

KPERS SCHOOL **Underfunded Initially and Consistently**

(Updated, October 21, 2019)

As of December 31, 2017, the following funding levels for the various KPERS groups were as follows:

1. KPERS State 80.5%
2. KPRS School 61.6%
3. Combined State/School 66.0%
4. Local 72.5%
5. KP&F 74.1%
6. Judges 95.9%
7. Total 68.4%

(Please note that the Kansas Legislature is responsible for the 'employer funding' portions of 1-3 above. The higher funding levels of 4-6 are because the actuarial employer contribution is a Statute Requirement.)

In the case of KPERS State and KPERS School, the annual actuarial recommended contribution, because of the years of underfunding, is roughly 6 times larger than if the pension system had been annually funded at the actuarial suggested level. Because of the action taken by the 2019 legislature, 2020 will be the first time in 26 years that the 'proper' actuarial amount or more has been contributed. The actual 2020 amount exceeds the actuarial suggested amount by \$61 Million.

Over the years, and specifically in 2011, the legislation called for a plan to reduce the underfunding of KPERS by the State. The employer contribution set forth in this legislation was not yet the actuarial amount required annually. The present plan, as listed in the previous paragraph, is to again contribute the actuarial recommended amount of contribution in 2021. The legislature will need to take action to confirm this plan.

KPERS originated in 1962 and merged with the Kansas Teacher's Retirement System in 1971. (The statutes require that any organization joining KPERS must fully fund the new entity.) The Kansas Legislature made the decision to join the two programs, and subsequently contributed an additional \$10 Million a year to fully fund the Kansas Teacher's Retirement System portion of KPERS from 1971-1982, at which time they stopped the "extra" contributions. They obviously did not follow their own statute to fully fund the previous teacher's retirement system. (This action has led to the KCPR comments that KPERS School has been underfunded twice! Initially in 1971 and then along with all the rest of the State funded parts of KPERS for the last 26 years.) The above explains why there is always a difference in the funding levels of KPERS and KPERS School.