

SENATE BILL No. 498

By Senator Hensley

2-10

AN ACT concerning retirement and pensions; relating to the Kansas public employees retirement system and systems thereunder; postretirement benefit increase; amending K.S.A. 2003 Supp. 74-4920 and repealing the existing section.

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

New Section 1. (a) The retirement benefit, pension or annuity payments accruing after June 30, 2004, to each retirant and each local school annuitant shall be increased by an amount equal to 3.0% of the retirement benefit, pension or annuity payment in effect on July 1, 2004, from the retirant's retirement system and shall be paid by such retirement system to the retirant and the local school annuitant during such period.

(b) As used in this section:

(1) "Retirant" means (A) any person who is a member of a retirement system and who retired prior to July 1, 2003, (B) any person who is a special member of a retirement system and who retired prior to July 1, 2003, (C) any person who is a joint annuitant or beneficiary of any member described in clause (A) or any special member described in clause (B) and (D) any long-term disability benefit recipient.

(2) "Retirement system" means the Kansas public employees retirement system, the Kansas police and firemen's retirement system, the state school retirement system and the retirement system for judges.

(3) "Local school annuitant" means (A) any person who is an annuitant with 10 or more years of service, who is receiving an annuity, whose annuity is not included, in whole or in part, in payments made to such school district under K.S.A. 72-5512b and amendments thereto, and who is not a member of a group I or of group II as defined in K.S.A. 72-5518 and amendments thereto, and (B) any person who is receiving an annuity and who retired prior to September 1, 1981.

(4) "Long-term disability recipient" means any person receiving a long-term disability benefit under K.S.A. 74-4927 and amendments thereto prior to July 1, 2003.

Sec. 2. K.S.A. 2003 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

1 amendments thereto, the board shall certify, on or before July 15 of each
2 year, to the division of the budget in the case of the state and to the agent
3 for each other participating employer an actuarially determined estimate
4 of the rate of contribution which will be required, together with all ac-
5 cumulated contributions and other assets of the system, to be paid by
6 each such participating employer to pay all liabilities which shall exist or
7 accrue under the system, including amortization of the actuarial accrued
8 liability over a period of 40 years commencing on July 1, 1993, and the
9 actuarial accrued liability for members of the faculty and other persons
10 who are employed by the state board of regents or by educational insti-
11 tutions under its management assisted by the state board of regents in
12 the purchase of retirement annuities as provided in K.S.A. 74-4925 and
13 amendments thereto, as provided in this section. The actuarial accrued
14 liability for all participating employers other than the state board of re-
15 gents relating to members of the faculty and other persons described in
16 this section, shall be amortized by annual payments that increase 4% for
17 each year remaining in the amortization period. For all participating em-
18 ployers other than the state board of regents relating to members of the
19 faculty and other persons described in this section, the projected unit
20 credit actuarial cost method shall be used in annual actuarial valuations,
21 commencing with the 1993 valuation, to determine the employer contri-
22 bution rates that shall be certified by the board. The actuarial accrued
23 liability for members of the faculty and other persons described in this
24 subsection assisted by the state board of regents in the purchase of re-
25 tirement annuities as provided in K.S.A. 74-4925 and amendments
26 thereto shall be amortized by annual level payments over a period of 11
27 years commencing July 1, 1993. Such certified rate of contribution shall
28 be based on the standards set forth in subsection (3)(a) of K.S.A. 74-4908
29 and amendments thereto and shall not be based on any other purpose
30 outside of the needs of the system.

31 (b) (i) For employers affiliating on and after January 1, 1999, upon
32 the basis of an annual actuarial valuation and appraisal of the system
33 conducted in the manner provided for in K.S.A. 74-4908 and amend-
34 ments thereto, the board shall certify, on or before July 15 of each year
35 to each such employer an actuarially determined estimate of the rate of
36 contribution which shall be required to be paid by each such employer
37 to pay all of the liabilities which shall accrue under the system from and
38 after the entry date as determined by the board, upon recommendation
39 of the actuary. Such rate shall be termed the employer's participating
40 service contribution and shall be uniform for all participating employers.
41 Such additional liability shall be amortized over a period of 34 years com-
42 mencing on July 1, 1999, by annual payments that increase 4% for each
43 year remaining in the amortization period. For all participating employers

1 described in this section, the projected unit credit actuarial cost method
2 shall be used in annual actuarial valuations to determine the employer
3 contribution rates that shall be certified by the board.

4 (ii) The board shall determine for each such employer separately an
5 amount sufficient to amortize over a period of not to exceed 34 years
6 commencing July 1, 1999, all liabilities for prior service costs which shall
7 have accrued at the time of entry into the system. On the basis of such
8 determination the board shall annually certify to each such employer sep-
9 arately an actuarially determined estimate of the rate of contribution
10 which shall be required to be paid by that employer to pay all of the
11 liabilities for such prior service costs. Such rate shall be termed the em-
12 ployer's prior service contribution.

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

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

21 (4) Each participating employer is hereby authorized to pay the em-
22 ployer's contribution from the same fund that the compensation for which
23 such contribution is made is paid from or from any other funds available
24 to it for such purpose. Each political subdivision, other than an instru-
25 mentality of the state, which is by law authorized to levy taxes for other
26 purposes, may levy annually at the time of its levy of taxes, a tax which
27 may be in addition to all other taxes authorized by law for the purpose of
28 making its contributions under this act and, in the case of cities and coun-
29 ties, to pay a portion of the principal and interest on bonds issued under
30 the authority of K.S.A. 12-1774 and amendments thereto by cities located
31 in the county, which tax, together with any other fund available, shall be
32 sufficient to enable it to make such contribution. In lieu of levying the
33 tax authorized in this subsection, any taxing subdivision may pay such
34 costs from any employee benefits contribution fund established pursuant
35 to K.S.A. 12-16,102 and amendments thereto. Each participating em-
36 ployer which is not by law authorized to levy taxes as described above,
37 but which prepares a budget for its expenses for the ensuing year and
38 presents the same to a governing body which is authorized by law to levy
39 taxes as described above, may include in its budget an amount sufficient
40 to make its contributions under this act which may be in addition to all
41 other taxes authorized by law. Such governing body to which the budget
42 is submitted for approval, may levy a tax sufficient to allow the partici-
43 pating employer to make its contributions under this act, which tax, to-

1 gether with any other fund available, shall be sufficient to enable the
2 participating employer to make the contributions required by this act.

3 (5) The rate of contribution certified to a participating employer as
4 provided in this section shall apply during the fiscal year of the partici-
5 pating employer which begins in the second calendar year following the
6 year of the actuarial valuation. For the fiscal year commencing in calendar
7 year 1993, the employer rate of contribution for the state of Kansas and
8 for participating employers under K.S.A. 74-4931 and amendments
9 thereto shall be 3.1% of the amount of compensation upon which mem-
10 bers contribute during the period. For the fiscal year commencing in
11 calendar year 1994, the employer rate of contribution for the state of
12 Kansas and for participating employers under K.S.A. 74-4931 and amend-
13 ments thereto shall be 3.2% of the amount of compensation upon which
14 members contribute during the period. For the fiscal year commencing
15 in calendar year 1994, the employer rate of contribution for participating
16 employers other than the state of Kansas shall be 2.2% of the amount of
17 compensation upon which members contribute during the period. Except
18 as specifically provided in this section, for the fiscal year commencing in
19 calendar year 1995, the rate of contribution certified to a participating
20 employer shall in no event exceed such participating employer's contri-
21 bution rate for the immediately preceding fiscal year by more than 0.1%
22 of the amount of compensation upon which members contribute during
23 the period. Except as specifically provided in this section, for fiscal years
24 commencing in calendar year 1996 and in each subsequent calendar year,
25 the rate of contribution certified to the state of Kansas shall in no event
26 exceed the state's contribution rate for the immediately preceding fiscal
27 year by more than 0.2% of the amount of compensation upon which
28 members contribute during the period. Except as specifically provided in
29 this subsection, for the fiscal years commencing in the following calendar
30 years, the rate of contribution certified to the state of Kansas shall in no
31 event exceed the state's contribution rate for the immediately preceding
32 fiscal year by more than the following amounts expressed as a percentage
33 of compensation upon which members contribute during the period: (a)
34 For the fiscal year commencing in calendar year 2005, an amount not to
35 exceed more than 0.4% of the amount of the immediately preceding fiscal
36 year; (b) for the fiscal year commencing in calendar year 2006, an amount
37 not to exceed more than 0.5% of the amount of the immediately preced-
38 ing fiscal year; and (c) for the fiscal year commencing in calendar year
39 2007 and in each subsequent calendar year, an amount not to exceed
40 more than 0.6% of the amount of the immediately preceding fiscal years.
41 Except as specifically provided in this section, for fiscal years commencing
42 in calendar year 1997 and in each subsequent calendar year, the rate of
43 contribution certified to participating employers other than the state of

1 Kansas shall in no event exceed such participating employer's contribu-
2 tion rate for the immediately preceding fiscal year by more than 0.15%
3 of the amount of compensation upon which members contribute during
4 the period. There shall be an employer rate of contribution certified to
5 the state of Kansas and participating employers under K.S.A. 74-4931 and
6 amendments thereto. There shall be a separate employer rate of contri-
7 bution certified to all other participating employers other than the state
8 of Kansas.

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

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

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

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

28 (10) *The actuarial cost of the provisions of section 1, and amendments*
29 *thereto, shall be included in the June 30, 2004, actuarial valuation in*
30 *determining contribution rates for participating employers. The actuarial*
31 *accrued liability incurred for the provisions of section 1, and amendments*
32 *thereto, shall be amortized over 15 years.*

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

38 ~~(11)~~ (12) For employers affiliating on and after January 1, 1999, the
39 rates of contribution certified to the participating employer as provided
40 in this section shall apply during the fiscal year immediately following
41 such certification, but the rate of contribution during the first year fol-
42 lowing the employer's entry date shall be equal to 7% of the amount of
43 compensation on which members contribute during the year. Any amount

1 of such first year's contribution which may be in excess of the necessary
2 current service contribution shall be credited by the board to the respec-
3 tive employer's prior service liability.

4 ~~(12)~~ (13) Employer contributions shall in no way be limited by any
5 other act which now or in the future establishes or limits the compen-
6 sation of any member.

7 ~~(13)~~ (14) Notwithstanding any provision of law to the contrary, each
8 participating employer shall remit quarterly, or as the board may other-
9 wise provide, all employee deductions and required employer contribu-
10 tions to the executive director for credit to the Kansas public employees
11 retirement fund within three days after the end of the period covered by
12 the remittance by electronic funds transfer. Remittances of such deduc-
13 tions and contributions received after such date are delinquent. Delin-
14 quent payments due under this subsection shall be subject to interest at
15 the rate established for interest on judgments under subsection (a) of
16 K.S.A. 16-204 and amendments thereto. At the request of the board,
17 delinquent payments which are due or interest owed on such payments,
18 or both, may be deducted from any other moneys payable to such em-
19 ployer by any department or agency of the state.

20 Sec. 3. K.S.A. 2003 Supp. 74-4920 is hereby repealed.

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

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