

SENATE BILL No. 523

By Committee on Ways and Means

2-17

Proposed amendments to SB 523
Senate Committee on Ways and Means
March 7, 2022

Setting employer contribution rates in FY23
and FY24 based on transfers

Prepared by Office of Revisor of Statutes

1 AN ACT concerning the Kansas public employees retirement system;
2 making and concerning appropriations for the fiscal years ending June
3 30, 2022, and June 30, 2023; authorizing certain transfers from the state
4 general fund to the Kansas public employees retirement fund; requiring
5 state finance council approval for such fiscal year 2023 transfers.
6

; establishing employer contribution rates for fiscal years 2023
and 2024; amending K.S.A. 2021 Supp. 74-4920 and repealing
the existing section

7 *Be it enacted by the Legislature of the State of Kansas:*
8 Section 1.

9 KANSAS PUBLIC EMPLOYEES
10 RETIREMENT SYSTEM

11 (a) On the effective date of this act and on June 1, 2022, or as soon
12 thereafter each such date as moneys are available, the director of accounts
13 and reports shall transfer \$300,000,000 from the state general fund to the
14 Kansas public employees retirement fund (365-00-7002-7000) of the
15 Kansas public employees retirement system.

16 Sec. 2.

17 KANSAS PUBLIC EMPLOYEES
18 RETIREMENT SYSTEM

19 (a) On October 1, 2022, or as soon thereafter as moneys are available,
20 and upon approval of the state finance council, the director of accounts and
21 reports shall transfer \$200,000,000 from the state general fund to the
22 Kansas public employees retirement fund (365-00-7002-7000) of the
23 Kansas public employees retirement system.

24 (b) On January 1, 2023, or as soon thereafter as moneys are available,
25 and upon approval of the state finance council, the director of accounts and
26 reports shall transfer \$200,000,000 from the state general fund to the
27 Kansas public employees retirement fund (365-00-7002-7000) of the
28 Kansas public employees retirement system.

29 (c) Prior to the director of accounts and reports making any transfer
30 authorized by this section, such transfer shall be approved by the state
31 finance council. The state finance council action on this matter is hereby
32 characterized as a matter of legislative delegation and subject to the
33 guidelines prescribed in K.S.A. 75-3711c(c), and amendments thereto,
34 except that such approval also may be given while the legislature is in
35 session.

Sec. 3. K.S.A. 2021 Supp. 74-4920 is hereby amended to read as follows:
74-4920. (See attachment #1)
Sec. 4. K.S.A. 2021 Supp. 74-4920 is hereby repealed.

36 Sec. 5 This act shall take effect and be in force from and after its

- 1 publication in the Kansas register.

Attachment #1

- 1 (1) (a) Upon the basis of each annual actuarial valuation and appraisal as provided for in K.S.A. 74-4908(3)(a), and amendments thereto, the board shall certify,
2 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
3 determined estimate of the rate of contribution ~~which that~~ will be required, together with all accumulated contributions and other assets of the system, to be paid
4 by each such participating employer to pay all liabilities ~~which that~~ shall exist or accrue under the system, including amortization of the actuarial accrued liability
5 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
6 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
7 standards set forth in K.S.A. 74-4908(3)(a), and amendments thereto, and shall not be based on any other purpose outside of the needs of the system.
- 8 (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
9 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
10 determined estimate of the rate of contribution ~~which that~~ shall be required to be paid by each such employer to pay all of the liabilities ~~which that~~ shall accrue
11 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
12 participating service contribution and shall be uniform for all participating employers. Such additional liability shall be amortized as determined by the board.
13 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
14 the employer contribution rates that shall be certified by the board.
- 15 (ii) The board shall determine for each such employer separately an amount sufficient to amortize all liabilities for prior service costs ~~which that~~ shall have
16 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
17 determined estimate of the rate of contribution ~~which that~~ shall be required to be paid by that employer to pay all of the liabilities for such prior service costs.
18 Such rate shall be termed the employer's prior service contribution.
- 19 (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
20 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.
- 21 (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.
- 22 (4) Each participating employer is hereby authorized to pay the employer's contribution from the same fund that the compensation for which such contribution
23 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 that~~ is
24 by law authorized to levy taxes for other purposes, may levy annually at the time of its levy of taxes, a tax ~~which that~~ may be in addition to all other taxes
25 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
26 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,
27 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
28 any employee benefits contribution fund established pursuant to K.S.A. 12-16,102, and amendments thereto. Each participating employer ~~which that~~ is not by
29 law authorized to levy taxes as described above, but ~~which that~~ prepares a budget for its expenses for the ensuing year and presents the same to a governing body
30 ~~which that~~ 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
31 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
32 participating employer to make its contributions under this act, which tax, together with any other fund available, shall be sufficient to enable the participating
33 employer to make the contributions required by this act.

Attachment #1

- 1 (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
2 which that begins in the second calendar year following the year of the actuarial valuation.
- 3 (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
4 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
5 the amount of compensation upon which members contribute during the period.
- 6 (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
7 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
8 immediately preceding fiscal year by more than the following amounts expressed as a percentage of compensation upon which members contribute during the
9 period: (A) For the fiscal year commencing in calendar years 2010 through 2012, an amount not to exceed more than 0.6% of the amount of the immediately
10 preceding fiscal year; (B) for the fiscal year commencing in calendar year 2013, an amount not to exceed more than 0.9% of the amount of the immediately
11 preceding fiscal year; (C) for the fiscal year commencing in calendar year 2014, an amount not to exceed more than 1% of the amount of the immediately
12 preceding fiscal year; (D) for the fiscal year commencing in calendar year 2015, the employer rate of contribution shall be 10.91%; (E) for the fiscal year
13 commencing in calendar year 2016, the employer rate of contribution shall be 10.81%, except as provided by section 37(b) of chapter 54 of 2017 Session Laws
14 of Kansas, and amendments thereto, for the participating employers under K.S.A. 74-4931, and amendments thereto; (F) for the fiscal year commencing in
15 calendar year 2017, the employer rate of contribution shall be 12.01% and for participating employers under K.S.A. 74-4931, and amendments thereto, an
16 additional percentage of compensation corresponding to the level dollar repayment amount certified by the board pursuant to subsection (17); (G) for the fiscal
17 year commencing in calendar year 2021, the employer rate of contribution shall be 13.33%; (H) for the fiscal year commencing in calendar year 2022, the
18 employer rate of contribution shall be ~~13.11%~~ 12.22%; (I) for the fiscal year commencing in calendar year 2023, the employer rate of contribution shall be
19 11.08%; and ~~(H)~~(J) in each subsequent calendar year, an amount not to exceed more than 1.2% of the amount of the immediately preceding fiscal year and for
20 participating employers under K.S.A. 74-4931, and amendments thereto, an additional percentage of compensation corresponding to the level dollar repayment
21 amount certified by the board pursuant to subsections (17) and (18).
- 22 (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
23 contribution certified to participating employers other than the state of Kansas shall in no event exceed such participating employer's contribution rate for the
24 immediately preceding fiscal year by more than 0.15% of the amount of compensation upon which members contribute during the period.
- 25 (iv) Except as specifically provided in this subsection, for the fiscal years commencing in the following calendar years, the rate of contribution certified to
26 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
27 by more than the following amounts expressed as a percentage of compensation upon which members contribute during the period: (A) For the fiscal year
28 commencing in calendar years 2010 through 2013, an amount not to exceed more than 0.6% of the amount of the immediately preceding fiscal year; (B) for the
29 fiscal year commencing in calendar year 2014, an amount not to exceed more than 0.9% of the amount of the immediately preceding fiscal year; (C) for the fiscal
30 year commencing in calendar year 2015, an amount not to exceed more than 1% of the amount of the immediately preceding fiscal year; (D) for the fiscal year
31 commencing in calendar year 2016, an amount not to exceed more than 1.1% of the amount of the immediately preceding fiscal year; and (E) for the fiscal year
32 commencing in calendar year 2017, and in each subsequent calendar year, an amount not to exceed more than 1.2% of the amount of the immediately preceding
33 fiscal year.

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- 1 (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
2 of contribution calculated for participating employers under K.S.A. 74-4931, and amendments thereto, a combined employer rate of contribution calculated for
3 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
4 other participating employers.
- 5 (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
6 amendments thereto. There shall be a separate employer rate of contribution certified to all other participating employers.
- 7 (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
8 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
9 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
10 retirement benefit accumulation reserve for the participating employers under K.S.A. 74-4931, and amendments thereto.
- 11 (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
12 determining contribution rates for participating employers.
- 13 (7) The actuarial cost of the provisions of K.S.A. 74-4950i, and amendments thereto, will be included in the June 30, 1998, actuarial valuation in determining
14 contribution rates for participating employers. The actuarial accrued liability incurred for the provisions of K.S.A. 74-4950i, and amendments thereto, shall be
15 amortized over 15 years.
- 16 (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,
17 and amendments thereto, shall be in addition to the employer contribution rates certified for the employer contribution rate in the fiscal year immediately
18 following such enactment. Such actuarial cost shall be determined by the qualified actuary employed or retained by the system pursuant to K.S.A. 74-4908, and
19 amendments thereto, and reported to the system and the joint committee on pensions, investments and benefits.
- 20 (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
21 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
22 the provisions of K.S.A. 74-49,109 et seq., and amendments thereto, shall be amortized over 10 years.
- 23 (10) The cost of the postretirement benefit payment provided pursuant to the provisions of K.S.A. 74-49,114b, and amendments thereto, for retirants other than
24 local retirants as described in subsection (11) or insured disability benefit recipients shall be paid in the fiscal year commencing on July 1, 2007.
- 25 (11) The actuarial accrued liability incurred for the provisions of K.S.A. 74-49,114b, and amendments thereto, for the KPERS local group and retirants who
26 were employees of local employers ~~which~~ that affiliated with the Kansas police and firemen's retirement system shall be amortized over 10 years.
- 27 (12) The cost of the postretirement benefit payment provided pursuant to the provisions of K.S.A. 74-49,114c, and amendments thereto, for retirants other than
28 local retirants as described in subsection (13) or insured disability benefit recipients shall be paid in the fiscal year commencing on July 1, 2008.

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- 1 (13) The actuarial accrued liability incurred for the provisions of K.S.A. 74-49,114c, and amendments thereto, for the KPERS local group and retirants who
2 were employees of local employers ~~which~~ that affiliated with the Kansas police and firemen's retirement system shall be amortized over 10 years.
- 3 (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
4 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
5 within one year of the first entry date.
- 6 (15) Employer contributions shall in no way be limited by any other act ~~which~~ that now or in the future establishes or limits the compensation of any member.
- 7 (16) Notwithstanding any provision of law to the contrary, each participating employer shall remit quarterly, or as the board may otherwise provide, all
8 employee deductions and required employer contributions to the executive director for credit to the Kansas public employees retirement fund within three days
9 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
10 delinquent. Delinquent payments due under this subsection shall be subject to interest at the rate established for interest on judgments under K.S.A. 16-204(a),
11 and amendments thereto. At the request of the board, delinquent payments ~~which~~ that are due or interest owed on such payments, or both, may be deducted from
12 any other moneys payable to such employer by any department or agency of the state.
- 13 (17) The actuarial cost of the reduction of employer contributions for eligible employers as specified in K.S.A. 74-4931(1), (2) and (3), and amendments
14 thereto, pursuant to the provisions of section 37 of chapter 54 of the 2017 session laws of Kansas, and amendments thereto, shall be amortized over 20 years as a
15 level dollar amount, as certified by the board upon recommendation of the consulting actuary, through an additional percentage of compensation for participating
16 employers under K.S.A. 74-4931, and amendments thereto. This additional percentage of compensation shall first be reflected in employer contribution rates for
17 participating employers under K.S.A. 74-4931, and amendments thereto, effective on the first day of the first payroll period for the fiscal year 2018.
- 18 (18) The actuarial cost of \$194,022,683 shall be amortized over 20 years as a level dollar amount, as certified by the board upon recommendation of the
19 consulting actuary, through an additional percentage of compensation for participating employers under K.S.A. 74-4931, and amendments thereto. This
20 additional percentage of compensation shall first be reflected in employer contribution rates for participating employers under K.S.A. 74-4931, and amendments
21 thereto, effective on the first day of the first payroll period for the fiscal year 2020.
22