



KENTUCKY PUBLIC PENSIONS AUTHORITY

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March 15, 2022

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

**RE: House Bill 297 (2022 RS BR 863) – GA Version
AA Statement Required by KRS 6.350
AA Statement 1 and 2 of 2**

Dear Ms. Carney:

The Kentucky Public Pensions Authority (KPPA) had previously provided an Actuarial Analysis of House Bill 297 (2022 RS BR 863) via letter dated February 4, 2022, and House Bill 297– HCS 1 Version via letter dated February 16, 2022. We have now examined the GA Version of House Bill 297 (2022 RS BR 863).

The GA Version of House Bill 297 (2022 RS BR 863) retains the original provisions of House Bill 297 (2022 RS BR 863) – HCS 1, and amends KRS 61.505 to provide that payment of the initial setup costs and annual costs attributable to establishing a separate CERS board and the KPPA shall sunset on June 30, 2024, and beginning on and after July 1, 2024, any annual administrative and investment costs shall be allocated to each retirement system as determined by the KPPA without attribution to the establishment of a separate CERS board and the KPPA.

In addition, the GA Version of House Bill 297 (2022 RS BR 863) amends KRS 61.510 and 78.510 to amend the definition of a "regular full-time position" to add that exempted emergency positions shall also include a position utilized by the employer during a federal or state emergency declared by the President or Governor to address needs during and as a result of the emergency, makes this amended definition Retroactive to March 1, 2020 and provides that individuals employed by health departments in emergency positions due to the COVID-19 pandemic shall be exempt through December 31, 2022; and further amends KRS 61.510 and 78.510 to refine the definition of "objective medical evidence" to exclude the testimonial statements of the person applying for disability retirement; amends KRS 61.510 to make a technical correction; amends KRS 61.702 and 78.5536 to permit the Personnel Cabinet to rate those retirees over 65 impacted by the Medicare Secondary Payer Act who are added to the Kentucky Employees Health Plan (KEHP) separately from other employees and retirees in the KEHP for the purpose of determining medical insurance premiums; and amends KRS 18A.225 to make conforming changes. The GA Version of House Bill 297 (2022 RS BR 863) contains an Emergency clause.

We have determined that House Bill 297 (2022 RS BR 863) – GA Version will not increase or decrease benefits or the participation in benefits in the KERS, CERS, or SPRS systems. Furthermore, House Bill 297 (2022 RS BR 863) will not change the actuarial liability of the KERS, CERS, or SPRS systems.

The bill will remove the ongoing statutory protection afforded KRS from paying the additional costs incurred as a result of HB 484 and the creation of the CERS and KPPA Boards and the administration of KPPA thereafter.

In accordance with KRS 6.350 (2)(c), the Kentucky Public Pensions Authority certifies the following:

1. The estimated number of individuals affected as of June 30, 2021 are 123,809 active; 155,506 inactive; and 121,728 retired members in the systems operated by the Kentucky Public Pensions Authority;
2. There is no estimated change in benefit payments;
3. There is no estimated change to employer costs; and
4. The bill is likely to result in an estimated **decrease in administrative expenses for the CERS plans, and an estimated increase in administrative expenses for the KERS and SPRS plans.**

We have not requested any further actuarial analysis of House Bill 297 (2022 RS BR 863) – GA Version by the Authority's independent actuary.

Please let me know if you have any questions regarding our analysis of House Bill 297 (2022 RS BR 863) – GA Version.

Sincerely,



David L. Eager
Executive Director
Kentucky Public Pensions Authority