

HOUSE BILL No. 2086

By Joint Committee on Pensions, Investments and Benefits

1-25

1 AN ACT concerning retirement and pensions; relating to the Kansas
2 public employees retirement system and systems thereunder; employer
3 contributions; amending K.S.A. 2010 Supp. 74-4914d and 74-4920
4 and repealing the existing sections.

5
6 *Be it enacted by the Legislature of the State of Kansas:*

7 Section 1. K.S.A. 2010 Supp. 74-4914d is hereby amended to read
8 as follows: 74-4914d. Any additional cost resulting from the normal
9 retirement date and retirement before such normal retirement date for
10 security officers as provided in K.S.A. 74-4914c, and amendments
11 thereto, and disability benefits as provided in K.S.A. 74-4914e, and
12 amendments thereto, shall be added to the employer rate of contribution
13 for the department of corrections as otherwise determined under K.S.A.
14 74-4920, and amendments thereto, except that the employer rate of
15 contribution for the department of corrections including any such
16 additional cost added to such employer rate of contribution pursuant to
17 this section shall in no event exceed the employer rate of contribution for
18 the department of corrections for the immediately preceding fiscal year
19 by more than the following amounts expressed as a percentage of
20 compensation upon which security officers contribute during the period:
21 (a) For the fiscal year commencing in calendar year 2006, an amount not
22 to exceed more than 0.5% of the amount of the immediately preceding
23 fiscal year; and (b) for the fiscal year commencing in calendar year 2007,
24 and in each subsequent calendar year years 2010 and 2011, an amount
25 not to exceed more than 0.6% of the amount of the immediately
26 preceding fiscal year; and (b) for the fiscal year commencing in calendar
27 year 2012, and in each subsequent calendar year, an amount not to
28 exceed more than 1% of the amount of the immediately preceding fiscal
29 year.

30 Sec. 2. K.S.A. 2010 Supp. 74-4920 is hereby amended to read as
31 follows: 74-4920. (1) (a) Upon the basis of each annual actuarial
32 valuation and appraisal as provided for in subsection (3)(a) of K.S.A. 74-
33 4908, and amendments thereto, the board shall certify, on or before July
34 15 of each year, to the division of the budget in the case of the state and
35 to the agent for each other participating employer an actuarially
36 determined estimate of the rate of contribution which will be required,

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

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

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

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

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

43 (4) Each participating employer is hereby authorized to pay the

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

26 (5) (a) The rate of contribution certified to a participating employer
27 as provided in this section shall apply during the fiscal year of the
28 participating employer which begins in the second calendar year
29 following 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
38 contribution certified to the state of Kansas and to the participating
39 employers under K.S.A. 74-4931, and amendments thereto, shall in no
40 event exceed the state's contribution rate for the immediately preceding
41 fiscal year by more than the following amounts expressed as a percentage
42 of compensation upon which members contribute during the period: (A)
43 For the fiscal year commencing in calendar year 2005, an amount not to

1 exceed more than 0.4% of the amount of the immediately preceding fiscal
2 year; (B) for the fiscal year commencing in calendar year 2006, an
3 amount not to exceed more than 0.5% of the amount of the immediately
4 preceding fiscal year; and (C) for the fiscal year commencing in calendar
5 year 2007 and in each subsequent calendar year years 2010 and 2011, an
6 amount not to exceed more than 0.6% of the amount of the immediately
7 preceding fiscal year; and (B) for the fiscal year commencing in calendar
8 year 2012, and in each subsequent calendar year, an amount not to
9 exceed more than 1% of the amount of the immediately preceding fiscal
10 year.

11 (iii) Except as specifically provided in this section, for fiscal years
12 commencing in calendar year 1997, and in each subsequent calendar year,
13 the rate of contribution certified to participating employers other than the
14 state of Kansas shall in no event exceed such participating employer's
15 contribution rate for the immediately preceding fiscal year by more than
16 0.15% of the amount of compensation upon which members contribute
17 during the period.

18 (iv) Except as specifically provided in this subsection, for the fiscal
19 years commencing in the following calendar years, the rate of
20 contribution certified to participating employers other than the state of
21 Kansas shall in no event exceed the contribution rate for such employers
22 for the immediately preceding fiscal year by more than the following
23 amounts expressed as a percentage of compensation upon which
24 members contribute during the period: (A) For the fiscal year
25 commencing in calendar year 2006, an amount not to exceed more than
26 0.4% of the amount of the immediately preceding fiscal year; (B) for the
27 fiscal year commencing in calendar year 2007, an amount not to exceed
28 more than 0.5% of the amount of the immediately preceding fiscal year;
29 and (C) for the fiscal year commencing in calendar year 2008 and in each
30 subsequent calendar year years 2010 through 2012, an amount not to
31 exceed more than 0.6% of the amount of the immediately preceding fiscal
32 year; and (B) for the fiscal year commencing in calendar year 2013, and
33 in each subsequent calendar year, an amount not to exceed more than 1%
34 of the amount of the immediately preceding fiscal year.

35 (v) As part of the annual actuarial valuation, there shall be a separate
36 employer rate of contribution calculated for the state of Kansas, a
37 separate employer rate of contribution calculated for participating
38 employers under K.S.A. 74-4931, and amendments thereto, a combined
39 employer rate of contribution calculated for the state of Kansas and
40 participating employers under K.S.A. 74-4931, and amendments thereto,
41 and a separate employer rate of contribution calculated for all other
42 participating employers.

43 (vi) There shall be a combined employer rate of contribution

1 certified to the state of Kansas and participating employers under K.S.A.
2 74-4931, and amendments thereto. There shall be a separate employer
3 rate of contribution certified to all other participating employers.

4 (vii) If the combined employer rate of contribution calculated for the
5 state of Kansas and participating employers under K.S.A. 74-4931, and
6 amendments thereto, is greater than the separate employer rate of
7 contribution for the state of Kansas, the difference in the two rates
8 applied to the actual payroll of the state of Kansas for the applicable
9 fiscal year shall be calculated. This amount shall be certified by the board
10 for deposit as additional employer contributions to the retirement benefit
11 accumulation reserve for the participating employers under K.S.A. 74-
12 4931, and amendments thereto.

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

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

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

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

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

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

42 (12) The cost of the postretirement benefit payment provided
43 pursuant to the provisions of K.S.A. 2010 Supp. 74-49,114c, and

1 amendments thereto, for retirants other than local retirants as described in
2 subsection (13) or insured disability benefit recipients shall be paid in the
3 fiscal year commencing on July 1, 2008.

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

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

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

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

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

40 Sec. 3. K.S.A. 2010 Supp. 74-4914d and 74-4920 are hereby
41 repealed.

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