

SENATE BILL No. 421

By Committee on Ways and Means

2-1

1 AN ACT concerning the Kansas public employees retirement system;
2 eliminating certain level-dollar employer contribution payments;
3 making and concerning appropriations for the fiscal year ending June
4 30, 2022; authorizing certain transfers from the state general fund to the
5 Kansas public employees retirement fund; amending K.S.A. 2021
6 Supp. 74-4920 and repealing the existing section.
7

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

9 Section 1.

10 KANSAS PUBLIC EMPLOYEES
11 RETIREMENT SYSTEM

12 (a) On the effective date of this act, or as soon thereafter as moneys
13 are available, the director of accounts and reports shall transfer
14 \$253,866,022 from the state general fund to the Kansas public employees
15 retirement fund (365-00-7002-7000) of the Kansas public employees
16 retirement system: *Provided*, That such transfer shall be for the full
17 payment of reduced employer contributions from participating employers
18 under K.S.A. 74-4931, and amendments thereto, in fiscal years 2017 and
19 2019.

20 Sec. 2. K.S.A. 2021 Supp. 74-4920 is hereby amended to read as
21 follows: 74-4920. (1) (a) Upon the basis of each annual actuarial valuation
22 and appraisal as provided for in K.S.A. 74-4908(3)(a), and amendments
23 thereto, the board shall certify, on or before July 15 of each year, to the
24 division of the budget in the case of the state and to the agent for each
25 other participating employer an actuarially determined estimate of the rate
26 of contribution ~~which~~ that will be required, together with all accumulated
27 contributions and other assets of the system, to be paid by each such
28 participating employer to pay all liabilities ~~which~~ that shall exist or accrue
29 under the system, including amortization of the actuarial accrued liability
30 as determined by the board. The board shall determine the actuarial cost
31 method to be used in annual actuarial valuations, to determine the
32 employer contribution rates that shall be certified by the board. Such
33 certified rate of contribution, amortization methods and periods and
34 actuarial cost method shall be based on the standards set forth in K.S.A.
35 74-4908(3)(a), and amendments thereto, and shall not be based on any
36 other purpose outside of the needs of the system.

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

16 (ii) The board shall determine for each such employer separately an
17 amount sufficient to amortize all liabilities for prior service costs ~~which~~
18 *that* shall have accrued at the time of entry into the system. On the basis of
19 such determination the board shall annually certify to each such employer
20 separately an actuarially determined estimate of the rate of contribution
21 ~~which that~~ shall be required to be paid by that employer to pay all of the
22 liabilities for such prior service costs. Such rate shall be termed the
23 employer's prior service contribution.

24 (2) The division of the budget and the governor shall include in the
25 budget and in the budget request for appropriations for personal services
26 the sum required to satisfy the state's obligation under this act as certified
27 by the board and shall present the same to the legislature for allowance and
28 appropriation.

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

32 (4) Each participating employer is hereby authorized to pay the
33 employer's contribution from the same fund that the compensation for
34 which such contribution is made is paid from or from any other funds
35 available to it for such purpose. Each political subdivision, other than an
36 instrumentality of the state, ~~which that~~ is by law authorized to levy taxes
37 for other purposes, may levy annually at the time of its levy of taxes, a tax
38 ~~which that~~ may be in addition to all other taxes authorized by law for the
39 purpose of making its contributions under this act and, in the case of cities
40 and counties, to pay a portion of the principal and interest on bonds issued
41 under the authority of K.S.A. 12-1774, and amendments thereto, by cities
42 located in the county, which tax, together with any other fund available,
43 shall be sufficient to enable it to make such contribution. In lieu of levying

1 the tax authorized in this subsection, any taxing subdivision may pay such
2 costs from any employee benefits contribution fund established pursuant to
3 K.S.A. 12-16,102, and amendments thereto. Each participating employer
4 ~~which that~~ is not by law authorized to levy taxes as described above, but
5 ~~which that~~ prepares a budget for its expenses for the ensuing year and
6 presents the same to a governing body ~~which that~~ is authorized by law to
7 levy taxes as described above, may include in its budget an amount
8 sufficient to make its contributions under this act which may be in addition
9 to all other taxes authorized by law. Such governing body to which the
10 budget is submitted for approval, may levy a tax sufficient to allow the
11 participating employer to make its contributions under this act, which tax,
12 together with any other fund available, shall be sufficient to enable the
13 participating employer to make the contributions required by this act.

14 (5) (a) The rate of contribution certified to a participating employer as
15 provided in this section shall apply during the fiscal year of the
16 participating employer ~~which that~~ begins in the second calendar year
17 following the year of the actuarial valuation.

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

24 (ii) Except as specifically provided in this subsection, for the fiscal
25 years commencing in the following calendar years, the rate of contribution
26 certified to the state of Kansas and to the participating employers under
27 K.S.A. 74-4931, and amendments thereto, shall in no event exceed the
28 state's contribution rate for the immediately preceding fiscal year by more
29 than the following amounts expressed as a percentage of compensation
30 upon which members contribute during the period: (A) For the fiscal year
31 commencing in calendar years 2010 through 2012, an amount not to
32 exceed more than 0.6% of the amount of the immediately preceding fiscal
33 year; (B) for the fiscal year commencing in calendar year 2013, an amount
34 not to exceed more than 0.9% of the amount of the immediately preceding
35 fiscal year; (C) for the fiscal year commencing in calendar year 2014, an
36 amount not to exceed more than 1% of the amount of the immediately
37 preceding fiscal year; (D) for the fiscal year commencing in calendar year
38 2015, the employer rate of contribution shall be 10.91%; (E) for the fiscal
39 year commencing in calendar year 2016, the employer rate of contribution
40 shall be 10.81%, except as provided by section 37(b) of chapter 54 of 2017
41 Session Laws of Kansas, and amendments thereto, for the participating
42 employers under K.S.A. 74-4931, and amendments thereto; (F) for the
43 fiscal year commencing in calendar year 2017, the employer rate of

1 contribution shall be 12.01% ~~and for participating employers under K.S.A.~~
2 ~~74-4931, and amendments thereto, an additional percentage of~~
3 ~~compensation corresponding to the level dollar repayment amount~~
4 ~~certified by the board pursuant to subsection (17); (G) for the fiscal year~~
5 ~~commencing in calendar year 2021, the employer rate of contribution shall~~
6 ~~be 13.33%; (H) for the fiscal year commencing in calendar year 2022, the~~
7 ~~employer rate of contribution shall be 13.11%; and (I) in each subsequent~~
8 ~~calendar year, an amount not to exceed more than 1.2% of the amount of~~
9 ~~the immediately preceding fiscal year and for participating employers~~
10 ~~under K.S.A. 74-4931, and amendments thereto, an additional percentage~~
11 ~~of compensation corresponding to the level dollar repayment amount~~
12 ~~certified by the board pursuant to subsections (17) and (18).~~

13 (iii) Except as specifically provided in this section, for fiscal years
14 commencing in calendar year 1997 and in each subsequent calendar year,
15 the rate of contribution certified to participating employers other than the
16 state of Kansas shall in no event exceed such participating employer's
17 contribution rate for the immediately preceding fiscal year by more than
18 0.15% of the amount of compensation upon which members contribute
19 during the period.

20 (iv) Except as specifically provided in this subsection, for the fiscal
21 years commencing in the following calendar years, the rate of contribution
22 certified to participating employers other than the state of Kansas shall in
23 no event exceed the contribution rate for such employers for the
24 immediately preceding fiscal year by more than the following amounts
25 expressed as a percentage of compensation upon which members
26 contribute during the period: (A) For the fiscal year commencing in
27 calendar years 2010 through 2013, an amount not to exceed more than
28 0.6% of the amount of the immediately preceding fiscal year; (B) for the
29 fiscal year commencing in calendar year 2014, an amount not to exceed
30 more than 0.9% of the amount of the immediately preceding fiscal year;
31 (C) for the fiscal year commencing in calendar year 2015, an amount not
32 to exceed more than 1% of the amount of the immediately preceding fiscal
33 year; (D) for the fiscal year commencing in calendar year 2016, an amount
34 not to exceed more than 1.1% of the amount of the immediately preceding
35 fiscal year; and (E) for the fiscal year commencing in calendar year 2017,
36 and in each subsequent calendar year, an amount not to exceed more than
37 1.2% of the amount of the immediately preceding fiscal year.

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

1 rate of contribution calculated for all other participating employers.

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

6 (vii) If the combined employer rate of contribution calculated for the
7 state of Kansas and participating employers under K.S.A. 74-4931, and
8 amendments thereto, is greater than the separate employer rate of
9 contribution for the state of Kansas, the difference in the two rates applied
10 to the actual payroll of the state of Kansas for the applicable fiscal year
11 shall be calculated. This amount shall be certified by the board for deposit
12 as additional employer contributions to the retirement benefit
13 accumulation reserve for the participating employers under K.S.A. 74-
14 4931, and amendments thereto.

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

18 (7) The actuarial cost of the provisions of K.S.A. 74-4950i, and
19 amendments thereto, will be included in the June 30, 1998, actuarial
20 valuation in determining contribution rates for participating employers.
21 The actuarial accrued liability incurred for the provisions of K.S.A. 74-
22 4950i, and amendments thereto, shall be amortized over 15 years.

23 (8) Except as otherwise provided by law, the actuarial cost of any
24 legislation enacted by the Kansas legislature, except the actuarial cost of
25 K.S.A. 74-49,114a, and amendments thereto, shall be in addition to the
26 employer contribution rates certified for the employer contribution rate in
27 the fiscal year immediately following such enactment. Such actuarial cost
28 shall be determined by the qualified actuary employed or retained by the
29 system pursuant to K.S.A. 74-4908, and amendments thereto, and reported
30 to the system and the joint committee on pensions, investments and
31 benefits.

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

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

43 (11) The actuarial accrued liability incurred for the provisions of

1 K.S.A. 74-49,114b, and amendments thereto, for the KPERS local group
2 and retirants who were employees of local employers ~~which~~ *that* affiliated
3 with the Kansas police and firemen's retirement system shall be amortized
4 over 10 years.

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

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

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

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

23 (16) Notwithstanding any provision of law to the contrary, each
24 participating employer shall remit quarterly, or as the board may otherwise
25 provide, all employee deductions and required employer contributions to
26 the executive director for credit to the Kansas public employees retirement
27 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 K.S.A. 16-204(a), and
32 amendments thereto. At the request of the board, delinquent payments
33 ~~which~~ *that* are due or interest owed on such payments, or both, may be
34 deducted from any other moneys payable to such employer by any
35 department or agency of the state.

36 ~~(17) The actuarial cost of the reduction of employer contributions for~~
37 ~~eligible employers as specified in K.S.A. 74-4931(1), (2) and (3), and~~
38 ~~amendments thereto, pursuant to the provisions of section 37 of chapter 54~~
39 ~~of the 2017 session laws of Kansas, and amendments thereto, shall be~~
40 ~~amortized over 20 years as a level dollar amount, as certified by the board~~
41 ~~upon recommendation of the consulting actuary, through an additional~~
42 ~~percentage of compensation for participating employers under K.S.A. 74-~~
43 ~~4931, and amendments thereto. This additional percentage of~~

1 compensation shall first be reflected in employer contribution rates for
2 participating employers under K.S.A. 74-4931, and amendments thereto,
3 effective on the first day of the first payroll period for the fiscal year 2018.

4 ~~(18) The actuarial cost of \$194,022,683 shall be amortized over 20~~
5 ~~years as a level dollar amount, as certified by the board upon~~
6 ~~recommendation of the consulting actuary, through an additional~~
7 ~~percentage of compensation for participating employers under K.S.A. 74-~~
8 ~~4931, and amendments thereto. This additional percentage of~~
9 ~~compensation shall first be reflected in employer contribution rates for~~
10 ~~participating employers under K.S.A. 74-4931, and amendments thereto,~~
11 ~~effective on the first day of the first payroll period for the fiscal year 2020.~~

12 Sec. 3. K.S.A. 2021 Supp. 74-4920 is hereby repealed.

13 Sec. 4. This act shall take effect and be in force from and after its
14 publication in the Kansas register.