

As Amended by House Committee

Session of 2022

SENATE BILL No. 421

By Committee on Ways and Means

2-1

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 from the state general fund to the Kansas
17 public employees retirement fund (365-00-7002-7000) of the Kansas
18 public employees retirement system; Provided, That such transfer shall be
19 for the full payment of reduced employer contributions from participating
20 employers under K.S.A. 74-4931, and amendments thereto, in fiscal years
21 2017 and 2019.

22 Sec. 2.

23 DEPARTMENT OF EDUCATION

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

32 Sec. 2. 3. K.S.A. 2021 Supp. 74-4920 is hereby amended to read as
33 follows: 74-4920. (1) (a) Upon the basis of each annual actuarial valuation
34 and appraisal as provided for in K.S.A. 74-4908(3)(a), and amendments
35 thereto, the board shall certify, on or before July 15 of each year, to the
36 division of the budget in the case of the state and to the agent for each

1 other participating employer an actuarially determined estimate of the rate  
2 of contribution ~~which~~ *that* will be required, together with all accumulated  
3 contributions and other assets of the system, to be paid by each such  
4 participating employer to pay all liabilities ~~which~~ *that* shall exist or accrue  
5 under the system, including amortization of the actuarial accrued liability  
6 as determined by the board. The board shall determine the actuarial cost  
7 method to be used in annual actuarial valuations, to determine the  
8 employer contribution rates that shall be certified by the board. Such  
9 certified rate of contribution, amortization methods and periods and  
10 actuarial cost method shall be based on the standards set forth in K.S.A.  
11 74-4908(3)(a), and amendments thereto, and shall not be based on any  
12 other purpose outside of the needs of the system.

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

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

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

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

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

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

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

36 (ii) Except as specifically provided in this subsection, for the fiscal  
37 years commencing in the following calendar years, the rate of contribution  
38 certified to the state of Kansas and to the participating employers under  
39 K.S.A. 74-4931, and amendments thereto, shall in no event exceed the  
40 state's contribution rate for the immediately preceding fiscal year by more  
41 than the following amounts expressed as a percentage of compensation  
42 upon which members contribute during the period: (A) For the fiscal year  
43 commencing in calendar years 2010 through 2012, an amount not to

1 exceed more than 0.6% of the amount of the immediately preceding fiscal  
2 year; (B) for the fiscal year commencing in calendar year 2013, an amount  
3 not to exceed more than 0.9% of the amount of the immediately preceding  
4 fiscal year; (C) for the fiscal year commencing in calendar year 2014, an  
5 amount not to exceed more than 1% of the amount of the immediately  
6 preceding fiscal year; (D) for the fiscal year commencing in calendar year  
7 2015, the employer rate of contribution shall be 10.91%; (E) for the fiscal  
8 year commencing in calendar year 2016, the employer rate of contribution  
9 shall be 10.81%, except as provided by section 37(b) of chapter 54 of 2017  
10 Session Laws of Kansas, and amendments thereto, for the participating  
11 employers under K.S.A. 74-4931, and amendments thereto; (F) for the  
12 fiscal year commencing in calendar year 2017, the employer rate of  
13 contribution shall be 12.01% ~~and for participating employers under K.S.A.~~  
14 ~~74-4931, and amendments thereto, an additional percentage of~~  
15 ~~compensation corresponding to the level dollar repayment amount~~  
16 ~~certified by the board pursuant to subsection (17);~~ (G) for the fiscal year  
17 commencing in calendar year 2021, the employer rate of contribution shall  
18 be 13.33%; (H) for the fiscal year commencing in calendar year 2022, the  
19 employer rate of contribution shall be 13.11%; and (I) in each subsequent  
20 calendar year, an amount not to exceed more than 1.2% of the amount of  
21 the immediately preceding fiscal year ~~and for participating employers~~  
22 ~~under K.S.A. 74-4931, and amendments thereto, an additional percentage~~  
23 ~~of compensation corresponding to the level dollar repayment amount~~  
24 ~~certified by the board pursuant to subsections (17) and (18).~~

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

32 (iv) Except as specifically provided in this subsection, for the fiscal  
33 years commencing in the following calendar years, the rate of contribution  
34 certified to participating employers other than the state of Kansas shall in  
35 no event exceed the contribution rate for such employers for the  
36 immediately preceding fiscal year by more than the following amounts  
37 expressed as a percentage of compensation upon which members  
38 contribute during the period: (A) For the fiscal year commencing in  
39 calendar years 2010 through 2013, an amount not to exceed more than  
40 0.6% of the amount of the immediately preceding fiscal year; (B) for the  
41 fiscal year commencing in calendar year 2014, an amount not to exceed  
42 more than 0.9% of the amount of the immediately preceding fiscal year;  
43 (C) for the fiscal year commencing in calendar year 2015, an amount not

1 to exceed more than 1% of the amount of the immediately preceding fiscal  
2 year; (D) for the fiscal year commencing in calendar year 2016, an amount  
3 not to exceed more than 1.1% of the amount of the immediately preceding  
4 fiscal year; and (E) for the fiscal year commencing in calendar year 2017,  
5 and in each subsequent calendar year, an amount not to exceed more than  
6 1.2% of the amount of the immediately preceding fiscal year.

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

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

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

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

30 (7) The actuarial cost of the provisions of K.S.A. 74-4950i, and  
31 amendments thereto, will be included in the June 30, 1998, actuarial  
32 valuation in determining contribution rates for participating employers.  
33 The actuarial accrued liability incurred for the provisions of K.S.A. 74-  
34 4950i, and amendments thereto, shall be amortized over 15 years.

35 (8) Except as otherwise provided by law, the actuarial cost of any  
36 legislation enacted by the Kansas legislature, except the actuarial cost of  
37 K.S.A. 74-49,114a, and amendments thereto, shall be in addition to the  
38 employer contribution rates certified for the employer contribution rate in  
39 the fiscal year immediately following such enactment. Such actuarial cost  
40 shall be determined by the qualified actuary employed or retained by the  
41 system pursuant to K.S.A. 74-4908, and amendments thereto, and reported to  
42 the system and the joint committee on pensions, investments and  
43 benefits.

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

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

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

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

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

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

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

35 (16) Notwithstanding any provision of law to the contrary, each  
36 participating employer shall remit quarterly, or as the board may otherwise  
37 provide, all employee deductions and required employer contributions to  
38 the executive director for credit to the Kansas public employees retirement  
39 fund within three days after the end of the period covered by the  
40 remittance by electronic funds transfer. Remittances of such deductions  
41 and contributions received after such date are delinquent. Delinquent  
42 payments due under this subsection shall be subject to interest at the rate  
43 established for interest on judgments under K.S.A. 16-204(a), and

1 amendments thereto. At the request of the board, delinquent payments  
2 ~~which~~ *that* are due or interest owed on such payments, or both, may be  
3 deducted from any other moneys payable to such employer by any  
4 department or agency of the state.

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

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

24 ~~Sec. 3 4.~~ K.S.A. 2021 Supp. 74-4920 is hereby repealed.

25 ~~Sec. 4 5.~~ This act shall take effect and be in force from and after its  
26 publication in the Kansas register.