

HOUSE BILL No. 2329

By Committee on Financial Institutions and Pensions

2-14

1 AN ACT concerning education; relating to retirement and pensions;
2 Kansas public employees retirement system; increasing certain
3 employee contributions; making and concerning appropriations for the
4 fiscal year ending June 30, 2020, for the department of education;
5 amending K.S.A. 74-4919, 74-49,210 and 74-49,305 and repealing the
6 existing sections.

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

9

Section 1.

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DEPARTMENT OF EDUCATION

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(a) There is appropriated for the above agency from the state general
12 fund for the fiscal year ending June 30, 2020, the following:

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KPERS employee contribution enhancement.....\$40,056,781

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Provided, That expenditures shall be made by the above agency from the
15 KPERS employee contribution enhancement account to provide a 1.15%
16 pay increase to all employees, as defined in K.S.A. 74-4932, and
17 amendments thereto, of participating employers under K.S.A. 74-4931(1),
18 and amendments thereto.

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Sec. 2. K.S.A. 74-4919 is hereby amended to read as follows: 74-

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4919. (1) Except as otherwise provided, each participating employer,

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beginning with the first payroll for services performed after the entry date,

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shall deduct from the compensation of each member 4% of such member's

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compensation as employee contributions. Subject to any election made

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pursuant to the provisions of K.S.A. 74-49,135, and amendments thereto,

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each participating employer, for services performed by an employee first

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employed prior to July 1, 2009, shall deduct from the compensation of

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each member, the following amounts expressed as a percentage of

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compensation during the following periods: (a) Commencing January 1,

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2014, for members who elected to receive an amount for participating

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service equal to the total of 1.4% of such member's final average salary,

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4% of such member's compensation as employee contributions, and (b)

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commencing January 1, 2014, for members who elected to receive an

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amount for participating service equal to the total of 1.85% of such

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member's final average salary, who did not make an election pursuant to

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K.S.A. 74-49,135, and amendments thereto, or if the federal internal

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revenue service fails to grant an approval or issues an adverse decision as

1 described in K.S.A. 74-49,135, and amendments thereto, 5% of such
2 member's compensation as employee contributions, and commencing
3 January 1, 2015, and in each subsequent calendar year, 6% of such
4 member's compensation as employee contributions. *Commencing on July*
5 *1, 2019, each participating employer under K.S.A. 74-4931(1), and*
6 *amendments thereto, shall deduct from the compensation of each member*
7 *employed by a participating employer under K.S.A. 74-4931(1), and*
8 *amendments thereto, 7.15% of such member's compensation as employee*
9 *contributions. Such deductions shall be remitted quarterly, or as the board*
10 *may otherwise provide, to the executive director for deposit in the Kansas*
11 *public employees retirement fund. Such deductions shall be credited to the*
12 *members' individual accounts and interest shall be added annually to such*
13 *accounts.*

14 (2) (a) Subject to the provisions of K.S.A. 74-49,123, and
15 amendments thereto, each participating employer, pursuant to the
16 provisions of section 414(h)(2) of the federal internal revenue code, shall
17 pick up and pay the contributions which would otherwise be payable by
18 members as prescribed in subsection (1) commencing with the third
19 quarter of 1984. The contributions so picked up shall be treated as
20 employer contributions for purposes of determining the amounts of federal
21 income taxes to withhold from the member's compensation.

22 (b) Member contributions picked up by the employer shall be paid
23 from the same source of funds used for the payment of compensation to a
24 member. A deduction shall be made from each member's compensation
25 equal to the amount of the member's contributions picked up by the
26 employer, provided that such deduction shall not reduce the member's
27 compensation for purposes of computing benefits under the system.

28 (c) Member contributions picked up by the employer shall be
29 remitted quarterly, or as the board may otherwise provide, to the executive
30 director for credit to the Kansas public employees retirement fund. Such
31 contributions shall be credited to a separate account within the member's
32 individual account so that amounts contributed by the member
33 commencing with the third quarter of 1984 may be distinguished from the
34 member contributions picked up by the employer. Interest shall be added
35 annually to members' individual accounts.

36 Sec. 3. K.S.A. 74-49,210 is hereby amended to read as follows: 74-
37 49,210. (a) *Except as otherwise provided, each participating employer who*
38 *was a participating employer under the provisions of K.S.A. 74-4901 et*
39 *seq., and amendments thereto, before July 1, 2009, beginning with the first*
40 *payroll for services performed by an employee first employed on or after*
41 *July 1, 2009, shall deduct from the compensation of each member 6% of*
42 *such member's compensation as employee contributions. On and after*
43 *July 1, 2019, each participating employer under K.S.A. 74-4931(1), and*

1 *amendments thereto, shall deduct from the compensation of each member*
2 *employed by a participating employer under K.S.A. 74-4931(1), and*
3 *amendments thereto, 7.15% of such member's compensation as employee*
4 *contributions.*

5 (b) Each participating employer, *except a participating employer*
6 *under K.S.A. 74-4931(1), and amendments thereto,* who affiliates for any
7 purpose on or after July 1, 2009, beginning with the first payroll for
8 services performed by an employee first employed on or after July 1,
9 2009, shall deduct from the compensation of each member 6% of such
10 member's compensation as employee contributions. *Each participating*
11 *employer under K.S.A. 74-4931(1), and amendments thereto, who*
12 *affiliates for any purpose on or after July 1, 2019, shall deduct from the*
13 *compensation of each member employed by a participating employer*
14 *under K.S.A. 74-4931(1), and amendments thereto, 7.15% of such*
15 *member's compensation as employee contributions.*

16 Sec. 4. K.S.A. 74-49,305 is hereby amended to read as follows: 74-
17 49,305. (a) *Except as otherwise provided,* an active member shall
18 contribute 6% of compensation to such member's annuity savings account.
19 *On and after July 1, 2019, an active member employed by a participating*
20 *employer under K.S.A. 74-4931(1), and amendments thereto, shall*
21 *contribute 7.15% of compensation to such member's annuity savings*
22 *account.* Such contributions shall be picked up by the employer via a
23 salary reduction as provided in section 414(h)(2) of the federal internal
24 revenue code. An employer may not pick up these contributions without a
25 corresponding salary reduction as provided in section 414(h)(2) of the
26 federal internal revenue code.

27 (b) A member may not make voluntary contributions to the plan.

28 Sec. 5. K.S.A. 74-4919, 74-49,210 and 74-49,305 are hereby
29 repealed.

30 Sec. 6. This act shall take effect and be in force from and after its
31 publication in the statute book.