



April 2018

Employer Reporting, Compliance & Education

Employer Contribution Rates

In the final days of the legislative session, we continue monitoring bills that impact employer contribution rates. Both [House Bill 200](#), the budget bill which sets employer contribution rates for KERS and SPRS for fiscal years 2019 and 2020, and [House Bill 362](#), which would cap the increase of the CERS employer contribution rates, were vetoed by the Governor on April 9th. The General Assembly overrode the Governor's veto on both bills, making them law. [Senate Bill 151](#), the pension reform bill, was signed by the Governor on April 10th. This bill changes the contributions for employers to a normal cost, plus level dollar funding to address the unfunded liability. This will impact future contribution rates beginning July 1, 2020 and thereafter.

The legislature also passed [House Bill 265](#) and [House Bill 487](#) last week. Both bills are on the Governor's desk for consideration during the veto period. House Bill 265 provides a reduction to employer contribution rates for Regional Mental Health/Mental Retardation Boards, Local and District Health Departments, contracted entities such as Child Advocacy Centers, State Universities and Community Colleges and other agencies not covered under the Personnel Cabinet. For these agencies, the employer contribution rate for KERS nonhazardous employees will be 49.47% for fiscal year 2019 if the bill is enacted. House Bill 487 replaces portions of House Bill 362 (see above).

Under House Bill 362 provisions, our actuary has provided revised CERS contribution rates for fiscal year 2019: CERS Non Hazardous: 21.48%; CERS Hazardous 35.34%. Although we do not expect these rates to change,

once finalized, we will publish fiscal year 2019 contribution rates on our [website](#). Our actuary is also working on a ten year projection for CERS and we will share that information when available.

Until the veto period ends on April 26th, we cannot provide final contribution rates due to the possibility the Governor may veto line items or all of House Bills 265 and 487. We understand that knowing employer contribution rates is essential for budgeting purposes. We will keep you updated as more information becomes available.

2018 Legislation

At the April 19th KRS board meeting, staff presented a summary of retirement related legislation. [Read More](#)

Pension Reform Bill Summary

We have updated sections 16-17 of the [Senate Bill 151 Summary](#). Please take note of how each benefit tier is impacted with regard to sick leave service credit. One provision impacts Tier 2 members with retirement dates after July 1, 2018. [Read More](#)

Attorney General Lawsuit

The Attorney General, the Kentucky Education Association and the Kentucky State Fraternal Order of Police filed a lawsuit regarding Senate Bill 151. The plaintiffs are asking the court to declare the new law unconstitutional and to grant an injunction preventing the pension boards from enforcing Senate Bill 151. Franklin Circuit Court Judge Phillip Shepherd has stated that he plans to proceed expeditiously and issue a ruling before mid-July, when some of provisions would take effect. We are monitoring the lawsuit closely and will update you on any pertinent developments.

Reporting Official Training

The Divisions of Employer Reporting, Compliance & Education and Member Services are partnering to offer Reporting Official training at most of the [Pre-Retirement Education Program](#) locations this summer. We are finalizing our schedule and program details. We will email you when registration is available.

GASB 75 Implementation

GASB 75 impacts employers and will be required for reporting on the current fiscal year. These requirements apply to the insurance plans. Reporting will be

similar to GASB 67 and 68 requirements for the pension plans. We are finalizing a video explaining GASB 75 requirements and will notify you when this training resource is available.

2017 Employer Survey

To better serve our employers and members, KRS developed an online survey to solicit input from our primary employer contacts. Based on your feedback, we have made several customer service improvements and plan to build upon this progress in 2018. [Read More](#)

Member Newsletter

We emailed our [Spring 2018 Member Newsletter](#) on April 18th to all members who have provided KRS with a valid email address. Members can provide their email address through our [Member Self Service website](#). First time users will submit their email as part of the registration process. Returning users can add an email address by updating their contact information. Please share this information with your employees.

Questions?

If you have questions, please contact our office at 1-888-696-8810.

