

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

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Deputy Executive Secretary
Finance and Administration

March 17, 2016

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

RE: SB 253 GA/BR 483

AA Statement 1 of 2

Dear Mr. Nacey:

SB 253 GA, an Act relating to charter schools and making an appropriation therefore, in part, creates new sections of KRS Chapters 157, 159, 160 and 161 for the establishment of a pilot charter school program. Section 13 of SB 253 GA provides that, "Teachers and employees in a charter school shall participate in the Kentucky Teachers' Retirement System or the County Employees Retirement System, as determined by their eligibility for participation in the appropriate system." SB 253 GA also, in part, amends KRS 161.220(4) to include "Qualified Teachers" in public charter schools as members of Kentucky Teachers' Retirement System (KTRS).

KTRS has examined SB 253 GA and determined that the bill: (1) will not increase or decrease benefits, except that it could potentially increase the final average salaries for retirement calculation purposes for those KTRS members who are employed in a charter school; (2) requires employee contributions be made to KTRS only from "Teachers and other certified personnel", when elsewhere in a school district KTRS would receive employee contributions from any position, including non-teaching positions requiring a four-year degree (KRS 161.220(4)), and from substitute and part-time positions that provide teaching services that are the same or similar to teaching services that are provided by certified, full-time teachers (KRS 161.612); and (3) provides that only "qualified teachers" in public charter schools shall be members of KTRS which does not appear to include non-teaching, non-certified positions requiring a four-year degree that are otherwise part of the KTRS membership in the school districts. SB 253 GA is different from the original version of the bill in that it was passed with SFA(1) which deletes references to the Kentucky Charter Schools Commission and associated fees.

SB 253 GA could have some adverse impact on the plan as a result of the possibility that some positions that currently make contributions to KTRS would no longer do so, but given the apparent limited scope of the pilot program, this bill would not materially affect the funded status of the retirement system. Consequently, KTRS has not requested further actuarial analysis by the retirement system's independent actuary.

479 Versailles Road • Frankfort, Kentucky 40601-3800 • Phone 502-848-8500

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

Sincerely,

A handwritten signature in brown ink that reads "RBBarnes". The signature is written in a cursive, slightly slanted style.

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

cc. Kate Talley, Katie Carney



KENTUCKY RETIREMENT SYSTEMS

William A. Thielen, Executive Director

Perimeter Park West ▾ 1260 Louisville Road ▾ Frankfort, Kentucky 40601
kyret.ky.gov ▾ Phone: 502-696-8800 ▾ Fax: 502-696-8822



~~March 9, 2016~~ March 17, 2016

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

SB 253 GA (BR 483)
AA Statement 2 of 2

Dear Mr. Nacey:

Senate Bill 253 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 SB 253 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 SB 253 by the System's independent actuary.

Please let me know if you have any questions regarding our analysis of SB 253.

Sincerely,

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

William A. Thielen
Executive Director
Kentucky Retirement Systems

