



KENTUCKY RETIREMENT SYSTEMS

William A. Thielen, Executive Director

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March 10, 2016

Mr. Josh Nacey
Office of Special Projects
Legislative Research Commission
Capitol Annex, Room 34
Frankfort, KY 40601

RE: HB 589/BR 475
AA Statement 1 of 2

Dear Mr. Nacey:

House Bill 589 creates new sections of KRS Chapter 160 to describe the intent of the General Assembly and the purposes of authorizing public charter schools and amends KRS 78.510 to include charter schools in the definition of "county" so as to include noncertified employees of public charter schools in the County Employees Retirement System (CERS), which is administered by Kentucky Retirement Systems.

Kentucky Retirement Systems' staff members have examined HB 589 and have determined that the bill will not increase or decrease CERS benefits. The bill may result in increased participation in CERS benefits if charter schools are created and the noncertified personnel of public charter schools begin participating in CERS. In that event, the actuarial liability for the payment of benefits will increase; however, there will be no adverse impact on the CERS since the increase in actuarial liability will be offset by employee and employer contributions and investment returns. This assumes, of course, that CERS employers continue to contribute one hundred percent of the required actuarial contribution (ARC). Consequently, we have not requested any further actuarial analysis of HB 589 by the System's independent actuary.

Please let me know if you have any questions regarding our analysis of HB 589.

Sincerely,

A handwritten signature in cursive script that reads "William A. Thielen".

William A. Thielen
Executive Director
Kentucky Retirement Systems