

HOUSE BILL No. 2762

By Committee on Appropriations

2-21

1 AN ACT concerning retirement and pensions; relating to the Kansas public
2 employees retirement system and systems thereunder; postretirement
3 benefit payments; amending K.S.A. 2011 Supp. 74-4920 and repealing
4 the existing section.
5

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

7 New Section 1. (a) The retirement benefit, pension or annuity
8 payments to each retirant who retires under the provisions of K.S.A. 79-
9 4901 *et seq.*, and amendments thereto, shall be increased as follows: (1)
10 Commencing July 1, 2012, by an amount equal to 1% of the retirement
11 benefit, pension or annuity in effect on July 1, 2012; (2) commencing July
12 1, 2013, by an amount equal to 1% or an additional 1% for those retirants
13 who received the increase in clause (1) of the retirement benefit, pension
14 or annuity in effect on July 1, 2013; and (3) commencing July 1, 2014, by
15 an amount equal to 1% or an additional 1% for those retirants who
16 received the increase in clause (1) or (2), or both, of the retirement benefit,
17 pension or annuity in effect on July 1, 2014. Such payment increase shall
18 be paid by the system to the retirant during any such period.

19 (b) As used in this section:

20 (1) "Retirant" means: (A) Any person who is a member or special
21 member of the retirement system pursuant to the provisions of K.S.A. 74-
22 4901 *et seq.*, and amendments thereto, and for the payment increase
23 commencing on July 1, 2012, who retired prior to July 1, 2011; for the
24 payment increase commencing on July 1, 2013, who retired prior to July 1,
25 2012; and for the payment increase commencing on July 1, 2014, who
26 retired prior to July 1, 2013; and (B) any person who is a joint annuitant or
27 beneficiary of any member described in clause (A); and

28 (2) "Kansas public employees retirement system" means the Kansas
29 public employees retirement system, the Kansas police and firemen's
30 retirement system, the state school retirement system and the retirement
31 system for judges.

32 Sec. 2. K.S.A. 2011 Supp. 74-4920 is hereby amended to read as
33 follows: 74-4920. (1) (a) Upon the basis of each annual actuarial valuation
34 and appraisal as provided for in subsection (3)(a) of K.S.A. 74-4908, and
35 amendments thereto, the board shall certify, on or before July 15 of each
36 year, to the division of the budget in the case of the state and to the agent

1 for each other participating employer an actuarially determined estimate of
2 the rate of contribution which will be required, together with all
3 accumulated contributions and other assets of the system, to be paid by
4 each such participating employer to pay all liabilities which shall exist or
5 accrue under the system, including amortization of the actuarial accrued
6 liability as determined by the board. The board shall determine the
7 actuarial cost method to be used in annual actuarial valuations, to
8 determine the employer contribution rates that shall be certified by the
9 board. Such certified rate of contribution, amortization methods and
10 periods and actuarial cost method shall be based on the standards set forth
11 in subsection (3)(a) of K.S.A. 74-4908, and amendments thereto, and shall
12 not be based on any other purpose outside of the needs of the system.

13 (b) (i) For employers affiliating on and after January 1, 1999, upon
14 the basis of an annual actuarial valuation and appraisal of the system
15 conducted in the manner provided for in K.S.A. 74-4908, and amendments
16 thereto, the board shall certify, on or before July 15 of each year to each
17 such employer an actuarially determined estimate of the rate of
18 contribution which shall be required to be paid by each such employer to
19 pay all of the liabilities which shall accrue under the system from and after
20 the entry date as determined by the board, upon recommendation of the
21 actuary. Such rate shall be termed the employer's participating service
22 contribution and shall be uniform for all participating employers. Such
23 additional liability shall be amortized as determined by the board. For all
24 participating employers described in this section, the board shall determine
25 the actuarial cost method to be used in annual actuarial valuations to
26 determine the employer contribution rates that shall be certified by the
27 board.

28 (ii) The board shall determine for each such employer separately an
29 amount sufficient to amortize all liabilities for prior service costs which
30 shall have accrued at the time of entry into the system. On the basis of
31 such determination the board shall annually certify to each such employer
32 separately an actuarially determined estimate of the rate of contribution
33 which shall be required to be paid by that employer to pay all of the
34 liabilities for such prior service costs. Such rate shall be termed the
35 employer's prior service contribution.

36 (2) The division of the budget and the governor shall include in the
37 budget and in the budget request for appropriations for personal services
38 the sum required to satisfy the state's obligation under this act as certified
39 by the board and shall present the same to the legislature for allowance and
40 appropriation.

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

1 (4) Each participating employer is hereby authorized to pay the
2 employer's contribution from the same fund that the compensation for
3 which such contribution is made is paid from or from any other funds
4 available to it for such purpose. Each political subdivision, other than an
5 instrumentality of the state, which is by law authorized to levy taxes for
6 other purposes, may levy annually at the time of its levy of taxes, a tax
7 which may be in addition to all other taxes authorized by law for the
8 purpose of making its contributions under this act and, in the case of cities
9 and counties, to pay a portion of the principal and interest on bonds issued
10 under the authority of K.S.A. 12-1774, and amendments thereto, by cities
11 located in the county, which tax, together with any other fund available,
12 shall be sufficient to enable it to make such contribution. In lieu of levying
13 the tax authorized in this subsection, any taxing subdivision may pay such
14 costs from any employee benefits contribution fund established pursuant to
15 K.S.A. 12-16,102, and amendments thereto. Each participating employer
16 which is not by law authorized to levy taxes as described above, but which
17 prepares a budget for its expenses for the ensuing year and presents the
18 same to a governing body which is authorized by law to levy taxes as
19 described above, may include in its budget an amount sufficient to make
20 its contributions under this act which may be in addition to all other taxes
21 authorized by law. Such governing body to which the budget is submitted
22 for approval, may levy a tax sufficient to allow the participating employer
23 to make its contributions under this act, which tax, together with any other
24 fund available, shall be sufficient to enable the participating employer to
25 make the contributions required by this act.

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

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

36 (ii) Except as specifically provided in this subsection, for the fiscal
37 years commencing in the following calendar years, the rate of contribution
38 certified to the state of Kansas and to the participating employers under
39 K.S.A. 74-4931, and amendments thereto, shall in no event exceed the
40 state's contribution rate for the immediately preceding fiscal year by more
41 than the following amounts expressed as a percentage of compensation
42 upon which members contribute during the period: (A) For the fiscal year
43 commencing in calendar year 2005, an amount not to exceed more than

1 0.4% of the amount of the immediately preceding fiscal year; (B) for the
2 fiscal year commencing in calendar year 2006, an amount not to exceed
3 more than 0.5% of the amount of the immediately preceding fiscal year;
4 and (C) for the fiscal year commencing in calendar year 2007 and in each
5 subsequent calendar year, an amount not to exceed more than 0.6% of the
6 amount of the immediately preceding fiscal year.

7 (iii) Except as specifically provided in this section, for fiscal years
8 commencing in calendar year 1997 and in each subsequent calendar year,
9 the rate of contribution certified to participating employers other than the
10 state of Kansas shall in no event exceed such participating employer's
11 contribution rate for the immediately preceding fiscal year by more than
12 0.15% of the amount of compensation upon which members contribute
13 during the period.

14 (iv) Except as specifically provided in this subsection, for the fiscal
15 years commencing in the following calendar years, the rate of contribution
16 certified to participating employers other than the state of Kansas shall in
17 no event exceed the contribution rate for such employers for the
18 immediately preceding fiscal year by more than the following amounts
19 expressed as a percentage of compensation upon which members
20 contribute during the period: (A) For the fiscal year commencing in
21 calendar year 2006, an amount not to exceed more than 0.4% of the
22 amount of the immediately preceding fiscal year; (B) for the fiscal year
23 commencing in calendar year 2007, an amount not to exceed more than
24 0.5% of the amount of the immediately preceding fiscal year; and (C) for
25 the fiscal year commencing in calendar year 2008 and in each subsequent
26 calendar year, an amount not to exceed more than 0.6% of the amount of
27 the immediately preceding fiscal year.

28 (v) As part of the annual actuarial valuation, there shall be a separate
29 employer rate of contribution calculated for the state of Kansas, a separate
30 employer rate of contribution calculated for participating employers under
31 K.S.A. 74-4931, and amendments thereto, a combined employer rate of
32 contribution calculated for the state of Kansas and participating employers
33 under K.S.A. 74-4931, and amendments thereto, and a separate employer
34 rate of contribution calculated for all other participating employers.

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

39 (vii) If the combined employer rate of contribution calculated for the
40 state of Kansas and participating employers under K.S.A. 74-4931, and
41 amendments thereto, is greater than the separate employer rate of
42 contribution for the state of Kansas, the difference in the two rates applied
43 to the actual payroll of the state of Kansas for the applicable fiscal year

1 shall be calculated. This amount shall be certified by the board for deposit
2 as additional employer contributions to the retirement benefit
3 accumulation reserve for the participating employers under K.S.A. 74-
4 4931, and amendments thereto.

5 (6) The actuarial cost of any legislation enacted in the 1994 session of
6 the Kansas legislature will be included in the June 30, 1994, actuarial
7 valuation in determining contribution rates for participating employers.

8 (7) The actuarial cost of the provisions of K.S.A. 74-4950i, *and*
9 *amendments thereto*, will be included in the June 30, 1998, actuarial
10 valuation in determining contribution rates for participating employers.
11 The actuarial accrued liability incurred for the provisions of K.S.A. 74-
12 4950i, *and amendments thereto*, shall be amortized over 15 years.

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

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

24 (10) The cost of the postretirement benefit payment provided
25 pursuant to the provisions of K.S.A. 2011 Supp. 74-49,114b, and
26 amendments thereto, for retirants other than local retirants as described in
27 subsection (11) or insured disability benefit recipients shall be paid in the
28 fiscal year commencing on July 1, 2007.

29 (11) The actuarial accrued liability incurred for the provisions of
30 K.S.A. 2011 Supp. 74-49,114b, and amendments thereto, for the KPERS
31 local group and retirants who were employees of local employers which
32 affiliated with the Kansas police and firemen's retirement system shall be
33 amortized over 10 years.

34 (12) The cost of the postretirement benefit payment provided
35 pursuant to the provisions of K.S.A. 2011 Supp. 74-49,114c, and
36 amendments thereto, for retirants other than local retirants as described in
37 subsection (13) or insured disability benefit recipients shall be paid in the
38 fiscal year commencing on July 1, 2008.

39 (13) The actuarial accrued liability incurred for the provisions of
40 K.S.A. 2011 Supp. 74-49,114c, and amendments thereto, for the KPERS
41 local group and retirants who were employees of local employers which
42 affiliated with the Kansas police and firemen's retirement system shall be
43 amortized over 10 years.

1 (14) *The actuarial accrued liability incurred for the provisions of*
2 *section 1, and amendments thereto, for local group retirants of the Kansas*
3 *public employees retirement system and retirants who were employees of*
4 *local employers that affiliated with the Kansas police and firemen's*
5 *retirement system shall be amortized over 15 years using the level percent*
6 *of payroll amortization method.*

7 (15) *The actuarial accrued liability incurred for the provisions of*
8 *section 1, and amendments thereto, for retirants other than local retirants*
9 *described in subsection (14), shall be amortized over 15 years using the*
10 *level dollar amortization method.*

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

16 ~~(15)~~(17) For employers affiliating on and after January 1, 1999, the
17 rates of contribution certified to the participating employer as provided in
18 this section shall apply during the fiscal year immediately following such
19 certification, but the rate of contribution during the first year following the
20 employer's entry date shall be equal to 7% of the amount of compensation
21 on which members contribute during the year. Any amount of such first
22 year's contribution which may be in excess of the necessary current service
23 contribution shall be credited by the board to the respective employer's
24 prior service liability.

25 ~~(16)~~(18) Employer contributions shall in no way be limited by any
26 other act which now or in the future establishes or limits the compensation
27 of any member.

28 ~~(17)~~(19) Notwithstanding any provision of law to the contrary, each
29 participating employer shall remit quarterly, or as the board may otherwise
30 provide, all employee deductions and required employer contributions to
31 the executive director for credit to the Kansas public employees retirement
32 fund within three days after the end of the period covered by the
33 remittance by electronic funds transfer. Remittances of such deductions
34 and contributions received after such date are delinquent. Delinquent
35 payments due under this subsection shall be subject to interest at the rate
36 established for interest on judgments under subsection (a) of K.S.A. 16-
37 204, and amendments thereto. At the request of the board, delinquent
38 payments which are due or interest owed on such payments, or both, may
39 be deducted from any other moneys payable to such employer by any
40 department or agency of the state.

41 Sec. 3. K.S.A. 2011 Supp. 74-4920 is hereby repealed.

42 Sec. 4. This act shall take effect and be in force from and after its
43 publication in the statute book.