

KRS Administration Sub-Committee Update:

August: The sub-committee was provided a historical review of local government pension plans in the Commonwealth, while also hearing a presentation about how other states handle pooled, multiple employer local government plans.

History of Local Government Plans:

- Timeline:
 - 1942: GA first authorizes establishment of city plans
 - 1956: KERS Established (HB 463)
 - 1958: CERS Established (HB 475)
 - 1960: CERS, KERS, SPRS merged under KRS Umbrella (SB 165)
 - 1988: GA closes local plans to new members, requires CERS participation for local govts. with independent plans with exception of Lexington Police and Fire Pension Fund.
- CERS membership has grown over time, now represents majority of KRS
 - 1960: KERS represented 87% of membership
 - 2018: CERS represents 63% of membership
- Reviewed past studies and Legislation considered over time
 - 1977-1978: LRC Studies of local plans and Pooled Pension Investments for City plans
 - 1988: HB 398 closed remaining local plans, required participation in CERS
 - 2008: HB 606 SCS (did not pass) would have established separate, Local Government Employees Retirement System for non-school board employees (represents about 50% of CERS).
 - 2017 SB 226 (did not pass) would have separated CERS from KRS, created separate board and statutory structure.

Review of Industry Relative to Local Government Plans:

- Three General Models of Administration and Governance
 - Consolidated: Current KRS Model and most common. A Single Board of Trustees or Directors are responsible for both administering and governing multiple underlying plans.
 - Consolidated Administration, Separate Governance: Less frequent, but in a few states retirement plans administrated by single agency (i.e. KRS), but are governed by separate boards.
 - Separated Plans: Several states have separate municipal, fire, and/or police plans, which are administrated by a separate agency and governed by separate board of trustees. This would be similar to SB 226 from 2017.
- Other Unique Models: A few states did not fall within three primary models, but instead had created an Advisory Committee or Sub-Board, which was given specific responsibility for managing, recommending, or advising a full Board on local government plans.

September: The sub-committee heard testimony from various outside interest groups regarding the administration of CERS. The following groups provided testimony:

- KY Public Retirees
- KY Government Retirees
- KY League of Cities
- KY Association of Counties
- KY School Boards Association
- KY Assoc. of School Superintendents
- KY Professional Fire Fighters

October: The sub-committee heard testimony from KRS staff regarding administrative issues, concerns, and hurdles of CERS separation or restructuring, while also projecting any financial impact that changes could have on KRS.