

**RESOLUTION  
BY THE  
KENTUCKY BOARD OF EDUCATION  
COMMONWEALTH OF KENTUCKY**

- Whereas, The Kentucky Board of Education supports educators for their service to the students and parents of the Commonwealth; and*
- Whereas, The Kentucky Teachers' Retirement System (KTRS) was established in 1938 and provides retirement security for Kentucky's educators; and*
- Whereas, KTRS has over 141,000 members, over 49,500 beneficiaries receive a benefit and KTRS members are not eligible to participate in Social Security; and*
- Whereas, KTRS distributes monthly over \$144 million in retirement benefits and \$21.5 million in medical benefits with 92% of KTRS retirees living in Kentucky; and*
- Whereas, New accounting rules, set by the Governmental Accounting Standards Board (GASB), will require underfunded pension plans to report unfunded liability using a lower assumed rate of return, thus reducing Kentucky's funding percentage from 51.9% to 42.4%; and*
- Whereas, The Annual Required Contribution (ARC), the amount an employer must contribute annually to a defined benefit pension fund, based on an actuarial formula, to fund current and future retirement benefits and liabilities to pay the benefits of current and future retirees, is underfunded; and*
- Whereas, Due to KTRS's pension liability growing at 7.5% per year, the KTRS Board of Trustees is exploring potential short-term and long-term solutions to address the unfunded liability; and*
- Whereas, The amounts of additional funding needed from the Commonwealth to fund the ARC for FY 2015 and FY 2016 are \$386 million and \$487 million respectively; this additional funding was not available in the recently passed budget; and without a plan to fund the ARC, accounting rules for 2014 will result in an increase in the unfunded liability from \$13.9 billion to \$21.9 billion.*

***NOW THEREFORE, be it resolved that the Kentucky Board of Education fully supports the Kentucky Teachers' Retirement System's efforts to work with the Governor and the General Assembly to develop solutions to fully fund the KTRS Pension Fund.***

*Done in the city of Frankfort, this third day of  
December, in the year Two Thousand and Fourteen*

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*Roger L. Marcum, Kentucky Board of Education Chair*

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*Terry Holliday, Commissioner of Education*