

**FINANCE AND ADMINISTRATION CABINET**  
**Kentucky Public Pensions Authority**  
**(Amendment)**

**105 KAR 1:300. Determination of service credit for local school board classified employees.**

RELATES TO: KRS 61.545, 61.552, 78.615

STATUTORY AUTHORITY: KRS 61.545(1),~~[61.645(9)(e),]~~ 78.615(1)(c)

CERTIFICATION STATEMENT: This is to certify that this administrative regulation complies with the requirements of KRS 13A.105(2) because it does not have a major economic impact.

NECESSITY, FUNCTION, AND CONFORMITY: KRS 61.545(1) requires the Kentucky Public Pensions Authority to determine by administrative regulation how much service in any year is the equivalent of a year of service credit. KRS 78.615 establishes the calculation for determination of retirement service credit for classified employees of local school boards. KRS 78.615(1)(c) ~~allows~~~~[requires the Board of Trustees of the Kentucky Retirement Systems to promulgate an administrative regulation to allow]~~ classified employees of local school boards who work less than a complete school year to purchase service credit to complete the fiscal year according to administrative regulations promulgated by the Kentucky Public Pensions Authority. This administrative regulation establishes the formulas to be used to determine the number of months of service credit earned and for the purchase of service credit for local school board classified employees who work less than a complete school year.

Section 1. For school years beginning July 1, 2000 and after, upon the employee's completion of the school year, termination, or death, whichever occurs first, the retirement system shall determine each employee's fiscal year service credit as established in this section.~~[follows:]~~

(1)

(a) The employee's actual days worked, as reported by the school board, shall be divided by twenty (20) to determine the number of months and fractional months worked during the fiscal year.

(b) The employee's total wages shall be divided by the hourly rate reported by the school board to determine the total number of hours worked during the fiscal year.

(c) The employee's total number of hours worked shall be divided by the employee's months and fractional months worked to determine if the employee worked an average of at least eighty (80) hours per month.

(2)

(a) If the employee does not work an average of at least eighty (80) hours per month over the number of actual days worked, the employee's contract days, as reported by the school board, shall be divided by twenty (20) to determine the number of months and fractional months worked during the fiscal year.

(b) The employee's total wages shall be divided by the hourly rate reported by the school board to determine the total number of hours worked during the fiscal year.

(c) The employee's total number of hours worked shall be divided by the employee's months and fractional months worked to determine if the employee worked an average of at least eighty (80) hours per month.

(3) If the employee does not work an average at least eighty (80) hours per month over the number of actual days worked or contract days, the service credit shall be disallowed and all employer and employee contributions shall be refunded. Individual months in

which the employee worked eighty (80) or more hours during the fiscal year may be purchased as ~~established~~~~provided~~ in KRS 61.552.

Section 2. Each school board employee whose employment averages eighty (80) or more hours per month over their actual days worked or contract days as determined in Section 1 of this administrative regulation, shall be credited with total service credit for the school year determined as established in this section.~~[follows:]~~

(1) If the employee worked at least 180 actual or contract days, the employee shall be credited with twelve (12) months of service credit.

(2) If the employee worked fewer than 180 actual or contract days, the employee shall receive the number of months of service credit determined by dividing the actual number of days worked or contract days by 180 and multiplying the resulting ratio by twelve (12) months. The number of months of service shall be rounded to the nearest whole month, except that the employee shall not receive twelve (12) months of service credit unless the employee worked 180 or more actual or contract days during the school year.

Section 3. For school years beginning July 1, 1996 through June 30, 2000, each school board employee whose employment averages eighty (80) or more hours per month over their actual days worked as determined in Section 1(1) of this administrative regulation, shall be credited with total service credit for the school year determined as established in this section.~~[follows:]~~

(1) If the employee worked an average of at least eighty (80) hours per month over the number of actual days worked, as reported by the school board, the employee shall be credited with service based on the number of months and fractional months rounded to the next whole month.

(2)

(a) If the employee does not work an average of at least eighty (80) hours per month over the number of actual days worked, the employee's contract days, as reported by the school board, shall be divided by twenty (20) to determine the number of months and fractional months worked during the fiscal year;

(b) The employee's total wages shall be divided by the hourly rate reported by the school board to determine the total number of hours worked during the fiscal year;

(c) The employee's total number of hours worked shall be divided by the employee's months and fractional months worked to determine if the employee worked an average of at least eighty (80) hours per month; and

(d) Each school board employee who worked an average of at least eighty (80) hours per month over the number of contract days, shall be credited with service based on the number of months and fractional months rounded to the next whole month.

(3) If the employee does not work an average of at least eighty (80) hours per month over the number of actual days worked or contract days, ~~the employee shall be~~~~[the member is]~~ allowed to retain credit for individual months representing at least eighty (80) hours of employment. Contributions and interest, if any, for months not representing eighty (80) hours of employment shall be refunded to the employee and employer.

Section 4. For school years prior to July 1, 1996, the retirement system shall determine each employee's fiscal year service credit as established in this section.~~[follows:]~~

(1)

(a) The employee's total fiscal year wages shall be divided by the hourly rate, as reported by the school board, to determine the total number of hours worked during the fiscal year;

(b) The employee's total number of hours worked during the fiscal year shall be divided by the employee's number of actual months reported by the school board to

determine if the employee worked an average of at least eighty (80) hours per month; and

(c) If the employee worked an average of at least eighty (80) hours per month over the number of actual months as reported by the school board, the employee shall be credited with service based on the number of actual months reported.

(2)

(a) If the employee does not work at least an average of eighty (80) hours per month over the number of months reported for each fiscal year, the employee's total calendar wages shall be divided by the hourly rate reported by the school board to determine the number of hours worked during the calendar year;

(b) The employee's total number of hours worked during the calendar year shall be divided by the number of calendar months reported by the school board to determine if the employee worked an average of at least eighty (80) hours per month; and

(c) If the employee worked an average of at least eighty (80) hours per month over the number of calendar months as reported by the school board, the employee shall be credited with service based on the number of calendar months reported.

(3)

(a) If the employee does not work at least an average of eighty (80) hours per month over the number of months reported for each fiscal or calendar year, the employee's contract days, as reported by the school board, shall be divided by twenty (20) to determine the number of months and fractional months worked during the fiscal year;

(b) The employee's total wages shall be divided by the hourly rate reported by the school board to determine the total number of hours worked during the fiscal year;

(c) The employee's total number of hours worked shall be divided by the employee's months and fractional months worked to determine if the employee worked an average of at least eighty (80) hours per month; and

(d) If the employee worked an average of at least eighty (80) hours per month over the number of contract days, as reported by the school board, the employee shall be credited with service based on the number of months and fractional months rounded to the next whole month.

(4)

(a) If the employee does not work at least an average of eighty (80) hours per month over the number of months reported for each fiscal or calendar year, or contract days, the employee's actual days worked, as reported by the school board, shall be divided by twenty (20) to determine the number of months and fractional months worked during the fiscal year;

(b) The employee's total wages shall be divided by the hourly rate reported by the school board to determine the total number of hours worked during the fiscal year;

(c) The employee's total number of hours worked shall be divided by the employee's months and fractional months worked to determine if the employee worked an average of at least eighty (80) hours per month; and

(d) If the employee worked an average of at least eighty (80) hours per month over the number of actual days worked, as reported by the school board, the employee shall be credited with service based on the number of months and fractional months rounded to the nearest whole month.

(5) If the employee does not work an average of at least eighty (80) hours per month over the number of reported months for each fiscal or calendar year, contract days, or actual days worked, the member is allowed to retain credit for individual months representing at least eighty (80) hours of employment. Contributions and interest, if any, for months not representing eighty (80) hours of employment shall be refunded to the employee and employer.

*RYAN BARROW, Executive Director*

APPROVED BY AGENCY: November 4, 2025

FILED WITH LRC: November 7, 2025 at 11:15 a.m.

**PUBLIC HEARING AND COMMENT PERIOD:** A public hearing on this administrative regulation shall be held on Monday, January 26, 2026 at 10:00 a.m. Eastern Time at the Kentucky Public Pensions Authority (KPPA), 1270 Louisville Road, Frankfort, Kentucky 40601. Individuals interested in presenting a public comment at this hearing shall notify this agency in writing no later than five (5) workdays prior to the hearing of their intent to attend. If no notification of intent to attend the hearing is received by that date, the hearing may be canceled. This hearing is open to the public. Any person who wishes to be heard will be given an opportunity to comment on the proposed administrative regulation. A transcript of the public hearing will not be made unless a written request for a transcript is made.

**CONTACT PERSON:** Carole J. Catalfo, Policy Specialist, Kentucky Public Pensions Authority. 1260 Louisville Road, Frankfort, Kentucky 40601. Phone (502) 696-8679, Fax (502) 696-8615, Email: [Legal.Non-Advocacy@kyret.ky.gov](mailto:Legal.Non-Advocacy@kyret.ky.gov)

## REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

**Contact Person:**Carole J. Catalfo

**Subject Headings:**Boards and Commissions, Local Governments, Retirements and Pensions

**(1) Provide a brief summary of:**

**(a) What this administrative regulation does:**

This administrative regulation establishes the formulas to be used to determine the number of months of service credit earned and for the purchase of service credit for local school board classified employees who work less than a complete school year.

**(b) The necessity of this administrative regulation:**

This administrative regulation is necessary to establish the formulas to be used to determine the number of months of service credit earned and for the purchase of service credit for local school board classified employees who work less than a complete school year.

**(c) How this administrative regulation conforms to the content of the authorizing statutes:**

KRS 61.545(1) requires the Kentucky Public Pensions Authority to determine by administrative regulation how much service in any year is the equivalent of a year of service credit. KRS 78.615 establishes the calculation for determination of retirement service credit for classified employees of local school boards. KRS 78.615(1)(c) allows classified employees of local school boards who work less than a complete school year to purchase service credit to complete the fiscal year according to administrative regulations promulgated by the Kentucky Public Pensions Authority. This administrative regulation establishes the formulas to be used to determine the number of months of service credit earned and for the purchase of service credit for local school board classified employees who work less than a complete school year.

**(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes:**

This administrative regulation assists in the effective administration of the statutes by establishing the formulas to be used to determine the number of months of service credit earned and for the purchase of service credit for local school board classified employees who work less than a complete school year.

**(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:**

**(a) How the amendment will change this existing administrative regulation:**

The amendment clarifies the title of the regulation and formulas for determining service for actual and contract days worked after July 1, 2000, corrects statutory references, and aligns language to comply with KRS Chapter 13A drafting requirements.

**(b) The necessity of the amendment to this administrative regulation:**

The amendment is necessary to clarify the title of the regulation and formulas for determining service for actual and contract days worked after July 1, 2000, correct statutory references, and align language to comply with KRS Chapter 13A drafting requirements. (c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 61.545(1) requires the Kentucky Public Pensions

Authority to determine by administrative regulation how much service in any year is the equivalent of a year of service credit. KRS 78.615 establishes the calculation for determination of retirement service credit for classified employees of local school boards. KRS 78.615(1)(c) allows classified employees of local school boards who work less than a complete school year to purchase service credit to complete the fiscal year according to administrative regulations promulgated by the Kentucky Public Pensions Authority. This administrative regulation establishes the formulas to be used to determine the number of months of service credit earned and for the purchase of service credit for local school board classified employees who work less than a complete school year.

**(c) How the amendment conforms to the content of the authorizing statutes:**

No answer provided.

**(d) How the amendment will assist in the effective administration of the statutes:**

The amendment will assist in the effective administration of the statute by clarifying the title of the regulation and formulas for determining service for actual and contract days worked after July 1, 2000, correcting statutory references, and aligning language to comply with KRS Chapter 13A drafting requirements.

**(3) Does this administrative regulation or amendment implement legislation from the previous five years?: KRS 61.545 - Amended 2021 Ky. Acts ch. 96, sec. 4, effective June 29, 2021; and ch. 102, sec. 50, effective April 1, 2021. KRS 78.615 - Amended 2021 Ky. Acts ch. 102, sec. 22, effective April 1, 2021. -- Amended 2020 Ky. Acts ch. 79, sec. 37, effective April 1, 2021.**

**(4) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation:**

This administrative regulation affects the Kentucky Public Pensions Authority, and only those classified employees of local school boards, of approximately 286,688 total members in the County Employees Retirement System, who work less than a complete school year and want to purchase service credit to complete the fiscal year.

**(5) Provide an analysis of how the entities identified in question (4) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:**

**(a) List the actions that each of the regulated entities identified in question (4) will have to take to comply with this administrative regulation or amendment:**

The regulated entities will be minimally impacted because the administrative regulation is already being implemented as written. The amendment is primarily technical in nature.

**(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (4):**

There will be no additional costs to comply with the amendment because it is already being implemented as written. The amendment is primarily technical in nature.

**(c) As a result of compliance, what benefits will accrue to the entities identified in question (4):**

The regulated community will benefit from clarification of the title of the regulation and formulas for determining service for actual and contract days worked after July 1, 2000, correct statutory references, and language aligned to comply with KRS Chapter 13A drafting requirements.

**(6) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:**

**(a) Initially:**

There will be no additional costs because the regulation is already being implemented as written.

**(b) On a continuing basis:**

There will be no additional costs because the regulation is already being implemented as written.

**(7) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation or this amendment:**

Administrative expenses of the Kentucky Public Pensions Authority are paid from the Retirement Allowance Account (trust and agency funds).

**(8) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment:**

No, an increase in fees or funding will not be necessary.

**(9) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees:**

No, this administrative regulation does not establish any fees or directly or indirectly increase any fees.

**(10) TIERING: Is tiering applied?**

No, tiering is not applied. The processes and procedures are the same for all local school board classified employees who want to purchase service credit.

## **FISCAL IMPACT STATEMENT**

**(1) Identify each state statute, federal statute, or federal regulation that requires or authorizes the action taken by the administrative regulation:**

KRS 61.545(1) requires the Kentucky Public Pensions Authority to determine by administrative regulation how much service in any year is the equivalent of a year of service credit. KRS 78.615 establishes the calculation for determination of retirement service credit for classified employees of local school boards. KRS 78.615(1)(c) allows classified employees of local school boards who work less than a complete school year to purchase service credit to complete the fiscal year according to administrative regulations promulgated by the Kentucky Public Pensions Authority.

**(2) State whether this administrative regulation is expressly authorized by an act of the General Assembly, and if so, identify the act:**

KRS 61.545(1) and 78.615.

**(3)(a) Identify the promulgating agency and any other affected state units, parts, or divisions:**

The promulgating agency is the Kentucky Public Pensions Authority. There are no other affected state units, parts, or divisions.

**(b) Estimate the following for each affected state unit, part, or division identified in (3)(a):**

**1. Expenditures:**

**For the first year:None.**

**For subsequent years:None.**

**2. Revenues:**

**For the first year:None.**

**For subsequent years:None.**

**3. Cost Savings:**

**For the first year:None.**

**For subsequent years:None.**

**(4)(a) Identify affected local entities (for example: cities, counties, fire departments, school districts):**

There are no affected local entities.

**(b) Estimate the following for each affected local entity identified in (4)(a):**

**1. Expenditures:**

**For the first year:None.**

**For subsequent years:None.**

**2. Revenues:**

**For the first year:None.**

**For subsequent years:None.**

**3. Cost Savings:**

**For the first year:None.**

**For subsequent years:None.**

**(5)(a) Identify any affected regulated entities not listed in (3)(a) or (4)(a):**

There are no additional regulated entities.

**(b) Estimate the following for each regulated entity identified in (5)(a):**

**1. Expenditures:**

**For the first year:None.**

**For subsequent years:None.**

**2. Revenues:**

**For the first year:None.**

**For subsequent years:None.**

**3. Cost Savings:**

**For the first year:None.**

**For subsequent years:None.**

**(6) Provide a narrative to explain the following for each entity identified in (3)(a), (4)(a), and (5)(a)**

**(a) Fiscal impact of this administrative regulation:**

This administrative regulation has little fiscal impact. It is already being administered as written.

**(b) Methodology and resources used to reach this conclusion:**

The agency analyzed its processes and procedures related to the formulas used to determine the number of months of service credit earned and for the purchase of service credit for local school board classified employees who work less than a complete school year.

**(7) Explain, as it relates to the entities identified in (3)(a), (4)(a), and (5)(a):**

**(a) Whether this administrative regulation will have a "major economic impact", as defined by KRS 13A.010(14):**

No, this administrative regulation will not have a major economic impact as defined by KRS 13A.010(13).

**(b) The methodology and resources used to reach this conclusion:**

The agency analyzed its processes and procedures related to the formulas used to determine the number of months of service credit earned and for the purchase of service credit for local school board classified employees who work less than a complete school year.