



KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director

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March 14, 2024

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

RE: Senate Bill 374 (2024 RS BR 2427)
AA Statement Required by KRS 6.350
AA Statement 1 of 1

Dear Ms. Carney:

Senate Bill 374 (2024 RS BR 2427) amends Kentucky Revised Statute 16.052 to increase salaries of employees of the Department of Kentucky State Police.

Kentucky Public Pensions Authority (KPPA) staff members and the KPPA's independent actuary, Gabriel, Roeder, Smith & Company (GRS) have examined Senate Bill 374 (2024 RS BR 2427). We are unable to identify the troopers with ranks below sergeant in the census data. As a result, we can only categorically provide the expected impact to the State Police Retirement System (SPRS). We have determined that the bill may increase benefits by raising the base salary for cadets (troopers and commercial vehicle enforcement officers), and simultaneously raising the salary schedule for positions below the rank of sergeant. The SPRS fund will experience some increase in liability due to the salary increases provided. On the other hand, as observed with the salary increases provided by House Bill 259 enacted during the 2022 legislative session, there will be an expected decrease in the contribution rate as a percentage of payroll because the increase in membership payroll will reduce the amortization cost expressed as a percentage of payroll. However, the overall contribution dollars will be slightly higher because the higher pay will result in higher retirement benefits. We do not anticipate the bill will increase or decrease participation in any of the systems administered by the KPPA.

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

1. The estimated number of individuals potentially affected as of June 30, 2023, is 3,875 active members in the Kentucky Employees Retirement System (KERS) Hazardous plan and 868 members in the State Police Retirement System (SPRS) plan.
2. Cadets (including troopers and vehicle enforcement officers) along with positions below the rank of sergeant may be eligible for increased retirement benefits resulting from the raised base salary for cadets and the enhanced salary schedule for those below sergeant.
3. There may be a slight increase in employer cost due to the increase in retirement benefits.

4. There is no estimated change to administrative expenses.

The KPPA's independent actuary, GRS, has examined Senate Bill 374 (2024 RS BR 2427) and agrees with the KPPA's analysis.

Please let me know if you have any questions regarding our analysis of Senate Bill 374 (2024 RS BR 2427).

Sincerely,



David L. Eager, Executive Director
Kentucky Public Pensions Authority