

1 AN ACT relating to sick leave for members of the Teachers' Retirement System
2 and declaring an emergency.

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

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

5 (1) As used in this section:

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

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

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

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

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

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

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

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

16 (a) The district shall pay the salary of the teacher or employee between the time
17 of the assault and the time the teacher's or employee's workers' compensation
18 income benefits take effect, or the time the teacher or employee is certified to
19 return to work by a physician or surgeon duly qualified under KRS Chapter
20 342, whichever is sooner;

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

1 cease to make payments under this paragraph;

2 (c) The Commonwealth, through the Kentucky Department of Education, shall
3 make the employer's health insurance contribution during the period that the
4 district makes payments under paragraphs (a) and (b) of this subsection;

5 (d) The Commonwealth, through the Kentucky Department of Education, shall
6 make the employer's contribution to the retirement system in which the
7 teacher or employee is a member during the period that the district makes
8 payments under paragraphs (a) and (b) of this subsection; and

9 (e) Payments to a teacher or employee under paragraphs (a) and (b) of this
10 subsection shall be coordinated with workers' compensation benefits under
11 KRS Chapter 342, disability retirement benefits for teachers under KRS
12 161.661 to 161.663, and disability retirement benefits for employees under
13 KRS 61.600 to 61.621 and 78.5522, 78.5524, 78.5526, 78.5528, and 78.5530
14 so that the teacher or employee receives income equivalent to his or her full
15 contracted salary, but in no event shall the combined payments exceed one
16 hundred percent (100%) of the teacher's or employee's full contracted salary.

17 (4) Days of sick leave not taken by an employee or a teacher during any school year
18 shall accumulate without limitation and be credited to that employee or teacher.
19 Accumulated sick leave may be taken in any school year. Any district board of
20 education may, in its discretion, allow employees or teachers in its common school
21 system sick leave in excess of the number of days prescribed in this section and
22 may allow school district employees and teachers to use up to three (3) days' sick
23 leave per school year for emergency leave pursuant to KRS 161.152(3). Any
24 accumulated sick leave days credited to an employee or a teacher shall remain so
25 credited in the event he or she transfers his or her place of employment from one (1)
26 school district to another within the state or to the Kentucky Department of
27 Education or transfers from the Department of Education to a school district.

- 1 (5) Accumulated days of sick leave shall be granted to a teacher or employee if, prior to
2 the opening day of the school year, a statement or a certificate of a physician is
3 presented to the district board of education, stating that the teacher or employee is
4 unable to commence his or her duties on the opening day of the school year, but
5 will be able to assume his or her duties within a period of time that the board
6 determines to be reasonable.
- 7 (6) Any school teacher or employee may repurchase previously used sick leave days
8 with the concurrence of the local school board by paying to the district an amount
9 equal to the total of all costs associated with the used sick leave.
- 10 (7) A district board of education may adopt a plan for a sick leave bank. The plan may
11 include limitations upon the number of days a teacher or employee may annually
12 contribute to the bank and limitations upon the number of days a teacher or
13 employee may annually draw from the bank. Only those teachers or employees who
14 contribute to the bank may draw upon the bank. Days contributed will be deducted
15 from the days available to the contributing teacher or employee. The sick leave
16 bank shall be administered in accordance with a policy adopted by the board of
17 education.
- 18 (8) (a) A district board of education shall establish a sick leave donation program to
19 permit teachers or employees to voluntarily contribute sick leave to teachers
20 or employees in the same school district who are in need of an extended
21 absence from school. A teacher or employee who has accrued more than
22 fifteen (15) days' sick leave may request the board of education to transfer a
23 designated amount of sick leave to another teacher or employee who is
24 authorized to receive the sick leave donated. A teacher or employee may not
25 request an amount of sick leave be donated that reduces his or her sick leave
26 balance to less than fifteen (15) days.
- 27 (b) A teacher or employee may receive donations of sick leave if:

1 is verified by a physician's statement.

- 2 (10) (a) After July 1, 1982, a district board of education may compensate, at the time
3 of retirement or upon the death of a member in active contributing status at
4 the time of death who was eligible to retire by reason of service, an employee
5 or a teacher, or the estate of an employee or teacher, for each unused sick
6 leave day. The rate of compensation for each unused sick leave day shall be
7 based on a percentage of the daily salary rate calculated from the employee's
8 or teacher's last annual salary, not to exceed thirty percent (30%).
- 9 (b) Except as provided in paragraph (c) of this subsection, payment for unused
10 sick leave days under this subsection shall be incorporated into the annual
11 salary of the final year of service for inclusion in the calculation of the
12 employee's or teacher's retirement allowance only at the time of his or her
13 initial retirement, provided that the member makes the regular retirement
14 contribution for members on the sick leave payment. The accumulation of
15 these days includes unused sick leave days held by the employee or teacher at
16 the time of implementation of the program.
- 17 (c) For a teacher or employee who becomes a nonuniversity member of the
18 Teachers' Retirement System on or after January 1, 2022, as provided by KRS
19 161.220, payment for unused sick leave days under this subsection shall not
20 be incorporated into the annual compensation used to calculate the teacher's or
21 employee's retirement allowance in the foundational benefit component as
22 described by KRS 161.633 but may be deposited into the nonuniversity
23 member's supplemental benefit component as provided by KRS 161.635.
- 24 (d) For a teacher or employee who begins employment with a local school district
25 on or after July 1, 2008, the maximum amount of unused sick leave days a
26 district board of education may recognize in calculating the payment of
27 compensation to the teacher or employee under this subsection shall not

1 exceed three hundred (300) days.

2 (e) For the fiscal year ending June 30, 2024, and for each fiscal year
3 thereafter, each school district shall annually report to the Teachers'
4 Retirement System the sick leave balances for each teacher and employee
5 who is a member of the Teachers' Retirement System. The report shall
6 include the following information for each teacher or employee:

7 1. The sick leave days accrued at the beginning of the fiscal year;

8 2. The sick leave days accrued during the fiscal year;

9 3. Any other days of leave, of any type, that are added to the sick leave
10 balance during the fiscal year by rollover, conversion, donation, or
11 any other method;

12 4. The sick leave days used during the fiscal year; and

13 5. The sick leave balance at the end of the fiscal year.

14 (f) For the fiscal year ending June 30, 2024, and for each fiscal year
15 thereafter, each school district shall file with the Teachers' Retirement
16 System information regarding its sick leave policies, procedures, contract
17 terms, and related provisions, that are applicable to members of the system
18 including:

19 1. The number of sick leave days allowed annually under the sick leave
20 programs established pursuant to subsection (2) of this section;

21 2. Any other types of leave and the amount of leave by type that may,
22 prior to retirement or at the time of retirement, be included by rollover,
23 conversion, donation, or any other method, in an employee's sick leave
24 balance pursuant to any district policy, procedure, contract term, or
25 related provision established by the district; and

26 3. Any other information required by the system.

27 The reporting required by this paragraph shall include a description of

1 whether the policies, procedures, contract terms, or related provision
2 governing sick leave apply to all employees, a class of employees, or a
3 specific employee of the district.

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

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

12 ➔Section 2. KRS 161.400 is amended to read as follows:

13 (1) (a) The board of trustees shall designate as actuary a competent person who shall
14 be a fellow of the Conference of Consulting Actuaries or a member of the
15 American Academy of Actuaries. He or she shall be the technical adviser of
16 the board on matters regarding the operation of the funds of the system and
17 shall perform such other duties as are required in connection therewith.

18 (b) 1. At least once in each two (2) year period, the board shall cause an
19 actuarial investigation to be made of all of the economic experience
20 under the retirement system, including but not limited to the inflation
21 rate, investment return, and payroll growth assumptions, relative to the
22 economic assumptions and funding methods previously adopted by the
23 board.

24 2. At least once in each five (5) year period, the actuary shall make an
25 actuarial investigation into all of the demographic actuarial assumptions
26 used, including but not limited to mortality tables, withdrawal rates, and
27 retirement rate assumptions, relative to the demographic actuarial

1 assumptions previously adopted by the board.

2 3. Each actuarial investigation shall include at a minimum a summary of
3 the changes in actuarial assumptions and funding methods
4 recommended in the investigation and the projected impact of the
5 recommended changes on funding levels, unfunded liabilities, and
6 actuarially recommended contribution rates for employers over a thirty
7 (30) year period.

8 (c) At least annually the actuary shall make an actuarial valuation of the
9 retirement system. The valuation shall include:

10 1. A description of the actuarial assumptions used, and the assumptions
11 shall be reasonably related to the experience of the system and represent
12 the actuary's best estimate of anticipated experience;

13 2. A description of any funding methods utilized or required by state law in
14 the development of the actuarial valuation results;

15 3. A description of any changes in actuarial assumptions and methods from
16 the previous year's actuarial valuation;

17 4. The actuarially recommended contribution rate for employers for the
18 upcoming budget periods;

19 5. A thirty (30) year projection of the funding levels, unfunded liabilities,
20 and actuarially recommended contribution rates for employers based
21 upon the actuarial assumptions, funding methods, and experience of the
22 system as of the valuation date; ~~and~~

23 6. A sensitivity analysis that evaluates the impact of changes in system
24 assumptions, including but not limited to the investment return
25 assumption, payroll growth assumption, and medical inflation rates, on
26 employer contribution rates, funding levels, and unfunded liabilities;

27 and

1 7. The full actuarial cost of the sick leave program established by
2 subsection (10) of Section 1 of this Act, including the total actuarial
3 liabilities of the sick leave program and the total actuarial costs to
4 annually finance the program as a percentage of payroll and in total
5 dollars broken down by each funding source.

6 (d) On the basis of the results of the valuations, the board of trustees shall make
7 necessary changes in the retirement system within the provisions of law and
8 shall establish the contributions payable by employers and the state specified
9 in KRS 161.550, including changes prescribed by KRS 161.633, 161.634,
10 161.635, and 161.636, as applicable.

11 (e) For any change in actuarial assumptions, funding methods, retiree health
12 insurance premiums and subsidies, or any other decisions made by the board
13 that impact system liabilities and actuarially recommended contribution rates
14 for employers and that are not made in conjunction with the actuarial
15 investigations required by paragraph (b) of this subsection, an actuarial
16 analysis shall be completed showing the projected impact of the changes on
17 funding levels, unfunded liabilities, and actuarially recommended contribution
18 rates for employers over a thirty (30) year period.

19 (2) Actuarial factors and actuarial cost factor tables in use by the retirement system for
20 all purposes shall be determined by the actuary of the retirement system and
21 approved by the board of trustees by resolution and implemented without the
22 necessity of an administrative regulation.

23 (3) A copy of each actuarial investigation, actuarial analysis, and valuation required by
24 subsection (1) of this section shall be forwarded electronically to the Legislative
25 Research Commission no later than ten (10) days after receipt by the board, and the
26 Legislative Research Commission shall distribute the information received to the
27 committee staff and co-chairs of any committee that has jurisdiction over the

1 Teachers' Retirement System. The actuarial valuation required by subsection (1)(c)
2 of this section shall be submitted no later than November 15 following the close of
3 the fiscal year.

4 ➔Section 3. KRS 161.643 is amended to read as follows:

5 (1) Each school district, institution, and agency employing annuitants of the retirement
6 system shall have on file at the retirement system's office an annual summary report
7 of the days employed and the compensation paid to each annuitant, **the sick leave**
8 **reporting requirements established by subsection (10)(e) of Section 1 of this Act,**
9 and other data as required by administrative regulation of the board of trustees no
10 later than August 1, following the completion of each fiscal year.

11 (2) The retirement system may impose a penalty on the employer not to exceed one
12 thousand dollars (\$1,000) when the employer does not meet the August 1 filing date
13 or fails to provide the information required for employment of annuitants of the
14 retirement system. However, the retirement system may waive the penalty for good
15 cause.

16 (3) The retirement system may promulgate administrative regulations in accordance
17 with KRS Chapter 13A to require employers to report more frequently than on an
18 annual basis.

19 ➔Section 4. Whereas ensuring the accuracy of data and costs of the sick leave
20 programs provided by the Teachers' Retirement System will ensure the reliability of
21 future pension costs, an emergency is declared to exist, and this Act takes effect upon its
22 passage and approval by the Governor or upon its otherwise becoming a law.