PUBLIC PENSION OVERSIGHT BOARD

Minutes

October 20, 2026

Call to Order and Roll Call
The sixth meeting of the Public Pension Oversight Board was held on October 20, 2026, at 2:30 PM ET/1:30 PM CT 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: Senator Jimmy Higdon, Co-Chair; Representative Walker Thomas, Co-Chair; Senators Shelley Funke Frommeyer, and Michael J. Nemes; and Representatives Adrielle Camuel, Robert Duvall, Ken Fleming, DJ Johnson, Jason Petrie, and James Tipton; and Allison Ball, John Hicks, and Steve Humphress.

Guests: Beau Barnes, Deputy Executive Secretary and General Counsel, Teachers' Retirement System (TRS); Brad Gross, LRC Staff; Ryan Barrow, Executive Director, Kentucky Public Pensions Authority (KPPA); and Erin Surratt, Deputy Executive Director, KPPA.

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

Prayer and Pledge of Allegiance

Approval of Minutes
A motion was made by Representative Duvall and seconded by Representative Johnson to approve the minutes of the August 18, 2026, meeting. Minutes were approved by voice vote without objection. A motion was made by Representative Johnson and seconded by Representative Duvall to approve the minutes of the September 22, 2026, meeting. Minutes were approved by voice vote without objection.

Overview of Line of Duty Death Benefits – LRC Staff
Brad Gross, LRC Staff, provided a brief overview of available state and federal line of duty death benefits including state retirement system benefits, life insurance benefits, state and federal lump sum benefits, workers compensation benefits, and paid tuition benefits.

In response to Representative Tipton, Mr. Gross stated he believes that if eligibility requirements are met, then multiple benefits can be received by a member or beneficiary, but what a person qualifies for and can receive could be different in different situations.

In response to Senator Funke Frommeyer, Mr. Gross stated each benefit will have its own independent definitions and rules.

Chair Higdon recognized Commissioner Phillip "PJ" Burnett, Jr., Kentucky State Police.

Mr. Hicks commented that members of the National Guard, whether on state or federal active duty, can receive the same $80,000 state paid lump-sum benefit provided to public safety officers.

Overview of Line of Duty Death Benefits – KPPA

Ryan Barrow, Executive Director, KPPA, stated that KPPA will focus on their line of duty disability and death benefits provided to members of the systems administered by the KPPA.

Erin Surratt, Deputy Executive Director, KPPA, discussed position classifications, definitions, benefits payable, and data specific to line of duty disability and death benefits.

In response to Chair Higdon, Ms. Surratt stated the data provided for the line of duty benefits currently being paid under KPPA is a total of all benefits. The criteria for a total and permanent line of duty designation requires the individual be unable to perform any other type of employment.

In response to Representative Tipton, Ms. Surratt stated the employer makes the decision to apply for hazardous retirement coverage. The position must meet the required statutory definition and be approved as hazardous by the respective board of trustees. To receive line of duty benefits, the disablement or death has to result from a single traumatic event that occurred in line of duty. Members are not eligible if injuries are accumulated over time or if a preexisting injury or condition is made worse by employment.

In response to Mr. Hicks, Ms. Surratt stated KPPA's medical reviewers make the determination whether an event occurs in the line of duty based on the information provided.

In response to Chair Higdon, Ms. Surratt stated KPPA's counselors review accounts that are flagged under their pension spiking provisions and reach out to employers for more information. In response to another question regarding retiree health insurance open enrollment for under 65 retirees, Mr. Barrow stated that a little over half have enrolled in a plan and that KPPA is continuing to do everything they have done in the past for open enrollment plus sending additional email and text communications.

Teachers' Retirement System Annual Leave Overview

Beau Barnes, Deputy Executive Secretary and General Counsel, TRS, gave an overview of annual leave payouts at retirement and how those payments may impact the retirement benefits of TRS members. He noted not all TRS employers provide annual leave and of those who do, not all their employees receive annual leave. Relative to annual leave and the impact on TRS, he provided the number of impacted members, costs to TRS, and the statutory provisions.

In response to Senator Funke Frommeyer, Mr. Barnes stated the 16,634 TRS members could be eligible to have 60 days of annual leave into their final year of active service. He further stated that annual leave at retirement is paid at a full daily rate up to 60 days and actuarially is calculated every year through a gains/loss analysis and assumptions to make sure it is factored properly into the TRS budget request.

In response to Chair Higdon, Mr. Barnes noted the state has been billed for and has paid the cost of annual leave since inception. Regarding the unfunded liability of the benefit, part of the annual leave benefits is paid through normal costs. Sick leave benefits are established under KRS 161.155, which is a Department of Education statute, and annual leave benefits are covered under KRS 161.540(1)(f), a retirement system statute.

In response to Representative Camuel, Mr. Barnes agreed annual leave are vacation days. An employee who takes annual leave gets paid their full rate of pay no matter when the days are used in the range of their employment. An employee can have payment of up to 60 annual leave days applied for their last year of service.

Mr. Barnes discussed SB 127, which was introduced in the 2026 Session. SB 127 would have changed the treatment of annual leave by providing that the state would have paid all the actuarial cost of annual leave through July 30, 2026. After that date, it would continue to pay the actuarial cost of annual leave for school districts and technical schools up to 5 additional days each year. SB 127 would require the individual employer to pay for any days above 5 days. It would also require those employers who are not school districts or technical schools to pay the full actuarial cost of annual leave accrued

after July 31, 2026. The actuary who conducted the analysis said it would not have a material cost impact on TRS because TRS would still be receiving the actuarial contributions on that annual leave. Part of the cost of annual leave would shift from the state to individual employers.

Chair Higdon commented SB 127 was trying to standardize annual leave across all school districts and put guardrails in place.

In response to Representative Tipton, Mr. Barnes agreed the annual leave cost ultimately goes into the ADEC, which is paid by the state/taxpayers. In response to a follow-up, Mr. Barnes stated there are 110 to 120 full-time employees at TRS. Of those, most have 4-year degrees and are TRS members. Those that do not have 4-year degrees are in KERS.

In response to Chair Higdon, Mr. Barnes stated TRS, like other state agencies, follows the same statutes regarding the number of annual leave days that are awarded each year and how many are allowed to accumulate. In response to a follow-up, Mr. Barnes agreed the state is paying Kentucky School Board Association's unfunded liability.

In response to Senator Funke Frommeyer, Mr. Barnes agreed the 60 days of annual leave are calculated in the final year of active service with the remainder rolling over into sick leave which is then calculated at 30%. The 30% also goes into the final average. Mr. Barnes stated that some other states have these same annual leave provisions.

Representative Camuel commented that the National Association of Deferred Compensation Administrators may track some of the annual leave policies that other states use.

Chair Higdon commented that he was able to obtain retirement information that was denied to him by TRS through an open records request to the employer regarding an employee's final compensation of sick days, annual leave days, and final salary. Mr. Barnes stated that TRS has its own specific confidentiality statute, KRS 161.585, which provides that no specific data shall be released from a members account. In response to a question from Chair Higdon regarding retiree health insurance open enrollment for under 65 retirees, Mr. Barnes stated that TRS has just over 7,200 members that have completed the process to enroll in coverage through the Kentucky Employees Health Plan in 2027, and almost 3,000 that have not completed the process. TRS is performing increased outreach to try to inform the remaining members of the mandatory open enrollment for 2027.

Adjournment

With no further business to come before the committee, the meeting adjourned. The next scheduled meeting is November 17, 2026.