



KENTUCKY RETIREMENT SYSTEMS

David L. Eager, Executive Director

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March 7, 2019

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

RE: Senate Bill 123 (2019 RS BR 1199)
AA Statement Required by KRS 6.350
AA Statement 1 of 1

Dear Ms. Carney:

Senate Bill 123 (2019 RS BR 1199) amends KRS 15.420 to add a detective employed by the Jefferson County Attorney's Office to the definition of police officer for purposes of the Law Enforcement Foundation Program (LEFP) fund. The bill states that this change applies to pay periods beginning on or after July 1, 2019.

Kentucky Retirement Systems (KRS) staff members have examined Senate Bill 123 (2019 RS BR 1199). We have determined that the bill will increase retirement benefits for the detectives employed by the Jefferson County Attorney's Office because their creditable compensation would increase due to receiving the LEFP pay. The bill would not increase or decrease the participation in benefits within the retirement systems administered by KRS, because detectives employed by the Jefferson County Attorney's Office are already participating in KRS.

Senate Bill 123 (2019 RS BR 1199) would have no fiscal impact on the actuarial liability of the KRS plans. There would be an increase in employer costs for the Jefferson County Attorney's Office because they will have to pay the employer contribution on the additional LEFP pay. There could also be an increase in employer costs for the Jefferson County Attorney's Office if the detective position, which is currently a Non-Hazardous position, becomes a Hazardous position. For this to occur, the Jefferson County Attorney's Office would have to request Hazardous duty approval for the detective positions from the KRS Board of Trustees. If approved, the employer would have to pay the difference between the Non-Hazardous contribution rate and the Hazardous rate. The current County Employees Retirement System (CERS) Hazardous duty employer contribution rate is 35.34% compared to 21.48% for CERS Non-Hazardous; and the current Kentucky Employees Retirement System (KERS) Hazardous duty employer contribution rate is 36.85% compared to 83.43% for KERS Non-Hazardous.

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

1. The estimated number of individuals affected by this bill would be limited to the number of detectives employed by the Jefferson County Attorney's Office;

2. There is an estimated increase in retirement benefit payments, as noted above;
3. There is an estimated increase in employer costs for the Jefferson County Attorney's Office, as noted above; and
4. There is no estimated change to administrative expenses.

We have not requested any further actuarial analysis of Senate Bill 123 (2019 RS BR 1199) by the Systems' independent actuary.

Please let me know if you have any questions regarding our analysis of Senate Bill 123 (2019 RS BR 1199).

Sincerely,



David L. Eager
Executive Director
Kentucky Retirement Systems