

# **BUDGET REVIEW SUBCOMMITTEE ON GENERAL GOVERNMENT, FINANCE, PERSONNEL, AND PUBLIC RETIREMENT**

## **Minutes of the 1st Meeting of the 2026 Interim**

**June 3, 2026**

### **Call to Order and Roll Call**

The first meeting of the Budget Review Subcommittee on General Government, Finance, Personnel, and Public Retirement was held on June 3, 2026, at 9:00 AM (ET)/8:00 AM (CT) in Room 129 of the Capitol Annex. Representative Walker Thomas, Chair, called the meeting to order, and the secretary called the roll.

### **Present were:**

Members: Representative Walker Thomas, Co-Chair; Senator Scott Madon, Co-Chair; Representative Chris Freeland, Co-Chair; Representatives Erika Hancock, Mark Hart, Kevin Jackson, and Matt Lockett.

Guests: Ryan Barrow, Executive Director, Kentucky Public Pensions Authority; and Erin Surratt, Deputy Executive Director, Kentucky Public Pensions Authority.

LRC Staff: Zachary Ireland, Emma Mills, and Jennifer Luttrell.

### **Pension System Update**

Director Barrow and Deputy Director Surratt of the Kentucky Public Pensions Authority (KPPA) gave an update on the pension system.

In response to Representative Lockett's questions, Deputy Director Surratt explained that the difference between employer contributions and health insurance contributions likely depends on whether the retiree is receiving health insurance through the KPPA plan.

Director Barrow clarified that a formal legislative amendment would be required to accelerate the 2049 target date established in KRS 61.565 as a closed amortization period.

The 2049 target assumes that the General Assembly contributes only the baseline Actuarially Determined Employer Contribution (ADEC) and that all economic assumptions are met.

Director Barrow informed Senator Madon that the Kentucky Public Pensions Authority (KPPA) publishes a Summary Annual Financial Report (SAFR) that outlines the County Employees Retirement System (CERS) and the Kentucky Retirement Systems (KRS). This report can be made available to members. The goal is to eliminate unfunded pension liabilities and achieve full funding by 2049 on a closed 30-year amortization schedule.

Deputy Director Surratt added that local governments can rehire qualified retired police officers without typical reemployment penalties under KRS 95.022 and KRS 70.291-293. If a retired officer does not qualify for an exemption, the city must pay the employer retirement contributions and health insurance premiums. Previously, KPPA averaged 12 voided retirements per year, but this has decreased due to the new 1 month break-in-service requirement.

In response to Representative Hancock's questions, Deputy Director Surratt clarified that members reemployed after September 1, 2008, do not contribute to the retirement system or earn a second retirement account. However, employers must still pay their portion of contributions to reduce the system's unfunded liability. The retirement plan must be fully funded before a Cost of Living Adjustment (COLA) is issued, unless explicitly prefunded by the legislature. State law requires a formal termination of employment and a 1 month break before retirees can work again as election workers. Pre-arranged return agreements are not allowed, and all employer relationships must be terminated before reapplying.

In response to Chair Thomas's questions, Deputy Director Surratt said KPPA has 284 employees. Director Barrow broke down the pension funding levels on page 20 of the SAFR and reiterated that they could provide members with a copy of that report.

In response to Representative Jackson's question, Director Barrow highlighted 2 main issues affecting the pension plan: overly optimistic actuarial assumptions that underestimated future member benefits, and the legislature's failure to fully pay the Actuarially Determined Contribution (ADC), which depleted essential capital. To rectify this, the pension boards revised their economic assumptions. State law now requires the legislature to pay 100% of the ADC annually, and the General Assembly has committed additional funding to eliminate the debt by 2049.

## **Adjournment**

There being no further business, the meeting adjourned at 9:44 AM (ET)/8:44 AM (CT).