

1 AN ACT relating to the public defender system and declaring an emergency.

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

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 31 IS CREATED TO  
4 READ AS FOLLOWS:

- 5 (1) (a) Effective July 1, 2024, employees of the Louisville and Jefferson County  
6 Public Defender Corporation shall be transferred to the Department of  
7 Public Advocacy within the Justice and Public Safety Cabinet.
- 8 (b) On or before April 30, 2024, the Department of Public Advocacy shall notify  
9 each employee of the Louisville and Jefferson County Public Defender  
10 Corporation of the position comparable to their existing position, if one  
11 exists, or another position within the Department of Public Advocacy to  
12 which he or she may transfer on July 1, 2024.
- 13 (c) No later than May 31, 2024, the Department of Public Advocacy shall  
14 submit to the Personnel Cabinet a list of all employees who will transfer  
15 from the Louisville and Jefferson County Public Defender Corporation to  
16 the department along with records of each employee's job classification,  
17 compensation, dates of employment, dates of professional licensure,  
18 probationary status, accumulated leave balances by category, months of  
19 service, and any other information necessary under KRS Chapter 18A.
- 20 (d) The Personnel Cabinet shall assist the Department of Public Advocacy in  
21 implementing this section.
- 22 (2) An employee transferred pursuant to subsection (1) of this section shall:
- 23 (a) Be compensated by the Department of Public Advocacy at a salary no less  
24 than his or her salary in effect with the Louisville and Jefferson County  
25 Public Defender Corporation as of April 30, 2024, except an employee who  
26 is scheduled to complete employment probation as provided under  
27 subsection (3) of this section between May 1, 2024, and July 1, 2024, shall

1 be compensated at a salary no less than his or her salary after completion of  
2 probation; and

3 (b) 1. Retain his or her leave time balances accumulated as of the  
4 employee's last date of employment with the Louisville and Jefferson  
5 County Public Defender Corporation.

6 2. For any accumulated leave in a category that is different from a type  
7 of leave available to state employees under KRS Chapter 18A, the  
8 Personnel Cabinet shall determine which type of leave to convert the  
9 transferred leave.

10 3. When computing months of service for the purpose of determining  
11 leave time accumulation for an employee transferred under subsection  
12 (1) of this section, the employee's service begins on the earlier of the  
13 date of initial employment with the Louisville and Jefferson County  
14 Public Defender Corporation or the date of employment with a state  
15 agency.

16 (3) Notwithstanding KRS 18A.111, employees transferred pursuant to subsection (1)  
17 of this section:

18 (a) Who are appointed to classified positions within the Department of Public  
19 Advocacy and who are not on employment probation with the Louisville and  
20 Jefferson County Public Defender Corporation as of the date of transfer to  
21 the Department of Public Advocacy shall be appointed with status as  
22 defined in KRS 18A.005 without an initial probationary period; and

23 (b) Who are appointed to classified positions within the Department of Public  
24 Advocacy and who are on employment probation with the Louisville and  
25 Jefferson County Public Defender Corporation as of the date of transfer to  
26 the Department of Public Advocacy shall be subject to an initial  
27 probationary period which shall terminate on the date probation was

1 originally scheduled to terminate with the Louisville and Jefferson County  
2 Public Defender Corporation or six (6) months after the date of transfer to  
3 the Department of Public Advocacy , whichever is earlier.

4 The Department of Public Advocacy shall include the probationary status and  
5 scheduled probation termination of each employee in its list of employees  
6 submitted to the Personnel Cabinet pursuant to subsection (1) of this section.

7 (4) Employees transferred pursuant to subsection (1) of this section shall be eligible  
8 to participate in the state-sponsored life and health insurance benefit programs  
9 administered by the Personnel Cabinet under KRS Chapter 18A. Employees shall  
10 be eligible for coverage under the life and health insurance programs effective  
11 July 1, 2024, and shall not be subject to any waiting period that may be otherwise  
12 applicable to participation in these programs.

13 (5) (a) Employees transferred pursuant to subsection (1) of this section shall  
14 participate in the Kentucky Employees Retirement System as nonhazardous  
15 members pursuant to KRS 61.510 to 61.705.

16 (b) For purposes of KRS 61.510 to 61.705, the membership date of an employee  
17 transferred pursuant to subsection (1) of this section shall be the earlier of:

18 1. The date upon which the employee began participating in the  
19 Kentucky Employees Retirement System, State Police Retirement  
20 System, County Employees Retirement System, or other state-  
21 administered retirement system; or

22 2. The date the employee began employment with the Louisville and  
23 Jefferson County Public Defender Corporation.

24 (6) (a) Employees transferred to the Department of Public Advocacy pursuant to  
25 subsection (1) of this section whose membership date is prior to January 1,  
26 2014, may:

27 1. Prior to July 1, 2025, elect to purchase their service with the Louisville

1 and Jefferson County Public Defender Corporation in accordance  
2 with subsections (5)(a) and (8)(b) of Section 5 of this Act but without  
3 being vested as otherwise required under subsection (5) of Section 5 of  
4 this Act; or

5 2. After July 1, 2025, purchase their service with the Louisville and  
6 Jefferson County Public Defender Corporation subject to the  
7 requirement to be vested under subsection (5) of Section 5 of this Act.

8 (b) For employees who elect to purchase service under this subsection, the  
9 employee's service with the Louisville and Jefferson County Public  
10 Defender Corporation shall be used to determine eligibility for benefits and  
11 the amount of benefit for:

12 1. A retirement allowance under disability retirement, early retirement,  
13 normal retirement, or death under any of the provisions of KRS  
14 16.505 to 16.652, 61.510 to 61.705, or 78.510 to 78.852; and

15 2. The monthly insurance contribution under KRS 61.702 or 78.5536  
16 subject to paragraph (c) of this subsection.

17 (c) The provisions of paragraph (b)2. of this subsection are subject to funding  
18 for the benefits in the executive branch budget. In the event funding for the  
19 actuarial cost of the monthly insurance contribution benefit under  
20 paragraph (b)2. of this subsection is not provided in the executive branch  
21 budget, an employee's purchase of their service with the Louisville and  
22 Jefferson County Public Defender Corporation under this subsection shall  
23 not be used to determine eligibility for benefits and the amount of benefit  
24 for the monthly insurance contribution under KRS 61.702 or 78.5536.

25 (7) (a) For employees transferred pursuant to subsection (1) of this section whose  
26 membership date is prior to January 1, 2014, and who do not elect to  
27 purchase their service under subsection (6) of this section, the employee's

1 years of service with the Louisville and Jefferson County Public Defender  
2 Corporation shall be used toward attaining the necessary years of service  
3 credit to determine the employee's eligibility for a retirement allowance  
4 under disability retirement, early retirement, normal retirement, or death  
5 under any of the provisions of KRS 16.505 to 16.652, 61.510 to 61.705, or  
6 78.510 to 78.852.

7 (b) For employees employed pursuant to subsection (1) of this section whose  
8 membership date is on or after January 1, 2014, the employee's years of  
9 service with the Louisville and Jefferson County Public Defender  
10 Corporation shall be used toward attaining the necessary years of service  
11 credit to determine the employee's eligibility for a retirement allowance  
12 under KRS 61.597 or under disability retirement or death under any of the  
13 provisions of KRS 16.505 to 16.652, 61.510 to 61.705, or 78.510 to 78.852.

14 (8) Notwithstanding KRS Chapter 45, 45A, 56, 65, 67, 67C, or 273, or any other  
15 provision of law to the contrary:

16 (a) Any lease in the name of the Louisville and Jefferson County Public  
17 Defender Corporation in effect on June 30, 2024, relating to real property,  
18 equipment, goods, or other property, and any contract to which the  
19 Louisville and Jefferson County Public Defender is a party in effect on  
20 June 30, 2024, shall be transferred to the Department of Public Advocacy  
21 effective July 1, 2024, to the extent such leases or contracts are transferable  
22 or assignable;

23 (b) A lease or contract transferred to and assumed by the Department of Public  
24 Advocacy under paragraph (a) of this subsection shall remain in place until  
25 its date of expiration or termination, whichever occurs first; and

26 (c) Any equipment, goods, or other property owned in the name of the  
27 Louisville and Jefferson County Public Defender Corporation may be

1           transferred to the Department of Public Advocacy, and any such equipment,  
 2           goods, or property so transferred by the Louisville and Jefferson County  
 3           Public Defender Corporation shall be assumed and retained by the  
 4           Department of Public Advocacy for use in Jefferson County and shall not  
 5           be subject to transfer to other divisions or departments within the Justice  
 6           and Public Safety Cabinet or cabinets within the executive branch of state  
 7           government without the approval of the public advocate.

8           (9) The transfer of personnel and any assets from Louisville and Jefferson County  
 9           Public Defender Corporation to the Department of Public Advocacy pursuant to  
 10           this section shall not create a parent and subsidiary relationship, agency  
 11           relationship, or any relationship under a respondeat superior theory or any other  
 12           similar theory, either before or after the effective date of the transfer. The  
 13           Department of Public Advocacy shall not be liable for any damages, losses, or  
 14           injuries as the result of an act, omission, or negligence by the Louisville and  
 15           Jefferson County Public Defender Corporation, its board of directors, officers,  
 16           employees, agents, contractors, or any other person carrying out the mission of  
 17           the Louisville and Jefferson County Public Defender Corporation. Claims made  
 18           against the Louisville and Jefferson County Public Defender Corporation shall  
 19           not be the responsibility of the Department of Public Advocacy, the insurer of any  
 20           insurance policy maintained by the Department of Public Advocacy, or the Office  
 21           of Claims and Appeals.

22           ➔Section 2. KRS 15A.020 is amended to read as follows:

23           (1) The Justice and Public Safety Cabinet shall have the following departments:

24           (a) Department of Corrections;

25           (b) Department of Criminal Justice Training, which shall have the following  
 26           divisions:

27           1. Training Operations Division; and

- 1           2.    Administrative Division;
- 2           (c)   Department of Juvenile Justice, which shall have the following offices and
- 3           divisions:
- 4           1.    Office of Program Operations, which shall have the following divisions:
- 5                a.    Division of Western Region;
- 6                b.    Division of Eastern Region; and
- 7                c.    Division of Placement Services;
- 8           2.    Office of Support Services, which shall have the following divisions:
- 9                a.    Division of Administrative Services;
- 10              b.    Division of Program Services; and
- 11              c.    Division of Professional Development;
- 12           3.    Office of Community and Mental Health Services, which shall have the
- 13           following division:
- 14              a.    Division of Community and Mental Health Services;
- 15           4.    Office of Detention, which shall require that all detention centers report
- 16           to one (1) supervisor who reports directly to the commissioner, and
- 17           which shall have the following division:
- 18              a.    Division of Transportation; and
- 19           5.    Division of Compliance;
- 20           (d)   Department of Kentucky State Police, which shall have the following offices
- 21           and divisions:
- 22           1.    Office of Administrative Services, which shall be headed by an
- 23           executive director who shall be appointed by the commissioner of the
- 24           Department of Kentucky State Police and who shall report to the
- 25           commissioner;
- 26              a.    Division of Operational Support, which shall be headed by a
- 27              director who shall be appointed by the commissioner of the

- 1 Department of Kentucky State Police and who shall report to the  
2 executive director of the Office of Administrative Services; and
- 3 b. Division of Management Services, which shall be headed by a  
4 director who shall be appointed by the commissioner of the  
5 Department of Kentucky State Police and who shall report to the  
6 executive director of the Office of Administrative Services;
- 7 2. Office of Operations, which shall be headed by an executive director  
8 who shall be appointed by the commissioner of the Department of  
9 Kentucky State Police and who shall report to the commissioner;
- 10 a. Division of West Troops, which shall be headed by a director who  
11 shall be appointed by the commissioner of the Department of  
12 Kentucky State Police and who shall report to the executive  
13 director of the Office of Operations;
- 14 b. Division of East Troops, which shall be headed by a director who  
15 shall be appointed by the commissioner of the Department of  
16 Kentucky State Police and who shall report to the executive  
17 director of the Office of Operations;
- 18 c. Division of Special Enforcement, which shall be headed by a  
19 director who shall be appointed by the commissioner of the  
20 Department of Kentucky State Police and who shall report to the  
21 executive director of the Office of Operations; and
- 22 d. Division of Commercial Vehicle Enforcement, which shall be  
23 headed by a director who shall be appointed by the commissioner  
24 of the Department of Kentucky State Police and who shall report  
25 to the executive director of the Office of Operations; and
- 26 3. Office of Technical Services, which shall be headed by an executive  
27 director who shall be appointed by the commissioner of the Department



- 1 of Kentucky State Police and who shall report to the commissioner;
- 2 a. Division of Forensic Services, which shall be headed by a director
- 3 who shall have a minimum of a bachelor's degree in a natural
- 4 science and at least seven (7) years of experience in an accredited
- 5 forensic laboratory, who shall be appointed by the commissioner
- 6 of the Department of Kentucky State Police, and who shall report
- 7 to the executive director of the Office of Technical Services;
- 8 b. Division of Electronic Services, which shall be headed by a
- 9 director who shall be appointed by the commissioner of the
- 10 Department of Kentucky State Police and who shall report to the
- 11 executive director of the Office of Technical Services; and
- 12 c. Division of Records Management, which shall be headed by a
- 13 director who shall be appointed by the commissioner of the
- 14 Department of Kentucky State Police and who shall report to the
- 15 executive director of the Office of Technical Services; and
- 16 (e) Department of Public Advocacy, which shall have the following divisions:
- 17 1. Protection and Advocacy Division;
- 18 2. Division of Law Operations;
- 19 3. Division of Trial Services;
- 20 4. Division of Post-Trial Services;~~and~~
- 21 5. Division of Conflict and Contract Services; and
- 22 6. Division of Education, Strategic Planning, and Recruitment.
- 23 (2) Each department, except for the Department of Public Advocacy, shall be headed
- 24 by a commissioner who shall be appointed by the secretary of the Justice and Public
- 25 Safety Cabinet with the approval of the Governor as required by KRS 12.040. Each
- 26 commissioner shall be directly responsible to the secretary and shall have such
- 27 functions, powers, and duties as provided by law and as the secretary may

1 prescribe. The Department of Public Advocacy shall be headed by the public  
2 advocate, appointed as required by KRS 31.020, who shall be directly responsible  
3 to the Public Advocacy Commission. The Department of Public Advocacy is an  
4 independent state agency which shall be attached to the Justice and Public Safety  
5 Cabinet for administrative purposes only. The Justice and Public Safety Cabinet  
6 shall not have control over the Department of Public Advocacy's information  
7 technology equipment and use unless granted access by court order.

8 (3) The Justice and Public Safety Cabinet shall have the following offices and  
9 divisions:

10 (a) Office of the Secretary, which shall be headed by a deputy secretary  
11 appointed pursuant to KRS 12.050 and responsible for the direct  
12 administrative support for the secretary and other duties as assigned by the  
13 secretary, and which, with the approval of the secretary, may employ such  
14 staff as necessary to perform the duties, functions, and responsibilities of the  
15 office;

16 (b) Office of Human Resource Management, which shall be headed by an  
17 executive director appointed pursuant to KRS 12.050 who shall be responsible  
18 to and report to the secretary and be responsible for all matters relating to  
19 human resources, and who, with the approval of the secretary, may employ  
20 such staff as necessary to perform the duties, functions, and responsibilities of  
21 the office;

22 1. Division of Human Resource Administration, which shall be headed by  
23 a director appointed pursuant to KRS 12.050 who shall report to the  
24 executive director of the Office of Human Resource Management; and

25 2. Division of Employee Management, which shall be headed by a director  
26 appointed pursuant to KRS 12.050 who shall report to the executive  
27 director of the Office of Human Resource Management;

1 (c) Office of Legal Services, which shall be headed by an executive director  
2 appointed pursuant to KRS 12.050 and 12.210, that:

- 3 1. Shall provide legal representation and services for the cabinet; and
- 4 2. May investigate all complaints regarding the facilities, staff, treatment  
5 of juveniles, and other matters relating to the operation of the Justice  
6 and Public Safety Cabinet. If it appears that there is a violation of  
7 statutes, administrative regulations, policies, court decisions, the rights  
8 of juveniles who are subject to the orders of the department, or any other  
9 matter relating to the Justice and Public Safety Cabinet, the office shall  
10 report to the secretary of the Justice and Public Safety Cabinet who  
11 shall, if required, refer the matter to a law enforcement agency,  
12 Commonwealth's attorney, county attorney, the Attorney General, or  
13 federal agencies, as appropriate. The office may be used to investigate  
14 matters in which there is a suspicion of violation of written policy,  
15 administrative regulation, or statutory law within the Department of  
16 Public Advocacy only when the investigation will have no prejudicial  
17 impact upon a person who has an existing attorney-client relationship  
18 with the Department of Public Advocacy. Notwithstanding the  
19 provisions of this subparagraph, investigation and discipline of KRS  
20 Chapter 16 personnel shall continue to be conducted by the Department  
21 of Kentucky State Police pursuant to KRS Chapter 16. The office shall  
22 conduct no other investigations under the authority granted in this  
23 subparagraph. The secretary may, by administrative order, assign the  
24 investigative functions in this subparagraph to a branch within the  
25 office.

26 The executive director shall be directly responsible to and report to the  
27 secretary and, with the approval of the secretary, may employ such attorneys

1 appointed pursuant to KRS 12.210 and other staff as necessary to perform the  
2 duties, functions, and responsibilities of the office;

3 (d) Office of Legislative and Intergovernmental Services, which shall be headed  
4 by an executive director appointed pursuant to KRS 12.050 who shall be  
5 responsible for all matters relating to the provision of support to the Criminal  
6 Justice Council, legislative liaison services, and functions and duties vested in  
7 the Criminal Justice Council as described in KRS 15A.030. The executive  
8 director shall be directly responsible to and report to the secretary and may  
9 employ such staff as necessary to perform the duties, functions, and  
10 responsibilities of the office;

11 (e) Office of Communications, which shall be headed by an executive director  
12 appointed by the secretary of the Justice and Public Safety Cabinet pursuant to  
13 KRS 12.050 who shall be responsible to report to the secretary and be  
14 responsible for all matters relating to communications, and who, with the  
15 approval of the secretary, may employ such staff as necessary to perform the  
16 duties, functions, and responsibilities of the office;

17 1. Information and Technology Services Division, which shall be headed  
18 by a director appointed by the secretary of the Justice and Public Safety  
19 Cabinet pursuant to KRS 12.050 who shall report to the executive  
20 director of the Office of Communications;

21 (f) Office of Financial Management Services, which shall be headed by an  
22 executive director appointed by the secretary of the Justice and Public Safety  
23 Cabinet pursuant to KRS 12.050 who shall be responsible to report to the  
24 secretary and be responsible for all matters relating to fiscal functions, and  
25 who, with the approval of the secretary, may employ such staff as necessary  
26 to perform the duties, functions, and responsibilities of the office;

27 1. Division of Financial Management, which shall be headed by a director

1 appointed by the secretary of the Justice and Public Safety Cabinet  
2 pursuant to KRS 12.050 who shall report to the executive director of the  
3 Office of Financial Management Services;

4 (g) Grants Management Division, which shall be headed by a director appointed  
5 by the secretary of the Justice and Public Safety Cabinet pursuant to KRS  
6 12.050 who shall be responsible to report to the secretary and be responsible  
7 for all matters relating to state and federal grants management, and who, with  
8 the approval of the secretary, may employ such staff as necessary to perform  
9 the duties, functions, and responsibilities of the office;

10 (h) Office of the Kentucky State Medical Examiner, which shall be headed by a  
11 chief medical examiner appointed pursuant to KRS 72.240 who shall be  
12 responsible for all matters relating to forensic pathology and forensic  
13 toxicology and other duties as assigned by the secretary. The executive  
14 director appointed pursuant to KRS 12.050 shall be responsible for all matters  
15 related to the administrative support of the Office of the State Medical  
16 Examiner. The executive director shall report directly to the secretary and  
17 with the approval of the secretary may employ such administrative support  
18 staff as necessary to perform the administrative duties, functions, and  
19 responsibilities of the office. The chief medical examiner shall be directly  
20 responsible to and report to the secretary and may employ such staff as  
21 necessary to perform the forensic duties, functions, and responsibilities of the  
22 office; and

23 (i) Office of Drug Control Policy, which shall be headed by an executive director  
24 appointed pursuant to KRS 12.050 who shall be responsible for all matters  
25 relating to the research, coordination, and execution of drug control policy  
26 and for the management of state and federal grants, including but not limited  
27 to the prevention and treatment related to substance abuse. By December 31

1 of each year, the Office of Drug Control Policy shall review, approve, and  
2 coordinate all current projects of any substance abuse program which is  
3 conducted by or receives funding through agencies of the executive branch.  
4 This oversight shall extend to all substance abuse programs which are  
5 principally related to the prevention or treatment, or otherwise targeted at the  
6 reduction, of substance abuse in the Commonwealth. The Office of Drug  
7 Control Policy shall promulgate administrative regulations consistent with  
8 enforcing this oversight authority. The executive director shall be directly  
9 responsible to and report to the secretary and may employ such staff as  
10 necessary to perform the duties, functions, and responsibilities of the office.

11 ➔Section 3. KRS 18A.115 is amended to read as follows:

- 12 (1) The classified service to which KRS 18A.005 to 18A.200 shall apply shall comprise  
13 all positions in the state service now existing or hereafter established, except the  
14 following:
- 15 (a) The General Assembly and employees of the General Assembly, including the  
16 employees of the Legislative Research Commission;
  - 17 (b) Officers elected by popular vote and persons appointed to fill vacancies in  
18 elective offices;
  - 19 (c) Members of boards and commissions;
  - 20 (d) Officers and employees on the staff of the Governor, the Lieutenant  
21 Governor, the Office of the Secretary of the Governor's Cabinet, and the  
22 Office of Program Administration;
  - 23 (e) Cabinet secretaries, commissioners, office heads, and the administrative heads  
24 of all boards and commissions, including the executive director of Kentucky  
25 Educational Television;
  - 26 (f) Employees of Kentucky Educational Television who have been determined to  
27 be exempt from classified service by the Kentucky Authority for Educational

1 Television, which shall have sole authority over such exempt employees for  
2 employment, dismissal, and setting of compensation, up to the maximum  
3 established for the executive director and his *or her* principal assistants;

4 (g) One (1) principal assistant or deputy for each person exempted under  
5 subsection (1)(e) of this section;

6 (h) One (1) additional principal assistant or deputy as may be necessary for  
7 making and carrying out policy for each person exempted under subsection  
8 (1)(e) of this section in those instances in which the nature of the functions,  
9 size, or complexity of the unit involved are such that the secretary approves  
10 such an addition on petition of the relevant cabinet secretary or department  
11 head and such other principal assistants, deputies, or other major assistants as  
12 may be necessary for making and carrying out policy for each person  
13 exempted under subsection (1)(e) of this section in those instances in which  
14 the nature of the functions, size, or complexity of the unit involved are such  
15 that the board may approve such an addition or additions on petition of the  
16 department head approved by the secretary. Effective August 1, 2010:

17 1. All positions approved under this paragraph prior to August 1, 2010,  
18 shall be abolished effective December 31, 2010, unless reapproved  
19 under subparagraph 2. of this paragraph; and

20 2. A position approved under this paragraph on or after August 1, 2010,  
21 shall be approved for a period of five (5) years, after which time the  
22 position shall be abolished unless reapproved under this subparagraph  
23 for an additional five (5) year period;

24 (i) Division directors subject to the provisions of KRS 18A.170. Division  
25 directors in the classified service as of January 1, 1980, shall remain in the  
26 classified service;

27 (j) Physicians employed as such;

- 1 (k) One (1) private secretary for each person exempted under subsection (1)(e),  
2 (g), and (h) of this section;
- 3 (l) The judicial department, referees, receivers, jurors, and notaries public;
- 4 (m) Officers and members of the staffs of state universities and colleges and  
5 student employees of such institutions; officers and employees of the  
6 Teachers' Retirement System; and officers, teachers, and employees of local  
7 boards of education;
- 8 (n) Patients or inmates employed in state institutions;
- 9 (o) Persons employed in a professional or scientific capacity to make or conduct a  
10 temporary or special inquiry, investigation, or examination on behalf of the  
11 General Assembly, or a committee thereof, or by authority of the Governor,  
12 and persons employed by state agencies for a specified, limited period to  
13 provide professional, technical, scientific, or artistic services under the  
14 provisions of KRS 45A.690 to 45A.725;
- 15 (p) Interim employees;
- 16 (q) Officers and members of the state militia;
- 17 (r) Department of Kentucky State Police troopers;
- 18 (s) University or college engineering students or other students employed part-  
19 time or part-year by the state through special personnel recruitment programs;  
20 provided that while so employed such aides shall be under contract to work  
21 full-time for the state after graduation for a period of time approved by the  
22 commissioner or shall be participants in a cooperative education program  
23 approved by the commissioner;
- 24 (t) Superintendents of state mental institutions, including heads of centers for  
25 individuals with an intellectual disability, and penal and correctional  
26 institutions as referred to in KRS 196.180(2);
- 27 (u) Staff members of the Kentucky Historical Society, if they are hired in



- 1           accordance with KRS 171.311;
- 2           (v) County and Commonwealth's attorneys and their respective appointees;
- 3           (w) Chief district engineers and the state highway engineer;
- 4           (x) Veterinarians employed as such by the Kentucky Horse Racing Commission;
- 5           (y) Employees of the Kentucky Peace Corps;
- 6           (z) Employees of the Council on Postsecondary Education;
- 7           (aa) Executive director of the Commonwealth Office of Technology;
- 8           (ab) Employees of Serve Kentucky;
- 9           (ac) Persons employed in certified teaching positions at the Kentucky School for
- 10           the Blind and the Kentucky School for the Deaf;
- 11           (ad) Federally funded time-limited employees as defined in KRS 18A.005; and
- 12           (ae) Employees of the Department of Agriculture who are employed to support the
- 13           Agricultural Development Board and the Kentucky Agricultural Finance
- 14           Corporation.
- 15       (2) Nothing in KRS 18A.005 to 18A.200 is intended, or shall be construed, to alter or
- 16       amend the provisions of KRS 150.022 and 150.061.
- 17       (3) Nothing in KRS 18A.005 to 18A.200 is intended or shall be construed to affect any
- 18       nonmanagement, nonpolicy-making position which must be included in the
- 19       classified service as a prerequisite to the grant of federal funds to a state agency.
- 20       (4) Career employees within the classified service promoted to positions exempted
- 21       from classified service shall, upon termination of their employment in the exempted
- 22       service, revert to a position in that class in the agency from which they were
- 23       terminated if a vacancy in that class exists. If no such vacancy exists, they shall be
- 24       considered for employment in any vacant position for which they were qualified
- 25       pursuant to KRS 18A.130 and 18A.135.
- 26       (5) Nothing in KRS 18A.005 to 18A.200 shall be construed as precluding appointing
- 27       officers from filling unclassified positions in the manner in which positions in the

1 classified service are filled except as otherwise provided in KRS 18A.005 to  
2 18A.200.

3 (6) The positions of employees who are transferred, effective July 1, 1998, from the  
4 Cabinet for Workforce Development to the Kentucky Community and Technical  
5 College System shall be abolished and the employees' names removed from the  
6 roster of state employees. Employees that are transferred, effective July 1, 1998, to  
7 the Kentucky Community and Technical College System under KRS Chapter 164  
8 shall have the same benefits and rights as they had under KRS Chapter 18A and  
9 have under KRS 164.5805; however, they shall have no guaranteed reemployment  
10 rights in the KRS Chapter 151B or KRS Chapter 18A personnel systems. An  
11 employee who seeks reemployment in a state position under KRS Chapter 151B or  
12 KRS Chapter 18A shall have years of service in the Kentucky Community and  
13 Technical College System counted towards years of experience for calculating  
14 benefits and compensation.

15 (7) On August 15, 2000, all certified and equivalent personnel, all unclassified  
16 personnel, and all certified and equivalent and unclassified vacant positions in the  
17 Department for Adult Education and Literacy shall be transferred from the  
18 personnel system under KRS Chapter 151B to the personnel system under KRS  
19 Chapter 18A. The positions shall be deleted from the KRS Chapter 151B personnel  
20 system. All records shall be transferred including accumulated annual leave, sick  
21 leave, compensatory time, and service credit for each affected employee. The  
22 personnel officers who administer the personnel systems under KRS Chapter 151B  
23 and KRS Chapter 18A shall exercise the necessary administrative procedures to  
24 effect the change in personnel authority. No certified or equivalent employee in the  
25 Department for Adult Education and Literacy shall suffer any penalty in the  
26 transfer.

27 (8) On August 15, 2000, secretaries and assistants attached to policymaking positions

1 in the Department for Technical Education and the Department for Adult Education  
2 and Literacy shall be transferred from the personnel system under KRS Chapter  
3 151B to the personnel system under KRS Chapter 18A. The positions shall be  
4 deleted from the KRS Chapter 151B system. All records shall be transferred  
5 including accumulated annual leave, sick leave, compensatory time, and service  
6 credit for each affected employee. No employee shall suffer any penalty in the  
7 transfer.

8 (9) On May 1, 2017, all contract employees of Eastern Kentucky University who are  
9 engaged in providing instructional and support services to the Department of  
10 Criminal Justice Training shall be transferred to the personnel system under KRS  
11 Chapter 18A. All records shall be transferred, including accumulated annual leave,  
12 sick leave, compensatory time, and service credit for each affected employee. The  
13 personnel officers who administer the personnel systems for Eastern Kentucky  
14 University and under KRS Chapter 18A shall exercise the necessary administrative  
15 procedures to effect the change in personnel authority. No employee shall suffer  
16 any penalty in the transfer.

17 **(10) On July 1, 2024, all employees of the Louisville and Jefferson County Public**  
18 **Defender Corporation shall be transferred to the personnel system under KRS**  
19 **Chapter 18A. Records of each employee's job classification, compensation, dates**  
20 **of employment, dates of professional licensure, probationary status, accumulated**  
21 **leave balances by category, months of service, and any other information**  
22 **necessary under KRS Chapter 18A shall be transferred. The personnel officers**  
23 **who administer the personnel systems for the Louisville and Jefferson County**  
24 **Public Defender Corporation and under KRS Chapter 18A shall exercise the**  
25 **necessary administrative procedures to effect the change in the personnel**  
26 **authority. No employee shall suffer any penalty in the transfer.**

27 ➔Section 4. KRS 61.510 is amended to read as follows:

1 As used in KRS 61.510 to 61.705, unless the context otherwise requires:

- 2 (1) "System" means the Kentucky Employees Retirement System created by KRS  
3 61.510 to 61.705;
- 4 (2) "Board" means the board of trustees of the system as provided in KRS 61.645;
- 5 (3) "Department" means any state department or board or agency participating in the  
6 system in accordance with appropriate executive order, as provided in KRS 61.520.  
7 For purposes of KRS 61.510 to 61.705, the members, officers, and employees of the  
8 General Assembly and any other body, entity, or instrumentality designated by  
9 executive order by the Governor, shall be deemed to be a department,  
10 notwithstanding whether said body, entity, or instrumentality is an integral part of  
11 state government;
- 12 (4) "Examiner" means the medical examiners as provided in KRS 61.665;
- 13 (5) "Employee" means the members, officers, and employees of the General Assembly  
14 and every regular full-time, appointed or elective officer or employee of a  
15 participating department, including the Department of Military Affairs. The term  
16 does not include persons engaged as independent contractors, seasonal, emergency,  
17 temporary, interim, and part-time workers. In case of any doubt, the board shall  
18 determine if a person is an employee within the meaning of KRS 61.510 to 61.705;
- 19 (6) "Employer" means a department or any authority of a department having the power  
20 to appoint or select an employee in the department, including the Senate and the  
21 House of Representatives, or any other entity, the employees of which are eligible  
22 for membership in the system pursuant to KRS 61.525;
- 23 (7) "State" means the Commonwealth of Kentucky;
- 24 (8) "Member" means any employee who is included in the membership of the system  
25 or any former employee whose membership has not been terminated under KRS  
26 61.535;
- 27 (9) "Service" means the total of current service and prior service as defined in this

1 section;

2 (10) "Current service" means the number of years and months of employment as an  
3 employee, on and after July 1, 1956, except that for members, officers, and  
4 employees of the General Assembly this date shall be January 1, 1960, for which  
5 creditable compensation is paid and employee contributions deducted, except as  
6 otherwise provided, and each member, officer, and employee of the General  
7 Assembly shall be credited with a month of current service for each month he or  
8 she serves in the position;

9 (11) "Prior service" means the number of years and completed months, expressed as a  
10 fraction of a year, of employment as an employee, prior to July 1, 1956, for which  
11 creditable compensation was paid; except that for members, officers, and  
12 employees of the General Assembly, this date shall be January 1, 1960. An  
13 employee shall be credited with one (1) month of prior service only in those months  
14 he or she received compensation for at least one hundred (100) hours of work;  
15 provided, however, that each member, officer, and employee of the General  
16 Assembly shall be credited with a month of prior service for each month he or she  
17 served in the position prior to January 1, 1960. Twelve (12) months of current  
18 service in the system are required to validate prior service;

19 (12) "Accumulated contributions" at any time means the sum of all amounts deducted  
20 from the compensation of a member and credited to his or her individual account in  
21 the members' account, including employee contributions picked up after August 1,  
22 1982, pursuant to KRS 61.560(4), together with interest credited, on such amounts  
23 and any other amounts the member shall have contributed thereto, including interest  
24 credited thereon. For members who begin participating on or after September 1,  
25 2008, "accumulated contributions" shall not include employee contributions that are  
26 deposited into accounts established pursuant to 26 U.S.C. sec. 401(h) within the  
27 funds established in KRS 16.510 and 61.515, as prescribed by KRS 61.702(3)(b);

1 (13) "Creditable compensation":

2 (a) Means all salary, wages, tips to the extent the tips are reported for income tax  
3 purposes, and fees, including payments for compensatory time, paid to the  
4 employee as a result of services performed for the employer or for time during  
5 which the member is on paid leave, which are includable on the member's  
6 federal form W-2 wage and tax statement under the heading "wages, tips,  
7 other compensation," including employee contributions picked up after  
8 August 1, 1982, pursuant to KRS 61.560(4). For members of the General  
9 Assembly, it shall mean all amounts which are includable on the member's  
10 federal form W-2 wage and tax statement under the heading "wages, tips,  
11 other compensation," including employee contributions picked up after  
12 August 1, 1982, pursuant to KRS 6.505(4) or 61.560(4);

13 (b) Includes:

- 14 1. Lump-sum bonuses, severance pay, or employer-provided payments for  
15 purchase of service credit, which shall be averaged over the employee's  
16 total service with the system in which it is recorded if it is equal to or  
17 greater than one thousand dollars (\$1,000);
- 18 2. Cases where compensation includes maintenance and other perquisites,  
19 but the board shall fix the value of that part of the compensation not paid  
20 in money;
- 21 3. Lump-sum payments for creditable compensation paid as a result of an  
22 order of a court of competent jurisdiction, the Personnel Board, or the  
23 Commission on Human Rights, or for any creditable compensation paid  
24 in anticipation of settlement of an action before a court of competent  
25 jurisdiction, the Personnel Board, or the Commission on Human Rights,  
26 including notices of violations of state or federal wage and hour statutes  
27 or violations of state or federal discrimination statutes, which shall be

1 credited to the fiscal year during which the wages were earned or should  
2 have been paid by the employer. This subparagraph shall also include  
3 lump-sum payments for reinstated wages pursuant to KRS 61.569,  
4 which shall be credited to the period during which the wages were  
5 earned or should have been paid by the employer;

- 6 4. Amounts which are not includable in the member's gross income by  
7 virtue of the member having taken a voluntary salary reduction provided  
8 for under applicable provisions of the Internal Revenue Code; and
- 9 5. Elective amounts for qualified transportation fringes paid or made  
10 available on or after January 1, 2001, for calendar years on or after  
11 January 1, 2001, that are not includable in the gross income of the  
12 employee by reason of 26 U.S.C. sec. 132(f)(4); and

13 (c) Excludes:

- 14 1. Living allowances, expense reimbursements, lump-sum payments for  
15 accrued vacation leave, and other items determined by the board;
- 16 2. For employees who begin participating on or after September 1, 2008,  
17 lump-sum payments for compensatory time;
- 18 3. For employees who begin participating on or after August 1, 2016,  
19 nominal fees paid for services as a volunteer; and
- 20 4. Any salary or wages paid to an employee for services as a Kentucky  
21 State Police school resource officer as defined by KRS 158.441;

22 (14) "Final compensation" of a member means:

- 23 (a) For a member who begins participating before September 1, 2008, who is  
24 employed in a nonhazardous position, the creditable compensation of the  
25 member during the five (5) fiscal years he or she was paid at the highest  
26 average monthly rate divided by the number of months of service credit  
27 during that five (5) year period multiplied by twelve (12). The five (5) years

1           may be fractional and need not be consecutive. If the number of months of  
2           service credit during the five (5) year period is less than forty-eight (48), one  
3           (1) or more additional fiscal years shall be used;

4           (b) For a member who is employed in a nonhazardous position, whose effective  
5           retirement date is between August 1, 2001, and January 1, 2009, and whose  
6           total service credit is at least twenty-seven (27) years and whose age and years  
7           of service total at least seventy-five (75), final compensation means the  
8           creditable compensation of the member during the three (3) fiscal years the  
9           member was paid at the highest average monthly rate divided by the number  
10          of months of service credit during that three (3) years period multiplied by  
11          twelve (12). The three (3) years may be fractional and need not be  
12          consecutive. If the number of months of service credit during the three (3)  
13          year period is less than twenty-four (24), one (1) or more additional fiscal  
14          years shall be used. Notwithstanding the provision of KRS 61.565, the  
15          funding for this paragraph shall be provided from existing funds of the  
16          retirement allowance;

17          (c) For a member who begins participating before September 1, 2008, who is  
18          employed in a hazardous position, as provided in KRS 61.592, the creditable  
19          compensation of the member during the three (3) fiscal years he or she was  
20          paid at the highest average monthly rate divided by the number of months of  
21          service credit during that three (3) year period multiplied by twelve (12). The  
22          three (3) years may be fractional and need not be consecutive. If the number  
23          of months of service credit during the three (3) year period is less than twenty-  
24          four (24), one (1) or more additional fiscal years shall be used;

25          (d) For a member who begins participating on or after September 1, 2008, but  
26          prior to January 1, 2014, who is employed in a nonhazardous position, the  
27          creditable compensation of the member during the five (5) complete fiscal



1 years immediately preceding retirement divided by five (5). Each fiscal year  
2 used to determine final compensation must contain twelve (12) months of  
3 service credit. If the member does not have five (5) complete fiscal years that  
4 each contain twelve (12) months of service credit, then one (1) or more  
5 additional fiscal years, which may contain less than twelve (12) months of  
6 service credit, shall be added until the number of months in the final  
7 compensation calculation is at least sixty (60) months; or

8 (e) For a member who begins participating on or after September 1, 2008, but  
9 prior to January 1, 2014, who is employed in a hazardous position as provided  
10 in KRS 61.592, the creditable compensation of the member during the three  
11 (3) complete fiscal years he or she was paid at the highest average monthly  
12 rate divided by three (3). Each fiscal year used to determine final  
13 compensation must contain twelve (12) months of service credit. If the  
14 member does not have three (3) complete fiscal years that each contain twelve  
15 (12) months of service credit, then one (1) or more additional fiscal years,  
16 which may contain less than twelve (12) months of service credit, shall be  
17 added until the number of months in the final compensation calculation is at  
18 least thirty-six (36) months;

19 (15) "Final rate of pay" means the actual rate upon which earnings of an employee were  
20 calculated during the twelve (12) month period immediately preceding the  
21 member's effective retirement date, including employee contributions picked up  
22 after August 1, 1982, pursuant to KRS 61.560(4). The rate shall be certified to the  
23 system by the employer and the following equivalents shall be used to convert the  
24 rate to an annual rate: two thousand eighty (2,080) hours for eight (8) hour  
25 workdays, nineteen hundred fifty (1,950) hours for seven and one-half (7-1/2) hour  
26 workdays, two hundred sixty (260) days, fifty-two (52) weeks, twelve (12) months,  
27 one (1) year;

- 1 (16) "Retirement allowance" means the retirement payments to which a member is  
2 entitled;
- 3 (17) "Actuarial equivalent" means a benefit of equal value when computed upon the  
4 basis of the actuarial tables that are adopted by the board. In cases of disability  
5 retirement, the options authorized by KRS 61.635 shall be computed by adding ten  
6 (10) years to the age of the member, unless the member has chosen the Social  
7 Security adjustment option as provided for in KRS 61.635(8), in which case the  
8 member's actual age shall be used. For members who began participating in the  
9 system prior to January 1, 2014, no disability retirement option shall be less than  
10 the same option computed under early retirement;
- 11 (18) "Normal retirement date" means the sixty-fifth birthday of a member, unless  
12 otherwise provided in KRS 61.510 to 61.705;
- 13 (19) "Fiscal year" of the system means the twelve (12) months from July 1 through the  
14 following June 30, which shall also be the plan year. The "fiscal year" shall be the  
15 limitation year used to determine contribution and benefit limits as established by  
16 26 U.S.C. sec. 415;
- 17 (20) "Officers and employees of the General Assembly" means the occupants of those  
18 positions enumerated in KRS 6.150. The term shall also apply to assistants who  
19 were employed by the General Assembly for at least one (1) regular legislative  
20 session prior to July 13, 2004, who elect to participate in the retirement system, and  
21 who serve for at least six (6) regular legislative sessions. Assistants hired after July  
22 13, 2004, shall be designated as interim employees;
- 23 (21) "Regular full-time positions," as used in subsection (5) of this section, shall mean  
24 all positions that average one hundred (100) or more hours per month determined  
25 by using the number of months actually worked within a calendar or fiscal year,  
26 including all positions except:
- 27 (a) Seasonal positions, which although temporary in duration, are positions which

- 1 coincide in duration with a particular season or seasons of the year and which  
2 may recur regularly from year to year, the period of time shall not exceed nine  
3 (9) months;
- 4 (b) Emergency positions which are positions utilized by the employer during:
- 5 1. An emergency as determined by the employer for a period not  
6 exceeding thirty (30) working days and are nonrenewable; or  
7 2. A state of emergency declared by the President of the United States or  
8 the Governor of the Commonwealth of Kentucky that are created or  
9 filled specifically for addressing the employer's needs during and as a  
10 result of the declared emergency;
- 11 (c) Temporary positions which are positions of employment with a participating  
12 department for a period of time not to exceed nine (9) months and are  
13 nonrenewable;
- 14 (d) Part-time positions which are positions which may be permanent in duration,  
15 but which require less than a calendar or fiscal year average of one hundred  
16 (100) hours of work per month, determined by using the number of months  
17 actually worked within a calendar or fiscal year, in the performance of duty;  
18 and
- 19 (e) Interim positions which are positions established for a one-time or recurring  
20 need not to exceed nine (9) months;
- 21 (22) "Vested" for purposes of determining eligibility for purchasing service credit under  
22 KRS 61.552 means the employee has at least forty-eight (48) months of service if  
23 age sixty-five (65) or older or at least sixty (60) months of service if under the age  
24 of sixty-five (65). For purposes of this subsection, "service" means service in the  
25 systems administered by the Kentucky Retirement Systems and County Employees  
26 Retirement System;
- 27 (23) "Parted employer" means a department, portion of a department, board, or agency,

1 such as Outwood Hospital and School, which previously participated in the system,  
2 but due to lease or other contractual arrangement is now operated by a publicly held  
3 corporation or other similar organization, and therefore is no longer participating in  
4 the system. The term "parted employer" shall not include a department, board, or  
5 agency that ceased participation in the system pursuant to KRS 61.522;

6 (24) "Retired member" means any former member receiving a retirement allowance or  
7 any former member who has filed the necessary documents for retirement benefits  
8 and is no longer contributing to the retirement system;

9 (25) "Current rate of pay" means the member's actual hourly, daily, weekly, biweekly,  
10 monthly, or yearly rate of pay converted to an annual rate as defined in final rate of  
11 pay. The rate shall be certified by the employer;

12 (26) "Beneficiary" means the person or persons or estate or trust or trustee designated by  
13 the member in accordance with KRS 61.542 or 61.705 to receive any available  
14 benefits in the event of the member's death. As used in KRS 61.702, "beneficiary"  
15 does not mean an estate, trust, or trustee;

16 (27) "Recipient" means the retired member or the person or persons designated as  
17 beneficiary by the member and drawing a retirement allowance as a result of the  
18 member's death or a dependent child drawing a retirement allowance. An alternate  
19 payee of a qualified domestic relations order shall not be considered a recipient,  
20 except for purposes of KRS 61.623;

21 (28) "Level percentage of payroll amortization method" means a method of determining  
22 the annual amortization payment on the unfunded actuarial accrued liability as  
23 expressed as a percentage of payroll over a set period of years but that may be  
24 converted to a dollar value for purposes of KRS 61.565(1)(d). Under this method,  
25 the percentage of payroll shall be projected to remain constant for all years  
26 remaining in the set period of time and the unfunded actuarially accrued liability  
27 shall be projected to be fully amortized at the conclusion of the set period of years;

- 1 (29) "Increment" means twelve (12) months of service credit which are purchased. The  
2 twelve (12) months need not be consecutive. The final increment may be less than  
3 twelve (12) months;
- 4 (30) "Person" means a natural person;
- 5 (31) "Retirement office" means the Kentucky Public Pensions Authority's office  
6 building in Frankfort, unless otherwise designated by the Kentucky Public Pensions  
7 Authority;
- 8 (32) "Last day of paid employment" means the last date employer and employee  
9 contributions are required to be reported in accordance with KRS 16.543, 61.543, or  
10 78.615 to the retirement office in order for the employee to receive current service  
11 credit for the month. Last day of paid employment does not mean a date the  
12 employee receives payment for accrued leave, whether by lump sum or otherwise,  
13 if that date occurs twenty-four (24) or more months after previous contributions;
- 14 (33) "Objective medical evidence" means reports of examinations or treatments; medical  
15 signs which are anatomical, physiological, or psychological abnormalities that can  
16 be observed; psychiatric signs which are medically demonstrable phenomena  
17 indicating specific abnormalities of behavior, affect, thought, memory, orientation,  
18 or contact with reality; or laboratory findings which are anatomical, physiological,  
19 or psychological phenomena that can be shown by medically acceptable laboratory  
20 diagnostic techniques, including but not limited to chemical tests,  
21 electrocardiograms, electroencephalograms, X-rays, and psychological tests;
- 22 (34) "Participating" means an employee is currently earning service credit in the system  
23 as provided in KRS 61.543;
- 24 (35) "Month" means a calendar month;
- 25 (36) "Membership date" means:
- 26 (a) The date upon which the member began participating in the system as  
27 provided in KRS 61.543;

- 1 (b) For a member electing to participate in the system pursuant to KRS  
2 196.167(4) or 311A.022(2) who has not previously participated in the system  
3 or the Kentucky Teachers' Retirement System, the date the member began  
4 participating in a defined contribution plan that meets the requirements of 26  
5 U.S.C. sec. 403(b);~~or~~
- 6 (c) For members bound by an educational contract as a conditional employee to  
7 the state of Kentucky prior to December 31, 2003, the date on which the  
8 educational contract became effective; or
- 9 **(d) For a member participating in the system pursuant to Section 1 of this Act,**  
10 **the earlier of the date upon which the member began participating in the**  
11 **system under paragraph (a) of this subsection or the date the member began**  
12 **employment with the Louisville and Jefferson County Public Defender**  
13 **Corporation;**
- 14 (37) "Participant" means a member, as defined by subsection (8) of this section, or a  
15 retired member, as defined by subsection (24) of this section;
- 16 (38) "Qualified domestic relations order" means any judgment, decree, or order,  
17 including approval of a property settlement agreement, that:
- 18 (a) Is issued by a court or administrative agency; and  
19 (b) Relates to the provision of child support, alimony payments, or marital  
20 property rights to an alternate payee;
- 21 (39) "Alternate payee" means a spouse, former spouse, child, or other dependent of a  
22 participant, who is designated to be paid retirement benefits in a qualified domestic  
23 relations order;
- 24 (40) "Accumulated employer credit" mean the employer pay credit deposited to the  
25 member's account and interest credited on such amounts as provided by KRS  
26 16.583 and 61.597;
- 27 (41) "Accumulated account balance" means:

1 (a) For members who began participating in the system prior to January 1, 2014,  
2 the member's accumulated contributions; or

3 (b) For members who began participating in the system on or after January 1,  
4 2014, in the hybrid cash balance plan as provided by KRS 16.583 and 61.597,  
5 the combined sum of the member's accumulated contributions and the  
6 member's accumulated employer credit;

7 (42) "Volunteer" means an individual who:

8 (a) Freely and without pressure or coercion performs hours of service for an  
9 employer participating in one (1) of the systems administered by Kentucky  
10 Retirement Systems without receipt of compensation for services rendered,  
11 except for reimbursement of actual expenses, payment of a nominal fee to  
12 offset the costs of performing the voluntary services, or both; and

13 (b) If a retired member, does not become an employee, leased employee, or  
14 independent contractor of the employer for which he or she is performing  
15 volunteer services for a period of at least twelve (12) months following the  
16 retired member's most recent retirement date;

17 (43) "Nominal fee" means compensation earned for services as a volunteer that does not  
18 exceed five hundred dollars (\$500) per month with each participating employer.  
19 Compensation earned for services as a volunteer from more than one (1)  
20 participating employer during a month shall not be aggregated to determine whether  
21 the compensation exceeds the five hundred dollars (\$500) per month maximum  
22 provided by this subsection;

23 (44) "Nonhazardous position" means a position that does not meet the requirements of  
24 KRS 61.592 or has not been approved by the board as a hazardous position;

25 (45) "Monthly average pay" means:

26 (a) In the case of a member who dies as a direct result of an act in line of duty as  
27 defined in KRS 16.505 or who dies as a result of a duty-related injury as

1 defined in KRS 61.621, the higher of the member's monthly final rate of pay  
2 or the average monthly creditable compensation earned by the deceased  
3 member during his or her last twelve (12) months of employment; or

4 (b) In the case where a member becomes totally and permanently disabled as a  
5 direct result of an act in line of duty as defined in KRS 16.505 or becomes  
6 disabled as a result of a duty-related injury as defined in KRS 61.621 and is  
7 eligible for the benefits provided by KRS 61.621(5)(a), the higher of the  
8 member's monthly final rate of pay or the average monthly creditable  
9 compensation earned by the disabled member during his or her last twelve  
10 (12) months of employment prior to the date the act in line of duty or duty-  
11 related injury occurred;

12 (46) "Authority" means the Kentucky Public Pensions Authority as provided by KRS  
13 61.505;

14 (47) "Executive director" means the executive director of the Kentucky Public Pensions  
15 Authority; and

16 (48) "Instructional staff" means the employees of a state college or university  
17 participating under KRS 61.520 who are:

18 (a) Faculty;

19 (b) Staff responsible for teaching; or

20 (c) Other individuals employed in an administrative position that is eligible for  
21 participation in the Teachers' Insurance and Annuity Association (TIAA) of  
22 the Teachers' Retirement System.

23 ➔Section 5. KRS 61.552 is amended to read as follows:

24 (1) Called to Active Duty Military Service. An employee of an employer participating  
25 in the system who is called to active military duty in the Armed Forces of the  
26 United States shall be credited in accordance with 38 U.S.C. sec. 4318 with service  
27 credit, creditable compensation, and in the case of employees participating in the



1 hybrid cash balance plan, employee contributions, employer credits, and interest  
2 credits, for a period of active military duty of up to six (6) years, provided:

3 (a) The employee was called to active military duty in the Armed Forces of the  
4 United States:

5 1. After he or she began participating in the system and provided the  
6 employee was on leave of absence from the employer and did not  
7 withdraw his or her accumulated account balance; or

8 2. Prior to the date he or she began participating in the system and  
9 terminated employment with his or her employer;

10 (b) The employee entered active military service within three (3) months of his or  
11 her last day of paid employment;

12 (c) His or her discharge military service was terminated in a manner other than as  
13 described in 38 U.S.C. sec. 4304; and

14 (d) He or she returns to work with an employer participating in the system within  
15 two (2) years after completion of the period of active military duty, or upon  
16 the subsequent termination of any total disability which existed at the  
17 expiration of the two (2) years after discharge.

18 For periods of active military duty that meet the requirements of this subsection, the  
19 employer shall pay the employer contributions payable under KRS 61.565, 61.702,  
20 78.5536, and 78.635.

21 (2) (a) Omitted Service. Any person who is entitled to service credit for employment  
22 which was not reported by the employer in accordance with KRS 16.543,  
23 61.543, or 78.615 may obtain credit for the service subject to the provisions of  
24 this subsection.

25 (b) Provided the person pays for the omitted service with within six (6) months of  
26 notification by the system, the cost of the service shall be equal to the  
27 employee contributions that would have been paid if the person had been

1 correctly reported in accordance with KRS 16.543, 61.543, or 78.615.

2 (c) Any employee participating in one (1) of the state-administered retirement  
3 systems entitled to service credit under paragraph (a) of this subsection who  
4 has not repaid the employee contributions due within six (6) months of  
5 notification by the system may purchase the credit after the six (6) months by  
6 paying to the system the employee contributions plus interest at the actuarially  
7 assumed rate from the date of initial notification under paragraph (b) of this  
8 subsection.

9 (d) Omitted service purchased under this subsection shall:

10 1. Be considered service credited under KRS 16.543(1), 61.543(1), or  
11 78.615(1) for purposes of determining eligibility for retirement benefits  
12 under KRS 78.510 to 78.852; and

13 2. Not be credited to the member's account until the employer  
14 contributions due and any interest or penalties on the delinquent  
15 employer contributions for the period of omitted service are received by  
16 the system.

17 (e) Employees who begin participating on or after January 1, 2014, in the hybrid  
18 cash balance plan provided by KRS 16.583 or 61.597 or 78.5512 or 78.5516  
19 shall, upon payment of the employee and employer contributions due under  
20 this subsection, have their accumulated account balance increased by the  
21 employee contributions, employer pay credits, and interest credits that would  
22 have been credited to their member's account if the contributions had been  
23 paid on time.

24 (f) Contributions payable by the employer under this subsection for omitted  
25 service shall be considered delinquent from the date the employee should  
26 have been reported and received service credit in accordance with KRS  
27 16.543, 61.543, and 78.615.

- 1 (3) (a) Recontribution of a Refund. Any employee participating in one (1) of the  
2 state-administered retirement systems who has been refunded his or her  
3 accumulated account balance under the provisions of KRS 61.625, thereby  
4 losing service credit in the system, may regain the credit by paying to the  
5 system the amount or amounts refunded by the system with interest at a rate  
6 determined by the board. Service purchased under this subsection on or after  
7 January 1, 2014, shall not be used to determine the member's participation  
8 date in the systems.
- 9 (b) Recontribution of a refund purchased under this subsection shall not be used  
10 in determining a retirement allowance until the member has accrued at least  
11 six (6) months of service credit in a state-administered retirement system,  
12 excluding the service purchased under this subsection. If the member does not  
13 accrue at least six (6) months of service credit in a state-administered  
14 retirement system, excluding service purchased under this subsection, then the  
15 payment plus interest as provided in KRS 16.560, 61.575, or 78.640 shall be  
16 refunded upon retirement, death, or written request following termination of  
17 employment. The service requirement shall be waived if the member dies or  
18 becomes disabled as provided for by KRS 16.582, 61.600, 61.621, 78.5522, or  
19 78.5524.
- 20 (4) (a) Summer Months. Any employee participating in one (1) of the state-  
21 administered retirement systems who is or has been employed by a school  
22 board or community action agency participating in the County Employees  
23 Retirement System or a state-operated school under KRS Chapter 167 or an  
24 institution of higher learning participating in the Kentucky Employees  
25 Retirement System, who receives service credit for less than twelve (12)  
26 months each year, may purchase the additional months of service credit  
27 needed to total one (1) year of service credit, except the amount purchased for

1           any specific year shall not exceed three (3) months.

2           (b) The cost of the summer months service credit shall be determined by the  
3           formula established by subsection (10) of this section and may be purchased  
4           by the employee, or the employer on behalf of the employee, or the cost may  
5           be paid by both the employer and employee in which case the employer and  
6           employee shall each pay fifty percent (50%) of the cost. Service credit shall  
7           not be credited to the member's account until both the employer's and  
8           employee's payment are received by the system.

9           (c) If the employee has purchased service credit under this subsection based on  
10          months reported by the employer for the fiscal year, and an audit of the  
11          employee's account reduces the number of months of service credit for which  
12          the employee is eligible to no fewer than nine (9) months, the employee shall  
13          retain credit for the months purchased unless the employee is ineligible for  
14          any service in the fiscal year. The employee shall be eligible to purchase the  
15          additional months under this subsection to total one (1) year.

16          (d) This subsection shall not apply to members who began participating in the  
17          County Employees Retirement System on or after January 1, 2014.

18       (5) Vested Service Purchases. Any employee who began participating in the County  
19       Employees Retirement System, the Kentucky Employees Retirement System, or the  
20       State Police Retirement System prior to January 1, 2014, who is vested, unless  
21       exempted under Section 1 of this Act, may purchase service credit for:

22       (a) Past service. "Past service" means periods of employment:

23           1. Between July 1, 1956, in the case of the Kentucky Employees  
24           Retirement System, or July 1, 1958, in the case of the County  
25           Employees Retirement System, and the effective date of participation by  
26           the employer;

27           2. Where the employee did not participate in the system due to the

1 employee not electing to participate as provided in KRS 61.525(2) or  
2 78.540(1); and

3 3. With a public agency that did not participate in the Kentucky Employees  
4 Retirement System but would have been eligible to participate under  
5 KRS 61.520 or a political subdivision that did not participate in the  
6 County Employees Retirement System but would have been eligible to  
7 participate under KRS 78.530, provided the public agency or political  
8 subdivision has merged with or been taken over by a participating  
9 employer;

10 (b) State university service, provided the university does not participate in a state-  
11 administered retirement system and the university service being purchased  
12 was in a nonteaching position that did not participate in a defined benefit  
13 retirement program;

14 (c) 1. Up to ten (10) years of out-of-state service. "Out-of-state" means service  
15 credited to a state or local government-administered public defined  
16 benefit plan in another state that is not a defined benefit plan for  
17 teachers.

18 2. Up to ten (10) years of out-of-state hazardous service. "Out-of-state  
19 hazardous service" means service in a regular full-time position that was  
20 credited to a defined benefit retirement plan administered by a state or  
21 local government in another state, if the service could be certified as  
22 hazardous pursuant to KRS 61.592 or 78.5520, as applicable. The  
23 employee may purchase out-of-state hazardous service under this  
24 subparagraph provided the employee is vested to receive benefits from  
25 the State Police Retirement System or hazardous duty benefits from the  
26 Kentucky Employees Retirement System or the County Employees  
27 Retirement System.

- 1           The employee must purchase out-of-state service or out-of-state hazardous  
2           service in the system in which he or she is vested based solely upon the  
3           service in that system;
- 4           (d) Active military duty, which means periods of active military duty in the  
5           Armed Forces of the United States, provided:
- 6               1. The employee's military service was terminated in a manner other than  
7               as described in 38 U.S.C. sec. 4304; and
- 8               2. The service has not been credited as free military service under  
9               subsection (1) of this section;
- 10          (e) National Guard service. An employee may purchase one (1) month of service  
11          for each six (6) months of service in the National Guard or the military  
12          reserves of the United States. The service shall be treated as service earned  
13          prior to participation in the system;
- 14          (f) Federal service. "Federal service" means service with the United States  
15          government, that is not service in the Armed Forces;
- 16          (g) Seasonal, emergency, interim, probationary, or temporary employment or  
17          part-time employment as provided by KRS 61.510(21) or 78.510(21)  
18          averaging one hundred (100) or more hours of work per month on a calendar  
19          or fiscal year basis. If the average number of hours of work is less than one  
20          hundred (100) per month, the member may purchase credit for only those  
21          months he or she receives creditable compensation for one hundred (100)  
22          hours of work;
- 23          (h) Part-time employment in a noncertified position at a school board prior to the  
24          1990-91 school year which averaged eighty (80) or more hours of work per  
25          month on a calendar or fiscal year basis. If the average number of hours of  
26          work is less than eighty (80) per month, the noncertified employee of a school  
27          board shall be allowed to purchase credit only for those months he or she

- 1 receives creditable compensation for eighty (80) hours of work;
- 2 (i) Any period of:
- 3 1. Authorized maternity leave without pay or sick leave without pay;
- 4 2. Unpaid leave authorized under the federal Family and Medical Leave
- 5 Act;
- 6 3. Approved educational leave; and
- 7 4. Agency-approved leave to work for a work-related labor organization if
- 8 the agency subsequently participated in the County Employees
- 9 Retirement System, but only if the board receives a favorable private
- 10 letter ruling from the United States Internal Revenue Service or a
- 11 favorable opinion letter from the United States Department of Labor;
- 12 (j) Non-participating employer service, which means periods of employment
- 13 with the following types of agencies provided the agency does not participate
- 14 in a state-administered retirement system:
- 15 1. A regional community services program for mental health organized and
- 16 operated under the provisions of KRS 210.370 to 210.480;
- 17 2. A community action agency created under KRS 273.405 to 273.453.
- 18 The service provided by this subparagraph shall be purchased in the
- 19 County Employees Retirement System;
- 20 3. An area development district created pursuant to KRS 147A.050; or
- 21 4. A business development corporation created pursuant to KRS 155.001
- 22 to 155.230, provided the system receives a favorable private letter ruling
- 23 from the United States Internal Revenue Service or a favorable opinion
- 24 letter from the United States Department of Labor;
- 25 (k) Urban-county government service, which means employment in an urban-
- 26 county government position that would qualify for hazardous duty coverage
- 27 under KRS 61.592 or 78.5520. The provisions of this paragraph shall only be

1 applicable to vested members participating in the State Police Retirement  
2 System or in a hazardous position in the Kentucky Employees Retirement  
3 System or the County Employees Retirement System;

4 (l) Periods of service as assistants to officers and employees of the General  
5 Assembly for persons who were unable to acquire service under KRS  
6 61.510(20) for service performed after January 1, 1960;

7 (m) Service as a volunteer in the Kentucky Peace Corps, created by KRS 154.1-  
8 720; and

9 (n) Employment with a vocational technical school in a noncertified part-time  
10 position averaging eighty (80) or more hours per month, determined by using  
11 the number of months actually worked within a calendar or fiscal year. The  
12 service provided by this paragraph shall be purchased in the Kentucky  
13 Employees Retirement System.

14 (6) Non-qualified service. Provided the employee's participation date in the system is  
15 prior to July 15, 2002, and provided the employee has total service in all state-  
16 administered retirement systems of at least one hundred eighty (180) months of  
17 service credit, the employee may purchase a combined maximum total of five (5)  
18 years of service credit, known as non-qualified service, which is not otherwise  
19 purchasable under any of the provisions of KRS 16.505 to 16.652, 61.510 to  
20 61.705, or 78.510 to 78.852. The service purchased under this paragraph shall not  
21 be used in determining a retirement allowance until the member has accrued at least  
22 two hundred forty (240) months of service, excluding service purchased under this  
23 subsection. If the member does not accrue at least two hundred forty (240) months  
24 of service, excluding service purchased under this subsection, upon retirement,  
25 death, or written request following termination, the payment, plus interest as  
26 provided in KRS 16.560, 61.575, or 78.640, as applicable, shall be refunded.

27 (7) For purposes of service purchased under subsections (2) to (6) of this section:



- 1 (a) Except for subsection (6) of this section, the service must qualify as regular  
2 full-time as provided by KRS 61.510 and 78.510;
- 3 (b) No service credit may be purchased for periods already credited to the system  
4 or another public defined benefit retirement fund, including non-qualified  
5 service purchased in another state-administered retirement system;
- 6 (c) Except as provided by paragraph (a)2.a. of subsection (9) of this section, the  
7 employee payment for service purchases shall not be picked up, as described  
8 in KRS 16.545(4), 61.560(4), or 78.610(4), by the employer;
- 9 (d) Except for service purchased under subsection (2) or (3) of this section,  
10 service purchases made pursuant to this section may be purchased by the  
11 entire amount of service available or by increments. Service purchases made  
12 pursuant to subsections (2) and (3) of this section shall only be purchased by  
13 the entire amount of service available; and
- 14 (e) Service purchases as provided by subsections (5)(b), (5)(d) to (f), (5)(j)1., and  
15 (6) of this section may be purchased in any system in which the member has  
16 service credit.

17 (8) ~~[(a)]~~ Employer purchase of past service.

18 (a) 1. Any employer participating in the system may purchase service credit,  
19 between July 1, 1956, in the case of the Kentucky Employees  
20 Retirement System, or July 1, 1958, in the case of the County  
21 Employees Retirement System, and the participation date of the  
22 employer, for present employees of the county or department who have  
23 elected coverage under KRS 61.525(2) or 78.540(1), provided the  
24 employee began participating in the system prior to January 1, 2014.

25 2.[(b)] A Kentucky Employees Retirement System employer shall pay the  
26 cost of the service credit within the fiscal year the election is made to  
27 purchase the service credit. A County Employees Retirement System

1 employer may purchase the service, with interest at the rate actuarially  
2 assumed by the board, over a period not to exceed ten (10) years.

3 ~~3.(e)~~ If an employer elects to purchase service under the provisions of  
4 this paragraph~~[subsection]~~, any present employee who would be  
5 eligible to receive service credit under the provisions of this  
6 paragraph~~[subsection]~~ and has purchased service credit under  
7 subsection (5)(a) of this section shall have his or her payment for the  
8 service credit refunded with interest at the rate paid under KRS 61.575  
9 or 78.640; and

10 ~~4.(d)~~ Any payments made by an employer under this  
11 paragraph~~[subsection]~~ shall be deposited to the retirement allowance  
12 account of the system, and these funds shall not be considered  
13 accumulated contributions of the individual members.

14 **(b) 1. Prior to July 1, 2025, the Department of Public Advocacy may pay a**  
15 **portion of the cost to purchase an employee's service with the**  
16 **Louisville and Jefferson County Public Defender Corporation for an**  
17 **employee transferred to the Department of Public Advocacy pursuant**  
18 **to subsection (1) of Section 1 of this Act whose membership date is**  
19 **prior to January 1, 2014, and who elects to purchase his or her service**  
20 **under subsection (6)(a)1. of Section 1 of this Act and, in accordance**  
21 **with subsection (9)(a)3. of this section, completes a direct rollover of**  
22 **the entirety of his or her account balance from the money purchase**  
23 **plan qualified under 26 U.S.C. sec. 401(a) and provided as a benefit by**  
24 **the Louisville and Jefferson County Public Defender Corporation.**  
25 **2. The portion of the cost to purchase the employee's service with the**  
26 **Louisville and Jefferson County Public Defender Corporation that the**  
27 **Department of Public Advocacy may pay under this paragraph shall**

- 1                   not exceed the difference between the cost of the employee's service  
2                   for the period of employment with the Louisville and Jefferson County  
3                   Public Defender Corporation as determined by the Kentucky Public  
4                   Pensions Authority and the employee's direct rollover pursuant to 26  
5                   U.S.C. sec. 401(a)(31) of the entirety of his or her account balance  
6                   from the money purchase plan qualified under 26 U.S.C. sec. 401(a)  
7                   and provided as a benefit by the Louisville and Jefferson County  
8                   Public Defender Corporation.
- 9                   3. Service purchased under this paragraph shall only be purchased by  
10                   the entire amount of service available.
- 11                   4. Any payments made by an employer under this paragraph shall be  
12                   deposited to the retirement allowance account of the system, and these  
13                   funds shall not be included in the accumulated account balance of the  
14                   individual members.
- 15                   5. The provisions of this paragraph are subject to funding for the benefit  
16                   in the executive branch budget. In the event funding for the employer  
17                   portion of the purchase of the employee's service with the Louisville  
18                   and Jefferson County Public Defender Corporation under this  
19                   paragraph is not provided in the executive branch budget, the  
20                   Department of Public Advocacy shall not make any payment toward  
21                   the cost to purchase an employee's service with the Louisville and  
22                   Jefferson County Public Defender Corporation.
- 23                   6. Nothing in this paragraph shall prohibit an employee transferred to  
24                   the Department of Public Advocacy pursuant to subsection (1) of  
25                   Section 1 of this Act from purchasing his or her service with the  
26                   Louisville and Jefferson County Public Defender Corporation at the  
27                   full cost under paragraph (6)(a)1. of Section 1 of this Act and

1                    subsection (5)(a) of this section but without being vested as otherwise  
 2                    required under subsection (5) of this section.

3                    7. The Kentucky Public Pensions Authority shall assist the Department  
 4                    of Public Advocacy as necessary to implement purchases made under  
 5                    this paragraph.

6 (9) (a) An employee participating in the system may purchase service credit under  
 7 any of the provisions of KRS 16.505 to 16.652, 61.510 to 61.705, or 78.510 to  
 8 78.852 for which he or she is eligible to purchase, or as otherwise required by  
 9 38 U.S.C. ch. 43, by:

10                    1. Making a lump-sum payment on a before-tax basis as provided in  
 11 subparagraph 3. of this paragraph, or on an after-tax basis if the  
 12 employee is purchasing service credit under subsection (1) or (3) of this  
 13 section, service available pursuant to 38 U.S.C. ch. 43 not otherwise  
 14 provided for in this section, or grandfathered service as defined in  
 15 paragraph (b) of this subsection;

16                    2. Entering into an agreement to purchase service credit through an  
 17 installment purchase of service agreement with the systems as provided  
 18 by paragraph (c) of this subsection:

19                    a. On a before-tax basis in which the service is purchased pursuant to  
 20 the employer pick-up provisions in 26 U.S.C. sec. 414(h)(2); or

21                    b. On an after-tax basis if the employee is purchasing service credit  
 22 under subsection (1) or (3) of this section, service available  
 23 pursuant to 38 U.S.C. ch. 43 not otherwise provided for in this  
 24 section, or grandfathered service as defined in paragraph (b) of this  
 25 subsection; or

26                    3. Transferring funds to the system through a direct trustee-to-trustee  
 27 transfer as permitted under the applicable sections of the Internal

1 Revenue Code and any regulations or rulings issued thereunder, through  
2 a direct rollover as contemplated by and permitted under 26 U.S.C. sec.  
3 401(a)(31) and any regulations or rulings issued thereunder, or through a  
4 rollover of funds pursuant to and permitted under the rules specified in  
5 26 U.S.C. secs. 402(c) and 408(d)(3). The system shall accept the  
6 transfer or rollover to the extent permitted under the rules specified in  
7 the applicable provisions of the Internal Revenue Code and any  
8 regulations and rulings issued thereunder.

9 (b) For purposes of this subsection, "grandfathered service" means service  
10 purchases for which a member, whose membership date in the system is prior  
11 to July 1, 1999, is eligible to purchase under KRS 16.505 to 16.652, 61.510 to  
12 61.705, or 78.510 to 78.852, that were available for all members of the system  
13 to purchase on August 5, 1997.

14 (c) 1. For service purchased under a before-tax or after-tax installment  
15 purchase of service agreement as provided by paragraph (a)2. of this  
16 subsection, the cost of the service shall be computed in the same manner  
17 as for a lump-sum payment which shall be the principal, except that  
18 interest compounded annually at the actuarial rate in effect at the time  
19 the member elects to make the purchase shall be added for the period  
20 that the installments are to be made.

21 2. Multiple service purchases may be combined under a single installment  
22 agreement, except that no employee may make more than one (1)  
23 installment purchase at the same time.

24 3. For after-tax installment purchase of service agreements, the employee  
25 may elect to stop the installment payments by notifying the system; may  
26 have the installment purchase recalculated to add one (1) or more  
27 additional service purchases; or may pay by lump sum the remaining

- 1 principal or a portion of the remaining principal.
- 2 4. Before-tax installment purchase of service agreements shall be  
3 irrevocable, and the employee shall not be able to stop installment  
4 payments or to pay off the remaining balance of the purchase of service  
5 agreement, except upon termination of employment or death.
- 6 5. One (1) year of installment payments shall be made for each one  
7 thousand dollars (\$1,000) or any part thereof of the total cost, except  
8 that the total period allowed for installments shall not be less than one  
9 (1) year and shall not exceed five (5) years.
- 10 6. The employee shall pay the installments by payroll deduction for after-  
11 tax purchase of service agreements, and the employer shall pick up  
12 installments for before-tax purchase of service agreements. Upon  
13 notification by the system, the employer shall report the installment  
14 payments monthly continuously over each twelve (12) month period at  
15 the same time as, but separate from, regular employee contributions on  
16 the forms or by the computer format specified by the board.
- 17 7. The system shall determine how much of the total cost represents  
18 payment for one (1) month of the service to be purchased and shall  
19 credit one (1) month of service to the member's account each time this  
20 amount has been paid. The first service credited shall represent the first  
21 calendar month of the service to be purchased and each succeeding  
22 month of service credit shall represent the succeeding months of that  
23 service.
- 24 8. If the employee utilizing an installment purchase of service agreement  
25 dies, retires, does not continue employment in a position required to  
26 participate in the system, or elects to stop an after-tax installment  
27 purchase of service agreement, the member, or in the case of death, the

1 beneficiary, shall have sixty (60) days to pay the remaining principal or  
2 a portion of the remaining principal of the installment purchase of  
3 service agreement by lump sum, subject to the restrictions of paragraph  
4 (a)1. of this subsection, or by transfer of funds under paragraph (a)3. of  
5 this subsection, except that payment by the member shall be filed with  
6 the system prior to the member's effective retirement date. If the  
7 member or beneficiary does not pay the remaining cost, the system shall  
8 refund to the member or the beneficiary the payment, payments, or  
9 portion of a payment that does not represent a full month of service  
10 purchased, except as provided by subsection (6) of this section.

11 9. If the employer does not report installment payments on an employee  
12 for sixty (60) days for an after-tax installment purchase of service  
13 agreement, except in the case of employees on military leave or sick  
14 leave without pay, the installment purchase shall cease and the system  
15 shall refund to the employee the payment, payments, or portion of a  
16 payment that does not represent a full month of service purchased.

17 10. Installment payments of employees on military leave or sick leave  
18 without pay shall be suspended during the period of leave and shall  
19 resume without recalculation upon the employee's return from leave.

20 11. If payments have ceased under subparagraph 8. or 9. of this paragraph  
21 and the member later becomes a participating employee in the County  
22 Employees Retirement System, Kentucky Employees Retirement  
23 System, or State Police Retirement System, the employee may complete  
24 the adjusted original installment purchase by lump sum or installment  
25 payments, subject to the restrictions of this subsection. If the employee  
26 elects to renew the installment purchase, the cost of the remaining  
27 service shall be recalculated in accordance with subsection (10) of this

1 section.

2 (d) Member payments, including interest, properly received pursuant to this  
3 subsection, shall be deposited to the member's account and considered as  
4 accumulated contributions of the individual member.

5 (10) (a) The cost of purchasing service credit under any provision of this section,  
6 except as provided by subsections (1) to (3) of this section, shall be  
7 determined by multiplying the higher of the employee's current rate of pay,  
8 final rate of pay, or final compensation as of the end of the month in which  
9 the purchase is made times the actuarial factor times the number of years of  
10 service being purchased. The actuarial factor used to determine the cost of  
11 purchasing service credit shall assume the earliest date the member may retire  
12 without a reduction in benefits and the cost-of-living adjustments provided to  
13 members upon retirement.

14 (b) Service purchased on or after August 1, 2004, under the provisions of KRS  
15 16.505 to 16.652, 61.510 to 61.705, or 78.510 to 78.852, except for service  
16 purchased under subsections (1) to (3) of this section or service purchased as  
17 described by paragraph (d) or (e) of this subsection, shall not be used to  
18 determine eligibility for or the amount of the monthly insurance contribution  
19 under KRS 61.702 or 78.5536.

20 (c) For a member whose participation begins on or after August 1, 2004, service  
21 purchased under the provisions of KRS 16.505 to 16.652, 61.510 to 61.705, or  
22 78.510 to 78.852, except for service purchased under subsections (1) to (3) of  
23 this section or service purchased as described by paragraph (d) or (e) of this  
24 subsection:

25 1. Shall not be used to determine eligibility for a retirement allowance  
26 under disability retirement, early retirement, normal retirement, or upon  
27 death of the member under any of the provisions of KRS 16.505 to



1                   16.652, 61.510 to 61.705, or 78.510 to 78.852; and  
2                   2.    Shall only be used to determine the amount of the retirement allowance  
3                   of a member who is eligible for a retirement allowance under disability,  
4                   early retirement, normal retirement, or upon death of the member under  
5                   any of the provisions of KRS 16.505 to 16.652, 61.510 to 61.705, or  
6                   78.510 to 78.852, based on service earned as a participating employee.

7                   (d) Paragraphs (b) and (c) of this subsection shall not apply to a member who was  
8                   bound by an educational contract as a conditional employee to the state of  
9                   Kentucky prior to December 31, 2003, regardless of participation date or  
10                  membership date in the system. Educational leave, seasonal service, or any  
11                  other qualified service purchased by a member with this classification under  
12                  this section shall be used to determine eligibility for benefits, membership  
13                  dates or participation dates, and the amount of benefit for:

14                  1.    A retirement allowance under disability retirement, early retirement,  
15                  normal retirement, or death under any of the provisions of KRS 16.505  
16                  to 16.652, 61.510 to 61.705, and 78.510 to 78.852; and  
17                  2.    The monthly insurance contribution under KRS 61.702 or 78.5536.

18                  (e) Paragraphs (b) and (c) of this subsection shall not apply to a member who  
19                  transferred to the Department of Public Advocacy under Section 1 of this  
20                  Act and purchases his or her service with the Louisville and Jefferson  
21                  County Public Defender Corporation pursuant to subsection (6) of Section  
22                  1 of this Act. Service with the Louisville and Jefferson County Public  
23                  Defender Corporation purchased pursuant to subsection (6) of Section 1 of  
24                  this Act shall be used by the member transferred under Section 1 of this Act  
25                  to determine eligibility for benefits and the amount of benefit for:

26                  1.    A retirement allowance under disability retirement, early retirement,  
27                  normal retirement, or death under any of the provisions of KRS

1                                    16.505 to 16.652, 61.510 to 61.705, or 78.510 to 78.852; and  
2                                    2.    The monthly insurance contribution under KRS 61.702 or 78.5536  
3                                    subject to subsection (6)(c) of Section 1 of this Act.

4                    ➔Section 6. KRS 61.557 is amended to read as follows:

5            (1) Inasmuch as the takeover of the Kentucky State Employment Service by the federal  
6            government, through its United States Employment Service and War Manpower  
7            Commission, was recognized by both federal and state governments as a temporary  
8            measure during the war emergency, and the employment service was, in fact,  
9            returned to the state government at the close of the emergency period, the  
10           employees of the service are recognized as employees of the Commonwealth for the  
11           purposes of KRS 61.510 to 61.692 during the period of control by the federal  
12           government, in the same manner as if they had been employed in another  
13           department of the government of the Commonwealth during that period.

14           (2) If a parted employer rejoins a department as a result of the cancellation of a contract  
15           or lease arrangement, thereby causing each employee thereof to again become an  
16           employee as defined in KRS 61.510(5), the system may negotiate with the publicly  
17           held corporation or other similar organizations for payment for the years of service  
18           credit under the system for all employees working on the date the contract or other  
19           lease arrangement is canceled in order to avoid an impairment in the retirement  
20           benefits of the employees, if any payment accepted by the system for the service is  
21           consistent with the provisions of KRS 61.552(7)(b) and (8)(a). No payment made  
22           pursuant to this section shall be picked up by the employer, as described in KRS  
23           61.560(4).

24           ➔Section 7. This Act shall apply retroactively to an employee of the Louisville  
25           and Jefferson County Public Defender Corporation who was a member of its staff on  
26           September 30, 2023, and is subsequently appointed to a leadership or supervisory  
27           position within the Department of Public Advocacy between October 1, 2023, and July 1,

1 2024.

2       ➔Section 8. Whereas 2023 Ky. Acts ch. 144 requires the Department of Public  
3 Advocacy to assume the duties of local counsel representing indigent adults and juveniles  
4 accused of crimes and status offenses no later than July 1, 2024, and whereas it is critical  
5 to ensure the legal representation of these indigent persons, an emergency is declared to  
6 exist, and this Act takes effect upon its passage and approval by the Governor or upon its  
7 otherwise becoming a law.