

1 AN ACT relating to maternity leave for teachers.

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

3 ➔Section 1. KRS 161.155 is amended to read as follows:

4 (1) As used in this section:

5 (a) "Teacher" shall mean any person for whom certification is required as a basis
6 of employment in the common schools of the state;

7 (b) "Employee" shall mean any person, other than a teacher, employed in the
8 public schools, whether on a full or part-time basis;

9 (c) "Immediate family" shall mean the teacher's or employee's spouse, children
10 including stepchildren and foster children, grandchildren, daughters-in-law
11 and sons-in law, brothers and sisters, parents and spouse's parents, and
12 grandparents and spouse's grandparents, without reference to the location or
13 residence of said relative, and any other blood relative who resides in the
14 teacher's or employee's home;

15 (d) "Sick leave bank" shall mean an aggregation of sick leave days contributed by
16 teachers or employees for use by teachers or employees who have exhausted
17 all sick leave and other available paid leave days; and

18 (e) "Assault" shall mean an act that intentionally causes injury so significant that
19 the victim is determined to be, by certification of a physician or surgeon duly
20 qualified under KRS Chapter 342, incapable of performing the duties of his or
21 her job.

22 (2) Each district board of education shall allow to each teacher and full-time employee
23 in its common school system not less than ten (10) days of sick leave during each
24 school year, without deduction of salary. Sick leave shall be granted to a teacher or
25 employee if he or she presents a personal statement or a certificate of a physician
26 stating that the teacher or employee was ill, that the teacher or employee was absent
27 for the purpose of attending to a member of his or her immediate family who was

1 ill, or for the purpose of mourning a member of his or her immediate family. The
2 ten (10) days of sick leave granted in this subsection may be taken by a teacher or
3 employee on any ten (10) days of the school year and shall be granted in addition to
4 accumulated sick leave days that have been credited to the teacher or employee
5 under the provisions of subsection (4) of this section.

6 (3) A school district shall coordinate among the income and benefits from workers'
7 compensation, temporary disability retirement, and district payroll and benefits so
8 that there is no loss of income or benefits to a teacher or employee for work time
9 lost because of an assault while performing the teacher's or employee's assigned
10 duties for a period of up to one (1) year after the assault. In the event a teacher or
11 employee suffers an assault while performing his or her assigned duties that results
12 in injuries that qualify the teacher or employee for workers' compensation benefits,
13 the district shall provide leave to the teacher or employee for up to one (1) year
14 after the assault with no loss of income or benefits under the following conditions:

15 (a) The district shall pay the salary of the teacher or employee between the time
16 of the assault and the time the teacher's or employee's workers' compensation
17 income benefits take effect, or the time the teacher or employee is certified to
18 return to work by a physician or surgeon duly qualified under KRS Chapter
19 342, whichever is sooner;

20 (b) The district shall pay, for up to one (1) year from the time of the assault, the
21 difference between the salary of the teacher or employee and any workers'
22 compensation income benefits received by the teacher or employee resulting
23 from the assault. Payments by the district shall include payments for
24 intermittent work time missed as a result of the assault during the one (1) year
25 period. If the teacher's or employee's workers' compensation income benefits
26 cease during the one (1) year period after the assault, the district shall also
27 cease to make payments under this paragraph;

- 1 (c) The Commonwealth, through the Kentucky Department of Education, shall
2 make the employer's health insurance contribution during the period that the
3 district makes payments under paragraphs (a) and (b) of this subsection;
- 4 (d) The Commonwealth, through the Kentucky Department of Education, shall
5 make the employer's contribution to the retirement system in which the
6 teacher or employee is a member during the period that the district makes
7 payments under paragraphs (a) and (b) of this subsection; and
- 8 (e) Payments to a teacher or employee under paragraphs (a) and (b) of this
9 subsection shall be coordinated with workers' compensation benefits under
10 KRS Chapter 342, disability retirement benefits for teachers under KRS
11 161.661 to 161.663, and disability retirement benefits for employees under
12 KRS 61.600 to 61.621 and 78.5522, 78.5524, 78.5526, 78.5528, and 78.5530
13 so that the teacher or employee receives income equivalent to his or her full
14 contracted salary, but in no event shall the combined payments exceed one
15 hundred percent (100%) of the teacher's or employee's full contracted salary.
- 16 (4) Days of sick leave not taken by an employee or a teacher during any school year
17 shall accumulate without limitation and be credited to that employee or teacher.
18 Accumulated sick leave may be taken in any school year. Any district board of
19 education may, in its discretion, allow employees or teachers in its common school
20 system sick leave in excess of the number of days prescribed in this section and
21 may allow school district employees and teachers to use up to three (3) days' sick
22 leave per school year for emergency leave pursuant to KRS 161.152(3). Any
23 accumulated sick leave days credited to an employee or a teacher shall remain so
24 credited in the event he or she transfers his or her place of employment from one (1)
25 school district to another within the state or to the Kentucky Department of
26 Education or transfers from the Department of Education to a school district.
- 27 (5) Accumulated days of sick leave shall be granted to a teacher or employee if, prior to

1 the opening day of the school year, a statement or a certificate of a physician is
2 presented to the district board of education, stating that the teacher or employee is
3 unable to commence his or her duties on the opening day of the school year, but
4 will be able to assume his or her duties within a period of time that the board
5 determines to be reasonable.

6 (6) Any school teacher or employee may repurchase previously used sick leave days
7 with the concurrence of the local school board by paying to the district an amount
8 equal to the total of all costs associated with the used sick leave.

9 (7) A district board of education may adopt a plan for a sick leave bank. The plan may
10 include limitations upon the number of days a teacher or employee may annually
11 contribute to the bank and limitations upon the number of days a teacher or
12 employee may annually draw from the bank. Only those teachers or employees who
13 contribute to the bank may draw upon the bank. Days contributed will be deducted
14 from the days available to the contributing teacher or employee. The sick leave
15 bank shall be administered in accordance with a policy adopted by the board of
16 education.

17 (8) (a) A district board of education shall establish a sick leave donation program to
18 permit teachers or employees to voluntarily contribute sick leave to teachers
19 or employees in the same school district who are in need of an extended
20 absence from school. A teacher or employee who has accrued more than
21 fifteen (15) days' sick leave may request the board of education to transfer a
22 designated amount of sick leave to another teacher or employee who is
23 authorized to receive the sick leave donated. A teacher or employee may not
24 request an amount of sick leave be donated that reduces his or her sick leave
25 balance to less than fifteen (15) days.

26 (b) A teacher or employee may receive donations of sick leave if:

27 1. a. The teacher or employee or a member of his or her immediate

- 1 family suffers from a medically certified illness, injury,
2 impairment, or physical or mental condition that has caused or is
3 likely to cause the teacher or employee to be absent for at least ten
4 (10) days; or
- 5 b. The teacher or employee suffers from a catastrophic loss to his or
6 her personal or real property, due to either a natural disaster or fire,
7 that either has caused or will likely cause the employee to be
8 absent for at least ten (10) consecutive working days;
- 9 2. The teacher's or employee's need for the absence and use of leave are
10 certified by a licensed physician for leave requested under subparagraph
11 1.a. of this subsection;
- 12 3. The teacher or employee has exhausted his or her accumulated sick
13 leave, personal leave, and any other leave granted by the school district;
14 and
- 15 4. The teacher or employee has complied with the school district's policies
16 governing the use of sick leave.
- 17 (c) While a teacher or employee is on sick leave provided by this section, he or
18 she shall be considered a school district employee, and his or her salary,
19 wages, and other employee benefits shall not be affected.
- 20 (d) Any sick leave that remains unused, is not needed by a teacher or employee,
21 and will not be needed in the future shall be returned to the teacher or
22 employee donating the sick leave.
- 23 (e) The board of education shall adopt policies and procedures necessary to
24 implement the sick leave donation program.
- 25 (9) ~~An~~An [A teacher or] employee may use up to thirty (30) days of sick leave following
26 the birth or adoption of a child or children. Additional days may be used when the
27 need is verified by a physician's statement.

1 *(10) (a) Each school district board of education shall allow to each teacher in its*
 2 *common school system not less than forty (40) days of maternity leave*
 3 *immediately following the birth or adoption of a child or children without*
 4 *deduction of salary.*

5 *(b) To the extent the teacher has accrued sick leave, the sick leave shall be*
 6 *taken first and shall run concurrently with maternity leave, except that the*
 7 *teacher may reserve up to thirty (30) days of sick leave.*

8 *(c) While a teacher is on maternity leave as provided in paragraph (a) of this*
 9 *subsection, the teacher shall be considered a school district employee, and*
 10 *the teacher's salary and other employee benefits shall not be affected.*

11 ~~(11)~~(10) (a) After July 1, 1982, a district board of education may compensate, at the
 12 time of retirement or upon the death of a member in active contributing status
 13 at the time of death who was eligible to retire by reason of service, an
 14 employee or a teacher, or the estate of an employee or teacher, for each
 15 unused sick leave day. The rate of compensation for each unused sick leave
 16 day shall be based on a percentage of the daily salary rate calculated from the
 17 employee's or teacher's last annual salary, not to exceed thirty percent (30%).

18 (b) Except as provided in paragraph (c) of this subsection, payment for unused
 19 sick leave days under this subsection shall be incorporated into the annual
 20 salary of the final year of service for inclusion in the calculation of the
 21 employee's or teacher's retirement allowance only at the time of his or her
 22 initial retirement, provided that the member makes the regular retirement
 23 contribution for members on the sick leave payment. The accumulation of
 24 these days includes unused sick leave days held by the employee or teacher at
 25 the time of implementation of the program.

26 (c) For a teacher or employee who becomes a nonuniversity member of the
 27 Teachers' Retirement System on or after January 1, 2022, as provided by KRS

1 161.220, payment for unused sick leave days under this subsection shall not
2 be incorporated into the annual compensation used to calculate the teacher's or
3 employee's retirement allowance in the foundational benefit component as
4 described by KRS 161.633 but may be deposited into the nonuniversity
5 member's supplemental benefit component as provided by KRS 161.635.

6 (d) For a teacher or employee who begins employment with a local school district
7 on or after July 1, 2008, the maximum amount of unused sick leave days a
8 district board of education may recognize in calculating the payment of
9 compensation to the teacher or employee under this subsection shall not
10 exceed three hundred (300) days.

11 ~~(12)~~~~(11)~~ Any statute to the contrary notwithstanding, employees and teachers who
12 transferred from the Department of Education to a school district, from a school
13 district to the Department of Education, or from one (1) school district to another
14 school district after July 15, 1981, shall receive credit for any unused sick leave to
15 which the employee or teacher was entitled on the date of transfer. This credit shall
16 be for the purposes set forth in subsection ~~(11)~~~~(10)~~ of this section.

17 ~~(13)~~~~(12)~~ The death benefit provided in subsection ~~(11)~~~~(10)~~ of this section may be
18 cited as the Baughn Benefit.

19 ➔Section 2. KRS 61.680 is amended to read as follows:

20 (1) Prior to August 1, 1982, every employee shall be deemed to consent and agree to
21 any deduction from his or her compensation required by KRS 6.500 to 6.535,
22 16.505 to 16.652, 61.510 to 61.692, 78.510 to 78.852, and to all other provisions
23 thereof. Thereafter, employee contributions shall be picked up by the employer
24 pursuant to KRS 61.560(4).

25 (2) (a) Notwithstanding any other provisions of KRS 6.500 to 6.535, 16.505 to
26 16.652, 61.510 to 61.692, 78.510 to 78.852 and 161.220 to 161.714:

27 1. Upon death, disability, or service retirement, a member's accounts under

1 the Legislators' Retirement Plan, State Police Retirement System,
2 Kentucky Employees Retirement System, County Employees
3 Retirement System, and Teachers' Retirement System, except for service
4 prohibited by KRS 161.623(2), shall be consolidated for the purpose of
5 determining eligibility and amount of benefits, including those members
6 who participate in the hybrid cash balance plan within the Kentucky
7 Employees Retirement System, the County Employees Retirement
8 System, and the State Police Retirement System, on or after January 1,
9 2014, and regardless of the transition of administration of the County
10 Employees Retirement System to the County Employees Retirement
11 System board of trustees;

12 2. Vested service credit in a retirement system, other than the Teachers'
13 Retirement System, sponsored by a Kentucky institution of higher
14 education and accepted by the Kentucky Employees Retirement System
15 or the County Employees Retirement System, may be used to determine
16 eligibility for twenty-seven (27) year retirement for an employee who
17 begins participating before September 1, 2008, but not the amount of
18 benefits;

19 3. The computation of benefits shall be based on the applicable formula in
20 each system and service credit in each system, but the final
21 compensation, excluding compensation earned under KRS
22 161.155(11)(~~10~~), shall be determined as if all service were in one (1)
23 system;

24 4. If the member has prior service in more than one (1) system
25 administered by Kentucky Retirement Systems, he or she shall obtain at
26 least twelve (12) months' current service in each system in which he or
27 she has prior service in order to validate the prior service in each system

1 for purposes of determining consolidated benefits under this subsection;
2 and

3 5. Upon the determination of benefits, each system shall pay the applicable
4 amount of benefits due the member.

5 (b) The provisions of paragraph (a) of this subsection shall be waived if the
6 member:

7 1. Notifies the system of his or her desire to maintain separate retirement
8 accounts in the State Police Retirement System, Kentucky Employees
9 Retirement System, or County Employees Retirement System; or

10 2. Fails to simultaneously retire from all state-administered retirement
11 systems in which the member has an account or fails to retire from any
12 other systems not administered by Kentucky Retirement Systems within
13 one (1) month of the member's effective retirement date in the systems
14 administered by Kentucky Retirement Systems.

15 (c) If the member has not contributed at least one (1) year in a system in which he
16 or she has prior service, his or her current service in the system shall be valid
17 for purposes of determining eligibility and in computation of benefits on a
18 consolidated basis.

19 (3) (a) A member with service credit in the Kentucky Employees Retirement System,
20 State Police Retirement System, or the County Employees Retirement System
21 who becomes the holder of an office entitling him or her to membership in the
22 Judicial Retirement Plan or the Legislators' Retirement Plan, but who does not
23 elect within thirty (30) days after taking office in such service to participate in
24 the plan, in accordance with KRS 6.505 or 21.360, shall be deemed to have
25 elected to retain membership in the system in which he or she is a member,
26 either the Kentucky Employees Retirement System, State Police Retirement
27 System, or the County Employees Retirement System. In that event, the

1 agency employing the member shall withhold employee contributions, or
2 picked-up employee contributions after August 2, 1982, make employer
3 contributions and remit these contributions to the system in which the member
4 retained his or her membership.

5 (b) Any person entitled to membership in the Judicial Retirement Plan or the
6 Legislators' Retirement Plan, who does not elect within thirty (30) days after
7 taking office to participate in the plan, in accordance with KRS 6.505 or
8 21.360, and who at the time of taking office is not a contributing member of,
9 or does not have service credit in, any of the retirement systems mentioned in
10 this section, or the Teachers' Retirement System, shall participate in the
11 Kentucky Employees Retirement System.

12 (c) A member of one (1) of the state-administered retirement plans who ceases to
13 contribute to the plan as provided in KRS 21.360 and who is employed in a
14 nonelected position by an agency participating in the Kentucky Retirement
15 Systems or Kentucky Teachers' Retirement System shall be deemed to have
16 elected membership in the system in which the employer of the nonelected
17 position participates. A member of one (1) of the state-administered
18 retirement plans who ceases to contribute to the plan as provided in KRS
19 21.360 and who is not employed in a nonelected position by an agency
20 participating in the Kentucky Retirement Systems shall be deemed to have
21 elected membership in the Kentucky Employees Retirement System.

22 (4) (a) Prior to July 1, 1976, a person entering the service of an employer
23 participating in the Kentucky Employees Retirement System or the County
24 Employees Retirement System with service credit in the Teachers' Retirement
25 System and who desires to retain membership in the Teachers' Retirement
26 System, and who is permitted by that system to continue, shall be exempt
27 from participating in the Kentucky Employees Retirement System or the

1 County Employees Retirement System.

2 (b) Any person who has elected to retain membership in the Teachers' Retirement
3 System as provided in paragraph (a) of this subsection may cancel his or her
4 election and participate in the system under which his or her position would
5 normally participate, if he or she elects to cancel his or her option prior to
6 January 1, 1977.

7 (c) Any member of the General Assembly who upon election is a contributing
8 member of the Teachers' Retirement System and who does not elect within
9 thirty (30) days after taking office to participate in the Legislators' Retirement
10 Plan, in accordance with KRS 6.505, shall during his or her term of office
11 participate in the Kentucky Employees Retirement System unless an election
12 to retain membership in the Teachers' Retirement System is filed in writing
13 within ninety (90) days after his or her term of office begins. No contributions
14 may be made to the Teachers' Retirement System for the same period of
15 service under the Legislators' Retirement Plan or the Kentucky Employees
16 Retirement System as a member of the General Assembly, but contributions
17 made to the Teachers' Retirement System while a member of the General
18 Assembly shall be transferred to the Legislators' Retirement Plan, as provided
19 for in KRS 6.535, when the member elects to join the Legislators' Retirement
20 Plan, and service credit in the Legislators' Retirement Plan shall be granted as
21 provided for in KRS 6.505(5).

22 (5) Any member of the Kentucky Employees Retirement System or County Employees
23 Retirement System who is working in a position covered by one (1) of these
24 retirement systems and his or her employee contributions, service credit and
25 employer contributions made on his or her behalf are being transferred to the other
26 retirement system shall contribute to the system in which his or her employer
27 participates, or after August 1, 1982, the employer shall pick up the employee

1 contributions, and no further contributions or service credit shall be transferred to
2 the system in which he or she elected to retain membership, as subsection (2) of this
3 section eliminates the necessity of the transfers.

4 (6) (a) Except as provided by KRS 61.545(3)(b)2., any member of the Kentucky
5 Employees Retirement System or County Employees Retirement System who
6 is working in more than one (1) position covered by the same retirement
7 system, shall have his or her wages and contributions consolidated and his or
8 her retirement account administered as a single account. If part-time positions
9 are involved, an accumulation of all hours worked within the same retirement
10 system shall be used to determine eligibility under KRS 61.510(21).

11 (b) The provisions of this subsection shall not apply to an individual serving as a
12 volunteer who is receiving compensation from the employer equal to or less
13 than a nominal fee as defined by KRS 61.510 and 78.510 if the compensation
14 paid to the volunteer is excluded from the definition of creditable
15 compensation as provided by KRS 61.510(13) or 78.510(13).

16 (7) (a) Notwithstanding the provisions of subsection (2) of this section, a person who
17 does not have the amount of service required for service retirement in the
18 State Police Retirement System, Kentucky Employees Retirement System,
19 County Employees Retirement System, Legislators' Retirement Plan, or
20 Teachers' Retirement System, but who is a member of one (1) of the systems
21 or is a former member of one (1) or more of the systems with valid service
22 credit therein, shall become eligible for service retirement benefits attributable
23 to the amount of his or her actual service credit in each system in which he or
24 she has service credit when his or her combined service credit in all the
25 systems, plus any service credit he or she has in the Judicial Retirement Plan,
26 is equal to that required for service retirement in each respective system. The
27 computation of benefits shall be based on the applicable formula in each

1 system and service credit in each system, except that total service in all
2 systems, unless prohibited by KRS 161.623(2), shall be used to determine the
3 reduction for early retirement, if any. Except as provided in KRS 21.360, the
4 final compensation shall be determined by using the creditable compensation
5 reported to the State Police Retirement System, Kentucky Employees
6 Retirement System, County Employees Retirement System, Legislators'
7 Retirement Plan, or Teachers' Retirement System and only as much of the
8 compensation earned in the Judicial Retirement Plan as is needed to satisfy
9 the final compensation requirement applicable in the respective retirement
10 systems.

11 (b) Paragraph (a) of this subsection shall be waived if the member fails to
12 simultaneously retire from all state-administered retirement systems in which
13 the member has an account or fails to retire from any other systems not
14 administered by Kentucky Retirement Systems within one (1) month of the
15 member's effective retirement date in the systems administered by the
16 Kentucky Retirement Systems.

17 (8) Each retirement system from which the member retires shall pay a retirement
18 allowance upon receipt of required forms and documents, except that no retirement
19 system shall pay a retirement allowance or annuity until all forms and documents
20 are filed at all retirement systems in compliance with each system's requirements.

21 ➔Section 3. KRS 161.220 is amended to read as follows:

22 As used in KRS 161.220 to 161.716 and 161.990:

- 23 (1) "Retirement system" means the arrangement provided for in KRS 161.220 to
24 161.716 and 161.990 for payment of allowances to members;
- 25 (2) "Retirement allowance" means the amount annually payable during the course of
26 his or her natural life to a member who has been retired by reason of service;
- 27 (3) "Disability allowance" means the amount annually payable to a member retired by

1 reason of disability;

2 (4) "Member" means the commissioner of education, deputy commissioners, associate
3 commissioners, and all division directors in the State Department of Education,
4 employees participating in the system pursuant to KRS 196.167(3)(b)1., and any
5 full-time teacher or professional occupying a position requiring certification or
6 graduation from a four (4) year college or university, as a condition of employment,
7 and who is employed by public boards, institutions, or agencies as follows:

8 (a) Local boards of education and public charter schools if the public charter
9 school satisfies the criteria set by the Internal Revenue Service to participate
10 in a governmental retirement plan;

11 (b) Eastern Kentucky University, Kentucky State University, Morehead State
12 University, Murray State University, Western Kentucky University, and any
13 community colleges established under the control of these universities;

14 (c) State-operated secondary area vocational education or area technology
15 centers, Kentucky School for the Blind, and Kentucky School for the Deaf;

16 (d) Other public education agencies as created by the General Assembly and
17 those members of the administrative staff of the Teachers' Retirement System
18 of the State of Kentucky whom the board of trustees may designate by
19 administrative regulation;

20 (e) Regional cooperative organizations formed by local boards of education or
21 other public educational institutions listed in this subsection, for the purpose
22 of providing educational services to the participating organizations;

23 (f) All full-time members of the staffs of the Kentucky Association of School
24 Administrators, Kentucky Education Association, Kentucky Vocational
25 Association, Kentucky High School Athletic Association, Kentucky
26 Academic Association, and the Kentucky School Boards Association who
27 were members of the Kentucky Teachers' Retirement System or were

1 qualified for a position covered by the system at the time of employment by
2 the association in the event that the board of directors of the respective
3 association petitions to be included. The board of trustees of the Kentucky
4 Teachers' Retirement System may designate by resolution whether part-time
5 employees of the petitioning association are to be included. The state shall
6 make no contributions on account of these employees, either full-time or part-
7 time. The association shall make the employer's contributions, including any
8 contribution that is specified under KRS 161.550. The provisions of this
9 paragraph shall be applicable to persons in the employ of the associations on
10 or subsequent to July 1, 1972;

11 (g) Employees of the Council on Postsecondary Education who were employees
12 of the Department for Adult Education and Literacy and who were members
13 of the Kentucky Teachers' Retirement System at the time the department was
14 transferred to the council pursuant to Executive Order 2003-600;

15 (h) The Office of Career and Technical Education;

16 (i) The Office of Vocational Rehabilitation;

17 (j) The Kentucky Educational Collaborative for State Agency Children;

18 (k) The Governor's Scholars Program;

19 (l) Any person who is retired for service from the retirement system and is
20 reemployed by an employer identified in this subsection in a position that the
21 board of trustees deems to be a member, except that any person who becomes
22 a member on or after January 1, 2022, and subsequently draws a monthly
23 lifetime retirement allowance, shall upon reemployment after retirement not
24 earn a second retirement account;

25 (m) Employees of the former Cabinet for Workforce Development who are
26 transferred to the Kentucky Community and Technical College System and
27 who occupy positions covered by the Kentucky Teachers' Retirement System

1 shall remain in the Teachers' Retirement System. New employees occupying
2 these positions, as well as newly created positions qualifying for Teachers'
3 Retirement System coverage that would have previously been included in the
4 former Cabinet for Workforce Development, shall be members of the
5 Teachers' Retirement System;

6 (n) Effective January 1, 1998, employees of state community colleges who are
7 transferred to the Kentucky Community and Technical College System shall
8 continue to participate in federal old age, survivors, disability, and hospital
9 insurance, and a retirement plan other than the Kentucky Teachers' Retirement
10 System offered by Kentucky Community and Technical College System. New
11 employees occupying positions in the Kentucky Community and Technical
12 College System as referenced in KRS 164.5807(5) that would not have
13 previously been included in the former Cabinet for Workforce Development,
14 shall participate in federal old age, survivors, disability, and hospital
15 insurance and have a choice at the time of employment of participating in a
16 retirement plan provided by the Kentucky Community and Technical College
17 System, including participation in the Kentucky Teachers' Retirement System,
18 on the same basis as faculty of the state universities as provided in KRS
19 161.540 and 161.620;

20 (o) Employees of the Office of General Counsel, the Office of Budget and
21 Administrative Services, and the Office of Quality and Human Resources
22 within the Office of the Secretary of the former Cabinet for Workforce
23 Development and the commissioners of the former Department for Adult
24 Education and Literacy and the former Department for Technical Education
25 who were contributing to the Kentucky Teachers' Retirement System as of
26 July 15, 2000;

27 (p) Employees of the Kentucky Department of Education only who are graduates

- 1 of a four (4) year college or university, notwithstanding a substitution clause
2 within a job classification, and who are serving in a professional job
3 classification as defined by the department;
- 4 (q) The Governor's School for Entrepreneurs Program;
- 5 (r) Employees of the Office of Adult Education within the Department of
6 Workforce Development in the Education and Labor Cabinet who were
7 employees of the Council on Postsecondary Education, Kentucky Adult
8 Education Program and who were members of the Kentucky Teachers'
9 Retirement System at the time the Program was transferred to the cabinet
10 pursuant to Executive Orders 2019-0026 and 2019-0027; and
- 11 (s) Employees of the Education Professional Standards Board who were
12 members of the Kentucky Teachers' Retirement System at the time the
13 employees were transferred to the Kentucky Department of Education
14 pursuant to Executive Order 2020-590;
- 15 (5) "Present teacher" means any teacher who was a teacher on or before July 1, 1940,
16 and became a member of the retirement system created by 1938 (1st Extra. Sess.)
17 Ky. Acts ch. 1, on the date of the inauguration of the system or within one (1) year
18 after that date, and any teacher who was a member of a local teacher retirement
19 system in the public elementary or secondary schools of the state on or before July
20 1, 1940, and continued to be a member of the system until he or she, with the
21 membership of the local retirement system, became a member of the state Teachers'
22 Retirement System or who becomes a member under the provisions of KRS
23 161.470(4);
- 24 (6) "New teacher" means any member not a present teacher;
- 25 (7) "Prior service" means the number of years during which the member was a teacher
26 in Kentucky prior to July 1, 1941, except that not more than thirty (30) years' prior
27 service shall be allowed or credited to any teacher;

- 1 (8) "Subsequent service" means the number of years during which the teacher is a
2 member of the Teachers' Retirement System after July 1, 1941;
- 3 (9) "Final average salary" means the average of the five (5) highest annual salaries
4 which the member has received for service in a covered position and on which the
5 member has made contributions, or on which the public board, institution, or
6 agency has picked-up member contributions pursuant to KRS 161.540(2), or the
7 average of the five (5) years of highest salaries as defined in KRS 61.680(2)(a),
8 which shall include picked-up member contributions. Additionally, the board of
9 trustees may approve a final average salary based upon the average of the three (3)
10 highest salaries for individuals who become members prior to January 1, 2022, who
11 are at least fifty-five (55) years of age and have a minimum of twenty-seven (27)
12 years of Kentucky service credit. However, if any of the five (5) or three (3) highest
13 annual salaries used to calculate the final average salary was paid within the three
14 (3) years immediately prior to the date of the member's retirement for individuals
15 who become members prior to January 1, 2022, or within the five (5) years
16 immediately prior to the date of the member's retirement for individuals who
17 become members on or after January 1, 2022, the amount of salary to be included
18 for each of those three (3) years or five (5) years, as applicable, for the purpose of
19 calculating the final average salary shall be limited to the lesser of:
- 20 (a) The member's actual salary; or
- 21 (b) The member's annual salary that was used for retirement purposes during each
22 of the prior three (3) years or five (5) years, as applicable, plus a percentage
23 increase equal to the percentage increase received by all other members
24 employed by the public board, institution, or agency, or for members of
25 school districts, the highest percentage increase received by members on any
26 one (1) rank and step of the salary schedule of the school district. The increase
27 shall be computed on the salary that was used for retirement purposes. The

1 board of trustees may promulgate an administrative regulation in accordance
2 with KRS Chapter 13A to establish a methodology for measuring the
3 limitation so that the combined increases in salary for each of the last three (3)
4 full years of salary prior to retirement shall not exceed the total permissible
5 percentage increase received by other members of the employer for the same
6 three (3) year period.

7 For individuals who became members of the retirement system prior to July 1,
8 2021, this limitation shall not apply if the member receives an increase in salary in a
9 percentage exceeding that received by the other members, and this increase was
10 accompanied by a corresponding change in position or in length of employment.
11 The board of trustees may promulgate an administrative regulation in accordance
12 with KRS Chapter 13A to provide definitions for a corresponding change in
13 position or in length of employment. This limitation shall also not apply to the
14 payment to a member for accrued annual leave if the individual becomes a member
15 before July 1, 2008, or accrued sick leave which is authorized by statute and which
16 shall, for individuals subject to KRS 161.155~~(11)~~~~(10)~~ who became nonuniversity
17 members of the system prior to January 1, 2022, be included as part of a retiring
18 member's annual compensation for the member's last year of active service;

19 (10) "Annual compensation" means the total salary received by a member as
20 compensation for all services performed in employment covered by the retirement
21 system during a fiscal year. Annual compensation shall not include payment for any
22 benefit or salary adjustments made by the public board, institution, or agency to the
23 member or on behalf of the member which is not available as a benefit or salary
24 adjustment to other members employed by that public board, institution, or agency.
25 Annual compensation shall not include the salary supplement received by a member
26 under KRS 157.197(2)(c), 158.6455, or 158.782 on or after July 1, 1996. Under no
27 circumstances shall annual compensation include compensation that is earned by a

1 member while on assignment to an organization or agency that is not a public
2 board, institution, or agency listed in subsection (4) of this section. In the event that
3 federal law requires that a member continue membership in the retirement system
4 even though the member is on assignment to an organization or agency that is not a
5 public board, institution, or agency listed in subsection (4) of this section, the
6 member's annual compensation for retirement purposes shall be deemed to be the
7 annual compensation, as limited by subsection (9) of this section, last earned by the
8 member while still employed solely by and providing services directly to a public
9 board, institution, or agency listed in subsection (4) of this section. The board of
10 trustees shall determine if any benefit or salary adjustment qualifies as annual
11 compensation. For an individual who becomes a member on or after July 1, 2008,
12 annual compensation shall not include lump-sum payments upon termination of
13 employment for accumulated annual or compensatory leave;

14 (11) "Age of member" means the age attained on the first day of the month immediately
15 following the birthdate of the member. This definition is limited to retirement
16 eligibility and does not apply to tenure of members;

17 (12) "Employ," and derivatives thereof, means relationships under which an individual
18 provides services to an employer as an employee, as an independent contractor, as
19 an employee of a third party, or under any other arrangement as long as the services
20 provided to the employer are provided in a position that would otherwise be
21 covered by the Kentucky Teachers' Retirement System and as long as the services
22 are being provided to a public board, institution, or agency listed in subsection (4)
23 of this section;

24 (13) "Regular interest" means:

25 (a) For an individual who becomes a member prior to July 1, 2008, interest at
26 three percent (3%) per annum;:

27 (b) For an individual who becomes a member on or after July 1, 2008, but prior to

1 January 1, 2022, interest at two and one-half percent (2.5%) per annum for
2 purposes of crediting interest to the teacher savings account or any other
3 contributions made by the employee that are refundable to the employee upon
4 termination of employment; and

5 (c) For an individual who becomes a member on or after January 1, 2022, the
6 rolling five (5) year yield on a thirty (30) year United States Treasury bond as
7 of the end of May prior to the most recently completed fiscal year, except
8 that:

9 1. Once the member has at least sixty (60) months of service in the system
10 it shall mean interest at two and one-half percent (2.5%) per annum for
11 purposes of crediting interest to employee contributions in the
12 foundational benefit component or any other contributions made by the
13 employee to the foundational benefit component that are refundable to
14 the employee upon termination of employment; and

15 2. The board shall have the authority to adjust the regular interest rate for
16 individuals who become members on or after January 1, 2022, in
17 accordance with KRS 161.633 and 161.634;

18 (14) "Accumulated contributions" means the contributions of a member to the teachers'
19 savings fund, including picked-up member contributions as described in KRS
20 161.540(2), plus accrued regular interest;

21 (15) "Annuitant" means a person who receives a retirement allowance or a disability
22 allowance;

23 (16) "Local retirement system" means any teacher retirement or annuity system created
24 in any public school district in Kentucky in accordance with the laws of Kentucky;

25 (17) "Fiscal year" means the twelve (12) month period from July 1 to June 30. The
26 retirement plan year is concurrent with this fiscal year. A contract for a member
27 employed by a local board of education may not exceed two hundred sixty-one

- 1 (261) days in the fiscal year;
- 2 (18) "Public schools" means the schools and other institutions mentioned in subsection
3 (4) of this section;
- 4 (19) "Dependent" as used in KRS 161.520 and 161.525 means a person who was
5 receiving, at the time of death of the member, at least one-half (1/2) of the support
6 from the member for maintenance, including board, lodging, medical care, and
7 related costs;
- 8 (20) "Active contributing member" means a member currently making contributions to
9 the Teachers' Retirement System, who made contributions in the next preceding
10 fiscal year, for whom picked-up member contributions are currently being made, or
11 for whom these contributions were made in the next preceding fiscal year;
- 12 (21) "Full-time" means employment in a position that requires services on a continuing
13 basis equal to at least seven-tenths (7/10) of normal full-time service on a fiscal
14 year basis;
- 15 (22) "Full actuarial cost," when used to determine the payment that a member must pay
16 for service credit means the actuarial value of all costs associated with the
17 enhancement of a member's benefits or eligibility for benefit enhancements,
18 including health insurance supplement payments made by the retirement system.
19 The actuary for the retirement system shall determine the full actuarial value costs
20 and actuarial cost factor tables as provided in KRS 161.400;
- 21 (23) "Last annual compensation" means the annual compensation, as defined by
22 subsection (10) of this section and as limited by subsection (9) of this section,
23 earned by the member during the most recent period of contributing service, either
24 consecutive or nonconsecutive, that is sufficient to provide the member with one (1)
25 full year of service credit in the Kentucky Teachers' Retirement System, and which
26 compensation is used in calculating the member's initial retirement allowance,
27 excluding bonuses, retirement incentives, payments for accumulated sick leave,

1 annual, personal, and compensatory leave, and any other lump-sum payment. For
2 an individual who becomes a member on or after July 1, 2008, payments for annual
3 or compensatory leave shall not be included in determining the member's last
4 annual compensation;

5 (24) "Participant" means a member, as defined by subsection (4) of this section, or an
6 annuitant, as defined by subsection (15) of this section;

7 (25) "Qualified domestic relations order" means any judgment, decree, or order,
8 including approval of a property settlement agreement, that:

9 (a) Is issued by a court or administrative agency; and

10 (b) Relates to the provision of child support, alimony payments, or marital
11 property rights to an alternate payee;

12 (26) "Alternate payee" means a spouse, former spouse, child, or other dependent of a
13 participant, who is designated to be paid retirement benefits in a qualified domestic
14 relations order;

15 (27) "University member" means an individual who becomes a member through
16 employment with an employer specified in subsection (4)(b) and (n) of this section;

17 (28) "Nonuniversity member" means an individual who becomes a member through
18 employment with an employer specified under subsection (4) of this section, except
19 for those members employed by an employer specified in subsection (4)(b) and (n)
20 of this section;

21 (29) "Accumulated employer contribution" means the employer contribution deposited
22 to a member's account through the supplemental benefit component and regular
23 interest credited on such amounts as provided by KRS 161.635 for nonuniversity
24 members and KRS 161.636 for university members;

25 (30) "Accumulated account balance" means:

26 (a) For members who began participating in the system prior to January 1, 2022,
27 the member's accumulated contributions; or

1 (b) For members who began participating in the system on or after January 1,
2 2022, the combined sum of the member's accumulated contributions and the
3 member's accumulated employer contributions;

4 (31) "Foundational benefit component" means the benefits provided by KRS 161.220 to
5 161.716 to individuals who become members on or after January 1, 2022, except
6 for the supplemental benefit component and retiree health benefits set forth in KRS
7 161.675; and

8 (32) "Supplemental benefit component" means:

9 (a) The benefit established pursuant to KRS 161.635 for individuals who become
10 nonuniversity members on or after January 1, 2022; or

11 (b) The benefit established pursuant to KRS 161.636 for individuals who become
12 university members on or after January 1, 2022.

13 ➔Section 4. KRS 161.623 is amended to read as follows:

14 (1) Effective July 1, 1982, and thereafter, a district board of education or other
15 employer of members of the Teachers' Retirement System may compensate, at the
16 time of retirement for service, an active contributing member for unused sick-leave
17 days in accordance with this section.

18 (2) Upon the member's application for service retirement, the employer shall certify the
19 retiring member's unused accumulated sick-leave balance to the board of trustees of
20 the Kentucky Teachers' Retirement System. The member's sick-leave balance,
21 expressed in days, shall be divided by one hundred eighty-five (185) days to
22 determine the amount of service credit that may be considered for addition to the
23 member's retirement account for the purpose of determining the retirement
24 allowance under KRS 161.620. Notwithstanding any statute to the contrary, sick-
25 leave credit that is accredited under this section or by one (1) of the other state-
26 administered retirement systems shall not be used for the purpose of determining
27 whether the member is eligible to receive a retirement allowance from the Kentucky

1 Teachers' Retirement System.

2 (3) The board shall compute the cost to the retirement system of the sick-leave credit
3 for each retiring member and shall bill the last employer of the retiring member for
4 such cost. The employer shall pay the cost of such service credit to the retirement
5 system within fifteen (15) days after receiving notification of the cost from the
6 board.

7 (4) Retiring members who receive service credit under this section shall not be eligible
8 to receive compensation for accrued sick leave under KRS 161.155(11)(~~(10)~~) or any
9 other statutory provision.

10 (5) Employer participation is optional and the employer may opt to purchase less
11 service credit than the member is eligible to receive provided the same percentage
12 of reduction is made applicable to all retiring members of the employer during a
13 school fiscal year.

14 (6) The board of trustees shall formulate and adopt necessary rules and regulations for
15 the administration of the foregoing provisions.

16 (7) Payments to the retirement system for service credit obtained under this section or
17 for compensation credit obtained under KRS 161.155(11)(~~(10)~~) shall be based on
18 the full actuarial cost as defined in KRS 161.220(22).

19 (8) For an individual who becomes a member on or after July 1, 2008, the maximum
20 amount of unused accumulated sick leave that may be considered for addition to the
21 member's retirement account for purposes of determining the retirement allowance
22 under KRS 161.620 shall not exceed three hundred (300) days.