



KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director

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March 6, 2024

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

**RE: House Bill 277 (2024 RS BR 424) – HCS 1 Version
AA Statement Required by KRS 6.350
AA Statement 1 of 1**

Dear Ms. Carney:

The Kentucky Public Pensions Authority (KPPA) had previously provided an Actuarial Analysis of House Bill 277 (2024 RS BR 424), prepared by KPPA's independent actuary via letter dated January 18, 2024. We have now examined the HCS 1 Version of House Bill 277 (2024 RS BR 424).

The HCS 1 Version of House Bill 277 (2024 RS BR 424) retains its original provisions, except it removes changes that would require years of service with the Louisville Public Defender to be used to determine eligibility for retirement benefits and for health insurance under KRS 61.702 or 78.5536, and that would provide that the cost of health insurance benefits for past service be subject to funding in the executive branch and removed KRS 61.552 changes regarding past service purchases.

KPPA staff members have examined the HCS 1 Version of House Bill 277 (2024 RS BR 424) as it applies to the systems administered by the KPPA. We have determined that the HCS 1 Version of the bill eliminates additional executive branch funding for health insurance benefits and service purchases, removes amendments to KRS 61.552 that provided favorable exceptions for purchasing past service credit with the Louisville and Jefferson County Public Defender Corporation, and maintains current statutory requirements that a member must be vested and pay the full actuarial cost for the purchase of past service. Given that a limited number of individuals might qualify for an earlier participation date due to their initial employment with the Louisville and Jefferson County Public Defender Corporation, this provision is not expected to have a material financial impact on any of the systems.

In accordance with KRS 6.350 (2)(c), the KPPA certifies the following:

1. The estimated number of individuals potentially affected, is 95 current employees of the Louisville and Jefferson County Public Defender Corporation;
2. Those specific individuals who may receive an earlier participation date based on their employment date with Louisville and Jefferson County Public Defender Corporation (estimated to be not more than 25 based on data provided by DPA) may receive higher benefit payments than if they had received benefits under Tier 3;

3. There is no estimated change to employer costs; and
4. There is no estimated change to administrative expenses.

We have not requested any further actuarial analysis of the HCS 1 Version of House Bill 277 (2024 RS BR 424) by the KPPA's independent actuary.

Please let me know if you have any questions regarding our analysis of the HCS 1 Version of House Bill 277 (2024 RS BR 424).

Sincerely,

A handwritten signature in black ink, appearing to read "David Eager". The signature is written in a cursive, flowing style.

David L. Eager, Executive Director
Kentucky Public Pensions Authority