

PUBLIC PENSION OVERSIGHT BOARD

Minutes

January 16, 2026

Call to Order and Roll Call

The first meeting of the Public Pension Oversight Board was held on January 16, 2026, at 12:00 PM in Room 154 of the Capitol Annex. Senator Jimmy Higdon, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Walker Thomas, Co-Chair; Senator Jimmy Higdon, Co-Chair; Senators Greg Elkins, Shelley Funke Frommeyer, Gerald A. Neal, and Michael J. Nemes; Representatives David Hale, Tina Bojanowski, Adrielle Camuel, Robert Duvall, DJ Johnson, and James Tipton; and Allison Ball (Savannah Baker, by proxy), and Victor Maddox.

Guests: Representative John Blanton; Ryan Barrow, Executive Director, Kentucky Public Pensions Authority (KPPA); Erin Surratt, Deputy Executive Director, KPPA; Senator Matt Nunn; and Billy Parker, Superintendent, Scott County Schools.

LRC Staff: Brad Gross, Michael Clancy, Shawn Sparks, and Angela Rhodes.

Approval of Minutes

A motion was made by Senator Funke Frommeyer and seconded by Senator Elkins to approve the minutes of the December 12, 2025, meeting. Minutes were approved by voice vote without objection.

Legislative Proposals

Representative John Blanton discussed 2026 RS HB 220, his proposal to amend KRS 61.598 as it relates to pension spiking and the definition of "bona fide promotion or career advancement." HB 220 would retroactively exempt pension spiking adjustments due to increases in rates of pay authorized or funded by the legislative or administrative body of an employer or mandated in a collective bargaining agreement approved by the legislative body of the employer for members of the systems administered by KPPA who retired on or after July 1, 2022. The bill would require KPPA to review and make necessary adjustments to benefits payable on or after July 1, 2022, to impacted members.

In response to Chair Higdon, Representative Blanton stated the legislation will be written to only target the ones affected.

In response to Representative Bojanowski, Representative Blanton stated there is less than 1,000 impacted members.

In response to Chair Higdon, Representative Blanton stated an actuarial analysis is in process.

Ryan Barrow, Executive Director, KPPA, and Erin Surratt, Deputy Executive Director, KPPA, joined Representative Blanton at the testimony table.

In response to Chair Higdon, Ms. Surratt stated she does not believe the scope of the bill will broaden from the Court of Appeals ruling, but anticipates members retiring before July 1, 2022, wanting the same option. The court ruling includes any employee that gets a bona fide raise for a specified class. Pension spiking only looks at the last five years before retirement.

In response to Representative Tipton, Ms. Surratt stated there could be other members affected in addition to the State Police Retirement System members that received a \$15,000 across-the-board raise in 2022.

In response to Chair Higdon, Ms. Surratt stated future legislation to include those who retired before July 1, 2022, is possible since member pension spiking started effective January 1, 2018.

Senator Matt Nunn discussed how his proposed sick leave flexibility for school district employees legislation would lead to teachers taking fewer sick days, which would improve classroom instruction. He believes it will help retain younger teachers by allowing them to cash out sick leave annually prior to retirement and put more money in their pocket. Billy Parker, Superintendent, Scott County Schools, discussed how the legislation would give incentive for Tier 4 teachers to be in the classroom for a possible future payout.

In response to Representative Bojanowski, Mr. Parker stated he believes this legislation will encourage teachers to come to work and not use their sick leave.

In response to Senator Funke Frommeyer, Senator Nunn stated the legislation would permit employees to cash out a number of days beyond the 15-day threshold at a rate of 30 percent of their current daily rate.

In response to Representative Tipton, Mr. Parker stated the legislation provides school districts the option to create a voluntary annual sick leave cashout program. Feedback from teachers included an option to be able to cash out more than one year of accumulated sick leave.

In response to Representative Camuel, Mr. Parker stated it is his understanding that the same tax rules would apply as any other compensation provided. The cashed-out funds would come from the school district budget.

In response to Chair Higdon, Mr. Parker stated he believes employees cashing out leave days would have the option of investing their funds.

Senator Funke Frommeyer commented that the legislation would create a meaningful opportunity for families.

Senator Nemes discussed the tax liability of payouts and whether they could be rolled into a tax qualified retirement plan.

In response to Representative Tipton, Senator Nunn stated there is no data reporting provision currently in the legislation that would track how this program is being utilized across the districts, but he is open to adding that to the bill.

Senator Nunn discussed additional language in the legislation that would give teachers and employees of school districts an opportunity to use accumulated sick leave for observance of religious holidays not otherwise included in the school calendar if the teacher or employee submits a personal statement verifying the observance of said holiday.

Adjournment

There being no further business, the meeting was adjourned.