

## CHAPTER 181

## ( HB 259 )

AN ACT relating to employees of the Kentucky State Police and declaring an emergency.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

→Section 1. KRS 16.052 is amended to read as follows:

- (1) The base compensation of **troopers and commercial vehicle enforcement** officers shall be determined based on years of service and rank, as provided in this section.
  - (2) (a) The years-of-service requirements for the salary schedule for ranks below sergeant are as follows:
    1. A trooper **and a commercial vehicle enforcement officer shall have** ~~is an officer with~~ less than three (3) years of continuous service as a commissioned **trooper or commercial vehicle enforcement** officer with the department;
    2. A senior trooper **and a senior commercial vehicle enforcement officer** shall have:
      - a. At least three (3) years of continuous service as a commissioned **trooper or commercial vehicle enforcement** officer with the department and sixty (60) college credit hours;
      - b. At least four (4) years of continuous service as a commissioned **trooper or commercial vehicle enforcement** officer with the department and thirty-two (32) college credit hours; or
      - c. Five (5) years of continuous service as a commissioned **trooper or commercial vehicle enforcement** officer with the department with no college credit requirement;
    3. A trooper first class **and a commercial vehicle enforcement officer first class** shall have at least ten (10) years of continuous service as a commissioned **trooper or commercial vehicle enforcement** officer with the department; and
    4. A master trooper **and a master commercial vehicle enforcement officer** shall have at least fifteen (15) years of continuous service as a commissioned **trooper or commercial vehicle enforcement** officer with the department.
  - (b) In addition to meeting the years of service requirements established by paragraph (a) of this subsection, **troopers and commercial vehicle enforcement** officers listed in the salary schedule for **troopers and commercial vehicle enforcement** officers below the rank of sergeant shall also meet the requirements for promotion in rank established by the commissioner pursuant to KRS 16.050.
  - (c) Requirements for promotion to sergeant, lieutenant, and captain are as established by KRS 16.055.
- (3) Any overtime and any salary supplement received from the Law Enforcement Foundation Program pursuant to KRS 15.410 to 15.510 or any comparable supplements received from another funding source shall be in addition to the amounts reflected in the base salary schedules established by subsection (4) of this section.
  - (4) (a) The salary schedules established in this subsection are based on a combination of **trooper and commercial vehicle enforcement** officer classification and years of service.
  - (b) When "NA" appears in the schedule, it is not possible for ~~a~~ **trooper or commercial vehicle enforcement** officer to be in that classification and years-of-service combination based upon statutory or regulatory conditions established for promotion or advancement.
  - (c) Salary increases based on years of service shall be effective on the first day of the month during which the anniversary of the **trooper's or commercial vehicle enforcement** officer's appointment as a commissioned Kentucky State Police officer falls.
  - (d) Salary increases based on promotion to a higher rank shall be effective on the first day the **trooper and commercial vehicle enforcement** officer is promoted.
  - (e) If ~~a~~ **trooper or commercial vehicle enforcement** officer is reverted to a previous rank, the **trooper's or commercial vehicle enforcement** officer's salary shall be adjusted to the salary reflected in the base salary schedule for the **trooper's or commercial vehicle enforcement** officer's applicable number of

years of service and rank. The adjustment shall take effect the first pay period following the pay period in which the reversion occurs.

- (f) The base salary for a cadet trooper *or commercial vehicle enforcement officer cadet* shall be *forty-five*~~thirty-five~~ thousand dollars (~~\$45,000~~~~[\$35,000]~~).
- (g) *The salary for a legislative security specialist, as established in KRS 16.187 and 16.188, shall be the equivalent of the base salary for a trooper or commercial vehicle enforcement officer with the same number of years of service.*

BASE SALARY SCHEDULE FOR RANKS BELOW SERGEANT

Years of Service	Trooper Salary Steps Based on Rank			
	Trooper	Senior	First Class	Master
<i>Base Pay</i>	<i>\$55,888.80</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
<i>3 years</i>	<i>\$59,583.12</i>	<i>\$61,422.00</i>	<i>N/A</i>	<i>N/A</i>
<i>5 years</i>	<i>N/A</i>	<i>\$62,719.20</i>	<i>N/A</i>	<i>N/A</i>
<i>7 years</i>	<i>N/A</i>	<i>\$64,053.12</i>	<i>N/A</i>	<i>N/A</i>
<i>9 years</i>	<i>N/A</i>	<i>\$65,428.08</i>	<i>N/A</i>	<i>N/A</i>
<i>10 years</i>	<i>N/A</i>	<i>N/A</i>	<i>\$65,723.76</i>	<i>N/A</i>
<i>13 years</i>	<i>N/A</i>	<i>N/A</i>	<i>\$68,368.08</i>	<i>N/A</i>
<i>15 years</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>\$74,742.00</i>
<i>17 years</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>\$77,837.04</i>
<i>19 years</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>\$81,116.88</i>
<i>21 years</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>\$84,499.20</i>
<i>23 years</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>\$88,081.20</i>
<i>25 years</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>\$88,834.56</i>
<i>27 years</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>\$89,594.16</i>
<i>29 years</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>\$90,361.68</i>
<del>Base Pay</del>	<del>\$37,887</del>	<del>\$43,014</del>	<del>NA</del>	<del>NA</del>
<del>3 years</del>	<del>\$41,310</del>	<del>NA</del>	<del>NA</del>	<del>NA</del>
<del>5 years</del>	<del>\$43,014</del>	<del>\$44,216</del>	<del>NA</del>	<del>NA</del>
<del>7 years</del>	<del>NA</del>	<del>\$45,452</del>	<del>NA</del>	<del>NA</del>
<del>9 years</del>	<del>NA</del>	<del>\$46,726</del>	<del>NA</del>	<del>NA</del>
<del>10 years</del>	<del>NA</del>	<del>NA</del>	<del>\$47,000</del>	<del>NA</del>
<del>13 years</del>	<del>NA</del>	<del>NA</del>	<del>\$49,450</del>	<del>NA</del>
<del>15 years</del>	<del>NA</del>	<del>NA</del>	<del>NA</del>	<del>\$55,356</del>
<del>17 years</del>	<del>NA</del>	<del>NA</del>	<del>NA</del>	<del>\$58,224</del>
<del>19 years</del>	<del>NA</del>	<del>NA</del>	<del>NA</del>	<del>\$61,263</del>
<del>21 years</del>	<del>NA</del>	<del>NA</del>	<del>NA</del>	<del>\$64,397</del>
<del>23 years</del>	<del>NA</del>	<del>NA</del>	<del>NA</del>	<del>\$67,716</del>
<del>25 years</del>	<del>NA</del>	<del>NA</del>	<del>NA</del>	<del>\$68,414</del>
<del>27 years</del>	<del>NA</del>	<del>NA</del>	<del>NA</del>	<del>\$69,118</del>
<del>29 years</del>	<del>NA</del>	<del>NA</del>	<del>NA</del>	<del>\$69,829</del>

## BASE SALARY SCHEDULE SERGEANT AND ABOVE

Years of Service	Salary Steps Based on Rank		
	Sergeant	Lieutenant	Captain
6 years	\$45,271	NA	NA
7 years	\$47,271	\$53,500	NA
8 years	\$47,805	NA	\$59,100
9 years	\$49,918	\$54,500	NA
11 years	\$50,911	\$56,000	\$61,199
13 years	\$53,108	\$58,000	\$63,798
15 years	\$56,966	\$61,000	\$67,188
17 years	\$61,093	\$65,000	\$70,747
19 years	\$65,510	\$70,436	\$74,845
21 years	\$70,235	\$74,158	\$78,409
23 years	\$75,292	\$78,066	\$82,529
25 years	\$80,702	\$82,169	\$86,755
27 years	\$85,491	\$86,478	\$90,306
29 years	\$90,686	\$91,002	\$93,998

(5) *The base salary for ranks defined in KRS 16.055 and 16.191 shall be set at:*

- (a) *Ten percent (10%) above the base salary for the trooper's or commercial vehicle enforcement officer's applicable number of years of service for the rank of sergeant;*
- (b) *Twenty percent (20%) above the base salary for the trooper's or commercial vehicle enforcement officer's applicable number of years of service for the rank of lieutenant; and*
- (c) *Thirty percent (30%) above the base salary for the trooper's or commercial vehicle enforcement officer's applicable number of years of service for the rank of captain.*

(6) Beginning on July 1, 2023~~{2018}~~, the salary schedule established by subsection (4) of this section shall be adjusted annually to incorporate any increase in the nonseasonally adjusted Consumer Price Index for all urban consumers, U.S. city average, all items, published by the United States Department of Labor, Bureau of Labor Statistics.

(7)~~{(6)}~~ The salary schedules shall be applied to *troopers and commercial vehicle enforcement* officers employed by the department on *July 1, 2022*~~{July 15, 2016}~~, as follows:

- (a) Except as provided in paragraph (b) of this subsection:
  1. Any *trooper or commercial vehicle enforcement* officer whose base salary exceeds the amount established for his or her years of service and rank in subsection (4) of this section shall retain his or her base salary and shall not receive an increase under the salary schedule until the *trooper's or commercial vehicle enforcement* officer's years of service and rank require a higher base salary than the base salary he or she was receiving on *July 1, 2022*~~{July 15, 2016}~~; and
  2. Any *trooper or commercial vehicle enforcement* officer whose base salary is below the amount established for his or her years of service and rank in subsection (4) of this section shall receive the base salary he or she qualifies for under the salary schedule for the pay period beginning *July 1, 2022*~~{August 1, 2016}~~; and
- (b) Any *trooper or commercial vehicle enforcement* officer who is receiving compensation under KRS 16.165 shall not receive any years of service or rank increases during any period that he or she is receiving compensation under KRS 16.165.

~~(8)(7)~~ The commissioner may establish additional ranks beyond those provided in the salary schedules established by this section, including the ranks of major, lieutenant colonel, colonel, and executive security detail. If the commissioner establishes any of these ranks, the commissioner shall set forth in a policy the conditions under which ~~a~~~~an~~ **trooper or commercial vehicle enforcement** officer may be promoted to the rank, and the salary that the **trooper or commercial vehicle enforcement** officer will receive while serving in that rank.

➔Section 2. KRS 16.583 is amended to read as follows:

- (1) A member of the State Police Retirement System, a member of the Kentucky Employees Retirement System in a hazardous duty position covered by this section, whose participation begins on or after January 1, 2014, or a member making an election pursuant to KRS 61.5955, shall receive the retirement benefits provided by this section in lieu of the retirement benefits provided under KRS 16.576 and 16.577. The retirement benefit provided by this section shall be known as the hybrid cash balance plan and shall operate as another benefit tier within the State Police Retirement System and the Kentucky Employees Retirement System.
- (2) The hybrid cash balance plan shall provide a retirement benefit based upon the member's accumulated account balance, which shall include:
  - (a) Contributions made by the member as provided by KRS 16.505 to 16.652 and 61.510 to 61.705, except for employee contributions prescribed by KRS 61.702(3)(b);
  - (b) *I.* An employer pay credit of seven and one-half percent (7.5%) of the creditable compensation earned by the employee for each month the employee is contributing to the hybrid cash balance plan provided by this section; and
    - 2.* ***For members of the State Police Retirement System covered by this section, an employer pay credit for the value of accumulated sick leave as determined and limited by Section 3 of this Act; and***
  - (c) Interest credits added annually to the member's accumulated account balance as provided by this section.
- (3)
  - (a) Member contributions and employer pay credits as provided by subsection (2)(a) and (b)*I.* of this section shall be credited to the member's account monthly as contributions are reported and posted to the system in accordance with KRS 61.675.
  - (b) Interest credits, as provided by subsection (2)(c) of this section, shall be credited to the member's account annually on June 30 of each fiscal year, as determined by subsection (4) of this section.
  - (c) ***Employer pay credits for accumulated sick leave shall be credited to the member's account as determined by Section 3 of this Act.***
- (4)
  - (a) On June 30 of each fiscal year, the system shall determine if the member contributed to the hybrid cash balance plan during the fiscal year.
  - (b) If the member contributed to the hybrid cash balance plan during the fiscal year, the interest credit added to the member's account for that fiscal year shall be determined by multiplying the member's accumulated account balance on June 30 of the preceding fiscal year by a percentage increase equal to:
    1. Four percent (4%); plus
    2. Seventy-five percent (75%) of the system's geometric average net investment return in excess of a four percent (4%) rate of return.
  - (c) If the member did not contribute to the hybrid cash balance plan during the fiscal year, the interest credit added to the member's account for that fiscal year shall be determined by multiplying the member's accumulated account balance on June 30 of the preceding fiscal year by four percent (4%).
  - (d) For purposes of this subsection, "system's geometric average net investment return":
    1. Means the annual average geometric investment return, net of administrative and investment fees and expenses, over the last five (5) fiscal years as of the date the interest is credited to the member's account; and
    2. Shall be expressed as a percentage and based upon the system in which the member has an account.

- (e) No employer pay credits or interest credits shall be provided to a member who has taken a refund of contributions as provided by KRS 61.625 or who has retired and annuitized his or her accumulated account balance as prescribed by this section.
- (5) (a) Upon termination of employment, a member who has less than five (5) years of service credited under KRS 16.543(1), 61.543(1), and 78.615(1), who elects to take a refund of his or her accumulated account balance as provided by KRS 61.625, shall forfeit the accumulated employer credit, and shall only receive a refund of his or her accumulated contributions.
- (b) Upon termination of employment, a member who has five (5) or more years of service credited under KRS 16.543(1), 61.543(1), and 78.615(1), who elects to take a refund of his or her accumulated account balance as provided by KRS 61.625, shall receive a full refund of his or her accumulated account balance.
- (6) A member participating in the hybrid cash balance plan provided by this section may retire:
  - (a) At his or her normal retirement date, provided he or she has earned five (5) or more years of service credited under KRS 16.543(1), 61.543(1), or 78.615(1), or another state-administered retirement system; or
  - (b) At any age, provided he or she has earned twenty-five (25) or more years of service credited under KRS 16.543(1), 61.543(1), or 78.615(1), or another state-administered retirement system.
- (7) A member eligible to retire under subsection (6) of this section may elect to:
  - (a) Receive a monthly retirement allowance payable for life by having his or her accumulated account balance annuitized by the retirement systems in accordance with the actuarial assumptions and actuarial methods adopted by the board and in effect on the member's retirement date;
  - (b) Receive the actuarial equivalent of his or her retirement allowance calculated under paragraph (a) of this subsection payable under one (1) of the options set forth in KRS 61.635, except for the option provided by KRS 61.635(11); or
  - (c) Take a refund of his or her account balance as provided by KRS 61.625.
- (8) The provisions of this section shall not apply to members who began participating in the Kentucky Employees Retirement System, the County Employees Retirement System, or the State Police Retirement System prior to January 1, 2014, except for those members who make an election pursuant to KRS 61.5955.

➔SECTION 3. A NEW SECTION OF KRS 16.505 TO 16.652 IS CREATED TO READ AS FOLLOWS:

- (1) ***Subject to the limitations and requirements provided by this section, the following shall apply to members of the State Police Retirement System who are eligible for benefits from the hybrid cash balance plan established by Section 2 of this Act:***
  - (a) ***Within thirty (30) days following the close of each fiscal year ending on or after June 30, 2023, members participating in the State Police Retirement System in the hybrid cash balance plan who have five (5) or more years of service credited under KRS 16.543(1), 61.543(1), and 78.615(1), shall receive an employer pay credit under subsection (2)(b)2. of Section 2 of this Act equal to an amount determined by multiplying the member's hours of accumulated sick leave in excess of four hundred eighty (480) hours as of the most recently completed fiscal year by the member's hourly base pay determined under Section 1 of this Act, including any annual adjustments provided by subsection (6) of Section 1 of this Act. The member's hourly base pay shall not include any payments for overtime or any salary supplement received from the Law Enforcement Foundation Program established pursuant to KRS 15.410 to 15.510; and***
  - (b) ***Effective July 1, 2023, members with an account in the hybrid cash balance plan who retire from the State Police Retirement System shall receive an employer pay credit under subsection (2)(b)2. of Section 2 of this Act equal to an amount determined by multiplying the member's hours of accumulated sick leave upon termination of employment by the member's hourly base pay determined under Section 1 of this Act, including any annual adjustments provided by subsection (6) of Section 1 of this Act. The member's hourly base pay shall not include any payments for overtime or any salary supplement received from the Law Enforcement Foundation Program established pursuant to KRS 15.410 to 15.510.***

- (2) *The Department of Kentucky State Police shall report the information required by the Kentucky Public Pensions Authority to carry out the provisions of this section and shall reduce the member's accumulated sick leave by the amount of sick leave converted to an employer pay credit pursuant to this section.*
- (3) *The provisions of subsection (2)(b)2. of Section 2 of this Act and this section are subject to funding for the benefit in the executive branch budget. In the event funding for this additional employer credit is not provided in the executive branch budget, no employer credits for accumulated sick leave shall be provided during the period the budget is effective.*

➔Section 4. KRS 7A.255 is amended to read as follows:

- (1) Notwithstanding KRS 21.345 to 21.580, 61.661, 61.870 to 61.884, or 161.585 to the contrary, on or before November 15 following the close of each fiscal year, the state-administered retirement systems shall collectively file a report with the Public Pension Oversight Board that shall include the following information for each member or recipient of a retirement allowance from any of the state-administered retirement systems:
- A unique identification number for each member or recipient that is created solely for purposes of compiling the report provided by this section and which shall not be the member's Social Security number or personal identification number issued by the systems. For individual members or recipients with multiple accounts in the state-administered retirement systems, all of the state-administered retirement systems shall use the same unique identification number;
  - The system or systems in which the member has an account or from which the retired member is receiving a monthly retirement allowance;
  - The status of the member or recipient, including but not limited to whether he or she is a contributing member, a member who is not currently contributing to the systems but has not retired, a retired member, a beneficiary, or a retired member who has returned to work following retirement with an agency participating in the systems;
  - If the individual is a retired member or beneficiary, the annualized monthly retirement allowance that he or she was receiving at the end of the most recently completed fiscal year; and
  - If the individual is a member who has not yet retired, the estimated annual retirement allowance that he or she is eligible to receive at his or her normal retirement date based upon his or her service credit, final compensation, and accumulated account balance at the end of the most recently completed fiscal year.

Under no circumstances shall the member's name, address, or Social Security number be included in the information required to be reported to the board by this section, nor shall the unique identification number established by subsection (1) of this section be capable of being linked to a specific member's retirement account with a state-administered retirement system.

- (2) On or before November 15 following the close of each fiscal year, the state-administered retirement systems shall report to the Public Pension Oversight Board the percentage of system assets and managers for which fees and commissions are being reported in accordance with KRS 21.540(4)(m), 61.645(19)(i), and 161.250(4)(i). This subsection shall apply on a fiscal year basis beginning on or after July 1, 2017.
- (3) On or before November 15, 2017, the state-administered retirement systems shall tender to the Public Pension Oversight Board a copy of their board-adopted investment procurement policy along with certification from the secretary of the Finance and Administration Cabinet that the investment procurement policy meets or does not meet the best practices for investment management procurement. If the board amends its investment procurement policy, it shall tender a copy of its amended investment procurement policy to the Public Pension Oversight Board within sixty (60) days of adoption along with certification from the secretary of the Finance and Administration Cabinet that the policy meets or does not meet the best practices for investment management procurement.
- (4) On or before November 15 following the close of each fiscal year, the Kentucky Public Pensions Authority shall report to the Public ~~Pension~~~~Pensions~~ Oversight Board the number of individuals and total payments to members who become totally and permanently disabled as a direct result of an act in line of duty as defined in KRS 16.505 or become disabled as a result of a duty-related injury as defined in KRS 61.621. The data shall be broken down by system and for recipients who are drawing a benefit from the disablement of a hazardous member, a nonhazardous member who worked in a nonhazardous position that could be certified as a hazardous position based upon KRS 61.592, and a nonhazardous member who worked in a nonhazardous position that could not be certified as a hazardous position based upon KRS 61.592.

- (5) *On or before November 15, 2023, and on or before November 15th every fourth year thereafter, the Department of State Police and the Kentucky Public Pensions Authority shall jointly report to the Public Pension Oversight Board on the costs and effectiveness of the program established by subsection (2)(b)2. of Section 2 of this Act and Section 3 of this Act.*

➔Section 5. KRS 16.080 is amended to read as follows:

- (1) The commissioner shall promulgate administrative regulations for the enlistment, training, code of ethics, discipline, and conduct of officers of the department and individuals employed as a Trooper R Class or CVE R Class, and the commissioner may promulgate administrative regulations for the governing and operation of the department as appear to him or her reasonably necessary to carry out the provisions of KRS 16.010 to 16.170.
- (2) The commissioner may require any officer, individual employed as a Trooper R Class or CVE R Class, or civilian who receives or disburses public funds in the course of his or her duties to file a bond, conditioned that he or she will honestly, correctly, and according to law, receive, disburse, and account for all public moneys coming into his or her hands. The commissioner, each officer, and each individual employed as a Trooper R Class or CVE R Class, shall execute a bond to the Commonwealth of Kentucky in the sum of not less than two thousand dollars (\$2,000), conditioned upon the faithful discharge of his or her duties. The premium on the bonds shall be paid by the department. The commissioner, each officer of the department, and each individual employed as a Trooper R Class or CVE R Class shall, before entering upon the discharge of their official duties, take the constitutional oath of office.
- (3) Subject to the provisions of KRS 56.440 to 56.550, the commissioner, with the approval of the Governor and the secretary of the Finance and Administration Cabinet, may acquire real estate or interests therein, by purchase, lease, or otherwise, necessary for the purposes of the department, and, with like approval, provide for the acquisition or construction of necessary buildings and other permanent structures and facilities. Title to any real estate acquired shall be taken in the name of the Commonwealth.
- (4) *Subject to the provisions of Sections 2 and 3 of this Act, the commissioner shall direct the department to reduce sick leave balances of officers subject to the provisions of Sections 2 and 3 of this Act by the amount of sick leave credited to the hybrid cash balance plan for State Police Retirement System members under Sections 2 and 3 of this Act.*

➔Section 6. KRS 16.565 is amended to read as follows:

The retirement allowance account shall be the account in which shall be accumulated all employer contributions, amounts transferred from the member account, and to which all income from the investment assets of the system shall be credited. From this account there shall be paid administrative expenses and in addition all benefits payable under KRS 16.510 to 16.652. There shall be transferred from this account to the member account:

- (1) The employer pay credit added monthly to each member's individual accounts as provided by *subsection (2)(b)1. of Section 2 of this Act or annually as provided by subsection (2)(b)2. of Section 2 of this Act and Section 3 of this Act*~~[KRS 16.583]~~; and
- (2) The interest credited annually to each member's individual accounts as provided by KRS 16.505 to 16.652.

➔Section 7. KRS 18A.110 is amended to read as follows:

- (1) The secretary shall promulgate comprehensive administrative regulations for the classified service governing:
  - (a) Applications and examinations;
  - (b) Certification and selection of eligibles;
  - (c) Classification and compensation plans;
  - (d) Incentive programs;
  - (e) Lay-offs;
  - (f) Registers;
  - (g) Types of appointments;
  - (h) Attendance; hours of work; compensatory time; annual, court, military, sick, voting, living organ donor, and special leaves of absence, provided that the secretary shall not promulgate administrative

regulations that would reduce the rate at which employees may accumulate leave time below the rate effective on December 10, 1985; and

- (i) Employee evaluations.
- (2) The secretary shall promulgate comprehensive administrative regulations for the unclassified service.
- (3) (a) Except as provided by KRS 18A.355, the secretary shall not promulgate administrative regulations that would reduce an employee's salary; and
  - (b) As provided by KRS 18A.0751(4)(e), the secretary may submit a proposed administrative regulation providing for an initial probationary period in excess of six (6) months to the board for its approval.
- (4) The secretary may promulgate administrative regulations to implement state government's affirmative action plan under KRS 18A.138.
- (5) (a) The administrative regulations shall comply with the provisions of this chapter and KRS Chapter 13A, and shall have the force and effect of law after compliance with the provisions of KRS Chapters 13A and 18A and the procedures adopted thereunder;
  - (b) Administrative regulations promulgated by the secretary shall not expand or restrict rights granted to, or duties imposed upon, employees and administrative bodies by the provisions of this chapter; and
  - (c) No administrative body other than the Personnel Cabinet shall promulgate administrative regulations governing the subject matters specified in this section.
- (6) Prior to filing an administrative regulation with the Legislative Research Commission, the secretary shall submit the administrative regulation to the board for review.
  - (a) The board shall review the administrative regulation proposed by the secretary not less than twenty (20) days after its submission to it;
  - (b) Not less than five (5) days after its review, the board shall submit its recommendations in writing to the secretary;
  - (c) The secretary shall review the recommendations of the board and may revise the proposed administrative regulation if he deems it necessary; and
  - (d) After the secretary has completed the review provided for in this section, he may file the proposed administrative regulation with the Legislative Research Commission pursuant to the provisions of KRS Chapter 13A.
- (7) The administrative regulations shall provide:
  - (a) For the preparation, maintenance, and revision of a position classification plan for all positions in the classified service, based upon similarity of duties performed and responsibilities assumed, so that the same qualifications may reasonably be required for, and the same schedule of pay may be equitably applied to, all positions in the same class. The secretary shall allocate the position of every employee in the classified service to one (1) of the classes in the plan. The secretary shall reallocate existing positions, after consultation with appointing authorities, when it is determined that they are incorrectly allocated, and there has been no substantial change in duties from those in effect when such positions were last classified. The occupant of a position being reallocated shall continue to serve in the reallocated position with no reduction in salary;
  - (b) For a pay plan for all employees in the classified service, after consultation with appointing authorities and the state budget director. The plan shall take into account such factors as:
    - 1. The relative levels of duties and responsibilities of various classes of positions;
    - 2. Rates paid for comparable positions elsewhere taking into consideration the effect of seniority on such rates; and
    - 3. The state's financial resources.

Amendments to the pay plan shall be made in the same manner. Each employee shall be paid at one (1) of the rates set forth in the pay plan for the class of position in which he is employed, provided that the full amount of the annual increment provided for by the provisions of KRS 18A.355, and the full amount of an increment due to a promotion, salary adjustment, reclassification, or reallocation, shall be added to an employee's base salary or wages;



- (c) For open competitive examinations to test the relative fitness of applicants for the respective positions. The examinations shall be announced publicly and applications accepted at least ten (10) days prior to certification of a register, and may be advertised through the press, radio, and other media. The secretary shall continue to receive applications and examine candidates on a continuous basis long enough to assure a sufficient number of eligibles to meet the needs of the service. Except as provided by this chapter, he shall add the names of successful candidates to existing eligible lists in accordance with their respective ratings. The secretary shall be free to use any investigation of education and experience and any test of capacity, knowledge, manual skill, character, personal traits, or physical fitness, which in his judgment, serves the need to discover the relative fitness of applicants;
- (d) As provided by this chapter, for the establishment of eligible lists for appointment, upon which lists shall be placed the names of successful candidates in the order of their relative excellence in the respective examinations. Except as provided by this chapter, an eligible's score shall expire automatically one (1) year from the date of testing, unless the life of the score is extended by action of the secretary for a period not to exceed one (1) additional year. Except for those individuals exercising reemployment rights, all eligibles may be removed from the register when a new examination is established;
- (e) For the rejection of candidates or eligibles who fail to comply with reasonable requirements of the secretary in regard to such factors as age, physical condition, training, and experience, or who have attempted any deception or fraud in connection with an examination;
- (f) Except as provided by this chapter, for the appointment of a person whose score is included in the five (5) highest scores earned on the examination;
- (g) For annual, sick, and special leaves of absence, with or without pay, or reduced pay, after approval by the Governor as provided by KRS 18A.155(1)(d);
- (h) For lay-offs, in accordance with the provisions of KRS 18A.113, 18A.1131, and 18A.1132, by reasons of lack of work, abolishment of a position, a material change in duties or organization, or a lack of funds;
- (i) For the development and operation of programs to improve the work effectiveness of employees in the state service, including training, whether in-service or compensated educational leave, safety, health, welfare, counseling, recreation, employee relations, and employee mobility without written examination;
- (j) For a uniform system of annual employee evaluation for classified employees, with status, that shall be considered in determining eligibility for discretionary salary advancements, promotions, and disciplinary actions. The administrative regulations shall:
  - 1. Require the secretary to determine the appropriate number of job categories to be evaluated and a method for rating each category;
  - 2. Provide for periodic informal reviews during the evaluation period which shall be documented on the evaluation form and pertinent comments by either the employee or supervisor may be included;
  - 3. Establish a procedure for internal dispute resolution with respect to the final evaluation rating;
  - 4. Permit a classified employee, with status, who receives either of the two (2) lowest possible evaluation ratings to appeal to the Personnel Board for review after exhausting the internal dispute resolution procedure. The final evaluation shall not include supervisor comments on ratings other than the lowest two (2) ratings;
  - 5. Require that an employee who receives the highest possible rating shall receive the equivalent of two (2) workdays, not to exceed sixteen (16) hours, credited to his or her annual leave balance. An employee who receives the second highest possible rating shall receive the equivalent of one (1) workday, not to exceed eight (8) hours, credited to his or her annual leave balance; and
  - 6. Require that an employee who receives the lowest possible evaluation rating shall either be demoted to a position commensurate with the employee's skills and abilities or be terminated; and

- (k) For other administrative regulations not inconsistent with this chapter and KRS Chapter 13A, as may be proper and necessary for its enforcement.
- (8) For any individual hired or elected to office before January 1, 2015, and paid through the Kentucky Human Resources Information System, the Personnel Cabinet shall not require payroll payments to be made by direct deposit or require the individual to use a Web-based program to access his or her salary statement.
- (9) To the extent that *Sections 3 and 5 of this Act*, KRS 16.010 to 16.199, and administrative regulations promulgated by the commissioner of the Department of Kentucky State Police under authority granted in KRS Chapter 16 conflict with this section or any administrative regulation promulgated by the secretary pursuant to authority granted in this section, the provisions of KRS Chapter 16 shall prevail.

➔Section 8. KRS 61.565 is amended to read as follows:

- (1) (a) Each employer participating in the State Police Retirement System as provided for in KRS 16.505 to 16.652 and the Kentucky Employees Retirement System as provided for in KRS 61.510 to 61.705 shall contribute annually to the respective retirement system an amount determined by the actuarial valuation completed in accordance with KRS 61.670 and as specified by this section. Employer contributions for each respective retirement system shall be equal to the sum of the "normal cost contribution" and the "actuarially accrued liability contribution."
- (b) For purposes of this section, the normal cost contribution shall be computed as a percentage of pay and shall be an annual amount that is sufficient when combined with employee contributions to fund benefits earned during the year in the respective system. The amount shall be:
  - 1. Paid as a percentage of creditable compensation reported for each employee participating in the system and accruing benefits; and
  - 2. The same percentage of pay for all employees who are participating in the same retirement system, except that separate percentage rates shall be developed in each system for those employers whose employees are participating in hazardous duty retirement coverage as provided by KRS 61.592.
- (c) For purposes of this section, the actuarially accrued liability contribution for all employers, except for contributions paid by nonhazardous employers in the Kentucky Employees Retirement System on or after July 1, 2021, shall be:
  - 1. Computed by amortizing the total unfunded actuarially accrued liability of each system over a closed period of thirty (30) years beginning with the 2019 actuarial valuation using the level percentage of payroll amortization method, except that any increase or decrease in the unfunded actuarially accrued liability occurring after the completion of the 2019 actuarial valuation shall be amortized over a closed period of twenty (20) years beginning with the actuarial valuation in which the increase or decrease in the unfunded actuarially accrued liability is recognized. An increase or decrease in the unfunded actuarially accrued liability may result from, but not be limited to, legislative changes to benefits, changes in actuarial methods or assumptions, or actuarial gains or losses;
  - 2. Paid as a percentage of payroll on the creditable compensation reported for each employee participating in the system and accruing benefits; and
  - 3. The same percentage of pay for all employees who are participating in the same retirement system, except that separate percentage rates shall be developed in each system for those employers whose employees are participating in hazardous duty retirement coverage as provided by KRS 61.592.
- (d) 1. For purposes of this section, the actuarially accrued liability contribution for nonhazardous employers in the Kentucky Employees Retirement System on or after July 1, 2021:
  - a. Shall be an annual dollar amount that is sufficient to amortize the total unfunded actuarially accrued liability of the system over a closed period of thirty (30) years beginning with the 2019 actuarial valuation using the level percentage of payroll amortization method, except that any increase or decrease in the unfunded actuarially accrued liability occurring after the completion of the 2019 actuarial valuation shall be amortized over a closed period of twenty (20) years beginning with the actuarial valuation in which the increase or decrease in the unfunded actuarially accrued liability is

recognized. An increase or decrease in the unfunded actuarially accrued liability may result from but not be limited to legislative changes to benefits, changes in actuarial methods or assumptions, or actuarial gains or losses;

- b. Shall be prorated to each individual nonhazardous employer in the Kentucky Employees Retirement System by multiplying the annual dollar amount of the actuarially accrued liability contribution for the system as determined by subdivision a. of this subparagraph by the individual employer's percentage of the system's total actuarially accrued liability as of the June 30, 2019, actuarial valuation which shall be determined solely by the system's consulting actuary and assigned to each employer based upon the last participating employer of the member or retiree as of June 30, 2019. The individual employer's percentage of the system's total actuarially accrued liability as of the June 30, 2019, actuarial valuation shall be used to determine the individual employer's prorated dollar amount of the system's actuarially accrued liability contribution in all future fiscal years of the amortization period or periods, except that the employer's percentage shall be adjusted to reflect any employer who voluntarily or involuntarily ceases participation as provided by KRS 61.522 and except as provided by subparagraphs 4. and 5. of this paragraph. For purposes of this subdivision, all executive branch departments, program cabinets and their respective departments, and administrative bodies enumerated in KRS 12.020, and any other executive branch agencies administratively attached to a department, program cabinet, or administrative body enumerated in KRS 12.020, shall be considered a single individual employer and only one (1) value shall be computed for these executive branch employers. For purposes of this subdivision, all employers of the legislative branch, including the Legislative Research Commission and the General Assembly that covers legislators and staff who participate in the Kentucky Employees Retirement System, shall be considered a single individual employer and only one (1) value shall be computed for these employers. For purposes of this subdivision, all employers of the judicial branch, including the Administrative Office of the Courts, the Judicial Form Retirement System, and all master commissioners, shall be considered a single individual employer and only one (1) value shall be computed for these employers;
  - c. Shall be payable by an individual employer in equal monthly dollar installments during the fiscal year in accordance with the reporting requirements specified by KRS 61.675 so that the individual employer pays its full prorated dollar amount of the actuarially accrued liability contribution as determined by subdivision b. of this subparagraph; and
  - d. Notwithstanding subdivision b. of this subparagraph for those individual participating employers who are local and district health departments governed by KRS Chapter 212, community mental health centers, and employers whose employees are not subject to KRS 18A.005 to 18A.200, who received or were eligible to receive a distribution of general fund appropriations in the 2018-2020 biennial executive branch budget to assist in paying retirement costs under 2018 Ky. Acts ch. 169, Part I, G., 4., (5); 2018 Ky. Acts ch. 169, Part I, G., 5., (2); or 2018 Ky. Acts ch. 169, Part I, G., 9., (2), shall not, once the initial dollar amounts are established in accordance with this paragraph, be adjusted in terms of dollars paid by the individual employer, except that adjustments shall be made by the system upon completion of an actuarial investigation as provided by KRS 61.670, so long as at least four (4) years have passed since the last adjustment to the actuarially accrued liability contribution for these employers. The provisions of this subdivision shall not be interpreted to mean that employers described by this subdivision may continue paying the dollar value of contributions or employer contribution rates established or paid by the employer in budget periods occurring prior to July 1, 2021.
2. Individual employers, solely for purposes of collecting employer contributions from various fund sources during the fiscal year, may convert the actuarially accrued liability contribution established by this paragraph to a percentage of pay and may adjust the percent of pay during the fiscal year in order to pay the required dollar value of actuarially accrued liability contribution required by this paragraph. No provision of this subparagraph shall be construed to reduce an individual employer's actuarially accrued liability contribution as otherwise provided by this paragraph.

3. The provisions of this paragraph shall not apply to those employers who cease participation as provided by KRS 61.522.
  4. In the event an individual Kentucky Employees Retirement System nonhazardous employer who is required to pay an actuarially accrued liability contribution as provided by this paragraph and as calculated from the 2019 actuarial valuation or subsequent valuations, merges with another employer or entity, forms a new or separate employer or entity, or splits or separates operations into multiple employers or entities, the system shall, except for those employers or entities who pay the costs to cease participation as provided by KRS 61.522, have full authority to assign a portion or all of the total actuarially accrued liability contribution to the merged, new, split, or separate employers or entities, regardless of whether or not the merged, new, split, or separate employers or entities participate in the system. In the case of a district health department established pursuant to KRS Chapter 212, which ceases to operate or which has a county or counties that withdraw from the district health department, the systems shall assign the total actuarially accrued liability contribution based upon the proportion of taxable property of each county as certified by the Department for Public Health in the Cabinet for Health and Family Services in accordance with KRS 212.132. The system shall establish by administrative regulations the process of assigning actuarially accrued liability contributions as authorized by this subparagraph.
  5.
    - a. An employer who is not in the executive, legislative, or judicial branch of Kentucky state government as enumerated in subparagraph 1.b. of this paragraph may on or before July 1, 2021, appeal to the board regarding any current or former employees or retirees the employer believes should not be used to determine the employer's percentage of the system's total actuarially accrued liability. The only appeals that shall be submitted by the employer or considered by the board shall be potential errors where the last participating employer is in dispute, situations where employees of the employer were hired through a contract between the executive branch and the employer for the employee to provide services to the executive branch, or situations where a community mental health center was contracted to provide services at a facility previously operated by the executive branch. The employer shall submit the information required by the board to verify potential errors or contract employees with employers.
    - b. The board shall review and issue a final determination regarding any appeals by December 31, 2021. In situations where the board determines the last participating employer was incorrect and should be assigned to another employer, the system shall, effective for employer contributions payable on or after July 1, 2022, assign the cost to the executive branch until such time ownership of the liability can be determined and assigned to the correct employer. In situations where the board determines certain employees of employers were hired through a contract between the executive branch and the employer for an employee or employees to provide services to the executive branch, those liabilities shall, effective for employer contributions payable on or after July 1, 2022, be assigned to the executive branch. In situations where the board determines the community mental health center was contracted to provide services at a facility previously operated by the executive branch, the liabilities for employees providing services at that facility shall be assigned to the executive branch.
    - c. No appeal shall be submitted by the employer or considered by the board regarding the assumptions or methodology used by the actuary to determine a particular employer's percentage of the system's total actuarially accrued liability or the use of the last participating employer to assign liabilities to an employer, except as otherwise provided by this subparagraph.
    - d. The board shall within thirty (30) days following the final determinations submit to the Public Pension Oversight Board the list of appeals that were approved, the number of employees involved, and any costs that will be transferred to the executive branch effective July 1, 2022.
- (e) The employer contributions computed under this section shall be determined using:
1. The entry age normal cost funding method;

2. An asset smoothing method that smooths investment gains and losses over a five (5) year period; and
  3. Other funding methods and assumptions established by the board in accordance with KRS 61.670.
- (2) (a) Except as limited by subsection (1)(d)1.d. of this section as it relates to the Kentucky Employees Retirement System, normal cost contribution rates and the actuarially accrued liability contribution shall be determined by the board on the basis of the annual actuarial valuation last preceding the July 1 of a new biennium.
- (b) The board shall not have the authority to amend contribution rates as of July 1 of the second year of the biennium for the Kentucky Employees Retirement System and the State Police Retirement System.
- (3) (a) The system shall advise each employer prior to July 1 of any change in the employer contribution rate.
- (b) ***Costs for the benefits provided under subsection (2)(b)2. of Section 2 of this Act and Section 3 of this Act shall be included in the employer contribution rate payable to the State Police Retirement System but shall be reported as a separate line item in the actuarial valuation for purposes of Section 3 of this Act and in any correspondence to the Department of Kentucky State Police, the state budget director, and the Legislative Research Commission regarding employer costs for the State Police Retirement System.***
- (c) Based on the employer contribution rate, each employer shall include in the budget sufficient funds to pay the employer contributions as determined by the board under this section.
- (4) All employers, including the General Assembly, shall pay the full actuarially required contributions, as prescribed by this section, to the Kentucky Employees Retirement System and the State Police Retirement System in fiscal years occurring on or after July 1, 2020, ***except as authorized for the program established by subsection (2)(b)2. of Section 2 of this Act and Section 3 of this Act.***

➔Section 9. KRS 61.592 is amended to read as follows:

- (1) (a) "Hazardous position" for employees participating in the Kentucky Employees Retirement System means:
1. Any position whose principal duties involve active law enforcement, including the positions of probation and parole officer and Commonwealth detective, active fire suppression or prevention, or other positions, including but not limited to pilots of the Transportation Cabinet and paramedics and emergency medical technicians, with duties that require frequent exposure to a high degree of danger or peril and also require a high degree of physical conditioning;
  2. Positions in the Department of Corrections in state correctional institutions and the Kentucky Correctional Psychiatric Center with duties that regularly and routinely require face-to-face contact with inmates; and
  3. Positions of employees who elect coverage under KRS 196.167(3)(b)2. and who continue to provide educational services and support to inmates as a Department of Corrections employee.
- (b) The effective date of participation under hazardous duty coverage for positions in the Department of Alcoholic Beverage Control shall be April 1, 1998. The employer and employee contributions shall be paid by the employer and forwarded to the retirement system for the period not previously reported.
- (2) Each employer may request of the board hazardous duty coverage for those positions as defined in subsection (1) of this section. Upon request, each employer shall certify to the system, in the manner prescribed by the board, the names of all employees working in a hazardous position as defined in subsection (1) of this section for which coverage is requested. The certification of the employer shall bear the approval of the agent or agency responsible for the budget of the department or county indicating that the required employer contributions have been provided for in the budget of the employing department or county. The system shall determine whether the employees whose names have been certified by the employer are working in positions meeting the definition of a hazardous position as provided by subsection (1) of this section. This process shall not be required for employees who elect coverage under KRS 196.167(3)(b)2.
- (3) (a) An employee who elects coverage under KRS 196.167(3)(b)2., and an employee participating in the Kentucky Employees Retirement System who is determined by the system to be working in a hazardous

position in accordance with subsection (2) of this section, shall contribute, for each pay period for which he or she receives compensation, eight percent (8%) of his or her creditable compensation.

- (b) Each employer shall pay employer contributions based on the creditable compensation of the employees determined by the system to be working in a hazardous position at the employer contribution rate as determined by the board. The rate shall be determined by actuarial methods consistent with the provisions of KRS 61.565.
  - (c) If the employer participated in the system prior to electing hazardous duty coverage, the employer may pay to the system the cost of converting the nonhazardous service to hazardous service from the date of participation to the date the payment is made, or the employer may establish a payment schedule for payment of the cost of the hazardous service above that which would be funded within the existing employer contribution rate. The employer may extend the payment schedule to a maximum of thirty (30) years. Payments made by the employer under this subsection shall be deposited to the retirement allowance account of the proper retirement system and these funds shall not be considered accumulated contributions of the individual members. If the employer elects not to make the additional payment, the employee may pay the cost of converting the service and provide payment for the cost as provided by KRS 61.552(9). Payments made by the employee under this subsection shall not be picked up, as described in KRS 61.560(4), by the employer. If neither the employer nor employee makes the payment, the service prior to hazardous coverage shall remain nonhazardous. The provisions of this paragraph shall not apply to members who begin participating in the systems administered by Kentucky Retirement Systems on or after January 1, 2014.
- (4) The normal retirement age, retirement allowance, hybrid cash balance plans *except as provided by subsection (2)(b)2. of Section 2 of this Act and Section 3 of this Act*, other benefits, eligibility requirements, rights, and responsibilities of a member in a hazardous position, as prescribed by subsections (1), (2), and (3) of this section, and the responsibilities, rights, and requirements of his or her employer shall be as prescribed for a member and employer participating in the State Police Retirement System as provided for by KRS 16.505 to 16.652.
  - (5) Any person employed in a hazardous position after July 1, 1972, shall be required to undergo a thorough medical examination by a licensed physician, and a copy of the medical report of the physician shall be retained on file by the employee's department or county and made available to the system upon request.
  - (6) If doubt exists regarding the benefits payable to a hazardous position employee under this section, the board shall determine the benefits payable under KRS 61.510 to 61.705 or 16.505 to 16.652.

➔Section 10. In the event that budgeted funds in fiscal year 2023-2024 of the executive branch budget are insufficient to fund the program established by subsection (2)(b)2. of Section 2 of this Act and Section 3 of this Act for that fiscal year, the program shall, notwithstanding any provision of Section 3 to the contrary, still be provided in fiscal year 2023-2024 and any additional funding needed for the benefits provided in fiscal year 2023-2024 shall be included in the employer contribution rates payable for fiscal years occurring on or after July 1, 2024.

➔Section 11. Whereas it is critical to ensure that Kentucky State Police are able to attract and retain highly qualified peace officers, an emergency is declared to exist, and Section 1 of this Act takes effect on July 1, 2022.

➔Section 12. Sections 2 to 10 of this Act take effect on April 1, 2023.

**Signed by Governor April 8, 2022.**