

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           1.   a.   The teacher or employee or a member of his or her immediate  
2                   family suffers from a medically certified illness, injury,  
3                   impairment, or physical or mental condition that has caused or is  
4                   likely to cause the teacher or employee to be absent for at least ten  
5                   (10) days; or  
6                b.   The teacher or employee suffers from a catastrophic loss to his or  
7                   her personal or real property, due to either a natural disaster or fire,  
8                   that either has caused or will likely cause the employee to be  
9                   absent for at least ten (10) consecutive working days;  
10           2.   The teacher's or employee's need for the absence and use of leave are  
11               certified by a licensed physician for leave requested under subparagraph  
12               1.a. of this subsection;  
13           3.   The teacher or employee has exhausted his or her accumulated sick  
14               leave, personal leave, and any other leave granted by the school district;  
15               and  
16           4.   The teacher or employee has complied with the school district's policies  
17               governing the use of sick leave.  
18       (c)   While a teacher or employee is on sick leave provided by this section, he or  
19               she shall be considered a school district employee, and his or her salary,  
20               wages, and other employee benefits shall not be affected.  
21       (d)   Any sick leave that remains unused, is not needed by a teacher or employee,  
22               and will not be needed in the future shall be returned to the teacher or  
23               employee donating the sick leave.  
24       (e)   The board of education shall adopt policies and procedures necessary to  
25               implement the sick leave donation program.  
26       (9)   A teacher or employee may use up to thirty (30) days of sick leave following the  
27               birth or adoption of a child or children. Additional days may be used when the need

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

1 compensation to the teacher or employee under this subsection shall not  
2 exceed three hundred (300) days.

3 (e) For a teacher or employee who becomes a nonuniversity member of the  
4 Teachers' Retirement System prior to January 1, 2022, as defined in KRS  
5 161.220, who retires on or after July 1, 2024, sick leave days that are  
6 eligible for compensation under this subsection shall be limited to the sick  
7 leave accrued as of June 30, 2024, subject to the following adjustments and  
8 limitations:

9 1. The sick leave balance shall be reduced to reflect any sick leave used  
10 by the teacher or employee on or after July 1, 2024;

11 2. The sick leave balance shall be increased by no more than ten (10)  
12 days of sick leave for the teacher or employee for each fiscal year  
13 beginning on or after July 1, 2024, and the increase shall not include  
14 any personal days, emergency days, vacation days, sick leave days  
15 purchased pursuant to subsection (6) of this section, or any other form  
16 of non-sick leave balances offered by the district board of education to  
17 teachers or employees; and

18 3. The limitations established by paragraph (d) of this subsection.  
19 For the fiscal year ending June 30, 2024, and for each fiscal year  
20 thereafter, each school district shall annually report to the Teachers'  
21 Retirement System the sick leave balances for each teacher and employee  
22 subject to this paragraph as part of the annual reporting requirements  
23 under Section 6 of this Act. The report shall include for each teacher or  
24 employee the sick leave accrued at the beginning of the fiscal year, the sick  
25 leave used during the fiscal year, the sick leave accrued under the limitation  
26 of this paragraph during the fiscal year, and the sick leave balance at the  
27 end of the fiscal year.

- 1 (11) Any statute to the contrary notwithstanding, employees and teachers who  
2 transferred from the Department of Education to a school district, from a school  
3 district to the Department of Education, or from one (1) school district to another  
4 school district after July 15, 1981, shall receive credit for any unused sick leave to  
5 which the employee or teacher was entitled on the date of transfer. This credit shall  
6 be for the purposes set forth in subsection (10) of this section.
- 7 (12) The death benefit provided in subsection (10) of this section may be cited as the  
8 Baughn Benefit.
- 9 ➔Section 2. KRS 161.152 is amended to read as follows:
- 10 (1) For the purpose of this section, "school personnel" shall mean any person employed  
11 as a full-time employee in the public schools.
- 12 (2) Each district board of education may allow each person employed as a full-time  
13 employee in the public schools not to exceed three (3) emergency days per school  
14 year for reasons designated by the district board of education, without loss of salary  
15 to the employee and without affecting his or her sick leave.
- 16 (3) Emergency~~Personal~~ leave granted under this section shall not be treated as having  
17 effect on the provisions of KRS 161.155, and the emergency leave accrued on or  
18 after July 1, 2024, shall not be converted or transferable to sick leave under  
19 Section 1 of this Act, except that school personnel, after using the maximum days  
20 allowed in subsection (2) of this section, may, upon the recommendation of the  
21 school district superintendent and approval of the district board of education, use up  
22 to three (3) sick-leave days per school year for emergency leave according to the  
23 district board policy as established pursuant to subsection (2) of this section.
- 24 (4) Payments made by a district board of education under the provisions of this section  
25 are presumed to be for services rendered and for the benefit of the common schools  
26 and the payments do not affect the eligibility of any school district to participate in  
27 the public school funding program as established in KRS Chapter 157.

1        ➔Section 3. KRS 161.154 is amended to read as follows:

- 2        (1) For the purpose of this section, "school employees" shall mean any person for  
3        whom certification is required as a basis of employment in the public schools.
- 4        (2) Each district board of education may provide up to three (3) personal leave days per  
5        school year to school employees, without loss of salary to the employee and without  
6        affecting any other type of leave granted by law, regulation, or school board policy.  
7        Local boards of education may establish policy regarding the number of teachers  
8        who may take personal leave on any one (1) day.
- 9        (3) Personal leave granted under this section shall not be treated as having effect on the  
10       provisions of KRS 161.152 to 161.155, and personal leave accrued on or after  
11       July 1, 2024, shall not be converted or transferable to sick leave under the  
12       provisions Section 1 of this Act. ~~[and—]~~ Personal leave used by the school  
13       employee shall be supported by personal statement of the school employee stating  
14       that the leave taken is personal in nature; no other reason for or verification of the  
15       leave shall be required.
- 16       (4) Payments to school employees made by a district board of education under the  
17       provisions of this section are presumed to be for services rendered and for the  
18       benefit of the common schools and such payments do not affect the eligibility of  
19       any school district to share in the distribution of funds from the public school  
20       foundation program fund as established in KRS Chapter 157.

21       ➔Section 4. KRS 161.400 is amended to read as follows:

- 22       (1) (a) The board of trustees shall designate as actuary a competent person who shall  
23       be a fellow of the Conference of Consulting Actuaries or a member of the  
24       American Academy of Actuaries. He or she shall be the technical adviser of  
25       the board on matters regarding the operation of the funds of the system and  
26       shall perform such other duties as are required in connection therewith.
- 27       (b) 1. At least once in each two (2) year period, the board shall cause an

1                   actuarial investigation to be made of all of the economic experience  
2                   under the retirement system, including but not limited to the inflation  
3                   rate, investment return, and payroll growth assumptions, relative to the  
4                   economic assumptions and funding methods previously adopted by the  
5                   board.

6                   2.   At least once in each five (5) year period, the actuary shall make an  
7                   actuarial investigation into all of the demographic actuarial assumptions  
8                   used, including but not limited to mortality tables, withdrawal rates, and  
9                   retirement rate assumptions, relative to the demographic actuarial  
10                  assumptions previously adopted by the board.

11               3.   Each actuarial investigation shall include at a minimum a summary of  
12                  the changes in actuarial assumptions and funding methods  
13                  recommended in the investigation and the projected impact of the  
14                  recommended changes on funding levels, unfunded liabilities, and  
15                  actuarially recommended contribution rates for employers over a thirty  
16                  (30) year period.

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

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

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

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

26                  4.   The actuarially recommended contribution rate for employers for the  
27                       upcoming budget periods;

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

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

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

15          (d)   On the basis of the results of the valuations, the board of trustees shall make  
16                   necessary changes in the retirement system within the provisions of law and  
17                   shall establish the contributions payable by employers and the state specified  
18                   in KRS 161.550, including changes prescribed by KRS 161.633, 161.634,  
19                   161.635, and 161.636, as applicable.

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

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

5 (3) A copy of each actuarial investigation, actuarial analysis, and valuation required by  
6 subsection (1) of this section shall be forwarded electronically to the Legislative  
7 Research Commission no later than ten (10) days after receipt by the board, and the  
8 Legislative Research Commission shall distribute the information received to the  
9 committee staff and co-chairs of any committee that has jurisdiction over the  
10 Teachers' Retirement System. The actuarial valuation required by subsection (1)(c)  
11 of this section shall be submitted no later than November 15 following the close of  
12 the fiscal year.

13 ➔Section 5. KRS 161.623 is amended to read as follows:

14 (1) Effective July 1, 1982, and thereafter, a district board of education or other  
15 employer of members of the Teachers' Retirement System may compensate, at the  
16 time of retirement for service, an active contributing member for unused sick-leave  
17 days in accordance with this section.

18 (2) Upon the member's application for service retirement, the employer shall certify the  
19 retiring member's unused accumulated sick-leave balance to the board of trustees of  
20 the ~~[Kentucky]~~ Teachers' Retirement System. The member's sick-leave balance,  
21 expressed in days, shall be divided by one hundred eighty-five (185) days to  
22 determine the amount of service credit that may be considered for addition to the  
23 member's retirement account for the purpose of determining the retirement  
24 allowance under KRS 161.620. Notwithstanding any statute to the contrary, sick-  
25 leave credit that is accredited under this section or by one (1) of the other state-  
26 administered retirement systems shall not be used for the purpose of determining  
27 whether the member is eligible to receive a retirement allowance from the

1       ~~[Kentucky]~~ Teachers' Retirement System.

2       (3) The board shall compute the cost to the retirement system of the sick-leave credit  
3       for each retiring member and shall bill the last employer of the retiring member,  
4       **which in the case of school board employees shall be the local school district** for  
5       such cost. The employer shall pay the cost of such service credit to the retirement  
6       system within fifteen (15) days after receiving notification of the cost from the  
7       board.

8       (4) Retiring members who receive service credit under this section shall not be eligible  
9       to receive compensation for accrued sick leave under KRS 161.155(10) or any other  
10      statutory provision, **except that any sick leave awarded under subsection (2) of**  
11      **Section 1 of this Act on or after July 1, 2024, that is in excess of the ten (10) day**  
12      **limitation prescribed by subsection (10)(e)2. of Section 1 of this Act may be**  
13      **converted to additional service credit under this section if the school district elects**  
14      **to do so and the school district pays the cost required by this section.**

15      (5) Employer participation is optional and the employer may opt to purchase less  
16      service credit than the member is eligible to receive provided the same percentage  
17      of reduction is made applicable to all retiring members of the employer during a  
18      school fiscal year.

19      (6) The board of trustees shall formulate and adopt necessary rules and regulations for  
20      the administration of the foregoing provisions.

21      (7) Payments to the retirement system for service credit obtained under this section or  
22      for compensation credit obtained under KRS 161.155(10) shall be based on the full  
23      actuarial cost as defined in KRS 161.220(22).

24      (8) For an individual who becomes a member on or after July 1, 2008, the maximum  
25      amount of unused accumulated sick leave that may be considered for addition to the  
26      member's retirement account for purposes of determining the retirement allowance  
27      under KRS 161.620 shall not exceed three hundred (300) days.

1        ➔Section 6. KRS 161.643 is amended to read as follows:

- 2        (1) Each school district, institution, and agency employing annuitants of the retirement  
3        system shall have on file at the retirement system's office an annual summary report  
4        of the days employed and the compensation paid to each annuitant, the sick leave  
5        reporting requirements established by Section 1 of this Act, and other data as  
6        required by administrative regulation of the board of trustees no later than August 1,  
7        following the completion of each fiscal year.
- 8        (2) The retirement system may impose a penalty on the employer not to exceed one  
9        thousand dollars (\$1,000) when the employer does not meet the August 1 filing date  
10       or fails to provide the information required for employment of annuitants of the  
11       retirement system. However, the retirement system may waive the penalty for good  
12       cause.
- 13       (3) The retirement system may promulgate administrative regulations in accordance  
14       with KRS Chapter 13A to require employers to report more frequently than on an  
15       annual basis.

16       ➔Section 7. The Auditor or Public Accounts shall perform a special audit of the  
17       sick leave program established by Section 1 of this Act as it relates to the Teachers'  
18       Retirement System and the sick leave reported by local school districts to the Teachers'  
19       Retirement System as of June 30, 2024, to ensure that only the sick leave that is eligible  
20       for payment under Section 1 of this Act and inclusion in a retiring employee's final  
21       average salary as defined in KRS 161.220 is being reported correctly according to  
22       Sections 1 to 6 of this Act. The audit shall be paid by the Teachers' Retirement System as  
23       part of its normal administrative expenses.

24       ➔Section 8. Whereas ensuring the accuracy of data and costs of the sick leave  
25       programs provided by the Teachers' Retirement System will ensure the reliability of  
26       future pension costs, an emergency is declared to exist, and this Act takes effect upon its  
27       passage and approval by the Governor or upon its otherwise becoming a law.