GENERAL ASSEMBLY
COMMONWEALTH OF KENTUCKY

2015 REGULAR SESSION

SENATE BILL NO. 62

AS ENACTED

WEDNESDAY, MARCH 11, 2015

RECEIVED AND FILED
DATE March 19, 2015
3:22pm

ALISON LUNDERGAN GRIMES
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY K. Adler

1 AN ACT relating to public service.

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

3 ➔Section 1. KRS 61.637 is amended to read as follows:

4 (1) A retired member who is receiving monthly retirement payments under any of the
5 provisions of KRS 61.510 to 61.705 and 78.510 to 78.852 and who is reemployed
6 as an employee by a participating agency prior to August 1, 1998, shall have his
7 retirement payments suspended for the duration of reemployment. Monthly
8 payments shall not be suspended for a retired member who is reemployed if he
9 anticipates that he will receive less than the maximum permissible earnings as
10 provided by the Federal Social Security Act in compensation as a result of
11 reemployment during the calendar year. The payments shall be suspended at the
12 beginning of the month in which the reemployment occurs.

13 (2) Employer and employee contributions shall be made as provided in KRS 61.510 to
14 61.705 and 78.510 to 78.852 on the compensation paid during reemployment,
15 except where monthly payments were not suspended as provided in subsection (1)
16 of this section or would not increase the retired member's last monthly retirement
17 allowance by at least one dollar ($1), and the member shall be credited with
18 additional service credit.

19 (3) In the month following the termination of reemployment, retirement allowance
20 payments shall be reinstated under the plan under which the member was receiving
21 payments prior to reemployment.

22 (4) (a) Notwithstanding the provisions of this section, the payments suspended in
23 accordance with subsection (1) of this section shall be paid retroactively to the
24 retired member, or his estate, if he does not receive more than the maximum
25 permissible earnings as provided by the Federal Social Security Act in
26 compensation from participating agencies during any calendar year of
27 reemployment.

1 (b) If the retired member is paid suspended payments retroactively in accordance
2 with this section, employee contributions deducted during his period of
3 reemployment, if any, shall be refunded to the retired employee, and no
4 service credit shall be earned for the period of reemployment.
5 (c) If the retired member is not eligible to be paid suspended payments for his
6 period of reemployment as an employee, his retirement allowance shall be
7 recomputed under the plan under which the member was receiving payments
8 prior to reemployment as follows:
9 1. The retired member's final compensation shall be recomputed using
10 creditable compensation for his period of reemployment; however, the
11 final compensation resulting from the recalculation shall not be less than
12 that of the member when his retirement allowance was last determined;
13 2. If the retired member initially retired on or subsequent to his normal
14 retirement date, his retirement allowance shall be recomputed by using
15 the formula in KRS 61.595(1);
16 3. If the retired member initially retired prior to his normal retirement date,
17 his retirement allowance shall be recomputed using the formula in KRS
18 61.595(2), except that the member's age used in computing benefits shall
19 be his age at the time of his initial retirement increased by the number of
20 months of service credit earned for service performed during
21 reemployment;
22 4. The retirement allowance payments resulting from the recomputation
23 under this subsection shall be payable in the month following the
24 termination of reemployment in lieu of payments under subparagraph 3.
25 The member shall not receive less in benefits as a result of the
26 recomputation than he was receiving prior to reemployment or would
27 receive as determined under KRS 61.691; and

1 5. Any retired member who was reemployed prior to March 26, 1974, shall
2 begin making contributions to the system in accordance with the
3 provisions of this section on the first day of the month following March
4 26, 1974.
5 (5) A retired member, or his estate, shall pay to the retirement fund the total amount of
6 payments which are not suspended in accordance with subsection (1) of this section
7 if the member received more than the maximum permissible earnings as provided
8 by the Federal Social Security Act in compensation from participating agencies
9 during any calendar year of reemployment, except the retired member or his estate
10 may repay the lesser of the total amount of payments which were not suspended or
11 fifty cents ($0.50) of each dollar earned over the maximum permissible earnings
12 during reemployment if under age sixty-five (65), or one dollar ($1) for every three
13 dollars ($3) earned if over age sixty-five (65).
14 (6) (a) "Reemployment" or "reinstatement" as used in this section shall not include a
15 retired member who has been ordered reinstated by the Personnel Board under
16 authority of KRS 18A.095.
17 (b) A retired member who has been ordered reinstated by the Personnel Board
18 under authority of KRS 18A.095 or by court order or by order of the Human
19 Rights Commission and accepts employment by an agency participating in the
20 Kentucky Employees Retirement System or County Employees Retirement
21 System shall void his retirement by reimbursing the system in the full amount
22 of his retirement allowance payments received.
23 (7) (a) Effective August 1, 1998, the provisions of subsections (1) to (4) of this
24 section shall no longer apply to a retired member who is reemployed in a
25 position covered by the same retirement system from which the member
26 retired. Reemployed retired members shall be treated as new members upon
27 reemployment. Any retired member whose reemployment date preceded

1 August 1, 1998, who does not elect, within sixty (60) days of notification by
2 the retirement systems, to remain under the provisions of subsections (1) to
3 (4) of this section shall be deemed to have elected to participate under this
4 subsection.
5 (b) A retired member whose disability retirement was discontinued pursuant to
6 KRS 61.615 and who is reemployed in one (1) of the systems administered by
7 the Kentucky Retirement Systems prior to his or her normal retirement date
8 shall have his or her accounts combined upon termination for determining
9 eligibility for benefits. If the member is eligible for retirement, the member's
10 service and creditable compensation earned as a result of his or her
11 reemployment shall be used in the calculation of benefits, except that the
12 member's final compensation shall not be less than the final compensation last
13 used in determining his or her retirement allowance. The member shall not
14 change beneficiary or payment option designations. This provision shall apply
15 to members reemployed on or after August 1, 1998.
16 (8) A retired member or his employer shall notify the retirement system if he has
17 accepted employment with an agency that participates in the retirement system from
18 which the member retired.
19 (9) If the retired member is under a contract, the member shall submit a copy of that
20 contract to the retirement system, and the retirement system shall determine if the
21 member is an independent contractor for purposes of retirement benefits.
22 (10) If a member is receiving a retirement allowance, or has filed the forms required for
23 a retirement allowance, and is employed within one (1) month of the member's
24 initial retirement date in a position that is required to participate in the same
25 retirement system from which the member retired, the member's retirement shall be
26 voided and the member shall repay to the retirement system all benefits received.
27 The member shall contribute to the member account established for him prior to his

1 voided retirement. The retirement allowance for which the member shall be eligible
2 upon retirement shall be determined by total service and creditable compensation.
3 (11) (a) If a member of the Kentucky Employees Retirement System retires from a
4 department which participates in more than one (1) retirement system and is
5 reemployed within one (1) month of his initial retirement date by the same
6 department in a position participating in another retirement system, the retired
7 member's retirement allowance shall be suspended for the first month of his
8 retirement and the member shall repay to the retirement system all benefits
9 received for the month.
10 (b) A retired member of the County Employees Retirement System who after
11 initial retirement is hired by the county from which the member retired shall
12 be considered to have been hired by the same employer.
13 (12) (a) If a hazardous member who retired prior to age fifty-five (55), or a
14 nonhazardous member who retired prior to age sixty-five (65), is reemployed
15 within six (6) months of the member's termination by the same employer, the
16 member shall obtain from his previous and current employers a copy of the
17 job description established by the employers for the position and a statement
18 of the duties performed by the member for the position from which he retired
19 and for the position in which he has been reemployed.
20 (b) The job descriptions and statements of duties shall be filed with the retirement
21 office.
22 (13) If the retirement system determines that the retired member has been employed in a
23 position with the same principal duties as the position from which the member
24 retired:
25 (a) The member's retirement allowance shall be suspended during the period that
26 begins on the month in which the member is reemployed and ends six (6)
27 months after the member's termination;

1 (b) The retired member shall repay to the retirement system all benefits paid from
2 systems administered by Kentucky Retirement Systems under reciprocity,
3 including medical insurance benefits, that the member received after
4 reemployment began;
5 (c) Upon termination, or subsequent to expiration of the six (6) month period
6 from the date of termination, the retired member's retirement allowance based
7 on his initial retirement account shall no longer be suspended and the member
8 shall receive the amount to which he is entitled, including an increase as
9 provided by KRS 61.691;
10 (d) Except as provided in subsection (7) of this section, if the position in which a
11 retired member is employed after initial retirement is a regular full-time
12 position, the retired member shall contribute to a second member account
13 established for him in the retirement system. Service credit gained after the
14 member's date of reemployment shall be credited to the second member
15 account; and
16 (e) Upon termination, the retired member shall be entitled to benefits payable
17 from his second retirement account.
18 (14) (a) If the retirement system determines that the retired member has not been
19 reemployed in a position with the same principal duties as the position from
20 which he retired, the retired member shall continue to receive his retirement
21 allowance.
22 (b) If the position is a regular full-time position, the member shall contribute to a
23 second member account in the retirement system.
24 (15) (a) If a retired member is reemployed at least one (1) month after initial
25 retirement in a different position, or at least six (6) months after initial
26 retirement in the same position, and prior to normal retirement age, the retired
27 member shall contribute to a second member account in the retirement system

1 and continue to receive a retirement allowance from the first member account.
2 (b) Service credit gained after reemployment shall be credited to the second
3 member account. Upon termination, the retired member shall be entitled to
4 benefits payable from the second member account.
5 (16) A retired member who is reemployed and contributing to a second member account
6 shall not be eligible to purchase service credit under any of the provisions of KRS
7 16.505 to 16.652, 61.510 to 61.705, or 78.510 to 78.852 which he was eligible to
8 purchase prior to his initial retirement.
9 (17) Notwithstanding any provision of subsections (1) to (7)(a) and (10) to (15) of this
10 section, the following shall apply to retired members who are reemployed by an
11 agency participating in one (1) of the systems administered by Kentucky Retirement
12 Systems on or after September 1, 2008:
13 (a) Except as provided by paragraphs (c) and (d) of this subsection, if a member is
14 receiving a retirement allowance from one (1) of the systems administered by
15 Kentucky Retirement Systems, or has filed the forms required to receive a
16 retirement allowance from one (1) of the systems administered by Kentucky
17 Retirement Systems, and is employed in a regular full-time position required
18 to participate in one (1) of the systems administered by Kentucky Retirement
19 Systems or is employed in a position that is not considered regular full-time
20 with an agency participating in one (1) of the systems administered by
21 Kentucky Retirement Systems within three (3) months following the member's
22 initial retirement date, the member's retirement shall be voided, and the
23 member shall repay to the retirement system all benefits received, including
24 any health insurance benefits. If the member is returning to work in a regular
25 full-time position required to participate in one (1) of the systems
26 administered by Kentucky Retirement Systems:
27 1. The member shall contribute to a member account established for him or

her in one (1) of the systems administered by Kentucky Retirement Systems, and employer contributions shall be paid on behalf of the member by the participating employer; and

2. Upon subsequent retirement, the member shall be eligible for a retirement allowance based upon total service and creditable compensation, including any additional service or creditable compensation earned after his or her initial retirement was voided;

(b) Except as provided by paragraphs (c) and (d) of this subsection, if a member is receiving a retirement allowance from one (1) of the systems administered by Kentucky Retirement Systems and is employed in a regular full-time position required to participate in one (1) of the systems administered by Kentucky Retirement Systems after a three (3) month period following the member's initial retirement date, the member may continue to receive his or her retirement allowance during the period of reemployment subject to the following provisions:

1. Both the employee and participating agency shall certify in writing on a form prescribed by the board that no prearranged agreement existed between the employee and agency prior to the employee's retirement for the employee to return to work with the participating agency. ***If an elected official is reelected to a new term of office in the same position and retires following the election but prior to taking the new term of office, he or she shall be deemed by the system as having a prearranged agreement under the provisions of this subparagraph and shall have his or her retirement voided.*** If the participating agency or employer fail to complete the certification, the member's retirement shall be voided and the provisions of paragraph (a) of this subsection shall apply to the member and the employer;

1 2. Notwithstanding any other provision of KRS Chapter 16, 61, or 78 to
2 the contrary, the member shall not contribute to the systems and shall
3 not earn any additional benefits for any work performed during the
4 period of reemployment;
5 3. Except as provided by KRS 70.291 to 70.293, the employer shall pay
6 employer contributions as specified by KRS 61.565 and 61.702 on all
7 creditable compensation earned by the employee during the period of
8 reemployment. The additional contributions paid shall be used to reduce
9 the unfunded actuarial liability of the systems; and
10 4. Except as provided by KRS 70.291 to 70.293, the employer shall be
11 required to reimburse the systems for the cost of the health insurance
12 premium paid by the systems to provide coverage for the retiree, not to
13 exceed the cost of the single premium;
14 (c) If a member is receiving a retirement allowance from the State Police
15 Retirement System or from hazardous duty retirement coverage with the
16 Kentucky Employees Retirement System or the County Employees Retirement
17 System, or has filed the forms required to receive a retirement allowance from
18 the State Police Retirement System or from hazardous duty retirement
19 coverage with the Kentucky Employees Retirement System or the County
20 Employees Retirement System, and is employed in a regular full-time position
21 required to participate in the State Police Retirement System or in a hazardous
22 duty position with the Kentucky Employees Retirement System or the County
23 Employees Retirement System within one (1) month following the member's
24 initial retirement date, the member's retirement shall be voided, and the
25 member shall repay to the retirement system all benefits received, including
26 any health insurance benefits. If the member is returning to work in a regular
27 full-time position required to participate in one (1) of the systems

1 administered by Kentucky Retirement Systems:
2 1. The member shall contribute to a member account established for him or
3 her in one (1) of the systems administered by Kentucky Retirement
4 Systems, and employer contributions shall be paid on behalf of the
5 member by the participating employer; and
6 2. Upon subsequent retirement, the member shall be eligible for a
7 retirement allowance based upon total service and creditable
8 compensation, including any additional service or creditable
9 compensation earned after his or her initial retirement was voided; and
10 (d) If a member is receiving a retirement allowance from the State Police
11 Retirement System or from hazardous duty retirement coverage with the
12 Kentucky Employees Retirement System or the County Employees Retirement
13 System and is employed in a regular full-time position required to participate
14 in the State Police Retirement System or in a hazardous duty position with the
15 Kentucky Employees Retirement System or the County Employees Retirement
16 System after a one (1) month period following the member's initial retirement
17 date, the member may continue to receive his or her retirement allowance
18 during the period of reemployment subject to the following provisions:
19 1. Both the employee and participating agency shall certify in writing on a
20 form prescribed by the board that no prearranged agreement existed
21 between the employee and agency prior to the employee's retirement for
22 the employee to return to work with the participating agency. ***If an***
23 ***elected official is reelected to a new term of office in the same position***
24 ***and retires following the election but prior to taking the new term of***
25 ***office, he or she shall be deemed by the system as having a***
26 ***prearranged agreement under the provisions of this subparagraph and***
27 ***shall have his or her retirement voided.*** If the participating agency or

1 employer fail to complete the certification, the member's retirement shall
2 be voided and the provisions of paragraph (c) of this subsection shall
3 apply to the member and the employer;
4 2. Notwithstanding any other provision of KRS Chapter 16, 61, or 78 to
5 the contrary, the member shall not contribute to the systems and shall
6 not earn any additional benefits for any work performed during the
7 period of reemployment;
8 3. Except as provided by KRS 70.291 to 70.293, the employer shall pay
9 employer contributions as specified by KRS 61.565 and 61.702 on all
10 creditable compensation earned by the employee during the period of
11 reemployment. The additional contributions paid shall be used to reduce
12 the unfunded actuarial liability of the systems; and
13 4. Except as provided by KRS 70.291 to 70.293, the employer shall be
14 required to reimburse the systems for the cost of the health insurance
15 premium paid by the systems to provide coverage for the retiree, not to
16 exceed the cost of the single premium.
17 ➔Section 2. KRS 18A.110 is amended to read as follows:
18 (1) The secretary shall promulgate comprehensive administrative regulations for the
19 classified service governing:
20 (a) Applications and examinations;
21 (b) Certification and selection of eligibles;
22 (c) Classification and compensation plans;
23 (d) Incentive programs;
24 (e) Lay-offs;
25 (f) Registers;
26 (g) Types of appointments;
27 (h) Attendance; hours of work; compensatory time; annual, court, military, sick,

1 voting, and special leaves of absence, provided that the secretary shall not
2 promulgate administrative regulations that would reduce the rate at which
3 employees may accumulate leave time below the rate effective on December
4 10, 1985; and
5 (i) Employee evaluations.
6 (2) The secretary shall promulgate comprehensive administrative regulations for the
7 unclassified service.
8 (3) (a) Except as provided by KRS 18A.355, the secretary shall not promulgate
9 administrative regulations that would reduce an employee's salary; and
10 (b) As provided by KRS 18A.0751(4)(e), the secretary may submit a proposed
11 administrative regulation providing for an initial probationary period in excess
12 of six (6) months to the board for its approval.
13 (4) The secretary may promulgate administrative regulations to implement state
14 government's affirmative action plan under KRS 18A.138.
15 (5) (a) The administrative regulations shall comply with the provisions of this chapter
16 and KRS Chapter 13A, and shall have the force and effect of law after
17 compliance with the provisions of KRS Chapters 13A and 18A and the
18 procedures adopted thereunder;
19 (b) Administrative regulations promulgated by the secretary shall not expand or
20 restrict rights granted to, or duties imposed upon, employees and
21 administrative bodies by the provisions of this chapter; and
22 (c) No administrative body other than the Personnel Cabinet shall promulgate
23 administrative regulations governing the subject matters specified in this
24 section.
25 (6) Prior to filing an administrative regulation with the Legislative Research
26 Commission, the secretary shall submit the administrative regulation to the board
27 for review.

1 (a) The board shall review the administrative regulation proposed by the secretary
2 not less than twenty (20) days after its submission to it;
3 (b) Not less than five (5) days after its review, the board shall submit its
4 recommendations in writing to the secretary;
5 (c) The secretary shall review the recommendations of the board and may revise
6 the proposed administrative regulation if he deems it necessary; and
7 (d) After the secretary has completed the review provided for in this section, he
8 may file the proposed administrative regulation with the Legislative Research
9 Commission pursuant to the provisions of KRS Chapter 13A.
10 (7) The administrative regulations shall provide:
11 (a) For the preparation, maintenance, and revision of a position classification plan
12 for all positions in the classified service, based upon similarity of duties
13 performed and responsibilities assumed, so that the same qualifications may
14 reasonably be required for, and the same schedule of pay may be equitably
15 applied to, all positions in the same class. The secretary shall allocate the
16 position of every employee in the classified service to one (1) of the classes in
17 the plan. The secretary shall reallocate existing positions, after consultation
18 with appointing authorities, when it is determined that they are incorrectly
19 allocated, and there has been no substantial change in duties from those in
20 effect when such positions were last classified. The occupant of a position
21 being reallocated shall continue to serve in the reallocated position with no
22 reduction in salary;
23 (b) For a pay plan for all employees in the classified service, after consultation
24 with appointing authorities and the state budget director. The plan shall take
25 into account such factors as:
26 1. The relative levels of duties and responsibilities of various classes of
27 positions;

1 2. Rates paid for comparable positions elsewhere taking into consideration
2 the effect of seniority on such rates; and
3 3. The state's financial resources.
4 Amendments to the pay plan shall be made in the same manner. Each
5 employee shall be paid at one (1) of the rates set forth in the pay plan for the
6 class of position in which he is employed, provided that the full amount of the
7 annual increment provided for by the provisions of KRS 18A.355, and the full
8 amount of an increment due to a promotion, salary adjustment,
9 reclassification, or reallocation, shall be added to an employee's base salary or
10 wages;
11 (c) For open competitive examinations to test the relative fitness of applicants for
12 the respective positions. The examinations shall be announced publicly and
13 applications accepted at least ten (10) days prior to certification of a register,
14 and may be advertised through the press, radio, and other media. The secretary
15 shall continue to receive applications and examine candidates on a continuous
16 basis long enough to assure a sufficient number of eligibles to meet the needs
17 of the service. Except as provided by this chapter, he shall add the names of
18 successful candidates to existing eligible lists in accordance with their
19 respective ratings. The secretary shall be free to use any investigation of
20 education and experience and any test of capacity, knowledge, manual skill,
21 character, personal traits, or physical fitness, which in his judgment, serves the
22 need to discover the relative fitness of applicants;
23 (d) As provided by this chapter, for the establishment of eligible lists for
24 appointment, upon which lists shall be placed the names of successful
25 candidates in the order of their relative excellence in the respective
26 examinations. Except as provided by this chapter, an eligible's score shall
27 expire automatically one (1) year from the date of testing, unless the life of the

1 score is extended by action of the secretary for a period not to exceed one (1)
2 additional year. Except for those individuals exercising reemployment rights,
3 all eligibles may be removed from the register when a new examination is
4 established;
5 (e) For the rejection of candidates or eligibles who fail to comply with reasonable
6 requirements of the secretary in regard to such factors as age, physical
7 condition, training, and experience, or who have attempted any deception or
8 fraud in connection with an examination;
9 (f) Except as provided by this chapter, for the appointment of a person whose
10 score is included in the five (5) highest scores earned on the examination;
11 (g) For annual, sick, and special leaves of absence, with or without pay, or
12 reduced pay, after approval by the Governor as provided by KRS
13 18A.155(1)(d);
14 (h) For lay-offs, in accordance with the provisions of KRS 18A.113, 18A.1131,
15 and 18A.1132, by reasons of lack of work, abolishment of a position, a
16 material change in duties or organization, or a lack of funds;
17 (i) For the development and operation of programs to improve the work
18 effectiveness of employees in the state service, including training, whether in-
19 service or compensated educational leave, safety, health, welfare, counseling,
20 recreation, employee relations, and employee mobility without written
21 examination;
22 (j) For a uniform system of annual employee evaluation for classified employees,
23 with status, that shall be considered in determining eligibility for discretionary
24 salary advancements, promotions, and disciplinary actions. The administrative
25 regulations shall:
26 1. Require the secretary to determine the appropriate number of job
27 categories to be evaluated and a method for rating each category;

1 2. Provide for periodic informal reviews during the evaluation period
2 which shall be documented on the evaluation form and pertinent
3 comments by either the employee or supervisor may be included;
4 3. Establish a procedure for internal dispute resolution with respect to the
5 final evaluation rating;
6 4. Permit a classified employee, with status, who receives either of the two
7 (2) lowest possible evaluation ratings to appeal to the Personnel Board
8 for review after exhausting the internal dispute resolution procedure.
9 The final evaluation shall not include supervisor comments on ratings
10 other than the lowest two (2) ratings;
11 5. Require that an employee who receives the highest possible rating shall
12 receive the equivalent of two (2) workdays, not to exceed sixteen (16)
13 hours, credited to his or her annual leave balance. An employee who
14 receives the second highest possible rating shall receive the equivalent
15 of one (1) workday, not to exceed eight (8) hours, credited to his or her
16 annual leave balance; and
17 6. Require that an employee who receives the lowest possible evaluation
18 rating shall either be demoted to a position commensurate with the
19 employee's skills and abilities or be terminated; and
20 (k) For other administrative regulations not inconsistent with this chapter and
21 KRS Chapter 13A, as may be proper and necessary for its enforcement.
22 ***(8) For any individual hired or elected to office before January 1, 2015, and paid***
23 ***through the Kentucky Human Resources Information System, the Personnel***
24 ***Cabinet shall not require payroll payments to be made by direct deposit or require***
25 ***the individual to use a Web-based program to access his or her salary statement.***

President of Senate

Speaker-House of Representatives

Attest: Chief Clerk of Senate

Approved Governor

Date 3/19/15