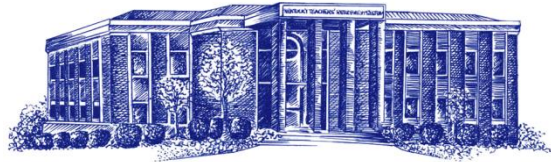


TEACHERS' RETIREMENT SYSTEM OF KENTUCKY

GARY L. HARBIN, CPA
Executive Secretary
502/848-8500



SERVING KENTUCKY TEACHERS SINCE 1940

ROBERT B. BARNES, JD
Deputy Executive Secretary
Operations and General Counsel

J. ERIC WAMPLER, JD
Deputy Executive Secretary
Finance and Administration

February 25, 2016

Josh W. Nacey
Office of Special Projects
Legislative Research Commission
Capitol Annex, Room 39
Frankfort, KY 40601

RE: HB 268, HFA(1)/BR 1180
AA Statement 1 of 1

Dear Mr. Nacey:

HB 268, an Act relating to the Education Professional Standards Board (EPSB), would allow teachers and other school district employees to transfer their sick leave from a school district to EPSB in the event that that they accept employment with EPSB.

KTRS has examined HB 268 and determined that it would not increase a member's sick leave days, rather it would allow members to keep the sick leave that they have already earned, but would otherwise lose, should they accept employment with ESPB. There is some very slight savings under the existing wording of the statute in the event that a member transfers employment to EPSB and thereby loses his or her sick leave which could have been used for retirement calculation purposes. There are approximately 35 full-time employees of EPSB and not all of these are members of KTRS. As there is only a very small number of individuals to which this bill could apply, the impact on the unfunded liability of the system would be inconsequential.

HFA(1) to HB 268 would add to the original language of the bill an amendment of KRS 161.155 to allow teachers and school district employees to voluntarily contribute sick leave to teachers and school district employees in other districts. KRS 161.155 as currently worded allows donations of sick leave only within the same district. HB 268 would also require the Kentucky Department of Education to promulgate administrative regulations establishing policies and procedures for the implementation of a sick leave donation program between districts.

KTRS has examined HFA(1) to HB 268 and determined that it would not increase retirement benefits payable to members as a whole; it simply allows existing sick leave already accrued by members to be donated outside of the district. Those sick leave days must then be used by the donee or, if not, returned to the donor. Under HFA(1) to HB 268 there is some slight

savings to the retirement system as those sick leave days that are donated and used for sick leave absences by the donee, and not held onto until retirement by the donor for retirement calculation purposes, would eventually result in a reduced retirement benefit payable to the donor. There is no negative actuarial impact that would result from HFA(1) to HB 268, only a slight positive impact from the savings. As such, KTRS has not requested any further actuarial analysis of this bill by the Retirement System's independent actuary.

Please let me know if you have any questions regarding this analysis.

Sincerely,



Robert B. Barnes
Deputy Executive Secretary of Operations and
General Counsel

cc. Kate Talley, Katie Carney