

## SENATE BILL No. 393

By Committee on Ways and Means

4-25

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9 AN ACT concerning retirement and pensions; relating to the Kansas  
10 public employees retirement system and systems thereunder; postre-  
11 tirement benefit increase for certain retirants, employer contributions;  
12 making and concerning appropriations for the fiscal year ending June  
13 30, 2008; amending K.S.A. 2006 Supp. 74-4920, as amended by section  
14 17 of 2007 Senate Bill No. 362, and repealing the existing section.  
15

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

17 New Section 1. (a) The retirement benefit, pension or annuity pay-  
18 ments accruing after June 30, 2007, to each retirant shall be increased by  
19 an amount equal to the sum of \$.50 per month for each year of credited  
20 service and \$.75 per month for each year since the retirant's retirement.  
21 For the purpose of determining years of credited service and years of  
22 retirement, as provided in this section, a remainder of six months or more  
23 shall be rounded to a whole year and a remainder of less than six months  
24 shall be disregarded. Such increased payment shall be paid by the retire-  
25 ment system to the retirant.

26 (b) As used in this section: (1) "Retirant" means: (A) Any person who  
27 is a member of a retirement system, and who retired prior to July 1, 2006;

28 (B) any person who is a special member of a retirement system, and  
29 who retired prior to July 1, 2006; and

30 (C) any person who is a joint annuitant or beneficiary of any member  
31 described in clause (A) or any special member described in clause (B);  
32 and

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

36 Sec. 2. K.S.A. 2006 Supp. 74-4920, as amended by section 17 of 2007  
37 Senate Bill No. 362, is hereby amended to read as follows: 74-4920. (1)

38 (a) Upon the basis of each annual actuarial valuation and appraisal as  
39 provided for in subsection (3)(a) of K.S.A. 74-4908 and amendments  
40 thereto, the board shall certify, on or before July 15 of each year, to the  
41 division of the budget in the case of the state and to the agent for each  
42 other participating employer an actuarially determined estimate of the  
43 rate of contribution which will be required, together with all accumulated

1 contributions and other assets of the system, to be paid by each such  
2 participating employer to pay all liabilities which shall exist or accrue  
3 under the system, including amortization of the actuarial accrued liability  
4 as determined by the board. The board shall determine the actuarial cost  
5 method to be used in annual actuarial valuations, to determine the em-  
6 ployer contribution rates that shall be certified by the board. Such cer-  
7 tified rate of contribution, amortization methods and periods and actuarial  
8 cost method shall be based on the standards set forth in subsection (3)(a)  
9 of K.S.A. 74-4908 and amendments thereto and shall not be based on any  
10 other purpose outside of the needs of the system.

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

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

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

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

42 (4) Each participating employer is hereby authorized to pay the em-  
43 ployer's contribution from the same fund that the compensation for which

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

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

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

34 (ii) Except as specifically provided in this subsection, for the fiscal years  
35 commencing in the following calendar years, the rate of contribution cer-  
36 tified to the state of Kansas and to the participating employers under  
37 K.S.A. 74-4931, and amendments thereto shall in no event exceed the  
38 state's contribution rate for the immediately preceding fiscal year by more  
39 than the following amounts expressed as a percentage of compensation  
40 upon which members contribute during the period: (A) For the fiscal  
41 year commencing in calendar year 2005, an amount not to exceed more  
42 than 0.4% of the amount of the immediately preceding fiscal year; (B)  
43 for the fiscal year commencing in calendar year 2006, an amount not to

1 exceed more than 0.5% of the amount of the immediately preceding fiscal  
2 year; and (C) for the fiscal year commencing in calendar year 2007 and  
3 in each subsequent calendar year, an amount not to exceed more than  
4 0.6% of the amount of the immediately preceding fiscal year.

5 (iii) Except as specifically provided in this section, for fiscal years com-  
6 mencing in calendar year 1997 and in each subsequent calendar year, the  
7 rate of contribution certified to participating employers other than the  
8 state of Kansas shall in no event exceed such participating employer's  
9 contribution rate for the immediately preceding fiscal year by more than  
10 0.15% of the amount of compensation upon which members contribute  
11 during the period.

12 (iv) Except as specifically provided in this subsection, for the fiscal years  
13 commencing in the following calendar years, the rate of contribution cer-  
14 tified to participating employers other than the state of Kansas shall in  
15 no event exceed the contribution rate for such employers for the imme-  
16 diately preceding fiscal year by more than the following amounts ex-  
17 pressed as a percentage of compensation upon which members contribute  
18 during the period: (A) For the fiscal year commencing in calendar year  
19 2006, an amount not to exceed more than 0.4% of the amount of the  
20 immediately preceding fiscal year; (B) for the fiscal year commencing in  
21 calendar year 2007, an amount not to exceed more than 0.5% of the  
22 amount of the immediately preceding fiscal year; and (C) for the fiscal  
23 year commencing in calendar year 2008 and in each subsequent calendar  
24 year, an amount not to exceed more than 0.6% of the amount of the  
25 immediately preceding fiscal year.

26 (v) As part of the annual actuarial valuation, there shall be a separate  
27 employer rate of contribution calculated for the state of Kansas, a separate  
28 employer rate of contribution calculated for participating employers un-  
29 der K.S.A. 74-4931 and amendments thereto, a combined employer rate  
30 of contribution calculated for the state of Kansas and participating em-  
31 ployers under K.S.A. 74-4931, and amendments thereto, and a separate  
32 employer rate of contribution calculated for all other participating  
33 employers.

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

39 (vii) If the combined employer rate of contribution calculated for the  
40 state of Kansas and participating employers under K.S.A. 74-4931, and  
41 amendments thereto, is greater than the separate employer rate of con-  
42 tribution for the state of Kansas, the difference in the two rates applied  
43 to the actual payroll of the state of Kansas for the applicable fiscal year

1 shall be calculated. This amount shall be certified by the board as addi-  
2 tional employer contributions for the participating employers under  
3 K.S.A. 74-4931, and amendments thereto, to the division of budget and  
4 governor who shall include in the budget each year thereafter provisions  
5 for the transfer from the state general fund of sufficient sums to satisfy  
6 this obligation. This amount shall be distributed through the same pro-  
7 cedure as followed for the employer contribution payments under K.S.A.  
8 74-4939 and K.S.A. 74-4939a, and amendments thereto, and then remit-  
9 ted by the participating employers to the Kansas public employees re-  
10 tirement system for deposit as additional employer contributions to the  
11 retirement benefit accumulation reserve for the participating employers  
12 under K.S.A. 74-4931, and amendments thereto.

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

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

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

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

32 (10) The cost of the postretirement benefit payment provided pursuant  
33 to the provisions of section 16 of 2007 Senate Bill No. 362, and section 1,  
34 and amendments thereto, for retirants other than local retirants as de-  
35 scribed in subsection (11) or insured disability benefit recipients shall be  
36 paid in the fiscal year commencing on July 1, 2007.

37 (11) The actuarial accrued liability incurred for the provisions of section  
38 16 of 2007 Senate Bill No. 362, and section 1, and amendments thereto,  
39 for the KPERS local group and retirants who were employees of local  
40 employers which affiliated with the Kansas police and firemen's retire-  
41 ment system shall be amortized over 10 years.

42 (12) The board with the advice of the actuary may fix the contribution  
43 rates for participating employers joining the system after one year from

1 the first entry date or for employers who exercise the option contained  
2 in K.S.A. 74-4912 and amendments thereto at rates different from the  
3 rate fixed for employers joining within one year of the first entry date.

4 (13) For employers affiliating on and after January 1, 1999, the rates  
5 of contribution certified to the participating employer as provided in this  
6 section shall apply during the fiscal year immediately following such cer-  
7 tification, but the rate of contribution during the first year following the  
8 employer's entry date shall be equal to 7% of the amount of compensation  
9 on which members contribute during the year. Any amount of such first  
10 year's contribution which may be in excess of the necessary current serv-  
11 ice contribution shall be credited by the board to the respective em-  
12 ployer's prior service liability.

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

16 (15) Notwithstanding any provision of law to the contrary, each partic-  
17 ipating employer shall remit quarterly, or as the board may otherwise  
18 provide, all employee deductions and required employer contributions to  
19 the executive director for credit to the Kansas public employees retire-  
20 ment fund within three days after the end of the period covered by the  
21 remittance by electronic funds transfer. Remittances of such deductions  
22 and contributions received after such date are delinquent. Delinquent  
23 payments due under this subsection shall be subject to interest at the rate  
24 established for interest on judgments under subsection (a) of K.S.A. 16-  
25 204 and amendments thereto. At the request of the board, delinquent  
26 payments which are due or interest owed on such payments, or both, may  
27 be deducted from any other moneys payable to such employer by any  
28 department or agency of the state.

29 Sec. 3.

### 30 KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

31 (a) There is appropriated for the above agency from the state general  
32 fund for the fiscal year ending June 30, 2008, the following:

33 Reimbursement for postretirement benefit payments ..... \$80,000,000

34 *Provided*, That all moneys in the reimbursement for postretirement ben-  
35 efit payments account shall be paid into the Kansas public employees  
36 retirement fund on July 1, 2007, or as soon thereafter as moneys are  
37 available therefor, for the purpose of reimbursing the Kansas public em-  
38 ployees retirement fund for the postretirement benefit payment for re-  
39 tirants, other than local retirants, pursuant to section 1 of this act.

40 Sec. 4. K.S.A. 2006 Supp. 79-4920, as amended by section 17 of 2007  
41 Senate Bill No. 362, is hereby repealed.

42 Sec. 5. This act shall take effect and be in force from and after its  
43 publication in the statute book.