

BR 298 Draft Section by Section Summary

Section	Amends/New Section	Description
1	New Section	<p>Creates a new section of KRS 61.510 to 61.705 to specify contents/intent of bill which includes:</p> <ul style="list-style-type: none"> • Effective April 1, 2021: <ol style="list-style-type: none"> 1. Exception as provided in 3. below, the administration of the County Employees Retirement System (CERS) shall be transferred from the Kentucky Retirement Systems (KRS) Board of Trustees to the CERS Board of Trustees established by Section 3 of this Act. 2. Exception as provided in 3. below, the administration of the Kentucky Employees Retirement System (KERS) and the State Police Retirement System (SPRS) shall continue to be the responsibility of the the Kentucky Retirement Systems (KRS) Board of Trustees as amended by Section 4 of this Act. 3. The Kentucky Public Pensions Authority (KPPA) is established to provide personnel needs, day to day administrative duties and other duties for the KRS Board of Trustees and the CERS Board of Trustees as specified by Section 2 of this Act. • Provide that it is the intent of the General Assembly in the 2021 Regular Session to enact legislation to create separate statutory benefit structures (that are currently shared) for KRS and CERS while retaining shared statutes that relate to administrative provisions that will be the responsibility of the KPPA.
2	New Section	<ul style="list-style-type: none"> • Establishes the Kentucky Public Pensions Authority (KPPA) whose purpose shall be to administer and operate: (1) a single personnel system for CERS and KRS; (2) a system of accounting for CERS and KRS; (3) day to day administrative needs of KRS and CERS including, but not limited to, benefits counseling and administration, information technology including developing a centralized website for KRS and CERS, legal services, employer reporting and compliance, benefit/accounting/investment administration as directed by the KRS and CERS Boards, and completing and compiling financial reports; (4) any jointly held assets used in the administration of the systems such as land, buildings, equipment, etc.; and (5) other tasks and duties directed solely or jointly by the KRS and CERS Boards. • Sets the KPPA membership to 9 members including: chairs from KRS and CERS Boards; Investment Committee chairs from KRS and CERS; 2 additional trustees from the KRS Board and 2 additional trustees from the CERS Board; and one member appointed by the governor from a list of 4 individuals submitted by the Legislative Research Commission. • Establishes powers of KPPA, provides for an \$80 per diem plus expenses (not paid if they are otherwise receiving a per diem for that day to CERS/KRS Board), sets requirements for quarterly meetings, establishes a process for the selecting of a chair and vice chair, defines quorum and fiduciary duties, and requires posting of KPPA meeting notices and materials. • Provides that the KPPA shall appoint or contract for the services of an executive director of the KPPA who shall serve as the chief executive officer of the KPPA, KRS Board, and CERS Board. • Provides that the KPPA executive director shall appoint the employees deemed necessary to carry out the provisions of this section. Provides that employees of KRS shall become employees of KPPA effective April 1, 2021, and shall be transferred to a personnel system established by KPPA effective July 1, 2021. Provides that the KPPA shall annually report to the Public Pension Oversight Board (PPOB) the number of employees of the authority, the salary paid to each employee, and the changes in salary since the last report.

		<ul style="list-style-type: none"> Prohibits the governor from reorganizing the KPPA. Provides that expenses of KPPA shall be prorated to KRS and CERS based upon a method established by the KPPA.
3	New Section	<ul style="list-style-type: none"> Creates a new section of KRS 78.510 to 78.852 to establish CERS Board composition with powers/duties/reporting requirements similar to the KRS Board in KRS 61.645. Provides that the CERS Board may hire a chief executive officer to serve as a legal, legislative, and executive advisor to the board. The executive director of the KPPA shall be the chief administrative officer of the CERS Board and the KPPA shall provide staffing needs to the CERS Board. Provides that the CERS Board/KRS Board may jointly establish an administrative appeals committee/disability appeals committee. Provides the CERS Board shall include 9-members — 3 elected CERS members (one of which must be a hazardous member) and 6 appointed members (2 appointed each by Kentucky Association of Counties, Kentucky League of Cities, and Kentucky Association of School Boards). One of each organization's appointees must have 10+ years of "investment experience" and one must have 10+ years of "retirement experience." Prohibits the governor from reorganizing CERS.
4	KRS 61.645	<ul style="list-style-type: none"> Amends KRS Board to remove CERS representation and sets the new KRS Board who will administer KERS and SPRS to 9 members — 2 elected KERS trustees, 1 elected SPRS trustee, and 6 appointed members (3 of which must have 10+ years of "investment experience" and 3 which must have 10+ years of "retirement experience." Provides that KRS staff shall become KPPA staff effective April 1, 2021. Provides that the KRS Board may hire a chief executive officer to serve as a legal, legislative, and executive advisor to the board. The executive director of the KPPA shall be the chief administrative officer of the KRS Board and KPPA shall provide staffing needs to the KRS Board. Provides that the KRS Board/CERS Board may jointly establish an administrative appeals committee/disability appeals committee. Prohibits the governor from reorganizing KRS.
5	KRS 78.790	<ul style="list-style-type: none"> Amends KRS 78.790 to establish a CERS Investment Committee and an investment procurement policy (same policy requirements as KRS).
6	KRS 61.650	<ul style="list-style-type: none"> Conforming/removes CERS references
7	New	<ul style="list-style-type: none"> Creates a new section of KRS 78.510 to 78.852 to add in actuarial valuation requirements/experience study requirements/reporting requirements of actuarial data and reports from KRS 61.670 (previously cross-referenced via KRS 78.545). Requires CERS Board to submit by December 31 a summary of the actuarial valuation to the PPOB that includes the employer rates and other key actuarial data.
8	New	<ul style="list-style-type: none"> Creates a new section of KRS 78.510 to 78.852 to add in employer contribution rate calculation for CERS from KRS 61.565 (previously cross-referenced via KRS 78.545). Cleans up language.
9	KRS 6.350	<ul style="list-style-type: none"> Conforming (to require an actuarial analysis on CERS retirement bills)
10	KRS 7A.250	<ul style="list-style-type: none"> Conforming (Adds CERS to the jurisdiction of the Public Pension Oversight Board as it relates to review of cash balance plan)

11, 12, 13	11A.010, 11A.201, 11A.236	<ul style="list-style-type: none"> Adds CERS Board and KPPA to Executive Branch Code of Ethics requirements, the same as the KRS Board.
14	KRS 18A.205	Conforming
15	KRS 18A.225	Provides that CERS retirees not eligible for Medicare can participate in the state health plan (same as before).
16, 17	KRS 42.276, 42.728	Provides that CERS and KPPA shall not be under the technology infrastructure/authority of the Commonwealth Office of Technology (COT) (same as KRS).
18	KRS 66.400	Amends statutes governing municipal bankruptcy to provide that no municipality may file bankruptcy if it is in default or delinquent in paying contributions to CERS.
19	KRS 61.510	Technical/Conforming/Removes CERS references. Removes SB 151 changes from 2018 RS that were declared void by Supreme Court. Adds in definition of "executive director" and "authority".
20	KRS 61.522	Conforming/Removes CERS references
21	KRS 61.535	Conforming/Removes CERS references
22	KRS 61.565	Conforming/Removes CERS references. Removes SB 151 changes from 2018 RS that were declared void by Supreme Court.
23	KRS 61.555	Conforming. Removes SB 151 changes from 2018 RS that were declared void by Supreme Court.
24, 25	KRS 61.592, 61.637	Conforming
26	KRS 61.670	Conforming/Removes CERS references
27	KRS 61.701	Establishes CERS insurance trust fund separate from KRS insurance trust fund and provides that CERS account funds in the KRS insurance trust fund shall be transferred to the CERS insurance trust fund April 1, 2021. Makes conforming/technical amendments.
28	KRS 61.702	Conforming so the CERS Board can make decisions regarding retiree health coverage and benefits for CERS.
29	KRS 64.475	Exempts KRS, CERS, and KPPA from Executive Branch Compensation Advisory Council.
30	KRS 64.640	Exempts KRS, CERS, and KPPA from Personnel Cabinet's authority to set salary.
31	70.293	Conforming
32	78.510	<p>Definitions section for CERS:</p> <ul style="list-style-type: none"> Clarifies the definition of a "county" and who is therefore eligible to participate in CERS. Creates new definitions: "hazardous position", adds "level percentage of payroll amortization method", "increment", "authority" and "executive director". Adds in definition of creditable compensation for fee officers from KRS 61.541 (which was previously cross-referenced via KRS 78.545). Makes technical and clerical changes/cleans up language/removes SB 151 changes from 2018 RS that were declared void by Supreme Court.
33	78.530	Conforming
34	78.535	Adds in KRS 61.522 provisions regarding employer cessation of participation for CERS (previously cross-referenced via KRS 78.545) except that it provides that the CERS Board shall determine the cost of ceasing participation.
35	78.540	Amends KRS 78.540 (membership section) to add in provisions of KRS 61.535 & 61.550 relating to when membership ceases (previously cross-referenced via KRS 78.545).
36, 37	78.610, 78.615	Conforming
38	78.625	Amends CERS employer reporting provisions and adds in items included in KRS 61.675 for KERS employers (previously cross-referenced via KRS 78.545). Cleans up language.
39	78.852	Removes SB 151 changes from 2018 RS that were declared void by Supreme Court. Provides that CERS employers are responsible for funding CERS obligations.
40	78.545	Conforming/technical/clarifying

41, 42	95.022,95.290	Conforming
43	Repeal	KRS 78.533, 78.534, 78.532, 78.542, and 78.780 since language is no longer necessary.
44	None	Provides that decisions made by the KRS Board on behalf of CERS will stand and shall not be reversed except under authority granted by KRS 78.510 to 78.852.
45	None	Provides that the 3 elected CERS trustees serving/elected to the KRS board on April 1, 2021, shall be the 3 elected trustees of the new CERS Board. Provides that the 2 elected KERS trustees and 1 SPRS trustee serving/elected to the KRS Board on April 1, 2021, shall continue to serve on the newly amended KRS Board.
46	None	CERS Board: Provides that the governor shall make the appointments to the new CERS Board by March 1, 2021. Sets initial terms of appointees' offices and requires KLC, KACo, and KSBA to submit lists to the governor by January 1, 2021.
47	None	KRS Board: Provides that the governor shall make the appointments to the amended KRS Board by March 1, 2021. Sets initial terms of office.
48	None	Provides that the governor shall not reorganize the KRS Board prior to the new boards being established.
49	None	Provides that no provisions of this Act shall increase/decrease benefits.
50	None	Provides that the Act shall not limit the General Assembly's authority, held prior to the Act, to change any benefits.
51	None	Confirms CERS Board election process passed in 2019 to synchronize elections.
52	None	Effective date of April 1, 2021, for Sections 1 to 45 of this Act.