

SENATE BILL No. 508

By Committee on Ways and Means

2-14

1 AN ACT concerning retirement and pensions; relating to the Kansas public
2 employees retirement system; eliminating certain level-dollar employer
3 contribution payments; amending K.S.A. 2021 Supp. 74-4920 and
4 repealing the existing section.
5

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

7 Section 1. K.S.A. 2021 Supp. 74-4920 is hereby amended to read as
8 follows: 74-4920. (1) (a) Upon the basis of each annual actuarial valuation
9 and appraisal as provided for in K.S.A. 74-4908(3)(a), and amendments
10 thereto, the board shall certify, on or before July 15 of each year, to the
11 division of the budget in the case of the state and to the agent for each
12 other participating employer an actuarially determined estimate of the rate
13 of contribution ~~which~~ *that* will be required, together with all accumulated
14 contributions and other assets of the system, to be paid by each such
15 participating employer to pay all liabilities ~~which~~ *that* shall exist or accrue
16 under the system, including amortization of the actuarial accrued liability
17 as determined by the board. The board shall determine the actuarial cost
18 method to be used in annual actuarial valuations, to determine the
19 employer contribution rates that shall be certified by the board. Such
20 certified rate of contribution, amortization methods and periods and
21 actuarial cost method shall be based on the standards set forth in K.S.A.
22 74-4908(3)(a), and amendments thereto, and shall not be based on any
23 other purpose outside of the needs of the system.

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

1 valuations to determine the employer contribution rates that shall be
2 certified by the board.

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

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

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

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

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

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

11 (ii) Except as specifically provided in this subsection, for the fiscal
12 years commencing in the following calendar years, the rate of contribution
13 certified to the state of Kansas and to the participating employers under
14 K.S.A. 74-4931, and amendments thereto, shall in no event exceed the
15 state's contribution rate for the immediately preceding fiscal year by more
16 than the following amounts expressed as a percentage of compensation
17 upon which members contribute during the period: (A) For the fiscal year
18 commencing in calendar years 2010 through 2012, an amount not to
19 exceed more than 0.6% of the amount of the immediately preceding fiscal
20 year; (B) for the fiscal year commencing in calendar year 2013, an amount
21 not to exceed more than 0.9% of the amount of the immediately preceding
22 fiscal year; (C) for the fiscal year commencing in calendar year 2014, an
23 amount not to exceed more than 1% of the amount of the immediately
24 preceding fiscal year; (D) for the fiscal year commencing in calendar year
25 2015, the employer rate of contribution shall be 10.91%; (E) for the fiscal
26 year commencing in calendar year 2016, the employer rate of contribution
27 shall be 10.81%, except as provided by section 37(b) of chapter 54 of 2017
28 Session Laws of Kansas, and amendments thereto, for the participating
29 employers under K.S.A. 74-4931, and amendments thereto; (F) for the
30 fiscal year commencing in calendar year 2017, the employer rate of
31 contribution shall be 12.01% ~~and for participating employers under K.S.A.~~
32 ~~74-4931, and amendments thereto, an additional percentage of~~
33 ~~compensation corresponding to the level dollar repayment amount~~
34 ~~certified by the board pursuant to subsection (17);~~ (G) for the fiscal year
35 commencing in calendar year 2021, the employer rate of contribution shall
36 be 13.33%; (H) for the fiscal year commencing in calendar year 2022, the
37 employer rate of contribution shall be 13.11%; and (I) in each subsequent
38 calendar year, an amount not to exceed more than 1.2% of the amount of
39 the immediately preceding fiscal year ~~and for participating employers~~
40 ~~under K.S.A. 74-4931, and amendments thereto, an additional percentage~~
41 ~~of compensation corresponding to the level dollar repayment amount~~
42 ~~certified by the board pursuant to subsections (17) and (18).~~

43 (iii) Except as specifically provided in this section, for fiscal years

1 commencing in calendar year 1997 and in each subsequent calendar year,
2 the rate of contribution certified to participating employers other than the
3 state of Kansas shall in no event exceed such participating employer's
4 contribution rate for the immediately preceding fiscal year by more than
5 0.15% of the amount of compensation upon which members contribute
6 during the period.

7 (iv) Except as specifically provided in this subsection, for the fiscal
8 years commencing in the following calendar years, the rate of contribution
9 certified to participating employers other than the state of Kansas shall in
10 no event exceed the contribution rate for such employers for the
11 immediately preceding fiscal year by more than the following amounts
12 expressed as a percentage of compensation upon which members
13 contribute during the period: (A) For the fiscal year commencing in
14 calendar years 2010 through 2013, an amount not to exceed more than
15 0.6% of the amount of the immediately preceding fiscal year; (B) for the
16 fiscal year commencing in calendar year 2014, an amount not to exceed
17 more than 0.9% of the amount of the immediately preceding fiscal year;
18 (C) for the fiscal year commencing in calendar year 2015, an amount not
19 to exceed more than 1% of the amount of the immediately preceding fiscal
20 year; (D) for the fiscal year commencing in calendar year 2016, an amount
21 not to exceed more than 1.1% of the amount of the immediately preceding
22 fiscal year; and (E) for the fiscal year commencing in calendar year 2017,
23 and in each subsequent calendar year, an amount not to exceed more than
24 1.2% of the amount of the immediately preceding fiscal year.

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

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

36 (vii) If the combined employer rate of contribution calculated for the
37 state of Kansas and participating employers under K.S.A. 74-4931, and
38 amendments thereto, is greater than the separate employer rate of
39 contribution for the state of Kansas, the difference in the two rates applied
40 to the actual payroll of the state of Kansas for the applicable fiscal year
41 shall be calculated. This amount shall be certified by the board for deposit
42 as additional employer contributions to the retirement benefit
43 accumulation reserve for the participating employers under K.S.A. 74-

1 4931, and amendments thereto.

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

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

10 (8) Except as otherwise provided by law, the actuarial cost of any
11 legislation enacted by the Kansas legislature, except the actuarial cost of
12 K.S.A. 74-49,114a, and amendments thereto, shall be in addition to the
13 employer contribution rates certified for the employer contribution rate in
14 the fiscal year immediately following such enactment. Such actuarial cost
15 shall be determined by the qualified actuary employed or retained by the
16 system pursuant to K.S.A. 74-4908, and amendments thereto, and reported
17 to the system and the joint committee on pensions, investments and
18 benefits.

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

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

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

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

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

1 over 10 years.

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

7 (15) Employer contributions shall in no way be limited by any other
8 act ~~which~~ *that* now or in the future establishes or limits the compensation
9 of any member.

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

23 ~~(17) The actuarial cost of the reduction of employer contributions for~~
24 ~~eligible employers as specified in K.S.A. 74-4931(1), (2) and (3), and~~
25 ~~amendments thereto, pursuant to the provisions of section 37 of chapter 54~~
26 ~~of the 2017 session laws of Kansas, and amendments thereto, shall be~~
27 ~~amortized over 20 years as a level dollar amount, as certified by the board~~
28 ~~upon recommendation of the consulting actuary, through an additional~~
29 ~~percentage of compensation for participating employers under K.S.A. 74-~~
30 ~~4931, and amendments thereto. This additional percentage of~~
31 ~~compensation shall first be reflected in employer contribution rates for~~
32 ~~participating employers under K.S.A. 74-4931, and amendments thereto,~~
33 ~~effective on the first day of the first payroll period for the fiscal year 2018.~~

34 ~~(18) The actuarial cost of \$194,022,683 shall be amortized over 20~~
35 ~~years as a level dollar amount, as certified by the board upon~~
36 ~~recommendation of the consulting actuary, through an additional~~
37 ~~percentage of compensation for participating employers under K.S.A. 74-~~
38 ~~4931, and amendments thereto. This additional percentage of~~
39 ~~compensation shall first be reflected in employer contribution rates for~~
40 ~~participating employers under K.S.A. 74-4931, and amendments thereto,~~
41 ~~effective on the first day of the first payroll period for the fiscal year 2020.~~

42 Sec. 2. K.S.A. 2021 Supp. 74-4920 is hereby repealed.

43 Sec. 3. This act shall take effect and be in force from and after its

- 1 publication in the statute book.