



KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director

1260 Louisville Road • Frankfort, Kentucky 40601
kyret.ky.gov • Phone: 502-696-8800 • Fax: 502-696-8822



March 23, 2022

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

RE: House Bill 9 (22 RS BR 23) – GA Version
AA Statement Required by KRS 6.350
AA Statement 1 and 2 of 3

Dear Ms. Carney:

The Kentucky Public Pensions Authority (KPPA) had previously provided an Actuarial Analysis of House Bill 9 (22 RS BR 23) via letter dated March 15, 2022 and the HCS 1 Version of House Bill 9 (22 RS BR 23) via letter dated March 23, 2022. We have now examined the GA Version of House Bill 9 (22 RS BR 23).

We have determined that the GA Version of House Bill 9 (22 RS BR 23) would not impact the previous actuarial statements provided for this legislation. Therefore, the Actuarial Analysis of House Bill 9 (22 RS BR 23), dated March 15, 2022, and the HCS 1 Version of House Bill 9 (22 RS BR 23) is applicable to House Bill 9 (22 RS BR 23) – GA Version.

We have not requested any further actuarial analysis of House Bill 9 (22 RS BR 23) – GA Version by the Authority's independent actuary. Please let me know if you have any questions regarding our analysis of House Bill 9 (22 RS BR 23) – GA Version.

Sincerely,

A handwritten signature in black ink that reads "David Eager".

David L. Eager
Executive Director
Kentucky Public Pensions Authority



KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director

1260 Louisville Road • Frankfort, Kentucky 40601
kyret.ky.gov • Phone: 502-696-8800 • Fax: 502-696-8822



March 23, 2022

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

RE: House Bill 9 (22 RS BR 23) – HCS 1 Version
AA Statement Required by KRS 6.350
AA Statement 1 and 2 of 3

Dear Ms. Carney:

The Kentucky Public Pensions Authority (KPPA) had previously provided an Actuarial Analysis of House Bill 9 (22 RS BR 23) via letter dated March 15, 2022. We have now examined the HCS 1 Version of House Bill 9 (22 RS BR 23).

We have determined that the HCS 1 Version of House Bill 9 (22 RS BR 23) would not impact the previous actuarial statement provided for this legislation. Therefore, the Actuarial Analysis of House Bill 9 (22 RS BR 23), dated March 15, 2022, is applicable to House Bill 9 (22 RS BR 23) – HCS 1 Version.

We have not requested any further actuarial analysis of House Bill 9 (22 RS BR 23) – HCS 1 Version by the Authority's independent actuary. Please let me know if you have any questions regarding our analysis of House Bill 9 (22 RS BR 23) – HCS 1 Version.

Sincerely,

A handwritten signature in black ink that reads "David Eager".

David L. Eager
Executive Director
Kentucky Public Pensions Authority



KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director

1260 Louisville Road • Frankfort, Kentucky 40601
kyret.ky.gov • Phone: 502-696-8800 • Fax: 502-696-8822



March 15, 2022

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

RE: House Bill 9 (2022 RS BR 23)
AA Statement Required by KRS 6.350
AA Statement 1 and 2 of 3

Dear Ms. Carney:

House Bill 9 (2022 RS BR 23), in pertinent part for retirement, amends Kentucky Revised Statute 161.141 requiring classified employees of public charter schools created under the proposed legislation to participate in the County Employees Retirement System (CERS) administered by the Kentucky Public Pensions Authority (KPPA) in the same manner as local school districts.

KPPA staff has examined House Bill 9 (2022 RS BR 23). We have determined that the bill will not increase or decrease benefits in any of the retirement systems administered by the KPPA.

The proposed legislation would increase participation in benefits within the CERS plan administered by the KPPA as both a regular full-time, classified employee of a public charter school and the employing public charter school would be required to pay retirement contributions to the CERS plan.

House Bill 9 (2022 RS BR 23) could increase the unfunded actuarial liability of the CERS pension plan administered by the KPPA. However, assuming that the employing public charter school continues to pay the full Actuarially Required Contribution (ARC), there should be no adverse impact on the CERS plan administered by the Authority, since the increase in the actuarial liability should be offset by employee and employer contributions and investment returns.

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

1. The estimated number of affected as of June 30, 2021 are 80,378 active members and 63,566 retired members in the CERS Nonhazardous plan;
2. There is no estimated change in benefit payments;

3. There is no estimated increase in employer costs; and

Senate Bill 9 (2022 RS BR 23)
AA Statement Required by KRS 6.350
Page 2

4. There is no estimated increase in administrative expenses.

KPPA has not requested any further actuarial analysis of House Bill 9 (2022 RS BR 23) by the Authority's independent actuary.

Please let me know if you have any questions regarding our analysis of House Bill 9 (2022 RS BR 23).

Sincerely,

A handwritten signature in black ink, appearing to read "David Eager", with a stylized, cursive script.

David L. Eager
Executive Director
Kentucky Public Pensions Authority



TEACHERS' RETIREMENT SYSTEM

of the State of Kentucky

GARY L. HARBIN, CPA
Executive Secretary

ROBERT B. BARNES, JD
Deputy Executive Secretary
Operations and General Counsel

J. ERIC WAMPLER, JD
Deputy Executive Secretary
Finance and Administration

March 24, 2022

Katie Carney
Office of Special Projects
Legislative Research Commission
Capitol Annex, Room 39
Frankfort, KY 40601

RE: 22 RS HB 9 GA
AA Statement 3 of 3

Dear Ms. Carney:

22 RS HB 9 GA, an Act relating to educational opportunities, making an appropriation therefore, and declaring an emergency, in part amends KRS 161.141 and 161.220(4)(a) by requiring any state appropriations for retirement, health or life insurance benefits made on behalf of a local school district employee to also be made on behalf of public charter school employees, that public charter schools make required contributions to Teachers' Retirement System (TRS) in the same manner as local school districts, and adding public charter schools to the list of TRS-participating employers if the public charter school satisfies criteria set by the Internal Revenue Service (IRS).

This bill also amends KRS 161.141, in part, by stating that an employee of an education service provider shall not be considered a public charter school employee. Given the specificity of this provision, it could be deemed that employees of an education service provider would not participate in TRS. While it is impossible to project how many public charter schools would be established under this bill, much less how many would be operated by an education service provider, this provision alone would have the potential for decreasing the number of actual new members from what is projected and, therefore, also decreasing payroll growth and accompanying contributions provided to TRS. A decrease in payroll growth and accompanying contributions to TRS would require additional contributions from the commonwealth to meet the Actuarially Determined Employer Contribution (ADEC), but to what extent cannot be

ascertained at this time. If employees of education service providers would not participate in TRS, it also is possible that retired TRS members returning to work for an education service provider would not be subject to the restrictions currently imposed for post-retirement re-employment. This would have the impact of encouraging retirement upon meeting the earliest eligibility conditions to return to work for an education service provider to earn both a full salary and retirement benefits.

TRS has examined 22 RS HB 9 GA and determined that the bill will not increase or decrease benefits. The extent to which there could be an impact on the actuarially accrued liability of TRS is dependent up the number of employees in public charter schools that would be employed by an education service provider. This number cannot be projected at this time. Accordingly, TRS has not requested any further actuarial analysis of this bill by the retirement system's independent actuary. However, the independent actuary is reviewing this response, and this analysis will be supplemented if there is anything further from the actuary.

TRS certifies, in compliance with KRS 6.350(2)(c), as follows:

1. There are approximately 133,000 members of TRS.
2. There would be no change in benefit payments.
3. There would be no change in employer costs.
4. There would be no change in administrative costs.

Sincerely,

A handwritten signature in black ink, appearing to read "R. B. Barnes", with a long horizontal flourish extending to the right.

Robert B. Barnes
Deputy Executive Secretary and
General Counsel