

CHAPTER 85

(HB 79)

AN ACT relating to a school employee on active military duty.

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

Section 1. KRS 161.168 is amended to read as follows:

Notwithstanding any other statute to the contrary, a certified employee of a local board of education who is ***a member of a state National Guard or a Reserve component ordered***~~called~~ to active military duty ***by the President of the United States*** shall be granted a leave of absence for this purpose and shall be considered to be rendering service to the state.

- (1) A local board of education that has granted military leave to a certified employee and has a commitment from the employee to return to work upon the conclusion of military leave may provide the employer's contribution toward the purchase of the state's medical insurance program during the period of military leave as long as the employee or spouse pays the additional cost of dependent coverage.
- (2) Upon the employee's return to work, ***the Commonwealth of Kentucky shall***~~a local school district may~~ pay the member contribution and any accrued interest that is required to be paid ~~to the Kentucky Teachers' Retirement System~~ under KRS 161.507(4)(b) in order for the member to receive retirement service credit for the period of active military duty. ~~This payment shall be paid in lump sum by the school district directly to the retirement system on the member's behalf under the conditions set forth in KRS 161.540(2). This lump sum payment shall not be included in a member's annual compensation as defined under KRS 161.220(10).~~ Under no circumstances shall a member be entitled to service credit under this paragraph that is in violation of the provisions of KRS 161.500.
- (3) For each year of military service or each year of combined military and school service within a school year, the certified employee shall receive a year of service credit for purposes of the district's single salary schedule defined in KRS 157.320.
- (4) No provisions of this section shall be construed to provide disability benefits under KRS 161.611 or 161.663, survivorship benefits under KRS 161.520, life insurance benefits under KRS 161.555 or any other benefit available from the Kentucky Teachers' Retirement System as a result of active military service, or conditions or injuries resulting from active military service, except for the accrual of service credit which shall be acknowledged by the retirement system subject to the relevant conditions set forth in KRS 161.507.

Section 2. KRS 161.550 is amended to read as follows:

- (1) Beginning with July 1, each employer, except as provided under KRS 161.555, shall contribute annually to the retirement system a permanent amount equal to that contributed by members of the retirement system it employs plus an additional three and one-fourths percent (3.25%) of the total of salaries of members of the retirement system it employs to discharge the system's unfunded obligations with interest assumed by the state and to provide funding to the medical insurance fund as provided under KRS 161.420(5).
- (2) In addition to the required contributions in subsection (1) of this section, the state shall contribute annually to the retirement system a percentage of the total salaries of the state-funded and federally funded members it employs to provide stabilization funding for the medical insurance fund. This contribution shall be known as the state medical insurance fund stabilization contribution. The percentage to be contributed by the state shall be determined by the retirement system's actuary for each biennial budget period. The percentage to be contributed by the state may be suspended or adjusted by the General Assembly if in its judgment the welfare of the Commonwealth so demands.

- (3) Each employer shall remit the required employer contributions to the retirement system under the terms and conditions specified for member contributions under KRS 161.560. The state shall provide annual appropriations based upon estimated funds needed to meet the requirements of KRS 161.155; **161.168**; 161.507(4); 161.515; 161.545; 161.553; 161.605; 161.612; and 161.620(1), (3), (5), (6), and (7). In the event an annual appropriation is less than the amount of these requirements, the state shall make up the deficit in the next biennium budget appropriation to the retirement system. Employer contributions to the retirement system are for the exclusive purpose of providing benefits to members and annuitants and these contributions shall be considered deferred compensation to the members.

Approved March 28, 2006.