

## SENATE BILL No. 259

By Committee on Ways and Means

2-11

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9 AN ACT concerning retirement and pensions; relating to the Kansas  
10 public employees retirement system; state and school employer con-  
11 tributions; amending K.S.A. 2008 Supp. 74-4920 and repealing the  
12 existing section.  
13

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

15 Section 1. K.S.A. 2008 Supp. 74-4920 is hereby amended to read as  
16 follows: 74-4920. (1) (a) Upon the basis of each annual actuarial valuation  
17 and appraisal as provided for in subsection (3)(a) of K.S.A. 74-4908 and  
18 amendments thereto, the board shall certify, on or before July 15 of each  
19 year, to the division of the budget in the case of the state and to the agent  
20 for each other participating employer an actuarially determined estimate  
21 of the rate of contribution which will be required, together with all ac-  
22 cumulated contributions and other assets of the system, to be paid by  
23 each such participating employer to pay all liabilities which shall exist or  
24 accrue under the system, including amortization of the actuarial accrued  
25 liability as determined by the board. The board shall determine the ac-  
26 tuarial cost method to be used in annual actuarial valuations, to determine  
27 the employer contribution rates that shall be certified by the board. Such  
28 certified rate of contribution, amortization methods and periods and ac-  
29 tuarial cost method shall be based on the standards set forth in subsection  
30 (3)(a) of K.S.A. 74-4908 and amendments thereto and shall not be based  
31 on any other purpose outside of the needs of the system.

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

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

1 participating employer to make the contributions required by this act.  
2 (5) (a) The rate of contribution certified to a participating employer  
3 as provided in this section shall apply during the fiscal year of the partic-  
4 ipating employer which begins in the second calendar year following the  
5 year of the actuarial valuation.  
6 (b) (i) Except as specifically provided in this section, for fiscal years  
7 commencing in calendar year 1996 and in each subsequent calendar year,  
8 the rate of contribution certified to the state of Kansas shall in no event  
9 exceed the state's contribution rate for the immediately preceding fiscal  
10 year by more than 0.2% of the amount of compensation upon which  
11 members contribute during the period.  
12 (ii) Except as specifically provided in this subsection, for the fiscal  
13 years commencing in the following calendar years, the rate of contribution  
14 certified to the state of Kansas and to the participating employers under  
15 K.S.A. 74-4931, and amendments thereto shall in no event exceed the  
16 state's contribution rate for the immediately preceding fiscal year by more  
17 than the following amounts expressed as a percentage of compensation  
18 upon which members contribute during the period: (A) For the fiscal  
19 year commencing in calendar year 2005, an amount not to exceed more  
20 than 0.4% of the amount of the immediately preceding fiscal year; (B)  
21 for the fiscal year commencing in calendar year 2006, an amount not to  
22 exceed more than 0.5% of the amount of the immediately preceding fiscal  
23 year; and (C) for the fiscal year commencing in calendar year 2007 and  
24 in each subsequent calendar year, an amount not to exceed more than  
25 0.6% of the amount of the immediately preceding fiscal year.  
26 (iii) Except as specifically provided in this section, for fiscal years  
27 commencing in calendar year 1997 and in each subsequent calendar year,  
28 the rate of contribution certified to participating employers other than  
29 the state of Kansas shall in no event exceed such participating employer's  
30 contribution rate for the immediately preceding fiscal year by more than  
31 0.15% of the amount of compensation upon which members contribute  
32 during the period.  
33 (iv) Except as specifically provided in this subsection, for the fiscal  
34 years commencing in the following calendar years, the rate of contribution  
35 certified to participating employers other than the state of Kansas shall  
36 in no event exceed the contribution rate for such employers for the im-  
37 mediately preceding fiscal year by more than the following amounts ex-  
38 pressed as a percentage of compensation upon which members contribute  
39 during the period: (A) For the fiscal year commencing in calendar year  
40 2006, an amount not to exceed more than 0.4% of the amount of the  
41 immediately preceding fiscal year; (B) for the fiscal year commencing in  
42 calendar year 2007, an amount not to exceed more than 0.5% of the  
43 amount of the immediately preceding fiscal year; and (C) for the fiscal

1 year commencing in calendar year 2008 and in each subsequent calendar  
2 year, an amount not to exceed more than 0.6% of the amount of the  
3 immediately preceding fiscal year.

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

12 (vi) There shall be a separate employer rate of contribution certified  
13 to the state of Kansas. There shall be a separate employer rate of contri-  
14 bution certified to participating employers under K.S.A. 74-4931, and  
15 amendments thereto. There shall be a separate employer rate of contri-  
16 bution certified to all other participating employers. *Notwithstanding the*  
17 *provisions of this subsection, for fiscal year 2010, the employer rate of*  
18 *contribution certified to the state of Kansas shall be equal to the combined*  
19 *employer rate of contribution calculated for the state of Kansas and par-*  
20 *ticipating employers under K.S.A. 74-4931, and amendments thereto.*

21 (vii) If the combined employer rate of contribution calculated for the  
22 state of Kansas and participating employers under K.S.A. 74-4931, and  
23 amendments thereto, is greater than the separate employer rate of con-  
24 tribution for the state of Kansas, the difference in the two rates applied  
25 to the actual payroll of the state of Kansas for the applicable fiscal year  
26 shall be calculated. This amount shall be certified by the board as addi-  
27 tional employer contributions for the participating employers under  
28 K.S.A. 74-4931, and amendments thereto, to the division of budget and  
29 governor who shall include in the budget each year thereafter provisions  
30 for the transfer from the state general fund of sufficient sums to satisfy  
31 this obligation. This amount shall be distributed through the same pro-  
32 cedure as followed for the employer contribution payments under K.S.A.  
33 74-4939 and K.S.A. 2008 *Supp.* 74-4939a, and amendments thereto, and  
34 then remitted by the participating employers to the Kansas public em-  
35 ployees retirement system for deposit as additional employer contribu-  
36 tions to the retirement benefit accumulation reserve for the participating  
37 employers under K.S.A. 74-4931, and amendments thereto. *Notwith-*  
38 *standing the provisions of this subsection for fiscal year 2010, the amount*  
39 *of contributions remitted to the Kansas public employees retirement sys-*  
40 *tem by the state of Kansas as additional employer contributions as pro-*  
41 *vided in this subsection shall be determined to be employer contributions*  
42 *for the participating employers under K.S.A. 74-4931, and amendments*  
43 *thereto. This amount shall be considered remitted to the Kansas public*

1 *employees retirement system by the state of Kansas by using the combined*  
2 *employer rate of contribution calculated for the state of Kansas and par-*  
3 *ticipating employers under K.S.A. 74-4931, and amendments thereto, and*  
4 *shall not require any additional distributions or payments as described in*  
5 *K.S.A. 74-4939 and K.S.A. 2008 Supp. 74-4939a, and amendments*  
6 *thereto.*

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

10 (7) The actuarial cost of the provisions of K.S.A. 74-4950i will be  
11 included in the June 30, 1998, actuarial valuation in determining contri-  
12 bution rates for participating employers. The actuarial accrued liability  
13 incurred for the provisions of K.S.A. 74-4950i shall be amortized over 15  
14 years.

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

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

26 (10) The cost of the postretirement benefit payment provided pur-  
27 suant to the provisions of K.S.A. 2008 Supp. 74-49,114b, and amendments  
28 thereto, for retirants other than local retirants as described in subsection  
29 (11) or insured disability benefit recipients shall be paid in the fiscal year  
30 commencing on July 1, 2007.

31 (11) The actuarial accrued liability incurred for the provisions of  
32 K.S.A. 2008 Supp. 74-49,114b, and amendments thereto, for the KPERS  
33 local group and retirants who were employees of local employers which  
34 affiliated with the Kansas police and firemen's retirement system shall be  
35 amortized over 10 years.

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

41 (13) The actuarial accrued liability incurred for the provisions of  
42 K.S.A. 2008 Supp. 74-49,114c, and amendments thereto, for the KPERS  
43 local group and retirants who were employees of local employers which

1 affiliated with the Kansas police and firemen's retirement system shall be  
2 amortized over 10 years.

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

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

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

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

33 Sec. 2. K.S.A. 2008 Supp. 74-4920 is hereby repealed.

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