



**KANSAS IS LAGGING BEHIND** many other states when it comes to managing its long-term bill coming due for pensions. The state has fallen short of meeting its annual payments toward its long-term pension obligation for each of the last 10 years. In the last several years, Kansas' payments have dropped to a little less than 70% of what the state's own actuaries say is needed to keep up, hitting a low of 63% of the required contribution in 2006. Kansas has undertaken significant pension reform in the last year, however. On the non-pensions side, Kansas is one of seven states that had not completed its actuarial valuation of the long-term costs of retiree health benefits at the time of Pew's report. But the liability likely will be small relative to that of other states. Kansas does not offer a cash subsidy, but only the "implicit subsidy" that comes from including retirees and typically healthier active employees in the same health plan.

**PENSIONS**

TOTAL BILL COMING DUE: **\$17.6 billion**<sup>1</sup>

FUNDS SET ASIDE: **\$12.2 billion**

PORTION UNFUNDED: **\$5.4 billion**

PERCENT FUNDED: **69 as of 2006**<sup>2</sup>

TEN YEAR FUNDING HIGH: **88% in 2000**

TEN YEAR FUNDING LOW: **68.8% in 2005**

HOW IS THE STATE DOING IN PAYING ITS ANNUAL BILL? 

**ASSUMPTIONS:** Kansas assumed an 8% return for its pension investments as of 2006, which is the 50-state median. It uses a five-year smoothing period to determine the actuarial value of assets, also the most common approach. As of 2006, it used a 40-year amortization period for its pension system, which does not conform to accounting standards. The Governmental Accounting Standards Board has set 30 years or less as the appropriate length of time.

<sup>1</sup> Public employees retirement system, a unified fund.  
<sup>2</sup> 50-state mean was 82%.

**OTHER BENEFITS**

TOTAL BILL COMING DUE: **Not available**<sup>1</sup>

FUNDS SET ASIDE: **\$0**


PORTION UNFUNDED: **Not available**

PERCENT FUNDED: **0 as of 2006**

HOW IS THE STATE DOING IN MANAGING THIS BILL? 

<sup>1</sup> Kansas' actuarial valuation was not completed at the time of Pew's report, but the liability is likely to be small.

**REFORMS:** Kansas enacted significant pension reforms in 2007, creating a new defined benefit plan for state, school and local employees hired after July 1, 2009. The new plan will have stricter age and service requirements for receiving benefits; it also will change the method of calculating the final salary that's used in determining pension benefits so that five years are included in the calculation instead of three—a way that states try to control salary "spiking." According to the National Conference of State Legislatures, an unusual feature of the reform is that future costs of the new plan are to be equally shared by employees and employers. The new plan stipulates that government contributions will be at actuarial levels and will not be less than the employee contribution.

KEY:  Top Performer  Needs Improvement  Below Par  Non-Pension Benefits are Minimal

This fact sheet stems from a 50-state analysis of states' retiree benefit obligations by Pew's Center on the States. The full report and 50 state fact sheets can be found at [www.pewcenteronthestates.org](http://www.pewcenteronthestates.org).



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