

**SENATE BILL No. 421**

By Committee on Ways and Means

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, ~~for the department of education; relating to certain~~  
5 ~~employer contribution payments~~; authorizing certain transfers from  
6 the state general fund to the Kansas public employees retirement fund;  
7 amending K.S.A. 2021 Supp. 74-4920 and repealing the existing  
8 section.

9  
10 *Be it enacted by the Legislature of the State of Kansas:*

11 Section 1.

12 KANSAS PUBLIC EMPLOYEES  
13 RETIREMENT SYSTEM

14 (a) On the effective date of this act, or as soon thereafter as moneys  
15 are available, the director of accounts and reports shall transfer  
16 ~~\$253,866,022~~ ~~\$746,133,978~~ ~~{~~**\$1,000,000,000**~~}~~ from the state general fund  
17 to the Kansas public employees retirement fund (365-00-7002-7000) of the  
18 Kansas public employees retirement system; ~~Provided, That such transfer~~  
19 ~~shall be for the full payment of reduced employer contributions from~~  
20 ~~participating employers under K.S.A. 74-4931, and amendments thereto,~~  
21 ~~in fiscal years 2017 and 2019~~~~{~~**Provided, That the first \$253,866,022 of**  
22 **such transfer shall be for the full payment of reduced employer**  
23 **contributions from participating employers under K.S.A. 74-4931, and**  
24 **amendments thereto, in fiscal years 2017 and 2019**~~}~~.

25 Sec. 2.

26 **DEPARTMENT OF EDUCATION**

27 ~~(a) There is appropriated for the above agency from the state~~  
28 ~~general fund for the fiscal year ending June 30, 2022, the following:~~  
29 ~~KPERS layering payment (652-00-1000-0120).....\$253,866,022~~  
30 ~~Provided, That expenditures shall be made by the above agency from~~  
31 ~~the KPERS layering payment account to pay the actuarial cost of~~  
32 ~~delayed employer contributions from participating employers under~~  
33 ~~K.S.A. 74-4931, and amendments thereto, in fiscal years 2017 and~~  
34 ~~2019.~~

1       Sec. ~~2-3~~ {2.} K.S.A. 2021 Supp. 74-4920 is hereby amended to read  
2 as follows: 74-4920. (1) (a) Upon the basis of each annual actuarial  
3 valuation and appraisal as provided for in K.S.A. 74-4908(3)(a), and  
4 amendments thereto, the board shall certify, on or before July 15 of each  
5 year, to the division of the budget in the case of the state and to the agent  
6 for each other participating employer an actuarially determined estimate of  
7 the rate of contribution ~~which that~~ will be required, together with all  
8 accumulated contributions and other assets of the system, to be paid by  
9 each such participating employer to pay all liabilities ~~which that~~ shall exist  
10 or accrue under the system, including amortization of the actuarial accrued  
11 liability as determined by the board. The board shall determine the  
12 actuarial cost method to be used in annual actuarial valuations, to  
13 determine the employer contribution rates that shall be certified by the  
14 board. Such certified rate of contribution, amortization methods and  
15 periods and actuarial cost method shall be based on the standards set forth  
16 in K.S.A. 74-4908(3)(a), and amendments thereto, and shall not be based  
17 on any other purpose outside of the needs of the system.

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

33       (ii) The board shall determine for each such employer separately an  
34 amount sufficient to amortize all liabilities for prior service costs ~~which~~  
35 *that* shall have accrued at the time of entry into the system. On the basis of  
36 such determination the board shall annually certify to each such employer  
37 separately an actuarially determined estimate of the rate of contribution  
38 ~~which that~~ shall be required to be paid by that employer to pay all of the  
39 liabilities for such prior service costs. Such rate shall be termed the  
40 employer's prior service contribution.

41       (2) The division of the budget and the governor shall include in the  
42 budget and in the budget request for appropriations for personal services  
43 the sum required to satisfy the state's obligation under this act as certified

1 by the board and shall present the same to the legislature for allowance and  
2 appropriation.

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

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

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

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

41 (ii) Except as specifically provided in this subsection, for the fiscal  
42 years commencing in the following calendar years, the rate of contribution  
43 certified to the state of Kansas and to the participating employers under

1 K.S.A. 74-4931, and amendments thereto, shall in no event exceed the  
2 state's contribution rate for the immediately preceding fiscal year by more  
3 than the following amounts expressed as a percentage of compensation  
4 upon which members contribute during the period: (A) For the fiscal year  
5 commencing in calendar years 2010 through 2012, an amount not to  
6 exceed more than 0.6% of the amount of the immediately preceding fiscal  
7 year; (B) for the fiscal year commencing in calendar year 2013, an amount  
8 not to exceed more than 0.9% of the amount of the immediately preceding  
9 fiscal year; (C) for the fiscal year commencing in calendar year 2014, an  
10 amount not to exceed more than 1% of the amount of the immediately  
11 preceding fiscal year; (D) for the fiscal year commencing in calendar year  
12 2015, the employer rate of contribution shall be 10.91%; (E) for the fiscal  
13 year commencing in calendar year 2016, the employer rate of contribution  
14 shall be 10.81%, except as provided by section 37(b) of chapter 54 of 2017  
15 Session Laws of Kansas, and amendments thereto, for the participating  
16 employers under K.S.A. 74-4931, and amendments thereto; (F) for the  
17 fiscal year commencing in calendar year 2017, the employer rate of  
18 contribution shall be 12.01% ~~and for participating employers under K.S.A.~~  
19 ~~74-4931, and amendments thereto, an additional percentage of~~  
20 ~~compensation corresponding to the level dollar repayment amount~~  
21 ~~certified by the board pursuant to subsection (17);~~ (G) for the fiscal year  
22 commencing in calendar year 2021, the employer rate of contribution shall  
23 be 13.33%; (H) for the fiscal year commencing in calendar year 2022, the  
24 employer rate of contribution shall be 13.11%; and (I) in each subsequent  
25 calendar year, an amount not to exceed more than 1.2% of the amount of  
26 the immediately preceding fiscal year ~~and for participating employers~~  
27 ~~under K.S.A. 74-4931, and amendments thereto, an additional percentage~~  
28 ~~of compensation corresponding to the level dollar repayment amount~~  
29 ~~certified by the board pursuant to subsections (17) and (18).~~

30 (iii) Except as specifically provided in this section, for fiscal years  
31 commencing in calendar year 1997 and in each subsequent calendar year,  
32 the rate of contribution certified to participating employers other than the  
33 state of Kansas shall in no event exceed such participating employer's  
34 contribution rate for the immediately preceding fiscal year by more than  
35 0.15% of the amount of compensation upon which members contribute  
36 during the period.

37 (iv) Except as specifically provided in this subsection, for the fiscal  
38 years commencing in the following calendar years, the rate of contribution  
39 certified to participating employers other than the state of Kansas shall in  
40 no event exceed the contribution rate for such employers for the  
41 immediately preceding fiscal year by more than the following amounts  
42 expressed as a percentage of compensation upon which members  
43 contribute during the period: (A) For the fiscal year commencing in

1 calendar years 2010 through 2013, an amount not to exceed more than  
2 0.6% of the amount of the immediately preceding fiscal year; (B) for the  
3 fiscal year commencing in calendar year 2014, an amount not to exceed  
4 more than 0.9% of the amount of the immediately preceding fiscal year;  
5 (C) for the fiscal year commencing in calendar year 2015, an amount not  
6 to exceed more than 1% of the amount of the immediately preceding fiscal  
7 year; (D) for the fiscal year commencing in calendar year 2016, an amount  
8 not to exceed more than 1.1% of the amount of the immediately preceding  
9 fiscal year; and (E) for the fiscal year commencing in calendar year 2017,  
10 and in each subsequent calendar year, an amount not to exceed more than  
11 1.2% of the amount of the immediately preceding fiscal year.

12 (v) As part of the annual actuarial valuation, there shall be a separate  
13 employer rate of contribution calculated for the state of Kansas, a separate  
14 employer rate of contribution calculated for participating employers under  
15 K.S.A. 74-4931, and amendments thereto, a combined employer rate of  
16 contribution calculated for the state of Kansas and participating employers  
17 under K.S.A. 74-4931, and amendments thereto, and a separate employer  
18 rate of contribution calculated for all other participating employers.

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

23 (vii) If the combined employer rate of contribution calculated for the  
24 state of Kansas and participating employers under K.S.A. 74-4931, and  
25 amendments thereto, is greater than the separate employer rate of  
26 contribution for the state of Kansas, the difference in the two rates applied  
27 to the actual payroll of the state of Kansas for the applicable fiscal year  
28 shall be calculated. This amount shall be certified by the board for deposit  
29 as additional employer contributions to the retirement benefit  
30 accumulation reserve for the participating employers under K.S.A. 74-  
31 4931, and amendments thereto.

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

35 (7) The actuarial cost of the provisions of K.S.A. 74-4950i, and  
36 amendments thereto, will be included in the June 30, 1998, actuarial  
37 valuation in determining contribution rates for participating employers.  
38 The actuarial accrued liability incurred for the provisions of K.S.A. 74-  
39 4950i, and amendments thereto, shall be amortized over 15 years.

40 (8) Except as otherwise provided by law, the actuarial cost of any  
41 legislation enacted by the Kansas legislature, except the actuarial cost of  
42 K.S.A. 74-49,114a, and amendments thereto, shall be in addition to the  
43 employer contribution rates certified for the employer contribution rate in

1 the fiscal year immediately following such enactment. Such actuarial cost  
2 shall be determined by the qualified actuary employed or retained by the  
3 system pursuant to K.S.A. 74-4908, and amendments thereto, and reported  
4 to the system and the joint committee on pensions, investments and  
5 benefits.

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

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

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

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

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

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

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

40 (16) Notwithstanding any provision of law to the contrary, each  
41 participating employer shall remit quarterly, or as the board may otherwise  
42 provide, all employee deductions and required employer contributions to  
43 the executive director for credit to the Kansas public employees retirement

1 fund within three days after the end of the period covered by the  
2 remittance by electronic funds transfer. Remittances of such deductions  
3 and contributions received after such date are delinquent. Delinquent  
4 payments due under this subsection shall be subject to interest at the rate  
5 established for interest on judgments under K.S.A. 16-204(a), and  
6 amendments thereto. At the request of the board, delinquent payments  
7 ~~which~~ *that* are due or interest owed on such payments, or both, may be  
8 deducted from any other moneys payable to such employer by any  
9 department or agency of the state.

10 ~~(17) The actuarial cost of the reduction of employer contributions for~~  
11 ~~eligible employers as specified in K.S.A. 74-4931(1), (2) and (3), and~~  
12 ~~amendments thereto, pursuant to the provisions of section 37 of chapter 54~~  
13 ~~of the 2017 session laws of Kansas, and amendments thereto, shall be~~  
14 ~~amortized over 20 years as a level dollar amount, as certified by the board~~  
15 ~~upon recommendation of the consulting actuary, through an additional~~  
16 ~~percentage of compensation for participating employers under K.S.A. 74-~~  
17 ~~4931, and amendments thereto. This additional percentage of~~  
18 ~~compensation shall first be reflected in employer contribution rates for~~  
19 ~~participating employers under K.S.A. 74-4931, and amendments thereto,~~  
20 ~~effective on the first day of the first payroll period for the fiscal year 2018.~~

21 ~~(18) The actuarial cost of \$194,022,683 shall be amortized over 20~~  
22 ~~years as a level dollar amount, as certified by the board upon~~  
23 ~~recommendation of the consulting actuary, through an additional~~  
24 ~~percentage of compensation for participating employers under K.S.A. 74-~~  
25 ~~4931, and amendments thereto. This additional percentage of~~  
26 ~~compensation shall first be reflected in employer contribution rates for~~  
27 ~~participating employers under K.S.A. 74-4931, and amendments thereto,~~  
28 ~~effective on the first day of the first payroll period for the fiscal year 2020.~~

29 ~~Sec. 3-4, {3,} K.S.A. 2021 Supp. 74-4920 is hereby repealed.~~

30 ~~Sec. 4-5, {4,} This act shall take effect and be in force from and after~~  
31 ~~its publication in the Kansas register.~~