

HOUSE BILL No. 2346

By Committee on Appropriations

2-6

AN ACT concerning the Kansas public employees retirement system and systems thereunder; relating to a postretirement benefit adjustment; employer contribution rates; amending K.S.A. 2000 Supp. 74-4920 and repealing the existing section.

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

New Section 1. (a) The retirement benefit, pension or annuity payments accruing after June 30, 2001, to each retirant and each local school annuitant shall be increased by an amount equal to 1.5% of the retirement benefit, pension or annuity payment in effect on July 1, 2001, from the retirant's retirement system and shall be paid by such retirement system to the retirant and the local school annuitant during such period.

(b) As used in this section:

(1) "Retirant" means (A) any person who is a member of a retirement system and who retired prior to July 1, 2000, (B) any person who is a special member of a retirement system and who retired prior to July 1, 2000, and (C) any person who is a joint annuitant or beneficiary of any member described in clause (A) or any special member described in clause (B).

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

(3) "Local school annuitant" means (A) any person who is an annuitant with 10 or more years of service, who is receiving an annuity, whose annuity is not included, in whole or in part, in payments made to such school district under K.S.A. 72-5512b and amendments thereto, and who is not a member of a group I or of group II as defined in K.S.A. 72-5518 and amendments thereto, and (B) any person who is receiving an annuity and who retired prior to September 1, 1981.

Sec. 2. K.S.A. 2000 Supp. 74-4920 is hereby amended to read as follows: 74-4920. (1) (a) Upon the basis of each annual actuarial valuation and appraisal as provided for in subsection (3)(a) of K.S.A. 74-4908 and amendments thereto, the board shall certify, on or before July 15 of each year, to the division of the budget in the case of the state and to the agent for each other participating employer an actuarially determined estimate

1 of the rate of contribution which will be required, together with all ac-
2 cumulated contributions and other assets of the system, to be paid by
3 each such participating employer to pay all liabilities which shall exist or
4 accrue under the system, including amortization of the actuarial accrued
5 liability over a period of 40 years commencing on July 1, 1993, and the
6 actuarial accrued liability for members of the faculty and other persons
7 who are employed by the state board of regents or by educational insti-
8 tutions under its management assisted by the state board of regents in
9 the purchase of retirement annuities as provided in K.S.A. 74-4925 and
10 amendments thereto, as provided in this section. The actuarial accrued
11 liability for all participating employers other than the state board of re-
12 gents relating to members of the faculty and other persons described in
13 this section, shall be amortized by annual payments that increase 4% for
14 each year remaining in the amortization period. For all participating em-
15 ployers other than the state board of regents relating to members of the
16 faculty and other persons described in this section, the projected unit
17 credit actuarial cost method shall be used in annual actuarial valuations,
18 commencing with the 1993 valuation, to determine the employer contri-
19 bution rates that shall be certified by the board. The actuarial accrued
20 liability for members of the faculty and other persons described in this
21 subsection assisted by the state board of regents in the purchase of re-
22 tirement annuities as provided in K.S.A. 74-4925 and amendments
23 thereto shall be amortized by annual level payments over a period of 11
24 years commencing July 1, 1993. Such certified rate of contribution shall
25 be based on the standards set forth in subsection (3)(a) of K.S.A. 74-4908
26 and amendments thereto and shall not be based on any other purpose
27 outside of the needs of the system.

28 (b) (i) For employers affiliating on and after January 1, 1999, upon
29 the basis of an annual actuarial valuation and appraisal of the system
30 conducted in the manner provided for in K.S.A. 74-4908 and amend-
31 ments thereto, the board shall certify, on or before July 15 of each year
32 to each such employer an actuarially determined estimate of the rate of
33 contribution which shall be required to be paid by each such employer
34 to pay all of the liabilities which shall accrue under the system from and
35 after the entry date as determined by the board, upon recommendation
36 of the actuary. Such rate shall be termed the employer's participating
37 service contribution and shall be uniform for all participating employers.
38 Such additional liability shall be amortized over a period of 34 years com-
39 mencing on July 1, 1999, by annual payments that increase 4% for each
40 year remaining in the amortization period. For all participating employers
41 described in this section, the projected unit credit actuarial cost method
42 shall be used in annual actuarial valuations to determine the employer
43 contribution rates that shall be certified by the board.

1 (ii) The board shall determine for each such employer separately an
2 amount sufficient to amortize over a period of not to exceed 34 years
3 commencing July 1, 1999, all liabilities for prior service costs which shall
4 have accrued at the time of entry into the system. On the basis of such
5 determination the board shall annually certify to each such employer sep-
6 arately an actuarially determined estimate of the rate of contribution
7 which shall be required to be paid by that employer to pay all of the
8 liabilities for such prior service costs. Such rate shall be termed the em-
9 ployer's prior service contribution.

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

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

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

43 (5) The rate of contribution certified to a participating employer as

1 provided in this section shall apply during the fiscal year of the partici-
2 participating employer which begins in the second calendar year following the
3 year of the actuarial valuation. For the fiscal year commencing in calendar
4 year 1993, the employer rate of contribution for the state of Kansas and
5 for participating employers under K.S.A. 74-4931 and amendments
6 thereto shall be 3.1% of the amount of compensation upon which mem-
7 bers contribute during the period. For the fiscal year commencing in
8 calendar year 1994, the employer rate of contribution for the state of
9 Kansas and for participating employers under K.S.A. 74-4931 and amend-
10 ments thereto shall be 3.2% of the amount of compensation upon which
11 members contribute during the period. For the fiscal year commencing
12 in calendar year 1994, the employer rate of contribution for participating
13 employers other than the state of Kansas shall be 2.2% of the amount of
14 compensation upon which members contribute during the period. Except
15 as specifically provided in this section, for the fiscal year commencing in
16 calendar year 1995, the rate of contribution certified to a participating
17 employer shall in no event exceed such participating employer's contri-
18 bution rate for the immediately preceding fiscal year by more than 0.1%
19 of the amount of compensation upon which members contribute during
20 the period. Except as specifically provided in this section, for fiscal years
21 commencing in calendar year 1996 and in each subsequent calendar year,
22 the rate of contribution certified to the state of Kansas shall in no event
23 exceed the state's contribution rate for the immediately preceding fiscal
24 year by more than 0.2% of the amount of compensation upon which
25 members contribute during the period. Except as specifically provided in
26 this section, for fiscal years commencing in calendar year 1997 and in
27 each subsequent calendar year, the rate of contribution certified to partici-
28 pating employers other than the state of Kansas shall in no event ex-
29 ceed such participating employer's contribution rate for the immediately
30 preceding fiscal year by more than 0.15% of the amount of compensation
31 upon which members contribute during the period. There shall be an
32 employer rate of contribution certified to the state of Kansas and partici-
33 pating employers under K.S.A. 74-4931 and amendments thereto. There
34 shall be a separate employer rate of contribution certified to all other
35 participating employers other than the state of Kansas.

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

39 (7) The actuarial cost of the provisions of K.S.A. 1998 Supp. 74-4950i
40 will be included in the June 30, 1998, actuarial valuation in determining
41 contribution rates for participating employers. The actuarial accrued lia-
42 bility incurred for the provisions of K.S.A. 1998 Supp. 74-4950i shall be
43 amortized over 15 years.

1 (8) Except as otherwise provided by law, the actuarial cost of any
2 legislation enacted by the Kansas legislature, except the actuarial cost of
3 K.S.A. 2000 Supp. 74-49,114a, shall be in addition to the employer con-
4 tribution rates certified for the employer contribution rate in the fiscal
5 year immediately following such enactment.

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

11 (10) For employers affiliating on and after January 1, 1999, the rates
12 of contribution certified to the participating employer as provided in this
13 section shall apply during the fiscal year immediately following such cer-
14 tification, but the rate of contribution during the first year following the
15 employer's entry date shall be equal to 7% of the amount of compensation
16 on which members contribute during the year. Any amount of such first
17 year's contribution which may be in excess of the necessary current serv-
18 ice contribution shall be credited by the board to the respective em-
19 ployer's prior service liability.

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

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

36 Sec. 3. K.S.A. 2000 Supp. 74-4920 is hereby repealed.

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

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