

**Ohio County Fiscal Court  
RESOLUTION 2018-6**

**WHEREAS**, the membership of the County Employees Retirement System (hereinafter also referred to as "CERS") is comprised of the employees and retirees from participating counties, cities and other local governmental units of the Commonwealth of Kentucky and includes certain employees, other than teachers and other professional employees, of local boards of education; and

**WHEREAS**, the membership of the Kentucky Employees Retirement System (hereinafter also referred to as "KERS") is comprised of the employees and retirees of most state agencies of the Commonwealth of Kentucky; and

**WHEREAS**, the membership of the State Police Retirement System (hereinafter also referred to as "SPRS") is comprised of the regular full-time peace officers of the Department of Kentucky State Police; and

**WHEREAS**, CERS, KERS AND SPRS are jointly administered by the board of trustees of the Kentucky Retirement Systems (hereinafter also referred to as "KRS") that is comprised of 17 members, only 6 of which are elected by the KRS members and the remainder are appointed by the Governor of the Commonwealth of Kentucky; and

**WHEREAS**, the membership of the Teachers' Retirement System of the State of Kentucky (hereinafter also referred to as "TRS") is comprised of the teachers and other professional employees of various educational institutions of the Commonwealth of Kentucky, including but not limited to, local boards of education, regional universities, state operated vocational schools, regional educational cooperatives and the Kentucky Department of Education; and

**WHEREAS**, Governor Matt Bevin recently reconstituted the KRS Board of Trustees by executive order, which was subsequently approved by the legislature, giving him, through his appointees, a majority of the seats on the Board, instead of the majority being comprised of the elected representatives of the retirement systems' members as had historically been the case; and

**WHEREAS**, KERS is the worst funded public employee pension system in the United States, having only 18.9% of the assets as of June 30, 2016 needed to meet its actuarially projected liabilities (KERS Non-Hazardous and KERS Hazardous combined); and

**WHEREAS**, CERS had 58.7% of the assets as of June 30, 2016 needed to meet its actuarially projected liabilities (CERS Non-Hazardous and CERS Hazardous combined); and

**WHEREAS**, SPRS had only 30.3% of the assets as of June 30, 2016 needed to meet its actuarially projected liabilities; and

**WHEREAS**, TRS had only 54.6% of the assets as of June 30, 2016 needed to meet its actuarially projected liabilities; and

**WHEREAS**, for 15 out of 22 years commencing in Fiscal Year 1992-93, the state legislature and the governor failed to fund KERS at the actuarially required contribution levels set, as statutorily required, by the KRS Board of Trustees; and

**WHEREAS**, the state's underfunding of KERS is exacerbated by the lost investment income that could have been earned on the funds that were withheld from KERS;

**WHEREAS**, CERS employers have **ALWAYS** paid the retirement contribution rates set by the KRS Board of Trustees on behalf of their employees; and

**WHEREAS**, the newly reconstituted KRS Board of Trustees recently adopted new actuarial assumptions for investment returns that increased the unfunded actuarial liabilities of CERS, KERS and SPRS; and

**WHEREAS**, as of June 30, 2016, there were 41,738 active employees and 47,970 retired beneficiaries in KERS; and

**WHEREAS**, as of June 30, 2016, there were 89,748 active employees and 64,902 retired beneficiaries in CERS; and

**WHEREAS**, as of June 30, 2016, there were 908 active employees and 1,515 retired beneficiaries in SPRS; and

**WHEREAS**, as of June 30, 2016, there were 71,848 active employees and 51,563 retired beneficiaries in TRS; and

**WHEREAS**, KRS paid \$1,886,172,179 in benefits to the 103,777 retired KRS members in Fiscal Year 2015-16; and

**WHEREAS**, the National Institute of Retirement Security finds that for each \$1.00 paid out in pension benefits supported \$1.43 in total economic activity in Kentucky; and

**WHEREAS**, the average annual retirement allowance for KERS Non-Hazardous retirees for Fiscal Year 2015-16 was \$20,633 and their average age was 68.8 years; and

**WHEREAS**, the average annual retirement allowance for KERS Hazardous retirees for Fiscal Year 2015-16 was \$14,869 and their average age was 63.9 years; and

**WHEREAS**, the average annual retirement allowance for CERS Non-Hazardous retirees for Fiscal Year 2015-16 was \$11,264 and their average age was 69.4 years; and

**WHEREAS**, the average annual retirement allowance for CERS Hazardous retirees for Fiscal Year 2015-16 was \$25,143 and their average age was 60.2 years; and

**WHEREAS**, the average annual retirement allowance for SPRS retirees for Fiscal Year 2015-16 was \$37,393 and their average age was 62.4 years; and

**WHEREAS**, the retirement benefits set forth and promised to current and retired employees in CERS, KERS, SPRS, and TRS on the day they began work and amended thereafter, constitute an inviolable contract between the state and the employees and retirees; and

**WHEREAS**, the state has a legal, moral and ethical obligation to keep the promises made to employees and retirees regarding their retirement benefits; and

**NOW, THEREFORE, BE IT RESOLVED** by the Executive Committee of the Kentucky Association of Counties that KACo does hereby urge Governor Matt Bevin and the Kentucky General Assembly to, first and foremost, honor and fulfill the retirement benefits promised as part of the inviolable contracts to **all** public employees in **all** retirement systems in the Commonwealth of Kentucky and to fund KERS, SPRS and TRS going forward at the actuarially determined required levels.

**AND BE IT FURTHER RESOLVED** that as a method of attempting to protect the retirement benefits promised to the members of the CERS, KACo also urges the General Assembly to pass legislation and further urges Governor Bevin to sign such legislation separating CERS from KRS and establishing a separate, independent board of trustees chosen by the members and participating employers of CERS to govern the affairs of CERS and fulfill the fiduciary duties to the members of the system as outlined in Senate Bill 226, filed in the 2017 Legislative Session of the Kentucky General Assembly.

Done this the 26<sup>TH</sup> day of September, 2017.

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David Johnston  
Ohio County Judge Executive

Attest:

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Miranda Funk  
Fiscal Court Clerk