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TO: PUBLIC PENSION OVERSIGHT BOARD
FROM: LRC STAFF
DATE: JUNE 24, 2019
RE: ALTERNATIVE METHODS FOR PRORATING EMPLOYER CONTRIBUTIONS FOLLOW UP

In response to testimony provided during the May 20, 2019 meeting of the Public Pension Oversight Board, a request was made for more information regarding projected employer contributions for quasi-governmental employers participating in the Kentucky Employees Retirement System (KERS) nonhazardous plan under an alternative method of calculating unfunded liability amortization payments based on the agencies' actual liability.

LRC staff has received the following information from the Kentucky Retirement Systems as calculated by their actuary, GRS Consulting, Inc. The information attached is a pro forma calculation of employer contributions (both pension and insurance combined) for FY 2020, along with the impact on each employer of allocating the unfunded liability amortization cost based on their actual liability (proposed method) and payroll (current method).

All information provided is based upon the June 30, 2018 actuarial valuation. GRS Consulting has provided the following note to stakeholders, which points out that future calculations may vary as a result of recent assumption changes and possible legislative action:

"To stakeholders who are using this information, the purpose of this pro forma is to provide stakeholders an understanding of the magnitude of change in cost for each quasi agency if the allocation of the amortization cost is modified. We do not recommend using the total contribution amounts as budgeting information for each agency as their future contribution requirements will change, due to the adopted assumption changes as well as possible legislative changes related to subsidies provided to the quasi agencies." – GRS Consulting, Inc.

Kentucky Employees Retirement Plan (Non-Hazardous) - Pension and Insurance Combined

Pro Forma Calculation of Employer Contributions FY19/20

**Liability Weighted Allocation versus Current Payroll Allocation
Based on the June 30, 2018 Actuarial Valuation**

Agency Name	Agency Classification	Agency Payroll FY 19/20	10.46%	FY 19/20 Amortization Cost		Total Contributions		Difference (8) - (7)
			Normal Cost Contributions	Liability Based Allocation	Payroll Based Allocation	Liability Based (4) + (5)	Payroll Based (4) + (6)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
ALL OTHER STATE ENTITIES		1,120,167,265	117,169,496	\$ 885,591,667	\$ 836,469,387	\$ 1,002,761,163	\$ 953,638,883	\$ 49,122,280
LEX FAYETTE CO HLTH DEPT	Health Departments	6,102,489	638,320	5,109,331	4,556,949	5,747,651	5,195,269	552,382
LAKE CUMBERLAND DISTRICT	Health Departments	5,632,457	589,155	4,128,070	4,205,959	4,717,225	4,795,114	(77,889)
BARREN RVR DIST HLTH DEPT	Health Departments	5,652,219	591,222	3,881,440	4,220,716	4,472,662	4,811,938	(339,276)
GREEN RVR DIST HLTH DEPT	Health Departments	6,235,034	652,185	4,662,247	4,655,925	5,314,432	5,308,110	6,322
NORTHERN KY DIST HLTH DEP	Health Departments	6,448,742	674,538	3,060,446	4,815,509	3,734,984	5,490,047	(1,755,063)
LINCOLN TRL DIST HLTH DEP	Health Departments	3,511,351	367,287	3,849,603	2,622,053	4,216,890	2,989,340	1,227,550
KY RIVER DIST HEALTH DEPT	Health Departments	3,587,402	375,242	4,093,302	2,678,843	4,468,544	3,054,085	1,414,459
MADISON CO HEALTH DEP	Health Departments	3,772,245	394,577	2,976,856	2,816,872	3,371,433	3,211,449	159,984
CUMBERLAND VLY DIST HEALT	Health Departments	3,033,609	317,316	5,188,390	2,265,305	5,505,706	2,582,621	2,923,085
WEDCO DIST HEALTH DEPT	Health Departments	2,912,042	304,600	1,627,666	2,174,527	1,932,266	2,479,127	(546,861)
FRANKLIN CO HEALTH DEPT	Health Departments	2,554,343	267,184	1,257,493	1,907,420	1,524,677	2,174,604	(649,927)
WHITLEY CO HEALTH DEPT	Health Departments	2,168,553	226,831	1,661,536	1,619,337	1,888,367	1,846,168	42,199
PIKE CO HEALTH DEPT	Health Departments	2,085,488	218,142	1,418,082	1,557,309	1,636,224	1,775,451	(139,228)
THREE RIVERS DIST HLTH	Health Departments	1,724,083	180,339	1,331,832	1,287,435	1,512,171	1,467,774	44,397
KNOX CO HEALTH DEPT	Health Departments	2,008,398	210,078	1,607,212	1,499,743	1,817,290	1,709,821	107,468
PURCHASE DIST HLTH DEPT	Health Departments	2,129,797	222,777	2,577,620	1,590,396	2,800,397	1,813,173	987,223
CLARK CO HEALTH DEPT	Health Departments	1,852,539	193,776	985,082	1,383,358	1,178,858	1,577,134	(398,275)
GATEWAY DIST HEALTH DEPT	Health Departments	1,912,657	200,064	1,376,220	1,428,250	1,576,284	1,628,314	(52,031)
N CENTRAL DIST HLTH DEPT	Health Departments	1,456,695	152,370	1,217,208	1,087,767	1,369,578	1,240,137	129,441
BREATHITT CO HEALTH DEPT	Health Departments	1,453,124	151,997	1,021,816	1,085,100	1,173,813	1,237,097	(63,284)
PENNYRILE DIST HLTH DEPT	Health Departments	1,712,341	179,111	906,909	1,278,667	1,086,020	1,457,778	(371,758)
MARSHALL CO HEALTH DEPT	Health Departments	1,518,156	158,799	974,310	1,133,662	1,133,109	1,292,461	(159,352)
CHRISTIAN CO HEALTH DEPT	Health Departments	1,366,394	142,925	705,245	1,020,336	848,170	1,163,261	(315,091)
MONTGOMERY CO HEALTH DEPT	Health Departments	1,525,431	159,560	608,088	1,139,094	767,648	1,298,654	(531,007)
HOPKINS CO HEALTH DEPT	Health Departments	1,504,057	157,324	1,023,689	1,123,134	1,181,013	1,280,458	(99,445)
JOHNSON CO HEALTH DEPT	Health Departments	1,333,314	139,465	909,047	995,634	1,048,512	1,135,099	(86,587)
FLOYD CO HEALTH CENTER	Health Departments	1,048,350	109,657	724,585	782,841	834,242	892,498	(58,256)
ASHLAND BOYD CO HEALTH DP	Health Departments	1,232,380	128,907	885,328	920,263	1,014,235	1,049,170	(34,935)
LAUREL CO HEALTH DEPT	Health Departments	1,150,742	120,368	814,027	859,301	934,395	979,669	(45,274)
BULLITT CO HEALTH DEPT	Health Departments	1,228,449	128,496	764,280	917,327	892,776	1,045,823	(153,047)
BELL CO HEALTH DEPT	Health Departments	1,101,664	115,234	584,970	822,652	700,204	937,886	(237,682)
GREENUP CO HLTH DEPT	Health Departments	1,046,911	109,507	682,716	781,766	792,223	891,273	(99,050)
JESSAMINE CO HEALTH DEPT	Health Departments	1,144,238	119,687	503,933	854,444	623,620	974,131	(350,511)
GRAVES CO HEALTH CENTER	Health Departments	1,082,480	113,227	322,830	808,327	436,057	921,554	(485,497)
HARLAN CO HEALTH DEPT	Health Departments	1,048,382	109,661	382,102	782,865	491,763	892,526	(400,763)
OLDHAM CO HEALTH DEPT	Health Departments	979,920	102,500	586,745	731,742	689,245	834,242	(144,997)
ALLEN CO HEALTH DEPT	Health Departments	773,454	80,903	432,572	577,566	513,475	658,469	(144,995)
BUFFALO TRACE HEALTH DEPT	Health Departments	843,842	88,266	623,910	630,127	712,176	718,393	(6,217)
MUHLNBERG CO.HEALTH DEPT	Health Departments	774,994	81,064	435,400	578,716	516,464	659,780	(143,316)
MERCER CO HEALTH DEPT	Health Departments	664,246	69,480	576,229	496,016	645,709	565,496	80,212
LAWRENCE CO HEALTH DEPT	Health Departments	752,663	78,729	205,685	562,041	284,414	640,770	(356,356)
WOODFORD CO HEALTH DEPT	Health Departments	573,207	59,957	303,994	428,034	363,951	487,991	(124,040)
CALLOWAY CO HEALTH DEPT	Health Departments	586,719	61,371	253,257	438,124	314,628	499,495	(184,867)
MAGOFFIN CO HEALTH DEPT	Health Departments	575,192	60,165	343,990	429,517	404,155	489,682	(85,527)
MARTIN CO HEALTH DEPT	Health Departments	502,929	52,606	300,881	375,555	353,487	428,161	(74,674)
BOYLE CO HEALTH DEPT	Health Departments	529,072	55,341	358,931	395,077	414,272	450,418	(36,146)
BOURBON CO HEALTH CENTER	Health Departments	509,800	53,325	589,227	380,686	642,552	434,011	208,541
ANDERSON CO HEALTH DEPT	Health Departments	379,981	39,746	274,998	283,746	314,744	323,492	(8,748)
LEWIS CO HEALTH DEPT	Health Departments	482,973	50,519	168,282	360,653	218,801	411,172	(192,371)
ESTILL CO HEALTH DEPT	Health Departments	514,178	53,783	322,519	383,955	376,302	437,738	(61,436)
LINCOLN CO HEALTH DEPT	Health Departments	427,104	44,675	284,515	318,934	329,190	363,609	(34,419)
BRECKINRIDGE CO HEALTH BD	Health Departments	534,036	55,860	432,090	398,784	487,950	454,644	33,306
GRAYSON COUNTY HEALTH DEPT	Health Departments	444,567	46,502	252,156	331,974	298,658	378,476	(79,818)
LITTLE SANDY DIST HEALTH	Health Departments	-	-	427,522	-	427,522	-	427,522
GARRARD COUNTY HEALTH DPT	Health Departments	416,969	43,615	221,717	311,366	265,332	354,981	(89,649)
TODD CO HEALTH DEPT	Health Departments	478,245	50,024	251,035	357,123	301,059	407,147	(106,088)
FLEMING CO HEALTH DEP	Health Departments	391,933	40,996	236,266	292,671	277,262	333,667	(56,404)
MONROE CO HEALTH DEPT	Health Departments	372,923	39,008	171,196	278,475	210,204	317,483	(107,279)
BRACKEN CO HEALTH DEPT	Health Departments	335,810	35,126	125,598	250,761	160,724	285,887	(125,163)
POWELL CO HEALTH DEPT	Health Departments	293,021	30,650	232,866	218,809	263,516	249,459	14,057
CARTER CO HEALTH DEPT	Health Departments	417,160	43,635	105,111	311,508	148,746	355,143	(206,398)
KY HIGHER ED STUD LN CORP	Non-P1 State Agencies	12,380,642	1,295,015	4,535,782	9,245,073	5,830,797	10,540,088	(4,709,291)
KENTUCKY HOUSING CORP	Non-P1 State Agencies	11,016,760	1,152,353	5,554,602	8,226,613	6,706,955	9,378,966	(2,672,011)
CSG HEADQUARTERS	Non-P1 State Agencies	3,924,530	410,506	1,056,114	2,930,588	1,466,620	3,341,094	(1,874,475)
KET FOUNDATION	Non-P1 State Agencies	2,062,722	215,761	833,603	1,540,309	1,049,364	1,756,070	(706,707)

Kentucky Employees Retirement Plan (Non-Hazardous) - Pension and Insurance Combined

Pro Forma Calculation of Employer Contributions FY19/20

Liability Weighted Allocation versus Current Payroll Allocation

Based on the June 30, 2018 Actuarial Valuation

Agency Name	Agency Classification	Agency Payroll FY 19/20	10.46%	FY 19/20 Amortization Cost		Total Contributions		Difference (8) - (7)
			Normal Cost Contributions	Liability Based Allocation	Payroll Based Allocation	Liability Based (4) + (5)	Payroll Based (4) + (6)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
ASST OF COMMONWEALTH ATTY	Non-P1 State Agencies	994,239	103,997	306,015	742,434	410,012	846,431	(436,419)
O A S I S	Non-P1 State Agencies	649,182	67,904	124,565	484,768	192,469	552,672	(360,203)
KDVA	Non-P1 State Agencies	726,776	76,021	97,514	542,710	173,535	618,731	(445,195)
B.R.A.S.S.	Non-P1 State Agencies	751,026	78,557	129,614	560,818	208,171	639,375	(431,205)
BLUEGRASS RAPE CRISIS CTR	Non-P1 State Agencies	697,524	72,961	161,002	520,866	233,963	593,827	(359,864)
SAFE HARBOR	Non-P1 State Agencies	634,663	66,386	77,435	473,926	143,821	540,312	(396,491)
SANCTUARY INC	Non-P1 State Agencies	747,741	78,214	110,964	558,365	189,178	636,579	(447,401)
PURCHASE AREA SACAC	Non-P1 State Agencies	659,664	69,001	55,137	492,595	124,138	561,596	(437,458)
BETHANY HOUSE ABUSE SHEL	Non-P1 State Agencies	470,039	49,166	83,694	350,995	132,860	400,161	(267,301)
SPRINGHAVEN INC	Non-P1 State Agencies	353,395	36,965	76,141	263,893	113,106	300,858	(187,752)
KASAP	Non-P1 State Agencies	393,530	41,163	49,068	293,863	90,231	335,026	(244,795)
HIGHSCHOOL ATHLETIC ASSOC	Non-P1 State Agencies	314,169	32,862	79,763	234,601	112,625	267,463	(154,838)
LINCOLN ADVOCACY SUPPORT	Non-P1 State Agencies	539,462	56,428	106,480	402,836	162,908	459,264	(296,356)
WOMEN AWARE	Non-P1 State Agencies	236,329	24,720	50,964	176,475	75,684	201,195	(125,512)
D.O.V.E.S.	Non-P1 State Agencies	425,830	44,542	79,209	317,983	123,751	362,525	(238,773)
NURSING HOME OMBUDSMAN	Non-P1 State Agencies	255,132	26,687	50,051	190,516	76,738	217,203	(140,465)
HOPE HARBOR INC	Non-P1 State Agencies	260,025	27,199	39,487	194,170	66,686	221,369	(154,683)
KY OFFICE OF BAR ADMISSIO	Non-P1 State Agencies	201,935	21,122	145,828	150,792	166,950	171,914	(4,964)
CHILD WATCH ADVOCACY CTR	Non-P1 State Agencies	201,789	21,107	51,250	150,683	72,357	171,790	(99,433)
FRANKLIN CO COUNCIL AGING	Non-P1 State Agencies	108,680	11,368	73,627	81,155	84,995	92,523	(7,528)
JUDI'S PLACE FOR KIDS, INC.	Non-P1 State Agencies	279,575	29,244	28,360	208,769	57,604	238,013	(180,408)
CUMBERLAND V C A CENTER	Non-P1 State Agencies	239,766	25,080	37,638	179,042	62,718	204,122	(141,404)
KY ASSOC OF REGIONAL PROG	Non-P1 State Agencies	118,750	12,421	106,154	88,675	118,575	101,096	17,479
BARREN RIVER CHILD ADVOCA	Non-P1 State Agencies	189,138	19,784	20,047	141,236	39,831	161,020	(121,189)
CHILD ADV CTR OF GRN RVR	Non-P1 State Agencies	151,510	15,848	23,330	113,138	39,178	128,986	(89,808)
MUN ELEC POW ASSOC OF KY	Non-P1 State Agencies	133,852	14,001	100,271	99,952	114,272	113,953	319
KY RIVER CHILD ADVOCACY	Non-P1 State Agencies	86,396	9,037	14,013	64,515	23,050	73,552	(50,502)
PENNYRILE CHILD ADV CTR	Non-P1 State Agencies	142,830	14,940	22,993	106,656	37,933	121,596	(83,663)
LAKE CUMB CHILD ADV CTR	Non-P1 State Agencies	175,944	18,404	26,511	131,384	44,915	149,788	(104,872)
BUFFALO TR CHILD ADV INC	Non-P1 State Agencies	95,357	9,974	18,081	71,207	28,055	81,181	(53,126)
GATEWAY CHILD ADVOCACY	Non-P1 State Agencies	34,000	3,556	2,463	25,389	6,019	28,945	(22,926)
KACAC	Non-P1 State Agencies	-	-	704	-	704	-	704
BLUEGRASS.ORG	Reg Mental Hlth Units	39,724,238	4,155,155	21,273,744	29,663,524	25,428,899	33,818,679	(8,389,780)
CUMBERLAND RIVER MHMR	Reg Mental Hlth Units	11,137,089	1,164,940	5,380,464	8,316,467	6,545,404	9,481,407	(2,936,002)
LIFESKILLS INC	Reg Mental Hlth Units	9,368,082	979,901	4,113,995	6,995,485	5,093,896	7,975,386	(2,881,490)
COMMUNICARE INC	Reg Mental Hlth Units	5,681,490	594,284	3,693,716	4,242,574	4,288,000	4,836,858	(548,858)
ADANTA/BEHAVIORAL HLTH SR	Reg Mental Hlth Units	5,542,027	579,696	4,994,795	4,138,432	5,574,491	4,718,128	856,363
PENNYROYAL REG MHMR BD	Reg Mental Hlth Units	6,905,453	722,310	3,839,697	5,156,551	4,562,007	5,878,861	(1,316,855)
MOUNTAIN COMP CARE CENTER	Reg Mental Hlth Units	5,684,675	594,617	2,583,858	4,244,952	3,178,475	4,839,569	(1,661,095)
GREEN RVR REG MHMR BD	Reg Mental Hlth Units	3,169,472	331,527	1,886,097	2,366,759	2,217,624	2,698,286	(480,662)
NORTHERN KY REG MHMR BD	Reg Mental Hlth Units	944,036	98,746	3,377,846	704,946	3,476,592	803,692	2,672,900
WESTERN KY REG MHMR ADV	Reg Mental Hlth Units	3,704,226	387,462	1,963,516	2,766,079	2,350,978	3,153,541	(802,563)
COMPREHEND INC REG MHMR B	Reg Mental Hlth Units	4,435,143	463,916	1,592,350	3,311,882	2,056,266	3,775,798	(1,719,531)
SEVEN CO SERVICES INC	Reg Mental Hlth Units	-	-	8,851,418	-	8,851,418	-	8,851,418
KY RIVER COMM CARE INC	Reg Mental Hlth Units	-	-	1,477,547	-	1,477,547	-	1,477,547
NORTHERN KY UNIVERSITY	Universities	32,582,058	3,408,083	12,067,350	24,330,200	15,475,433	27,738,283	(12,262,850)
EASTERN KY UNIV	Universities	21,178,051	2,215,224	13,836,504	15,814,416	16,051,728	18,029,640	(1,977,912)
KCTCS	Universities	21,011,868	2,197,841	8,560,720	15,690,321	10,758,561	17,888,162	(7,129,602)
WESTERN KENTUCKY UNIV	Universities	17,543,761	1,835,077	10,059,290	13,100,560	11,894,367	14,935,637	(3,041,270)
MURRAY STATE UNIV	Universities	13,044,008	1,364,403	7,599,161	9,740,432	8,963,564	11,104,835	(2,141,271)
MOREHEAD STATE UNIVERSITY	Universities	6,816,044	712,958	6,976,475	5,089,786	7,689,433	5,802,744	1,886,689
KENTUCKY STATE UNIVERSITY	Universities	3,354,100	350,839	2,416,537	2,504,628	2,767,376	2,855,467	(88,091)
Totals			153,916,543	1,098,805,425	1,098,805,425	1,252,721,968	1,252,721,968	(0)