



KENTUCKY RETIREMENT SYSTEMS

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February 20, 2019

Ms. Katie Carney
Office of Fiscal Statement Review
Legislative Research Commission
Capitol Annex, Room 104
Frankfort, KY 40601

**RE: Senate Bill 1 (2019 RS BR 279) – GA Version
AA Statement Required by KRS 6.350
AA Statement 1 of 1**

Dear Ms. Carney:

Senate Bill 1 (2019 RS BR 279) amends various statutes and creates new sections of statutes relating to school safety. From a retirement system perspective, the bill would amend KRS 158.441(2) to expand the definition of “school resource officer (SRO).”

Kentucky Retirement Systems (KRS) staff members have examined Senate Bill 1 (2019 RS BR 279). We have determined that the bill will not increase or decrease benefits in any of the retirement systems administered by Kentucky Retirement Systems.

The bill would potentially increase the participation in benefits within the retirement systems administered by Kentucky Retirement Systems. If a SRO averages 80 or more hours a month over actual days worked in a fiscal year, the school board would be responsible for reporting employee and employer contributions to the County Employees Retirement System (CERS). Furthermore, SROs who are also employed as State Troopers and average in the SRO position would have their service prorated between the CERS and the State Police Retirement System (SPRS); and employed Vehicle Enforcement Officers participating in the Kentucky Employees Retirement System (KERS) who average in the SRO position would have their service prorated between the KERS and the CERS. In addition, if the school board wanted the SRO position to be considered Hazardous for retirement purposes, they would have to petition the KRS Board of Trustees as they do for other positions today.

Senate Bill 1 (2019 RS BR 279) would potentially increase the unfunded actuarial liability of the pension plans administered by Kentucky Retirement Systems if a SRO averages 80 or more hours a month over actual days worked in a fiscal year. However, assuming that employers continue to pay the full Actuarially Required Contribution (ARC), there should be no adverse impact on the Systems because the increase in actuarial liability should be offset by employee and employer contributions and investment returns.

In accordance with KRS 6.350 (2)(c), Kentucky Retirement Systems certifies the following:

1. The estimated number of individuals affected is difficult to determine because they would have to meet the qualifications of a school resource officer as defined in KRS 158.441(2). Although not all law enforcement positions are considered Hazardous for retirement purposes, it would be reasonable to assume that many Hazardous employees might be eligible to serve as SROs. Therefore, as of June 30, 2018 are 3,963 active and 3,010 retired members in the KERS Hazardous plan; 84,435 active and 56,629 retired members in the CERS Hazardous plan; and 891 active and 1,445 retired members in the SPRS plan;
2. There is no estimated change in benefit payments;
3. There is a potential increase in employer costs if the SRO averages 80 or more hours a month over actual days worked a fiscal year; and
4. There is no estimated change to administrative expenses.

We have not requested any further actuarial analysis of Senate Bill 1 (2019 RS BR 279) by the Systems' independent actuary.

Please let me know if you have any questions regarding our analysis of Senate Bill 1 (2019 RS BR 279).

Sincerely,



David L. Eager
Executive Director
Kentucky Retirement Systems