AN ACT concerning retirement and benefits; relating to the Kansas public employees retirement system and systems thereunder; employer and employee contributions; benefits; member election; KPERS study commission; amending K.S.A. 74-4915 and 74-4919 and K.S.A. 2010 Supp. 74-4914d, 74-4920, 74-49,205, 74-49,210 and 74-49,213 and repealing the existing sections.

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

Section 1. On July 1, 2012, and the date of publication in the Kansas register of the notice prescribed in section 10, K.S.A. 2010 Supp. 74-4914d is hereby amended to read as follows: 74-4914d. Any additional cost resulting from the normal retirement date and retirement before such normal retirement date for security officers as provided in K.S.A. 74-4914c, and amendments thereto, and disability benefits as provided in K.S.A. 74-4914e, and amendments thereto, shall be added to the employer rate of contribution for the department of corrections as otherwise determined under K.S.A. 74-4920, and amendments thereto, except that the employer rate of contribution for the department of corrections including any such additional cost added to such employer rate of contribution pursuant to this section shall in no event exceed the employer rate of contribution for the department of corrections for the immediately preceding fiscal year by more than the following amounts expressed as a percentage of compensation upon which security officers contribute during the period: (a) For the fiscal year commencing in calendar year 2006, an amount not to exceed more than 0.5% of the amount of the immediately preceding fiscal year; and (b) for the fiscal year commencing in calendar year 2007, and in each subsequent calendar year, an amount not to exceed more than 1.1% of the amount of the immediately preceding fiscal year.

Sec. 2. On July 1, 2012, and the date of publication in the Kansas register of the notice prescribed in section 10, K.S.A. 74-4915 is hereby amended to read as follows: 74-4915. (1) Any member who retires on or after such member's normal retirement date shall be entitled to receive an annual retirement benefit equal to the sum obtained by adding an amount
for participating service and an amount for prior service determined as
provided in this section. The amount for prior service shall be equal to 1%
of the member's prior service annual salary multiplied by the number of
years of prior service entitled to credit as provided in K.S.A. 74-4913, and
amendments thereto, except that for members retiring on or after July 1,
1981, who were last employed by a participating employer which had
affiliated with the system under K.S.A. 74-4910, 74-4912, 74-4929 or 74-
4991, and amendments thereto, and for the period commencing January 1,
1986, for members retiring before July 1, 1981, who were last employed
by a participating employer which had affiliated with the system under
K.S.A. 74-4910, 74-4912, 74-4929 or 74-4991, and amendments thereto,
except that any increase in benefits under this section shall be reduced by
any postretirement benefit adjustments received by such member prior to
July 2, 1985, the amount for prior service shall be calculated using final
average salary in lieu of prior service annual salary and, in the case of any
such member who became a member under subsection (3) of K.S.A. 74-
4925, and amendments thereto, and for whom a final average salary cannot
be otherwise determined, such member's final average salary shall be
based on all service for which such member received assistance in a plan
under subsection (2) of K.S.A. 74-4925, and amendments thereto, as
certified by such employer upon request of the board. For any member
who retires on or after July 1, 1993, the amount for participating service
shall be equal to the total of 1.75% of the member's final average salary
multiplied by the number of years of participating service earned prior to
January 1, 2014, and 1.85% of the member's final average salary
multiplied by the number of years of participating service earned on and
after January 1, 2014. Notwithstanding any provision of law to the
contrary, in no event shall service that is purchased under the provisions
of K.S.A. 74-4919a et seq., and amendments thereto, be credited at a rate
that exceeds 1.75% of the purchasing member's final average salary.

(2) (A) Any member who retires on or after July 1, 1993, but before
the normal retirement date and has attained age 60 but has not attained age
62 with the completion of 10 years of credited service, shall receive an
annual retirement benefit equal to the annual retirement benefit payable
had the member retired on the normal retirement date but based upon the
member's final average salary and years of participating and prior service
credited to the date of actual retirement reduced by an amount equal to the
product of (i) such annual retirement benefit payable had the member
retired on the normal retirement date, multiplied by (ii) the product of
.2% multiplied by the number of months' difference, to the nearest whole
month, between the member's attained age at the time of retirement and
age 62.

(B) Any member who retires on or after July 1, 1993, but before the
normal retirement date and has attained age 55 but has not attained age 60
with the completion of 10 years of credited service, shall receive an annual
retirement benefit equal to the annual retirement benefit payable had the
member retired on the normal retirement date but based upon the member's
final average salary and years of participating and prior service credited to
the date of actual retirement reduced by an amount equal to the total of: (i)
(a) The product of such annual retirement benefit payable had the member
retired on the normal retirement date, multiplied by (b) the product of .6%
multiplied by the number of months' difference, to the nearest whole
month, between the member's attained age at the time of retirement and
age 60; and
(ii) on and after July 1, 1993, the product of such annual retirement
benefit payable had the member retired on the normal retirement date,
multiplied by 4.8%.

(3) Upon death of a retirant, there shall be paid to such retirant's
beneficiary an amount equal to the excess, if any, of such retirant's
accumulated contributions over the sum of all retirement benefit payments
made.

(4) Such annual retirement benefits shall be paid in equal monthly
installments, except that the board may provide for the payment of
retirement benefits which total less than $240 a year on other than a
monthly basis.

(5) In the event that an application in such form as may be prescribed
by the board for any amount due under the provisions of this act, is not
filed with the office of the retirement system by the person entitled to same
within five years of the date such amount became due and payable, an
amount equal to same shall be transferred to the retirement benefit
accumulation reserve and such amount shall no longer be due and payable,
except that if any such person shall present evidence satisfactory to the
board that such person's failure to file such application within that time
period was due to lack of knowledge or incapacity on such person's part,
the amount equal to the amount originally due shall be transferred from the
retirement benefit accumulation reserve to the reserve or reserves from
which such transfer was initially made and the amount originally due shall
be paid to such person.

(6) The participating employer, when an employee files an
application for retirement, shall certify to the system all member
contributions of such employee which have not been reported previously.
In the event the amount certified results in an overpayment of retirement
benefits, the employer shall be held responsible for the contribution
amount previously certified from the time of commencement of the
overpayment of retirement benefits until the time that such overpayment is
discovered by the system. At the time that such overpayment of retirement
benefits is discovered by the system, the system shall adjust the amount of
retirement benefits paid to the employee to the correct amount based on
the participating employer's certification of member contributions which
had not been previously reported. The participating employer of the
employee who has had such member's retirement benefits adjusted as
provided in this subsection shall notify such employee of such
overpayment and such adjustment of retirement benefits. If the
contributions previously certified are lower than the actual amount
reported, the employer shall be responsible for remitting the correct
amount and the member's monthly benefit shall be recalculated based on
the amount reported by the employer. When an employee in school
employment files such an application, the participating employer
responsible for any such amounts as provided in this subsection shall be
the employee's eligible employer as specified in subsection (1), (2) or (3)
of K.S.A. 74-4931, and amendments thereto, and shall not be the state of
Kansas. The provisions of law in effect on the retirement date of a member
under the system shall govern the retirement benefit payable to the retirant,
any joint annuitant and any beneficiary.

Sec. 3. On July 1, 2012, and the date of publication in the Kansas
register of the notice prescribed in section 10, K.S.A. 74-4919 is hereby
amended to read as follows: 74-4919. (1) Except as otherwise provided,
each participating employer, beginning with the first payroll for services
performed after the entry date, shall deduct from the compensation of each
member 4% of such member's compensation as employee contributions.
Each participating employer, for services performed by an employee first
employed prior to July 1, 2009, shall deduct from the compensation of
each member, the following amounts expressed as a percentage of
compensation during the following periods: (a) Commencing January 1,
2014, 5% of such member's compensation as employee contributions; and
(b) commencing January 1, 2015, and in each subsequent calendar year,
6% of such member's compensation as employee contributions. Such
deductions shall be remitted quarterly, or as the board may otherwise
provide, to the executive director for deposit in the Kansas public
employees retirement fund. Such deductions shall be credited to the
members' individual accounts and interest shall be added annually to such
accounts.

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

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

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

Sec. 4. On July 1, 2012, and the date of publication in the Kansas register of the notice prescribed in section 10, K.S.A. 2010 Supp. 74-4920 is hereby amended to read as follows: 74-4920. (1) (a) Upon the basis of each annual actuarial valuation and appraisal as provided for in subsection (3)(a) of K.S.A. 74-4908, and amendments thereto, the board shall certify, on or before July 15 of each year, to the division of the budget in the case of the state and to the agent for each other participating employer an actuarially determined estimate of the rate of contribution which will be required, together with all accumulated contributions and other assets of the system, to be paid by each such participating employer to pay all liabilities which shall exist or accrue under the system, including amortization of the actuarial accrued liability as determined by the board. The board shall determine the actuarial cost method to be used in annual actuarial valuations, to determine the employer contribution rates that shall be certified by the board. Such certified rate of contribution, amortization methods and periods and actuarial cost method shall be based on the standards set forth in subsection (3)(a) of K.S.A. 74-4908, and amendments thereto and shall not be based on any other purpose outside of the needs of the system.

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

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

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

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

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

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

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

(ii) Except as specifically provided in this subsection, for the fiscal
years commencing in the following calendar years, the rate of contribution
certified to the state of Kansas and to the participating employers under
K.S.A. 74-4931, and amendments thereto, shall in no event exceed the
state's contribution rate for the immediately preceding fiscal year by more
than the following amounts expressed as a percentage of compensation
upon which members contribute during the period: (A) For the fiscal year
commencing in calendar year 2005, an amount not to exceed more than
0.4% of the amount of the immediately preceding fiscal year; (B) for the
fiscal year commencing in calendar year 2006, an amount not to exceed
more than 0.5% of the amount of the immediately preceding fiscal year;
and (C) for the fiscal year commencing in calendar year 2007 and in each
subsequent calendar year years 2010 through 2012, an amount not to
exceed more than 0.6% of the amount of the immediately preceding fiscal
year; and (B) for the fiscal year commencing in calendar year 2013, and
in each subsequent calendar year, an amount not to exceed more than
1.1% of the amount of the immediately preceding fiscal year.

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

(iv) Except as specifically provided in this subsection, for the fiscal
years commencing in the following calendar years, the rate of contribution
certified to participating employers other than the state of Kansas shall in
no event exceed the contribution rate for such employers for the
immediately preceding fiscal year by more than the following amounts
expressed as a percentage of compensation upon which members
contribute during the period: (A) For the fiscal year commencing in
calendar year 2006, an amount not to exceed more than 0.4% of the
amount of the immediately preceding fiscal year; (B) for the fiscal year
commencing in calendar year 2007, an amount not to exceed more than
0.5% of the amount of the immediately preceding fiscal year; and (C) for
the fiscal year commencing in calendar year 2008 and in each subsequent
calendar year years 2010 through 2013, an amount not to exceed more
than 0.6% of the amount of the immediately preceding fiscal year; and (B)
for the fiscal year commencing in calendar year 2014, and in each
subsequent calendar year, an amount not to exceed more than 1.1% of the
amount of the immediately preceding fiscal year.

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

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

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

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

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

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

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

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

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

(12) The cost of the postretirement benefit payment provided
pursuant to the provisions of K.S.A. 2010 Supp. 74-49,114c, and
amendments thereto, for retirants other than local retirants as described in
subsection (13) or insured disability benefit recipients shall be paid in the
fiscal year commencing on July 1, 2008.

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

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

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

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

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

Sec. 5. On July 1, 2012, and the date of publication in the Kansas register of the notice prescribed in section 10, K.S.A. 2010 Supp. 74-49,205 is hereby amended to read as follows: 74-49,205. For any member who is first employed by a participating employer on or after July 1, 2009, and who retires on or after such member's normal retirement date, the amount for participating service shall be equal to the total of 1.75% of the member's final average salary multiplied by the number of years of participating service earned prior to January 1, 2014, to be used in determining such member's annual retirement benefit, and, subject to the provisions of subsection 8, and amendments thereto, 1.85% of the member's final average salary multiplied by the number of years of participating service earned on and after January 1, 2014, to be used in determining such member's annual retirement benefit. Notwithstanding any provision of law to the contrary, in no event shall service that is purchased under the provisions of K.S.A. 74-4919a et seq., and amendments thereto, be credited at a rate that exceeds 1.75% of the purchasing member's final average salary.

Sec. 6. On July 1, 2012, and the date of publication in the Kansas register of the notice prescribed in section 10, K.S.A. 2010 Supp. 74-49,210 is hereby amended to read as follows: 74-49,210. (a) Except as otherwise provided, each participating employer who was a participating employer under the provisions of K.S.A. 74-4901 et seq., and amendments thereto, before July 1, 2009, beginning with the first payroll for services performed by an employee first employed on or after July 1, 2009, shall deduct from the compensation of each member 6% of such member's compensation as employee contributions. Each participating employer, for services performed by an employee subject to the Kansas public employees retirement system act of 2009, shall deduct from the
compensation of each member, the following amounts expressed as a percentage of compensation: (a) For members first hired on and after July 1, 2013, 6% of such member's compensation as employee contributions; (b) for members hired before July 1, 2013, and who elected not to receive a permanent annual cost-of-living adjustment pursuant to section 8, and amendments thereto, or who did not make an election pursuant to section 8, and amendments thereto, 6% of such member's compensation as employee contributions; and (c) for member's hired before July 1, 2013, and who elected to receive an annual cost-of-living adjustment pursuant to section 8, and amendments thereto, commencing on January 1, 2014, 7% of such member's compensation as employee contributions, and commencing January 1, 2015, and in each subsequent calendar year; 8% of such member's compensation as employee contributions.

(b) Each participating employer who affiliates for any purpose on or after July 1, 2009, beginning with the first payroll for services performed by an employee first employed on or after July 1, 2009, shall deduct from the compensation of each member 6% of such member's compensation as employee contributions.

Sec. 7. On July 1, 2012, and the date of publication in the Kansas register of the notice prescribed in section 10, K.S.A. 2010 Supp. 74-49,213 is hereby amended to read as follows: 74-49,213. (a) Beginning on July 1, 2010, and on each July 1 thereafter, the retirement benefit, pension or annuity payments to each retirant who retires under this act shall be increased by an annual cost-of-living adjustment in an amount equal to 2.0% multiplied by the retirement benefit, pension or annuity payment in effect on that date and shall be paid by the system to the retirant during each such period. The first increase for such a retirant shall be on the second July 1 following such retirant's retirement date. Subsequent increases shall occur on each July 1 thereafter.

(b) As used in this section, "retirant" means: (A) Any person who is a member of the Kansas public employees retirement system pursuant to this act and who made an election pursuant to section 8, and amendments thereto, to receive an annual cost-of-living adjustment, who is retired under the provisions of this act, and who is at least 65 years of age; and (B) any person who is a joint annuitant or beneficiary of any member described in clause (A).

New Sec. 8. (a) The provisions of this section and any related provisions shall not be implemented until the board of trustees of the Kansas public employees retirement system has obtained approval for the election and related provisions specified in this section from the federal internal revenue service. The board may implement the remainder of this act prior to implementation of this section. To that end, this section and provisions related thereto are severable from the remainder of this act and
shall be repealed if the federal internal revenue service refuses to grant such approval or issues an adverse decision.

(b) Except as otherwise provided in this act, a member of the system under the provisions of the Kansas public employees retirement act of 2009 on July 1, 2013, may elect to: (1) Contribute, commencing January 1, 2014, 7% of such member's compensation as employee contributions, and commencing January 1, 2015, and each subsequent calendar year, 8% of such member's compensation as employee contributions pursuant to K.S.A. 74-49,210, and amendments thereto, and to receive an annual cost-of-living adjustment pursuant to K.S.A. 2010 Supp. 74-49,213, and amendments thereto. Members who make this election to contribute at the higher 7% and 8% amount pursuant to this subsection shall receive an amount for participating service equal to the total of 1.85% of the member's final average salary; or (2) continue to contribute 6% of such member's compensation as employee contributions and not be eligible to receive an annual cost-of-living adjustment pursuant to K.S.A. 2010 Supp. 74-49,213, and amendments thereto. Members who make this election to contribute at the 6% amount pursuant to this subsection shall receive an amount for participating service equal to the total of 1.75% of the member's final average salary. Members shall make such election within a 90-day period established by the board.

(c) (1) Elections made pursuant to this section shall be made on a form and in a manner prescribed by the board.

(2) A member failing to make an election prescribed by this section shall contribute 6% of such member's compensation as employee contribution, shall not receive an annual cost-of-living adjustment pursuant to K.S.A. 2010 Supp. 74-49,213, and amendments thereto, and shall receive an amount for participating service equal to the total of 1.75% of the member's final average salary.

(3) An election under this section, including the default election pursuant to subsection (c)(2), is a one-time irrevocable election.

(d) The provisions of this section shall take effect July 1, 2012, and upon the date of publication in the Kansas register of the notice prescribed in section 10.

New Sec. 9. (a) There is hereby established the KPERS study commission. The commission shall study and analyze the current KPERS retirement system and systems related thereto, and develop a viable plan to ensure the long-term sustainability of the system. The commission shall particularly study and review the advantages and disadvantages of implementing a defined benefit, defined contribution or hybrid defined benefit/defined contribution retirement benefit plan, or other plan options.

(b) (1) The KPERS study commission shall consist of 11 voting members. The 11 members shall be appointed as follows: (A) Four
members of the legislature appointed as follows: One shall be appointed by the president of senate, one shall be appointed by the minority leader of the senate, one shall be appointed by the speaker of the house of representatives and one shall be appointed by the minority leader of the house of representatives;

(B) four at-large members appointed as follows: One shall be appointed by the president of the senate, one appointed by the minority leader of the senate, one appointed by the speaker of the house of representatives and one appointed by the minority leader of the house of representatives; and

(C) three members appointed by the governor, one of such members shall have been regularly admitted to practice law in the state of Kansas and have engaged in the active practice of law as a lawyer.

(2) The executive director of the Kansas public employees retirement system, the director of the budget, the revisor of statutes and the director of legislative research shall be non-voting, ex officio members of the commission.

(c) The commission shall elect from among its voting members a chairperson. Any vacancy in the membership of the commission shall be filled by appointment in the manner prescribed by this section for the original appointment.

(d) A quorum of the commission shall be six members. All actions of the commission shall be taken by a majority of all members of the commission.

(e) Members of the commission shall receive expenses, mileage and subsistence as provided in subsection (e) of K.S.A. 75-3223, and amendments thereto.

(f) The staff of the office of revisor of statutes, the Kansas legislative research department and other central legislative staff service agencies shall provide such assistance as may be requested by the commission.

(g) The commission shall submit a report to the legislature and the joint committee on pensions, investment and benefits before December 15, 2011, with any findings and recommendations which the commission deems necessary including the recommendation of any legislation necessary to carry out the recommendations of the commission.

New Sec. 10. The revisor of statutes and the director of legislative research shall jointly certify to the secretary of state that the legislature has received and taken action during the regular session of the legislature held in 2012 on the recommendations, including any legislation, of the KPERS study commission created pursuant to section 9 as included in the report submitted to the legislature and the joint committee on pensions, investments and benefits by such commission. For purposes of this section, "taken action" shall include the legislature receiving and holding
one or more public hearings, in one or more committees of the senate or
house of representatives on such recommendations of the KPERS study
commission. Upon receipt of such certification, the secretary of state shall
cause a notice of such certification to be published in the Kansas register.

Sec. 11. On July 1, 2012, and the date of publication in the Kansas
register of the notice prescribed in section 10, K.S.A. 74-4915 and 74-
4919 and K.S.A. 2010 Supp. 74-4914d, 74-4920, 74-49,205, 74-49,210
and 74-49,213 are hereby repealed.

Sec. 12. This act shall take effect and be in force from and after its
publication in the statute book.