

HOUSE BILL No. 2328

By Committee on Pension and Benefits

2-11

1 AN ACT concerning retirement and pensions; relating to the Kansas
2 public employees retirement system; employer contributions;
3 amending K.S.A. 2010 Supp. 74-4920 and repealing the existing
4 section.
5

6 *Be it enacted by the Legislature of the State of Kansas:*

7 Section 1. K.S.A. 2010 Supp. 74-4920 is hereby amended to read as
8 follows: 74-4920. (1) (a) Upon the basis of each annual actuarial
9 valuation and appraisal as provided for in subsection (3)(a) of K.S.A. 74-
10 4908, and amendments thereto, the board shall certify, on or before July
11 15 of each year, to the division of the budget in the case of the state and
12 to the agent for each other participating employer an actuarially
13 determined estimate of the rate of contribution which will be required,
14 together with all accumulated contributions and other assets of the
15 system, to be paid by each such participating employer to pay all
16 liabilities which shall exist or accrue under the system, including
17 amortization of the actuarial accrued liability as determined by the board.
18 The board shall determine the actuarial cost method to be used in annual
19 actuarial valuations, to determine the employer contribution rates that
20 shall be certified by the board. Such certified rate of contribution,
21 amortization methods and periods and actuarial cost method shall be
22 based on the standards set forth in subsection (3)(a) of K.S.A. 74-4908,
23 and amendments thereto and shall not be based on any other purpose
24 outside of the needs of the system.

25 (b) (i) For employers affiliating on and after January 1, 1999, upon
26 the basis of an annual actuarial valuation and appraisal of the system
27 conducted in the manner provided for in K.S.A. 74-4908, and
28 amendments thereto, the board shall certify, on or before July 15 of each
29 year to each such employer an actuarially determined estimate of the rate
30 of contribution which shall be required to be paid by each such employer
31 to pay all of the liabilities which shall accrue under the system from and
32 after the entry date as determined by the board, upon recommendation of
33 the actuary. Such rate shall be termed the employer's participating service
34 contribution and shall be uniform for all participating employers. Such
35 additional liability shall be amortized as determined by the board. For all
36 participating employers described in this section, the board shall

1 determine the actuarial cost method to be used in annual actuarial
2 valuations to determine the employer contribution rates that shall be
3 certified by the board.

4 (ii) The board shall determine for each such employer separately an
5 amount sufficient to amortize all liabilities for prior service costs which
6 shall have accrued at the time of entry into the system. On the basis of
7 such determination the board shall annually certify to each such employer
8 separately an actuarially determined estimate of the rate of contribution
9 which shall be required to be paid by that employer to pay all of the
10 liabilities for such prior service costs. Such rate shall be termed the
11 employer's prior service contribution.

12 (2) The division of the budget and the governor shall include in the
13 budget and in the budget request for appropriations for personal services
14 the sum required to satisfy the state's obligation under this act as certified
15 by the board and shall present the same to the legislature for allowance
16 and appropriation.

17 (3) Each other participating employer shall appropriate and pay to
18 the system a sum sufficient to satisfy the obligation under this act as
19 certified by the board.

20 (4) Each participating employer is hereby authorized to pay the
21 employer's contribution from the same fund that the compensation for
22 which such contribution is made is paid from or from any other funds
23 available to it for such purpose. Each political subdivision, other than an
24 instrumentality of the state, which is by law authorized to levy taxes for
25 other purposes, may levy annually at the time of its levy of taxes, a tax
26 which may be in addition to all other taxes authorized by law for the
27 purpose of making its contributions under this act and, in the case of
28 cities and counties, to pay a portion of the principal and interest on bonds
29 issued under the authority of K.S.A. 12-1774, and amendments thereto,
30 by cities located in the county, which tax, together with any other fund
31 available, shall be sufficient to enable it to make such contribution. In lieu
32 of levying the tax authorized in this subsection, any taxing subdivision
33 may pay such costs from any employee benefits contribution fund
34 established pursuant to K.S.A. 12-16,102, and amendments thereto. Each
35 participating employer which is not by law authorized to levy taxes as
36 described above, but which prepares a budget for its expenses for the
37 ensuing year and presents the same to a governing body which is
38 authorized by law to levy taxes as described above, may include in its
39 budget an amount sufficient to make its contributions under this act
40 which may be in addition to all other taxes authorized by law. Such
41 governing body to which the budget is submitted for approval, may levy a
42 tax sufficient to allow the participating employer to make its
43 contributions under this act, which tax, together with any other fund

1 available, shall be sufficient to enable the participating employer to make
2 the contributions required by this act.

3 (5) (a) The rate of contribution certified to a participating employer
4 as provided in this section shall apply during the fiscal year of the
5 participating employer which begins in the second calendar year
6 following the year of the actuarial valuation.

7 (b) (i) Except as specifically provided in this section, for fiscal years
8 commencing in calendar year 1996 and in each subsequent calendar year,
9 the rate of contribution certified to the state of Kansas shall in no event
10 exceed the state's contribution rate for the immediately preceding fiscal
11 year by more than 0.2% of the amount of compensation upon which
12 members contribute during the period.

13 (ii) Except as specifically provided in this subsection, for the fiscal
14 years commencing in the following calendar years, the rate of
15 contribution certified to the state of Kansas and to the participating
16 employers under K.S.A. 74-4931, and amendments thereto shall in no
17 event exceed the state's contribution rate for the immediately preceding
18 fiscal year by more than the following amounts expressed as a percentage
19 of compensation upon which members contribute during the period: (A)
20 For the fiscal year commencing in calendar year 2005, an amount not to
21 exceed more than 0.4% of the amount of the immediately preceding fiscal
22 year; (B) for the fiscal year commencing in calendar year 2006, an
23 amount not to exceed more than 0.5% of the amount of the immediately
24 preceding fiscal year; and (C) for the fiscal year commencing in calendar
25 year 2007 and in each subsequent calendar year, an amount not to exceed
26 more than 0.6% of the amount of the immediately preceding fiscal year.

27 (iii) Except as specifically provided in this section, for fiscal years
28 commencing in calendar year 1997 and in each subsequent calendar year,
29 the rate of contribution certified to participating employers other than the
30 state of Kansas shall in no event exceed such participating employer's
31 contribution rate for the immediately preceding fiscal year by more than
32 0.15% of the amount of compensation upon which members contribute
33 during the period.

34 (iv) Except as specifically provided in this subsection, for the fiscal
35 years commencing in the following calendar years, the rate of
36 contribution certified to participating employers other than the state of
37 Kansas shall in no event exceed the contribution rate for such employers
38 for the immediately preceding fiscal year by more than the following
39 amounts expressed as a percentage of compensation upon which
40 members contribute during the period: (A) For the fiscal year
41 commencing in calendar year 2006, an amount not to exceed more than
42 0.4% of the amount of the immediately preceding fiscal year; (B) for the
43 fiscal year commencing in calendar year 2007, an amount not to exceed

1 more than 0.5% of the amount of the immediately preceding fiscal year;
2 and (C) for the fiscal year commencing in calendar year 2008 and in each
3 subsequent calendar year, an amount not to exceed more than 0.6% of the
4 amount of the immediately preceding fiscal year.

5 (v) As part of the annual actuarial valuation, there shall be a separate
6 employer rate of contribution calculated for the state of Kansas, a
7 separate employer rate of contribution calculated for participating
8 employers under K.S.A. 74-4931, and amendments thereto, a combined
9 employer rate of contribution calculated for the state of Kansas and
10 participating employers under K.S.A. 74-4931, and amendments thereto,
11 and a separate employer rate of contribution calculated for all other
12 participating employers.

13 (vi) There shall be a combined employer rate of contribution
14 certified to the state of Kansas and participating employers under K.S.A.
15 74-4931, and amendments thereto. There shall be a separate employer
16 rate of contribution certified to all other participating employers.

17 (vii) If the combined employer rate of contribution calculated for the
18 state of Kansas and participating employers under K.S.A. 74-4931, and
19 amendments thereto, is greater than the separate employer rate of
20 contribution for the state of Kansas, the difference in the two rates
21 applied to the actual payroll of the state of Kansas for the applicable
22 fiscal year shall be calculated. This amount shall be certified by the board
23 for deposit as additional employer contributions to the retirement benefit
24 accumulation reserve for the participating employers under K.S.A. 74-
25 4931, and amendments thereto.

26 (viii) *In addition to any other provision of law specifying rates of*
27 *contribution, for the fiscal year commencing in calendar year 2011, and*
28 *each fiscal year thereafter, until the state in satisfying the participating*
29 *employer's obligation under K.S.A. 74-4939, and amendments thereto, is*
30 *paying the full amount certified by the board in subsection (1)(a), each*
31 *school district that is an eligible employer pursuant to K.S.A. 74-4931*
32 *(1), and amendments thereto, shall pay a 1 % contribution rate during*
33 *the fiscal year commencing in calendar year 2011, and not to exceed an*
34 *additional 1% during each fiscal year thereafter, to the system. In any*
35 *fiscal year when the state is paying the full amount certified by the board*
36 *in subsection (1)(a), the increased contribution rate specified by this*
37 *subsection shall be adjusted upward or downward by the board as a part*
38 *of the board's required certification of rates of contribution pursuant to*
39 *subsection (1)(a) in a proportional manner allocated between such*
40 *school district and the state as determined by the board based on the*
41 *state rate of contribution and the school district contribution rate*
42 *determined pursuant to this subsection.*

43 (6) The actuarial cost of any legislation enacted in the 1994 session

1 of the Kansas legislature will be included in the June 30, 1994, actuarial
2 valuation in determining contribution rates for participating employers.

3 (7) The actuarial cost of the provisions of K.S.A. 74-4950i will be
4 included in the June 30, 1998, actuarial valuation in determining
5 contribution rates for participating employers. The actuarial accrued
6 liability incurred for the provisions of K.S.A. 74-4950i shall be amortized
7 over 15 years.

8 (8) Except as otherwise provided by law, the actuarial cost of any
9 legislation enacted by the Kansas legislature, except the actuarial cost of
10 K.S.A. 74-49,114a, and amendments thereto, shall be in addition to the
11 employer contribution rates certified for the employer contribution rate in
12 the fiscal year immediately following such enactment.

13 (9) Notwithstanding the provisions of subsection (8), the actuarial
14 cost of the provisions of K.S.A. 74-49,109 et seq., and amendments
15 thereto shall be first reflected in employer contribution rates effective
16 with the first day of the first payroll period for the fiscal year 2005. The
17 actuarial accrued liability incurred for the provisions of K.S.A. 74-49,109
18 et seq., and amendments thereto shall be amortized over 10 years.

19 (10) The cost of the postretirement benefit payment provided
20 pursuant to the provisions of K.S.A. 2010 Supp. 74-49,114b, and
21 amendments thereto, for retirants other than local retirants as described in
22 subsection (11) or insured disability benefit recipients shall be paid in the
23 fiscal year commencing on July 1, 2007.

24 (11) The actuarial accrued liability incurred for the provisions of
25 K.S.A. 2010 Supp. 74-49,114b, and amendments thereto, for the KPERS
26 local group and retirants who were employees of local employers which
27 affiliated with the Kansas police and firemen's retirement system shall be
28 amortized over 10 years.

29 (12) The cost of the postretirement benefit payment provided
30 pursuant to the provisions of K.S.A. 2010 Supp. 74-49,114c, and
31 amendments thereto, for retirants other than local retirants as described in
32 subsection (13) or insured disability benefit recipients shall be paid in the
33 fiscal year commencing on July 1, 2008.

34 (13) The actuarial accrued liability incurred for the provisions of
35 K.S.A. 2010 Supp. 74-49,114c, and amendments thereto, for the KPERS
36 local group and retirants who were employees of local employers which
37 affiliated with the Kansas police and firemen's retirement system shall be
38 amortized over 10 years.

39 (14) The board with the advice of the actuary may fix the
40 contribution rates for participating employers joining the system after one
41 year from the first entry date or for employers who exercise the option
42 contained in K.S.A. 74-4912, and amendments thereto, at rates different
43 from the rate fixed for employers joining within one year of the first entry

1 date.

2 (15) For employers affiliating on and after January 1, 1999, the rates
3 of contribution certified to the participating employer as provided in this
4 section shall apply during the fiscal year immediately following such
5 certification, but the rate of contribution during the first year following
6 the employer's entry date shall be equal to 7% of the amount of
7 compensation on which members contribute during the year. Any amount
8 of such first year's contribution which may be in excess of the necessary
9 current service contribution shall be credited by the board to the
10 respective employer's prior service liability.

11 (16) Employer contributions shall in no way be limited by any other
12 act which now or in the future establishes or limits the compensation of
13 any member.

14 (17) Notwithstanding any provision of law to the contrary, each
15 participating employer shall remit quarterly, or as the board may
16 otherwise provide, all employee deductions and required employer
17 contributions to the executive director for credit to the Kansas public
18 employees retirement fund within three days after the end of the period
19 covered by the remittance by electronic funds transfer. Remittances of
20 such deductions and contributions received after such date are delinquent.
21 Delinquent payments due under this subsection shall be subject to interest
22 at the rate established for interest on judgments under subsection (a) of
23 K.S.A. 16-204, and amendments thereto. At the request of the board,
24 delinquent payments which are due or interest owed on such payments, or
25 both, may be deducted from any other moneys payable to such employer
26 by any department or agency of the state.

27 Sec. 2. K.S.A. 2010 Supp. 74-4920 is hereby repealed.

28 Sec. 3. This act shall take effect and be in force from and after its
29 publication in the statute book.

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