

CAPITAL PLANNING ADVISORY BOARD

2026 - 2032

Capital Planning System Reports

BRANCH:

Executive Branch

CABINET/FUNCTION:

Cabinet of the General Government

AGENCY:

Kentucky Public Pensions Authority

MISSION AND PROGRAMS

Kentucky Public Pensions Authority (KPPA) is an agency under the leadership of three Boards: the KPPA Board, the County Employees Retirement System (CERS) Board and the Kentucky Retirement Systems (KRS) Board. The CERS and KRS Boards are responsible for the investment of funds and KPPA is responsible for the administration of benefits for the three statewide pension funds systems under CERS and KRS, covering both state and local government employees. The mission of KPPA Boards is to build the strength of the trust funds to ensure that adequate resources are available to meet all obligations, while helping members and beneficiaries achieve financial security in retirement. KPPA is committed to efficiently and effectively administering the benefit programs established by the General Assembly.

Programs include collection of employee and employer contributions, individual retirement counseling, retiree payroll, employer assistance, disability determination and appeals, retirement planning webinars, benefit estimating, and fund investment. As of June 30, 2024, more than 433,000 active, inactive, and retired members in the five plans and approximately \$28 billion in total system assets.

Statutory Authority

KPPA will continue to operate under the authority granted by Kentucky Revised Statutes 16.505 through 16.652, KRS 61.505 through 61.706, and KRS 78.510 through 78.852. Administrative Regulations of KRS are in Chapter 105 of the Kentucky Administrative Regulations.

Delivery of Services

In addition to maintaining the quality individual retirement counseling services provided to employees in office, by web, by phone, and mail, KPPA is focused on leveraging advances in technology to provide a wider range of services in support of our mission. KPPA utilizes a number of web-enabled processes to facilitate the movement of funds and information from employers to Systems; to allow access by members to a variety of services from the Systems; and to manage information for compliance with state and federal requirements. KPPA continues to enhance on-line self-services for both current employees, employers throughout the state, retirees and their beneficiaries. We offer virtual counseling appointments as well as educational videos, webinars, and social media pages that extend vital information to a wider audience. KPPA is committed to staying current on advancements in technology while maintaining secure operations.

FUNDING SUMMARY

Fund Source	2026-2028 Biennium	2028-2030 Biennium	2030-2032 Biennium	Total
Restricted Funds	15,000,000	50,000,000	10,000,000	75,000,000
Total	15,000,000	50,000,000	10,000,000	75,000,000

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PLAN OVERVIEW

KPPA is in the process, via RFP, of securing a vendor to conduct an agency wide technology assessment that is to be completed in fiscal year 2026.

This assessment is to examine the current Pension Administration System (PAS), referred to internally as the START system, as well as KPPA's Accounting system, Infrastructure, Desktop applications, business intelligence, and disaster recovery maturity level.

The selected vendor is to perform this technology assessment based on industry best practices for business and technology operations of pension administrators, as well as KPPA strategic, customer service, and information technology goals.

From that assessment, KPPA anticipates that a formal recommendation will be to significantly upgrade and/or replace the current Pension Administration System (PAS). Internally, despite what the IT assessment concludes, KPPA management believes this system is in need of significant modernization within the upcoming three biennia, due to the age and complexities of the system, and the risk of the programming language the system utilized becoming unsupported.

The START system has been in place since March 2009 (over 15 years) and is maintained/supported by in-house programmers and IT professionals. START handles everything from maintaining member information and account balances, collection of member and employer contributions, processing of retiree payroll, service purchases, correspondence, and various accounting functions.

The anticipated cost modernizing and/or replacing a system of this size and complexity will range between \$50 and \$75 Million.

KENTUCKY PUBLIC PENSIONS AUTHORITY
Proposed Projects Involving Other Fund Sources
(amounts in **bold** are the total budget)

2026-2028 Biennium

(Projects listed by agency priority; descriptions are from the agency submission)

PAS Technology Modernization - Planning	15,000,000 RF
Significantly modernize or replace the current Pension Administration System (PAS). The system is outdated and does not meet industry standards. In addition, the programming language is at risk of being no longer supported. (IT)	
2026-2028 Biennium Total:	<hr/> 15,000,000
<u>2028-2030 Biennium</u>	
PAS Technology Modernization - Implementation (IT)	50,000,000
2028-2030 Biennium Total:	<hr/> 50,000,000
<u>2030-2032 Biennium</u>	
PAS Technology Modernization - Closure (IT)	10,000,000
2030-2032 Biennium Total:	<hr/> 10,000,000