

## **KPERS SCHOOL**

### **Underfunded Initially and Consistently**

Updated February 24, 2021

As of January 22, 2021, the following funding levels for the various KPERS groups are as follows:

1. Combined State/School 68.1%
2. Local 73.7%
3. KP&F 73.5%
4. Judges 94.7%
5. Total 70%

(Please note that the Kansas Legislature is responsible for the 'employer funding' portion of 1 above. The higher funding levels of 2-4 are because the actuarial employer contribution is more often met.)

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. The present contribution plan is scheduled to reach the actuarial (\$686 Million) amount in 2021. This will be the first time in 27 years that the 'proper' amount has been scheduled. Since this goal is set for 2021, the underfunding continues. The year of 2019 will be the 24<sup>th</sup> year of underfunding the actuarial recommended amount.

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 finally reach the actuarial amount of contribution in 2021.

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 by fully funding 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 24 years and counting.) The above explains why there is always a difference in the funding levels of KPERS and KPERS School.