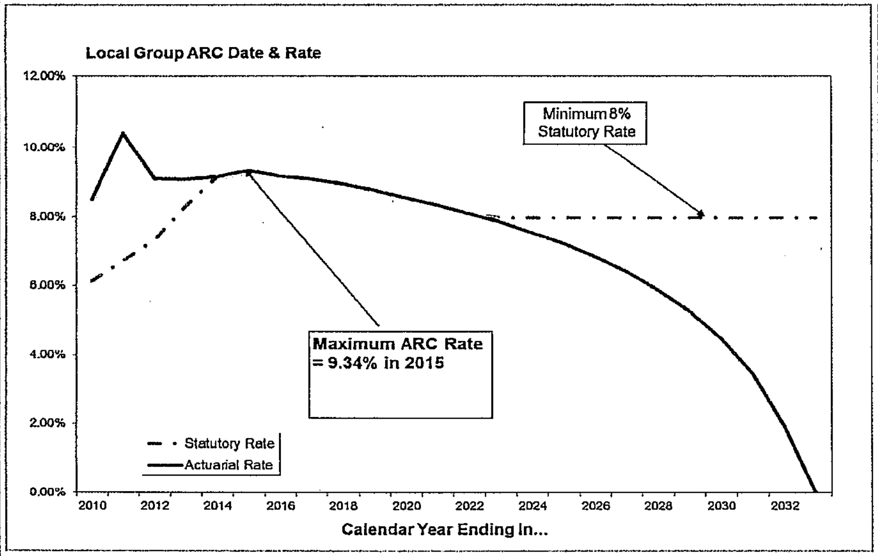


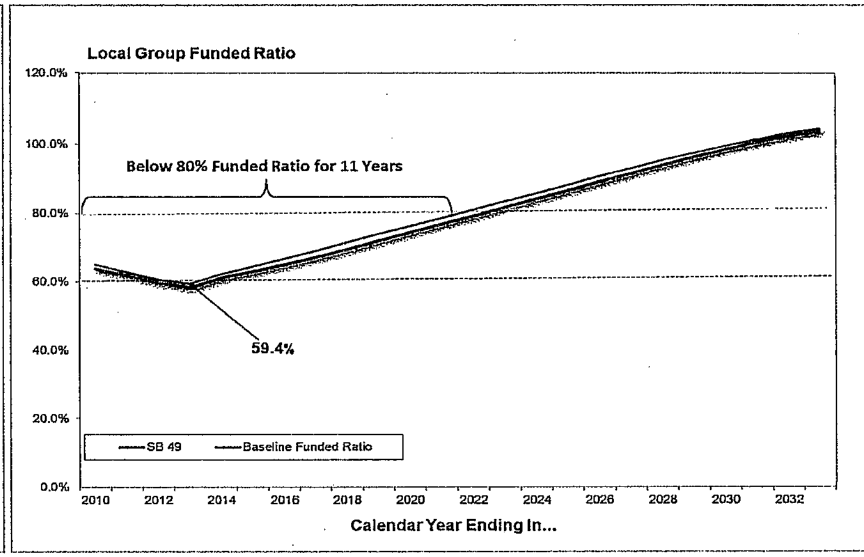
- The School Group reaches the ARC rate of 15.66% in FY 2019 – two years earlier than under HB 2086. The maximum ARC rate of 15.82% is reached in FY 2021.
- Funded ratio projections reach a low of 47.7% in FY 2014, remaining below 50% through FY 2016 and gaining 60% in FY 2022.
- The funded ratio is not projected to reach 80% until FY 2028.
- The projected UAL rises 45% to $7.23 billion in FY 2018.

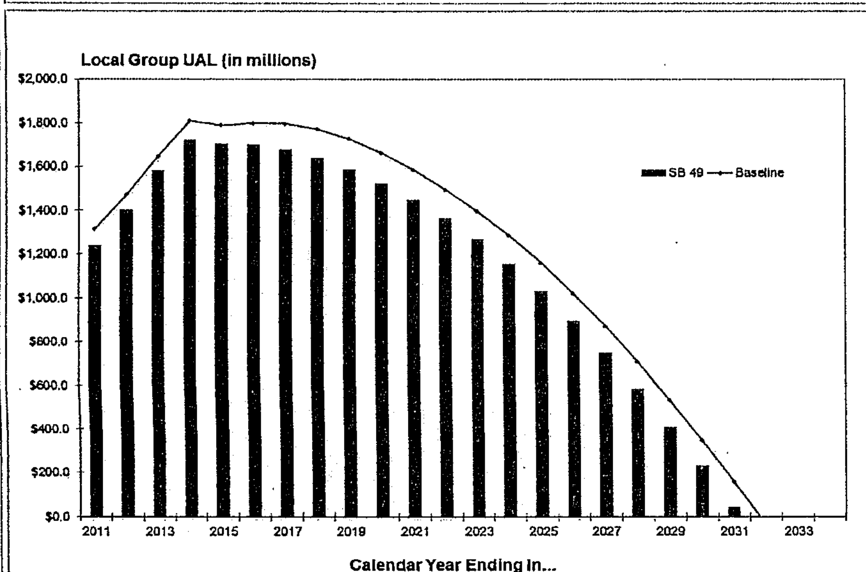
Local Group: SB 49 Projections

Attachment 3

- **Raise employer rate increase cap to 1.0%, effective FY 2013. Raise employee contribution rate by 2.0% over 4 years and multiplier to 1.85% for future service, effective January 1, 2013. Assumes average annual investment return of 8%.**







- The Local Group reaches the ARC rate of 9.16% in CY 2014 – four years earlier than the Baseline. The maximum ARC rate of 9.34% is reached in CY 2015.

- Funded ratio projections reach a low of 59.4% in CY 2013, regaining 60% a year later in CY 2014. It reaches 80% by CY 2022.

- The projected UAL rises 31% to $1.7 billion in CY 2013.

9-1

Attachment 4

Kansas Public Employees Retirement System
Analysis of Additional Employer Contributions Under SB 49
State and School Groups FY 2011 - 2033

	Level FY '12 Employer Rate				Current Cap Increase					SB 49						
Fiscal Year	State/School Group Employer Rate	State (in millions)	School (in millions)	Employer Contributions (in millions)	State/School Group Employer Rate	State (in millions)	School (in millions)	Employer Contributions (in millions)	Additional Contribution from FY 12 Rate (in millions)	State/School Group Employer Rate	State (in millions)	School (in millions)	Employer Contributions (in millions)	Additional Contributions from FY 2012 Rate (in millions)	Additional Contributions from Current Cap (in millions)	
2011	8.17%	$ 87.1	$ 277.4	$ 364.5	8.17%	$ 87.1	$ 277.4	$ 364.5	$ -	8.17%	$ 87.1	$ 277.4	$ 364.5	$ -	$ -	
2012	8.77%	96.2	305.4	401.6	8.77%	96.2	305.4	401.6	-	8.77%	96.2	305.4	401.6	-	-	
2013	8.77%	98.7	313.4	412.1	9.37%	105.5	334.9	440.3	28.2	9.77%	110.0	349.2	459.1	47.0	18.8	
2014	8.77%	101.5	322.0	423.5	9.97%	115.4	366.0	481.4	57.9	10.77%	124.7	395.4	520.0	96.6	38.6	
2015	8.77%	104.5	331.1	435.5	10.57%	125.9	399.0	524.9	89.4	11.77%	140.2	444.3	584.5	149.0	59.6	
2016	8.77%	107.6	340.7	448.3	11.17%	137.0	434.0	571.0	122.7	12.77%	156.7	496.1	652.8	204.5	81.8	
2017	8.77%	110.9	350.9	461.8	11.77%	148.9	471.0	619.8	158.0	13.77%	174.2	551.0	725.1	263.3	105.3	
2018	8.77%	114.4	361.7	476.1	12.37%	161.4	510.2	671.6	195.5	14.77%	192.7	609.2	801.9	325.8	130.3	
2019	8.77%	118.1	373.2	491.3	12.97%	174.7	551.9	726.5	235.3	15.66%	210.9	666.4	877.3	386.0	150.8	887.5
2020	8.77%	122.0	385.2	507.2	13.57%	188.8	596.1	784.8	277.6	15.79%	219.6	693.4	913.0	405.7	128.1	
2021	8.77%	126.1	398.0	524.1	14.17%	203.8	643.0	846.8	322.7	15.82%	227.4	717.7	945.1	421.0	98.3	
2022	8.77%	130.5	411.4	541.9	14.77%	219.7	692.8	912.6	370.7	15.75%	234.4	739.0	973.4	431.5	60.8	
2023	8.77%	135.1	425.5	560.6	15.37%	236.7	745.7	982.4	421.9	15.61%	240.4	757.2	997.5	437.0	15.1	
2024	8.77%	139.9	440.3	580.2	15.97%	254.8	801.7	1,056.5	476.3	15.41%	245.9	773.7	1,019.6	439.4	(36.9)	
2025	8.77%	145.0	455.7	600.8	16.57%	274.1	861.0	1,135.1	534.3	15.17%	250.8	788.0	1,038.9	438.1	(96.2)	
2026	8.77%	150.4	471.9	622.3	17.17%	294.5	923.8	1,218.3	596.0	14.87%	255.1	800.2	1,055.4	433.1	(163.0)	
2027	8.77%	156.1	488.7	644.8	17.77%	316.2	990.3	1,306.5	661.7	14.54%	258.7	810.1	1,068.8	424.0	(237.8)	
2028	8.77%	162.0	506.4	668.4	18.37%	339.3	1,060.6	1,400.0	731.6	14.12%	260.8	815.1	1,075.9	407.5	(324.1)	
2029	8.77%	168.2	524.8	693.0	18.97%	363.9	1,135.1	1,499.0	806.0	13.63%	261.4	815.4	1,076.9	383.9	(422.1)	
2030	8.77%	174.7	543.9	718.7	19.57%	389.9	1,213.8	1,603.7	885.0	13.01%	259.2	806.9	1,066.2	347.5	(537.5)	
2031	8.77%	181.5	563.9	745.4	20.17%	417.5	1,296.9	1,714.4	969.0	12.23%	253.2	786.3	1,039.5	294.1	(674.9)	
2032	8.77%	188.6	584.7	773.4	20.77%	446.7	1,384.9	1,831.6	1,058.2	11.17%	240.1	744.5	984.6	211.2	(847.0)	
2033	8.77%	196.0	606.5	802.5	21.37%	477.5	1,477.8	1,955.4	1,152.9	9.57%	213.9	661.9	875.7	73.3	(1,079.6)	
FY '11-'33		$ 3,115.3	$ 9,782.5	$ 12,897.8		$ 5,575.6	$ 17,473.2	$ 23,048.8	$ 10,150.9		$ 4,713.5	$ 14,803.7	$ 19,517.1	$ 6,619.3	$ (3,531.6)	

Attachment 5

Kansas Public Employees Retirement System
Analysis of Additional Employer Contributions under SB 49
Local Group FY 2011-2033

	Level CY '12 Employer Rate		Current Cap Increase		SB 49				
Calendar Year	Local Group Employer Rate	Employer Contributions (in millions)	Local Group Employer Rate	Employer Contributions (in millions)	Local Group Employer Rate	Employer Contributions (in millions)	Additional Contributions from CY 2012 Rate (in millions)	Additional Contributions from Current Cap (in millions)	
2011	6.74%	115.8	6.74%	115.8	6.74%	115.8	-	-	
2012	7.34%	130.1	7.34%	130.1	7.34%	130.1	-	-	
2013	7.34%	134.6	7.94%	145.6	8.34%	152.9	18.3	7.3	
2014	7.34%	139.1	8.54%	161.8	9.15%	173.5	34.4	11.6	$ 22.7
2015	7.34%	143.8	9.14%	179.1	9.34%	182.9	39.1	3.8	
2016	7.34%	148.7	9.74%	197.3	9.17%	185.8	37.1	(11.5)	
2017	7.34%	153.8	10.34%	216.6	9.09%	190.4	36.6	(26.3)	
2018	7.34%	159.0	10.58%	229.2	8.96%	194.1	35.1	(35.0)	
2019	7.34%	164.5	10.46%	234.4	8.78%	196.7	32.2	(37.7)	
2020	7.34%	170.1	10.28%	238.2	8.57%	198.5	28.5	(39.6)	
2021	7.34%	176.0	10.06%	241.2	8.36%	200.5	24.5	(40.7)	
2022	7.34%	182.2	9.83%	244.0	8.12%	201.6	19.4	(42.4)	
2023	7.34%	188.6	9.57%	246.0	8.00% (1)	205.6	17.0	(40.4)	
2024	7.34%	195.4	9.29%	247.4	8.00%	213.0	17.6	(34.4)	
2025	7.34%	202.5	8.98%	247.7	8.00%	220.7	18.2	(27.0)	
2026	7.34%	209.9	8.64%	247.0	8.00%	228.8	18.9	(18.2)	
2027	7.34%	217.6	8.23%	244.1	8.00%	237.2	19.6	(6.9)	
2028	7.34%	225.7	7.77%	238.9	8.00%	246.0	20.3	7.2	
2029	7.34%	234.2	7.21%	229.9	8.00%	255.2	21.1	25.3	
2030	7.34%	243.0	6.51%	215.5	8.00%	264.9	21.9	49.4	
2031	7.34%	252.2	6.00% (1)	206.2	8.00%	274.9	22.7	68.7	
2032	7.34%	261.8	6.00%	214.0	8.00%	285.4	23.5	71.3	
2033	7.34%	271.8	6.00%	222.2	8.00%	296.2	24.4	74.1	
FY '11-'33		$ 4,422.4		$ 4,994.0		$ 4,952.6	$ 530.2	$ (41.4)	

(1) Per K.S.A. 74-49,211, on and after July 1, 2009, the employer contribution rate may not be less than the employee contribution rate. Without this minimum contribution, total employer contributions for FY '11-'33 are projected to be $865.4 million less under SB 49 than under the baseline with the current cap increase.

Attachment 6

Kansas Public Employees Retirement System
Analysis of Additional Employee Contributions Under SB 49
Tier 1 and Tier 2 Combined

State's Fiscal Year(1)	Employee Contributions: Current Statutory Rates (in millions)			Employee Contributions: .5% increase for 4 years (in millions)			Additional Contributions (in millions)		
	State/School	Local	Total	State/School	Local	Total	State/School	Local	Total
2011	184.2	72.5	256.7	184.2	72.5	256.7	-	-	-
2012	194.6	77.1	271.7	194.6	77.1	271.7	-	-	-
2013 (2)	204.9	81.8	286.7	216.7	91.0	307.7	11.7	9.2	20.9
2014	215.6	86.5	302.1	251.8	105.5	357.3	36.2	18.9	55.2
2015	226.6	91.3	317.9	288.7	120.7	409.4	62.1	29.4	91.5
2016	238.1	96.1	334.2	327.5	136.7	464.2	89.5	40.5	130.0
2017	250.0	101.1	351.1	355.3	143.0	498.3	105.3	41.9	147.2
2018	262.4	106.3	368.7	371.0	149.6	520.6	108.6	43.3	151.9
2019	275.4	111.6	387.0	387.4	156.4	543.8	112.0	44.8	156.8
2020	288.9	117.2	406.0	404.5	163.5	568.0	115.7	46.3	162.0
2021	302.9	122.9	425.8	422.4	170.8	593.3	119.5	48.0	167.5
2022	317.6	128.8	446.4	441.1	178.5	619.6	123.6	49.6	173.2
2023	332.7	135.0	467.7	460.6	186.4	646.9	127.8	51.4	179.2
2024	348.5	141.4	489.9	480.8	194.6	675.4	132.3	53.2	185.6
2025	364.9	148.0	512.9	501.9	203.2	705.1	137.0	55.2	192.2
2026	381.9	154.9	536.8	523.8	212.1	735.9	141.9	57.2	199.1
2027	399.6	162.0	561.6	546.6	221.3	767.9	147.0	59.3	206.3
2028	417.9	169.5	587.3	570.3	231.0	801.3	152.4	61.5	213.9
2029	436.9	177.2	614.1	594.9	241.0	835.9	158.0	63.8	221.8
2030	456.6	185.2	641.8	620.5	251.4	871.9	163.9	66.2	230.1
2031	477.1	193.5	670.6	647.1	262.2	909.3	170.0	68.7	238.7
2032	498.4	202.1	700.5	674.8	273.4	948.2	176.4	71.3	247.7
2033	520.5	211.0	731.5	703.5	285.1	988.5	183.0	74.1	257.1
FY '11-'33	$ 7,596.2	$ 3,072.8	$ 10,669.0	$ 10,170.2	$ 4,126.8	$ 14,297.0	$ 2,574.0	$ 1,054.0	$ 3,628.0

(1) Increased employee contributions are proposed to begin on January 1, 2013, of State and School Fiscal Year 2013 and Local Fiscal/Calendar Year 2013. The increase in the benefit formula multiplier is also effective January 1, 2013, for future service only.

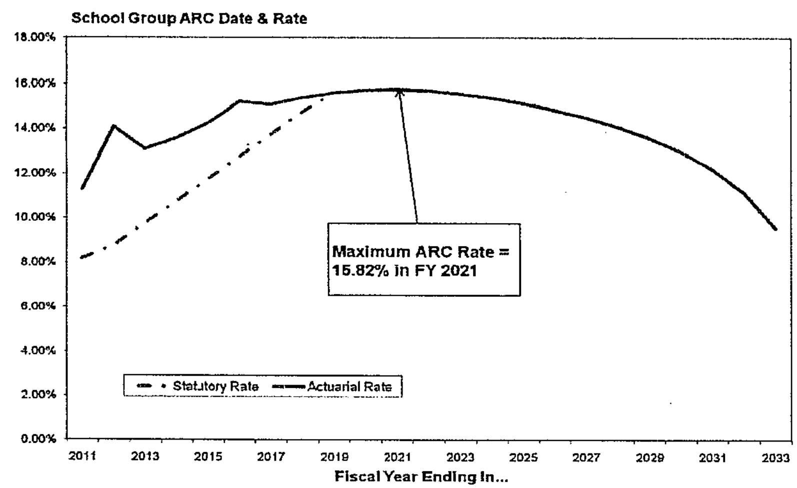
(2) For State and School Groups, the proposed employee rate increase is effective for the second half of Fiscal Year 2013. For the Local Group, it is effective for full Fiscal/Calendar Year 2013.

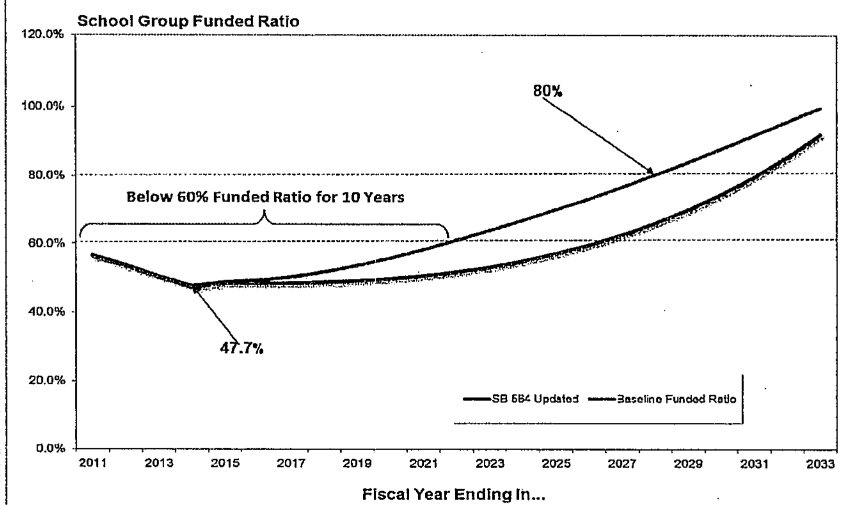
School Group: SB 49 Projections

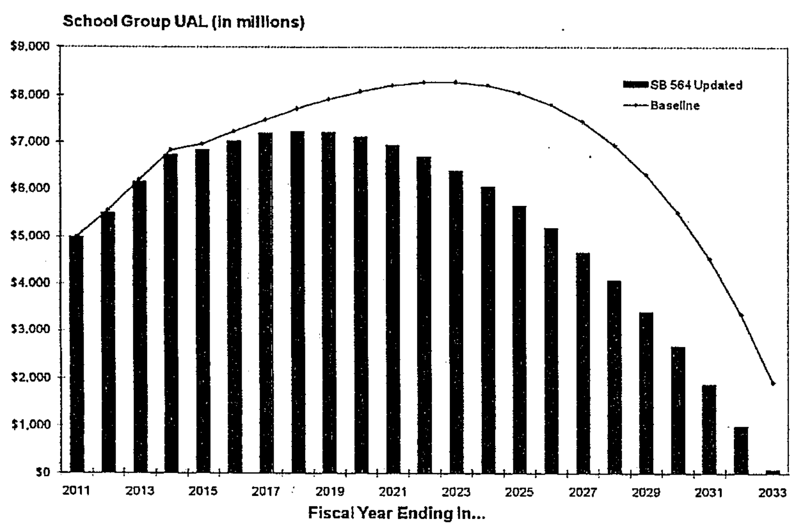
Attachment 2

1-9

- **Raise employer rate increase cap to 1.0%, effective FY 2013. Raise employee contribution rate by 2.0% over 4 years and multiplier to 1.85% for future service, effective January 1, 2013. Assumes average annual investment return of 8%.**







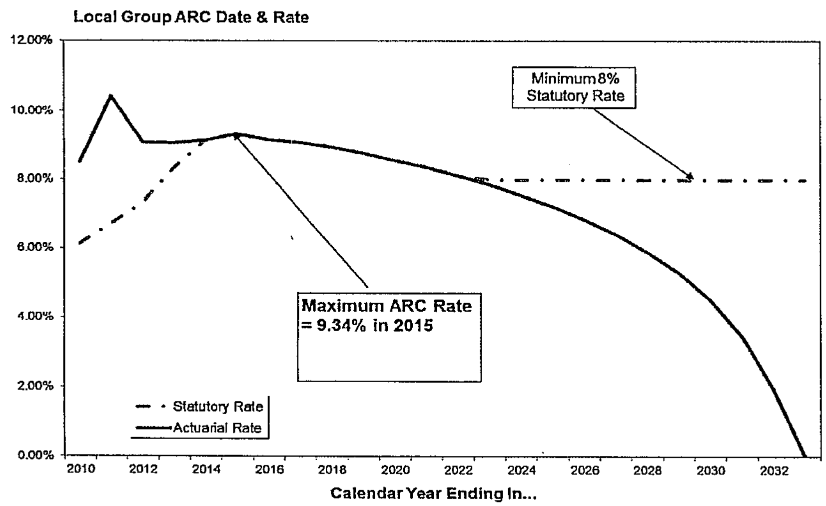
- The School Group reaches the ARC rate of 15.66% in FY 2019 – two years earlier than under HB 2086. The maximum ARC rate of 15.82% is reached in FY 2021.
- Funded ratio projections reach a low of 47.7% in FY 2014, remaining below 50% through FY 2016 and gaining 60% in FY 2022.
- The funded ratio is not projected to reach 80% until FY 2028.
- The projected UAL rises 45% to $7.23 billion in FY 2018.

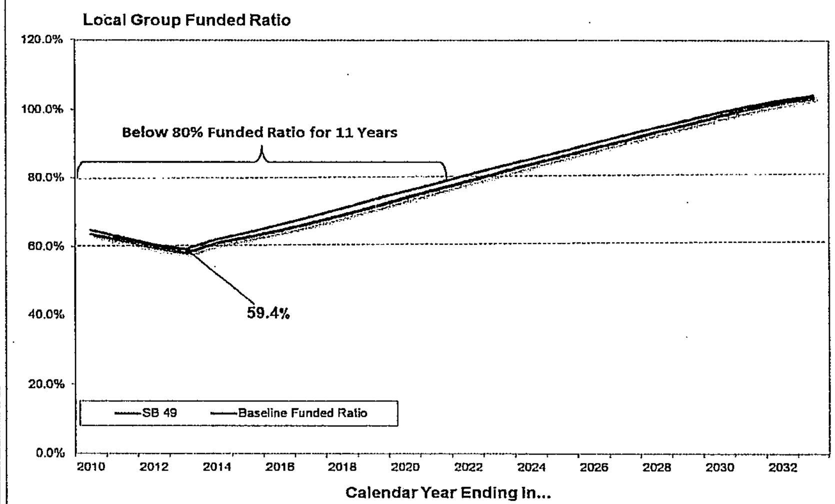
1-4

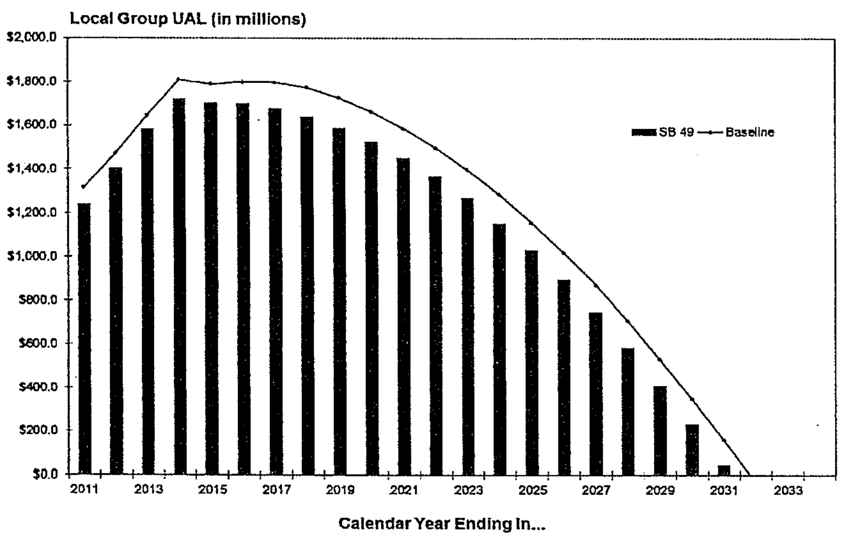
Local Group: SB 49 Projections

Attachment 3

- **Raise employer rate increase cap to 1.0%, effective FY 2013. Raise employee contribution rate by 2.0% over 4 years and multiplier to 1.85% for future service, effective January 1, 2013. Assumes average annual investment return of 8%.**







- The Local Group reaches the ARC rate of 9.16% in CY 2014 – four years earlier than the Baseline. The maximum ARC rate of 9.34% is reached in CY 2015.

- Funded ratio projections reach a low of 59.4% in CY 2013, regaining 60% a year later in CY 2014. It reaches 80% by CY 2022.

- The projected UAL rises 31% to $1.7 billion in CY 2013.

1-10

1-11

Attachment 4

Kansas Public Employees Retirement System
Analysis of Additional Employer Contributions Under SB 49
State and School Groups FY 2011 - 2033

	Level FY '12 Employer Rate				Current Cap Increase					SB 49						
Fiscal Year	State/School Group Employer Rate	State (in millions)	School (in millions)	Employer Contributions (in millions)	State/School Group Employer Rate	State (in millions)	School (in millions)	Employer Contributions (in millions)	Additional Contribution from FY 12 Rate (in millions)	State/School Group Employer Rate	State (in millions)	School (in millions)	Employer Contributions (in millions)	Additional Contributions from FY 2012 Rate (in millions)	Additional Contributions from Current Cap (in millions)	
2011	8.17%	$ 87.1	$ 277.4	$ 364.5	8.17%	$ 87.1	$ 277.4	$ 364.5	$ -	8.17%	$ 87.1	$ 277.4	$ 364.5	$ -	$ -	
2012	8.77%	96.2	305.4	401.6	8.77%	96.2	305.4	401.6	-	8.77%	96.2	305.4	401.6	-	-	
2013	8.77%	98.7	313.4	412.1	9.37%	105.5	334.9	440.3	28.2	9.77%	110.0	349.2	459.1	47.0	18.8	
2014	8.77%	101.5	322.0	423.5	9.97%	115.4	366.0	481.4	57.9	10.77%	124.7	395.4	520.0	96.6	38.6	
2015	8.77%	104.5	331.1	435.5	10.57%	125.9	399.0	524.9	89.4	11.77%	140.2	444.3	584.5	149.0	59.6	
2016	8.77%	107.6	340.7	448.3	11.17%	137.0	434.0	571.0	122.7	12.77%	156.7	496.1	652.8	204.5	81.8	
2017	8.77%	110.9	350.9	461.8	11.77%	148.9	471.0	619.8	158.0	13.77%	174.2	551.0	725.1	263.3	105.3	
2018	8.77%	114.4	361.7	476.1	12.37%	161.4	510.2	671.6	195.5	14.77%	192.7	609.2	801.9	325.8	130.3	
2019	8.77%	118.1	373.2	491.3	12.97%	174.7	551.9	726.5	235.3	15.66%	210.9	666.4	877.3	386.0	150.8	887.5
2020	8.77%	122.0	385.2	507.2	13.57%	188.8	596.1	784.8	277.6	15.79%	219.6	693.4	913.0	405.7	128.1	
2021	8.77%	126.1	398.0	524.1	14.17%	203.8	643.0	846.8	322.7	15.82%	227.4	717.7	945.1	421.0	98.3	
2022	8.77%	130.5	411.4	541.9	14.77%	219.7	692.8	912.6	370.7	15.75%	234.4	739.0	973.4	431.5	60.8	
2023	8.77%	135.1	425.5	560.6	15.37%	236.7	745.7	982.4	421.9	15.61%	240.4	757.2	997.5	437.0	15.1	
2024	8.77%	139.9	440.3	580.2	15.97%	254.8	801.7	1,056.5	476.3	15.41%	245.9	773.7	1,019.6	439.4	(36.9)	
2025	8.77%	145.0	455.7	600.8	16.57%	274.1	861.0	1,135.1	534.3	15.17%	250.8	788.0	1,038.9	438.1	(96.2)	
2026	8.77%	150.4	471.9	622.3	17.17%	294.5	923.8	1,218.3	596.0	14.87%	255.1	800.2	1,055.4	433.1	(163.0)	
2027	8.77%	156.1	488.7	644.8	17.77%	316.2	990.3	1,306.5	661.7	14.54%	258.7	810.1	1,068.8	424.0	(237.8)	
2028	8.77%	162.0	506.4	668.4	18.37%	339.3	1,060.6	1,400.0	731.6	14.12%	260.8	815.1	1,075.9	407.5	(324.1)	
2029	8.77%	168.2	524.8	693.0	18.97%	363.9	1,135.1	1,499.0	806.0	13.63%	261.4	815.4	1,076.9	383.9	(422.1)	
2030	8.77%	174.7	543.9	718.7	19.57%	389.9	1,213.8	1,603.7	885.0	13.01%	259.2	806.9	1,066.2	347.5	(537.5)	
2031	8.77%	181.5	563.9	745.4	20.17%	417.5	1,296.9	1,714.4	969.0	12.23%	253.2	786.3	1,039.5	294.1	(674.9)	
2032	8.77%	188.6	584.7	773.4	20.77%	446.7	1,384.9	1,831.6	1,058.2	11.17%	240.1	744.5	984.6	211.2	(847.0)	
2033	8.77%	196.0	606.5	802.5	21.37%	477.5	1,477.8	1,955.4	1,152.9	9.57%	213.9	661.9	875.7	73.3	(1,079.6)	
FY '11-'33		$ 3,115.3	$ 9,782.5	$ 12,897.8		$ 5,575.6	$ 17,473.2	$ 23,048.8	$ 10,150.9		$ 4,713.5	$ 14,803.7	$ 19,517.1	$ 6,619.3	$ (3,531.6)	

Attachment 5

Kansas Public Employees Retirement System
Analysis of Additional Employer Contributions under SB 49
Local Group FY 2011-2033

	Level CY '12 Employer Rate		Current Cap Increase		SB 49				
Calendar Year	Local Group Employer Rate	Employer Contributions (in millions)	Local Group Employer Rate	Employer Contributions (in millions)	Local Group Employer Rate	Employer Contributions (in millions)	Additional Contributions from CY 2012 Rate (in millions)	Additional Contributions from Current Cap (in millions)	
2011	6.74%	115.8	6.74%	115.8	6.74%	115.8	-	-	
2012	7.34%	130.1	7.34%	130.1	7.34%	130.1	-	-	
2013	7.34%	134.6	7.94%	145.6	8.34%	152.9	18.3	7.3	
2014	7.34%	139.1	8.54%	161.8	9.15%	173.5	34.4	11.6	$ 22.7
2015	7.34%	143.8	9.14%	179.1	9.34%	182.9	39.1	3.8	
2016	7.34%	148.7	9.74%	197.3	9.17%	185.8	37.1	(11.5)	
2017	7.34%	153.8	10.34%	216.6	9.09%	190.4	36.6	(26.3)	
2018	7.34%	159.0	10.58%	229.2	8.96%	194.1	35.1	(35.0)	
2019	7.34%	164.5	10.46%	234.4	8.78%	196.7	32.2	(37.7)	
2020	7.34%	170.1	10.28%	238.2	8.57%	198.5	28.5	(39.6)	
2021	7.34%	176.0	10.06%	241.2	8.36%	200.5	24.5	(40.7)	
2022	7.34%	182.2	9.83%	244.0	8.12%	201.6	19.4	(42.4)	
2023	7.34%	188.6	9.57%	246.0	8.00% (1)	205.6	17.0	(40.4)	
2024	7.34%	195.4	9.29%	247.4	8.00%	213.0	17.6	(34.4)	
2025	7.34%	202.5	8.98%	247.7	8.00%	220.7	18.2	(27.0)	
2026	7.34%	209.9	8.64%	247.0	8.00%	228.8	18.9	(18.2)	
2027	7.34%	217.6	8.23%	244.1	8.00%	237.2	19.6	(6.9)	
2028	7.34%	225.7	7.77%	238.9	8.00%	246.0	20.3	7.2	
2029	7.34%	234.2	7.21%	229.9	8.00%	255.2	21.1	25.3	
2030	7.34%	243.0	6.51%	215.5	8.00%	264.9	21.9	49.4	
2031	7.34%	252.2	6.00% (1)	206.2	8.00%	274.9	22.7	68.7	
2032	7.34%	261.8	6.00%	214.0	8.00%	285.4	23.5	71.3	
2033	7.34%	271.8	6.00%	222.2	8.00%	296.2	24.4	74.1	
FY '11-'33		$ 4,422.4		$ 4,994.0		$ 4,952.6	$ 530.2	$ (41.4)	

(1) Per K.S.A. 74-49,211, on and after July 1, 2009, the employer contribution rate may not be less than the employee contribution rate. Without this minimum contribution, total employer contributions for FY '11-'33 are projected to be $865.4 million less under SB 49 than under the baseline with the current cap increase.

Attachment 6

Kansas Public Employees Retirement System
Analysis of Additional Employee Contributions Under SB 49
Tier 1 and Tier 2 Combined

State's Fiscal Year(1)	Employee Contributions: Current Statutory Rates (in millions)			Employee Contributions: .5% increase for 4 years (in millions)			Additional Contributions (in millions)		
	State/School	Local	Total	State/School	Local	Total	State/School	Local	Total
2011	184.2	72.5	256.7	184.2	72.5	256.7	-	-	-
2012	194.6	77.1	271.7	194.6	77.1	271.7	-	-	-
2013 (2)	204.9	81.8	286.7	216.7	91.0	307.7	11.7	9.2	20.9
2014	215.6	86.5	302.1	251.8	105.5	357.3	36.2	18.9	55.2
2015	226.6	91.3	317.9	288.7	120.7	409.4	62.1	29.4	91.5
2016	238.1	96.1	334.2	327.5	136.7	464.2	89.5	40.5	130.0
2017	250.0	101.1	351.1	355.3	143.0	498.3	105.3	41.9	147.2
2018	262.4	106.3	368.7	371.0	149.6	520.6	108.6	43.3	151.9
2019	275.4	111.6	387.0	387.4	156.4	543.8	112.0	44.8	156.8
2020	288.9	117.2	406.0	404.5	163.5	568.0	115.7	46.3	162.0
2021	302.9	122.9	425.8	422.4	170.8	593.3	119.5	48.0	167.5
2022	317.6	128.8	446.4	441.1	178.5	619.6	123.6	49.6	173.2
2023	332.7	135.0	467.7	460.6	186.4	646.9	127.8	51.4	179.2
2024	348.5	141.4	489.9	480.8	194.6	675.4	132.3	53.2	185.6
2025	364.9	148.0	512.9	501.9	203.2	705.1	137.0	55.2	192.2
2026	381.9	154.9	536.8	523.8	212.1	735.9	141.9	57.2	199.1
2027	399.6	162.0	561.6	546.6	221.3	767.9	147.0	59.3	206.3
2028	417.9	169.5	587.3	570.3	231.0	801.3	152.4	61.5	213.9
2029	436.9	177.2	614.1	594.9	241.0	835.9	158.0	63.8	221.8
2030	456.6	185.2	641.8	620.5	251.4	871.9	163.9	66.2	230.1
2031	477.1	193.5	670.6	647.1	262.2	909.3	170.0	68.7	238.7
2032	498.4	202.1	700.5	674.8	273.4	948.2	176.4	71.3	247.7
2033	520.5	211.0	731.5	703.5	285.1	988.5	183.0	74.1	257.1
FY '11-'33	$ 7,596.2	$ 3,072.8	$ 10,669.0	$ 10,170.2	$ 4,126.8	$ 14,297.0	$ 2,574.0	$ 1,054.0	$ 3,628.0

(1) Increased employee contributions are proposed to begin on January 1, 2013, of State and School Fiscal Year 2013 and Local Fiscal/Calendar Year 2013. The increase in the benefit formula multiplier is also effective January 1, 2013, for future service only.

(2) For State and School Groups, the proposed employee rate increase is effective for the second half of Fiscal Year 2013. For the Local Group, it is effective for full Fiscal/Calendar Year 2013.

KANSAS ASSOCIATION OF SCHOOL BOARDS
1420 SW Arrowhead Road • Topeka, Kansas 66604-4024
785-273-3600

Testimony before the
Select Senate Committee on KPERS
SB 49 – Increased KPERS Contribution Rate

by
Tom Krebs, Governmental Relations Specialist
Kansas Association of School Boards

February 23, 2011

President Morris and members of the committee, thank you for this opportunity to comment on **SB 49**. We rise in support.

First, a bit of background. KASB is a not-for-profit corporation established to help school boards and their members to better perform their jobs. Of the 289 school districts, 287 are members. Other members include community colleges and regional service centers. We offer a number of services, including legal, board training, policy, and of course, advocacy. We also sponsor several pools that allow our members to buy insurance and commodities at either a reduced rate and/or when they cannot get the service elsewhere.

Each December, our Delegate Assembly meets. It is asked to approve a series of resolutions, which are good for one year. It also has the opportunity to revise or add specific policies, which are, once adopted, in effect until amended or repealed. The current policy language on KPERS reads:

> The employers' cost of any retirement program or benefits mandated by the state should be fully and directly funded by the state. KASB opposes making KPERS a non-contributory system. KASB believes the Legislature should consider changes in the KPERS system to reduce the need for state general fund support, providing that benefits remain.

Retirement benefits, health insurance and wages are tied together in a compensation package. Increasing the contributory cap from 0.6 percent to one percent costs the state approximately $20 million per year. The money the Legislature appropriates to schools will be affected, most likely, by an increased contribution. From that perspective, the increase has a potential negative impact on our members' budgets and their ability to increase wages. We would certainly like to see, in the future, a funding source for KPERS that does not compete directly with the funds schools need to meet steadily increasing academic targets with student populations that are growing in need.

Stagnant wages will also be affected by an increased employee contribution to KPERS. For 2010-11, the median district, to date, has increased its salary package 1.4 percent. The additional contribution, along with the likelihood of increased medical premiums, increases the odds of employees actually taking home smaller checks than the previous year.

We understand, however, there must be a balanced approach to reducing the system's significant unfunded actuarial liability. By raising the contributory cap and increasing the employees' contributions, the state is taking the first steps in the right direction, which, in the long run, protects our members' employees' interests. It is a difficult choice to make, but we believe it is the correct one.

Thank you for this opportunity for input.

Written Testimony Submitted to the:

Kansas Senate Select KPERS Committee

February 23, 2011

Terry Forsyth
Coalition for Keeping the Kansas Promise

Testimony In Opposition to Senate Bill 49

President Morris and Members of the Select Committee:

Thank you for the opportunity to appear before the Select Committee and to dialogue on an important issue for nearly 300,000 Kansans.

The Coalition for Keeping the Kansas Promise, composed of state employees, teachers, firefighters, public safety workers, health care professionals, and higher education professionals, was established at the end of 2010 for the purpose of serving as a comprehensive resource for both KPERS members and retirees, and Kansas policymakers.

The Coalition for Keeping the Kansas Promise supports certain provisions of Senate Bill 49, though, as a whole, the Coalition opposes the legislation.

Each year, Kansas public employees face uncertainty – uncertainty that their efforts to do more with less will be appropriately acknowledged and rewarded according to the rules of the free market. Kansas public employee compensation, year-after-year, is the first target of those who seek to reduce government spending despite the fact that public employees are paid less and contribute more than their private market counterparts.

The provisions of Senate Bill 49 that seek to increase employee contributions, even in a phase-in over a number of years, generates further uncertainty for Kansas' public employees. After years of legislative efforts to reduce public employee compensation and reduce the total number of public employees in the state, it is clear that continued and sustained efforts to further erode public employee compensation and staff support will not cease. Thus, while the increased employee contributions under Senate Bill 49 may seem nominal, when taken in conjunction with other reductions in total compensation, such as that witnessed in House Appropriations just this session, the increase is another erosion of total compensation for Kansas public employees.

Kansas values are appropriately summed up by "work hard and play by the rules." Kansas public employees have done just that. With 2,000 less state employees than five years ago and 1,000

Senate KPERS Select Committee
2/23/11
Attachment 3

less public school teachers than three years ago, Kansas' public employees have risen to the challenge of working hard and doing more with less, only to earn less than their private market counterparts. Worse yet, Kansas' public employees have "played by the rules." They have made their required contributions year-after-year for the support of KPERS and a nominal retirement. It is the contributions by state and local governments that have failed to make the actuarially required payments – for the last 17 years. To now place the burden of that inaction on Kansas' public employees is an affront to our shared Kansas values of "work hard and play by the rules."

The Coalition for Keeping the Kansas Promise does support Section 1 of Senate Bill 49, which would seek to adjust the past inaction to make the actuarially required contributions by Kansas public employers to the KPERS fund. Increasing the employer contribution cap from .6% to 1.0% will, over a number of years, help to decrease the total unfunded actuarial liability and will shore up the KPERS fund. It is, however, a process that will take years, but an action that we urge the Select Committee and legislature to take immediately.

The Coalition further supports Section 2 of Senate Bill 49, which will increase the multiplier of members' final average salary. The average monthly retirement benefit of KPERS is $1,200, which often requires that Kansas public employees not rely solely on KPERS as their sole retirement benefit with many choosing to invest in other private market retirement accounts or, alternatively, continue to work into their golden years to supplement their nominal KPERS retirement benefit.

Thank you, again, for the opportunity to share dialogue on this important subject matter that impacts Kansas public employees and retirees in all 105 Kansas counties and every legislative district throughout the state.

Lenexa
KANSAS

TESTIMONY IN SUPPORT OF SB 49
(written only)

To: Senate President Morris
Members of the Senate KPERS Select Committee

From: Beccy Yocham, Deputy City Attorney

Date: February 17, 2011

Thank you for the opportunity to present testimony on SB 49. The City of Lenexa, like most participating employers, is concerned about the stability of KPERS. In fact, support for achieving an adequately funded public employee retirement system is one of the core principles of the City's 2011 legislative program. The City recognizes that funding increases are essential to achieving the goal of adequate funding of the system. Specifically, the City supports increasing the annual cap on employer contributions from the current .6% to 1.0%, as proposed in SB 49. Senate Bill 49 is an important first step in achieving the goal of adequate funding and for this reason, I am writing to express the City's support of the bill.

On behalf of the City of Lenexa, I urge your support of SB 49 and any other legislative measures which improve the stability of the KPERS system and ensure adequate funding of the same. Thank you for your time and willingness to support this bill. If you should have any questions or desire any additional information, please do not hesitate to contact me at 913/477-7628 or by e-mail at byocham@ci.lenexa.ks.us.

Olathe
Unified School District 233

February 22, 2011

TO: Senator Steve Morris, Chair and Members of the Senate Select Committee on KPERS

FROM: Gary George, Ed.D., Assistant Superintendent of Schools
Olathe Public Schools

SUBJECT: Senate Bill 49 - KPERS

We are submitting testimony in support of Senate Bill 49. Our board of education has adopted a position which supports strengthening the Kansas Employees Retirement System. We believe Senate bill 49 is a positive step in adding to the financial strength of KPERS.

School employees, as well as other public employees, have given many years of their professional lives to serve the people of Kansas. It is essential that the state honor its commitment to these people. Governor Sam Brownback correctly called attention to this issue in his State of the State address. We have known for a long time that the KPERS system was underfunded. The issue has been studied for several years. It is clear that KPERS needs more revenue. Senate Bill 49 brings us one step closer to having the financial strength to address future claims. Accordingly, we strongly encourage you to support Senate Bill 49.

A New Day... A Better Way... For State Employees

Written Testimony Submitted to the
Select Committee on KPERs
on
SB 49
by
Jane Carter, Executive Director
Kansas Organization of State Employees

Mr. Chairman and Members of the Committee:

Thank you very much for allowing me the opportunity to speak to you today on behalf of the 11,000 working men and women who are executive branch employees of the state of Kansas and represented by the Kansas Organization of State Employees (KOSE). My name is Jane Carter and I am the Executive Director of KOSE. As a spokesperson for an organization of workers whose retirement is exceedingly contingent of this committee's actions, I appreciate the chance to voice our concerns about the direction of the KPERs system.

First of all, I want to applaud this committee for taking on this extremely challenging issue and for exploring all possibilities. We can all agree that the KPERs has long-term funding challenges in the years to come. But according to KPERs the system currently has more than $10 billion in assets and we can safely assume that it will remain solvent for decades. Furthermore, we support the idea of raising the employer contribution from 0.6 percent to 1 percent as proposed under SB 49.

However, the proposal of moving employee contributions up an entire 2 percent of his/her wage over the next five years would only increase the hardship working Kansans currently face. For Tier 1 employees they will ultimately pay a 6 percent of their salaries and for Tier 2 they will ultimately pay 8 percent of their salaries. With many state employees already under the market rate of pay many simply cannot afford this drastic rate increase right now. According to 2007 market survey

- Social workers are paid on average $32,000 and are 21% below the market rate and an 8% contribution rate equal $2, 560 from their paychecks.
- Electricians are paid on average $26,600 and are 32% below the market rate and an 8% contribution would equal $2,128 from their paychecks.
- Custodial workers are paid on average $18,000 and are 20% below the market rate and an 8% required contribution will equal $1,440.

SB 49 may increase the multiplier for a more fair final benefit, but workers must feed their families now. Requiring state employees to contribute 8% of their salary when they make an average of $21,000 per year is a difficult pill to swallow. For Tier 1 and 2 that would be an annual increase of $420 for an average state employee.

KOSE encourages the Committee to analyze all triggers of the system that could impact the Unfunded Liability. Although increasing the employees' contribution may have an impact, other options may be available that are not as harsh to the state workers and their ability to care for their families.

Senate KPERS Select Committee
2/23/11
Attachment 6

Kansas Organization of State Employees, AFT/AFSCME, AFL-CIO
1301 SW Topeka Boulevard • Topeka, KS 66612 • (785) 354-1174

KANSAS

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

February 22, 2011

Senator Stephen Morris, Chairman
Senate Select Committee on KPERS
300 SW 10th Ave, Room 333-E
Topeka KS 66612

Dear Chairman Morris and Members of the Committee:

During the initial meeting of the Senate Select Committee on KPERS, Senator King requested information regarding the impact of lowering KPERS' investment return assumption and the relative cost of the components of SB 49. Our responses to those requests follow.

Impact of 7.5% Investment Return Assumption

As discussed during the Committee's meeting, the KPERS Board of Trustees is currently engaged in a study of the investment return assumption used in annual valuations of the System. Senator King had inquired about the potential impact on KPERS's funded status if the Board determined that the investment return assumption should be lowered.

Preliminary estimates of the effect of a 7.5% investment return assumption on the System's unfunded actuarial liability (UAL), funded ratio, and actuarially required contribution (ARC) rates are attached. (Attachment A.) The projections compare those measures of the System's funded status as of the December 31, 2009, valuation to estimates of the same measures had the valuation been based on a 7.5% investment return assumption. For the System as a whole, it is estimated that the UAL would have been $1.3 billion higher ($8.95 billion) and that, as a result, the funded ratio for the System would have been 4% lower (60%).

Costs of SB 49 Components

As noted during the Committee's review of SB 49, the bill contains three components:

Increased Employer Contributions. Raises the cap on employer contribution rate increases from 0.6% per year to 1.0% per year, beginning in FY 2013 (July 1, 2012, for the State and School Groups, and January 1, 2013, for the Local Group).

Increased Employee Contributions. Increases employee contribution rates for both Tier 1 and Tier 2 by 0.5% in each of four calendar years, beginning January 1, 2013. By CY 2016, the contribution rate for Tier 1 would be 6.0%, and the contribution rate for Tier 2 would be 8.0%.

Increased Multiplier for Future Service. Beginning January 1, 2013, raises the benefit formula multiplier to 1.85% for all future years of service credited to members. Retirement benefits are calculated by multiplying the member's years of service by the final a
"multiplier." The multiplier is currently 1.75%.

Senate KPERS Select Committee
2/23/11
Attachment 7

611 S. Kansas Ave., Suite 100, Topeka, KS 66603-3869 www
Voice 785-296-6166 Toll-Free 1-888-275-5737 Fax 785-

Senator King had asked for information about the relative cost of each of these three components. Their impact is summarized below. Attachment B provides additional detail.

	Change in Contribution Rate	Change in State/School Group Contributions
Employer Contributions	• 1.0% annual cap on statutory employer contribution rate increases until the statutory rate equals the ARC rate. • Under SB 49, the maximum State/School Group ARC rate is projected at 15.82% in FY 2021.	Compared to Baseline contributions:* • Additional employer contributions of $1,467.5 million through FY 2025. • Total employer contributions from FY 2011 through FY 2033 lowered by $1,161.7 million to $21,887.0 million.
Employee Contributions	• 0.5% increase annually for four years, with employee contribution rates thereafter of 6% for Tier 1 and 8% for Tier 2.	Compared to Baseline contributions:* • Additional employee contributions of $2,574.0 million through FY 2033. • Total employee contributions from FY 2011 through FY 2033 of $10,170.2 million.
1.85% Multiplier	• Increases the employer normal cost by approximately .43%.	• Increases employer contributions by $650.7 million from FY 2011 through FY 2033.

*"Baseline contributions" assumes current 0.6% statutory cap on employer rate increases, current employee contribution rates, no change in benefits, and 8.0% long-term investment return assumption.

Please let me know if you need additional information regarding either of these topics.

Sincerely,

Glenn Deck

Glenn Deck
Executive Director

Attachments

cc: Members of the Senate Select Committee on KPERS
Julian Efird
Mike Steiner
Gordon Self

Attachment A

7-3

KPERS 12/31/09 Valuation Results

	8% Assumed Return		7.5% Assumed Return		Change	
	UAL	Funded Ratio	UAL	Funded Ratio	UAL	Funded Ratio
State	$ 806	78%	$ 1,013	74%	$ 207	-4%
School	$ 4,999	56%	$ 5,693	53%	$ 694	-3%
Local	$ 1,315	64%	$ 1,552	60%	$ 237	-4%
KP&F	$ 530	76%	$ 662	72%	$ 132	-4%
Judges	$ 26	82%	$ 33	79%	$ 7	-3%
Total*	$ 7,677	64%	$ 8,953	60%	$ 1,276	-4%

* May not add due to rounding

	Normal Cost	ARC	Normal Cost	ARC	Normal Cost	ARC
State	8.20%	9.55%	9.13%	11.79%	0.93%	2.24%
School	8.65%	14.69%	9.70%	17.11%	1.05%	2.42%
Local	8.14%	9.44%	9.04%	11.28%	0.90%	1.84%
KP&F	14.71%	16.54%	16.36%	20.16%	1.65%	3.62%
Judges	19.97%	23.75%	21.78%	27.74%	1.81%	3.99%

Attachment B

7-4

State/School Group Employer and Employee Cost Components for SB 49
(In Millions)

Fiscal Year	1.0% Cap on Employer Contributions: Baseline	1% ER Cap	Difference		Employee Contributions[1]: Baseline	2% increase, phased in at 0.5% annually over 4 years	Difference
2010	NA	NA	-		NA	NA	-
2011	364.5	364.5	-		184.2	184.2	-
2012	401.6	401.6	-		194.6	194.6	-
2013	440.3	459.1	18.8		204.9	216.7	11.7
2014	481.4	520.0	38.6		215.6	251.8	36.2
2015	524.9	584.5	59.6		226.6	288.7	62.1
2016	571.0	652.8	81.8		238.1	327.5	89.5
2017	619.8	725.1	105.3		250.0	355.3	105.3
2018	671.6	801.9	130.3		262.4	371.0	108.6
2019	726.5	883.4	156.8	$1,467.5	275.4	387.4	112.0
2020	784.8	969.9	185.1		288.9	404.5	115.7
2021	846.8	1,051.1	204.3		302.9	422.4	119.5
2022	912.6	1,092.1	179.5		317.6	441.1	123.6
2023	982.4	1,129.7	147.3		332.7	460.6	127.8
2024	1,056.5	1,161.6	105.1		348.5	480.8	132.3
2025	1,135.1	1,190.0	54.9		364.9	501.9	137.0
2026	1,218.3	1,215.5	(2.9)		381.9	523.8	141.9
2027	1,306.5	1,237.8	(68.7)		399.6	546.6	147.0
2028	1,400.0	1,255.9	(144.1)		417.9	570.3	152.4
2029	1,499.0	1,268.4	(230.6)		436.9	594.9	158.0
2030	1,603.7	1,272.4	(331.3)		456.6	620.5	163.9
2031	1,714.4	1,263.6	(450.9)		477.1	647.1	170.0
2032	1,831.6	1,231.1	(600.5)		498.4	674.8	176.4
2033	1,955.4	1,155.2	(800.2)		520.5	703.5	183.0
Total: FY 2011-2033:	**23,048.8**	**21,887.0**	**(1,161.7)**		**7,596.2**	**10,170.2**	**2,574.0**

[1] Increased employee contributions are proposed to begin on January 1, 2013, of State and School Fiscal Year 2013.