GENERAL ASSEMBLY
COMMONWEALTH OF KENTUCKY

2016 REGULAR SESSION

SENATE BILL NO. 296

AS ENACTED

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

AN ACT relating to the establishment of the Governor's School for Entrepreneurs and making an appropriation therefor.

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

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 158 IS CREATED TO READ AS FOLLOWS:

(1) The Governor's School for Entrepreneurs Program is established as a statewide summer experiential education program for creative and enterprising students to enhance the next generation of business and economic leaders and enrich future economic development across the Commonwealth. The Governor's School for Entrepreneurs Program shall be attached to the Office of the Secretary in the Education and Workforce Development Cabinet for administrative purposes.

(2) As used in this section, "entrepreneurship education organization" means a not-for-profit organization that has:

(a) Received tax exempt status from the United States Internal Revenue Service;

(b) Registered with the Office of the Kentucky Secretary of State;

(c) A statewide mission to generate interest and knowledge in entrepreneurship; and

(d) A history of operating education programs focused on entrepreneurship.

(3) (a) The Governor or the Governor's designee from the executive cabinet, the commissioner of education, the president of the Council on Postsecondary Education, and the secretary of the Education and Workforce Development Cabinet shall serve as ex officio members of an advisory board to the Governor's School for Entrepreneurs Program. In addition, the Governor shall appoint five (5) members to the advisory board as provided in paragraph (b) of this subsection.

(b) By July 31, 2016, the Governor shall appoint five (5) initial members of the advisory board to serve as follows:

1. One (1) shall be appointed to serve a three (3) year term;

2. Two (2) shall be appointed to serve a (2) year term; and

3. Two (2) shall be appointed to serve a (1) year term.

Members appointed by the Governor may be reappointed by the Governor to serve successive terms. In making gubernatorial appointments, the Governor shall consider recommendations and information on business and entrepreneurial experience provided by a nominating committee of the board and shall attempt to promote geographic balance on the board. The Governor shall make appointments to fill gubernatorial vacancies as they occur. Each appointment after the initial appointment shall be for a three (3) year term unless the appointment is to fill the unexpired portion of a term.

(4) The Education and Workforce Development Cabinet shall contract with an entrepreneurship education organization to administer and operate the statewide Governor's School for Entrepreneurs Program created in this section. The Education and Workforce Development Cabinet shall approve the contract application criteria, the process for submission of a contract application, and the structure and type of evaluation criteria used in the contract application review process.

(5) The annual appropriation for the statewide Governor's School for Entrepreneurs Program from the general fund shall be transmitted to an entrepreneurship education organization on July 1 of each year to facilitate the operation of the summer program. Funds shall be used only for the purposes of the statewide Governor's School for Entrepreneurs Program and, notwithstanding KRS 45.229, shall not lapse at the end of the fiscal year.

(6) (a) The entrepreneurship education organization shall follow standard accounting practices and shall submit the following financial reports to the Office of the Secretary of the Education and Workforce Development Cabinet, the Finance and Administration Cabinet, and the Legislative Research Commission:

1. Quarterly reports of expenditures of state funds for the Governor's School for Entrepreneurs Program, submitted on or before the thirtieth day after the end of each quarter in the organization's fiscal year;

2. Annual reports of receipts and expenditures for the Governor's School for Entrepreneurs Program, submitted on or before the sixtieth day after the end of the fiscal year of the organization; and

3. The report of an annual financial compilation or review conducted by an independent accounting firm, submitted on or before September 1 of each year.

(b) On or before March 1 of each year, the entrepreneurship education organization shall file a report detailing the operations of the Governor's School for Entrepreneurs Program for the preceding year with the Office of the Secretary of the Education and Workforce Development Cabinet, the Finance and Administration Cabinet, and the Legislative Research Commission. The report shall include information concerning the program, student and faculty demographics, and program outcomes according to such measures of success as the advisory board to the statewide Governor's School for Entrepreneurs Program, in collaboration with the entrepreneurship education organization, may develop.

(c) Nothing in this section shall prevent the entrepreneurship education organization from soliciting program support, cooperation, and funds from private businesses, foundations, industries, and government agencies with an interest in technological innovations, economic development, and entrepreneurial education. Funds may be solicited, accepted, received, and expended from public and private sources for the purpose of implementing this section.

(7) The entrepreneurship education organization may perform other programs and initiatives pertaining to its mission so long as all funds appropriated for the statewide Governor's School for Entrepreneurs Program are restricted solely for the design, development, and operation of the statewide Governor's School for Entrepreneurs Program.

➔Section 2. KRS 12.020 is amended to read as follows:

Departments, program cabinets and their departments, and the respective major administrative bodies that they include are enumerated in this section. It is not intended that this enumeration of administrative bodies be all-inclusive. Every authority, board, bureau, interstate compact, commission, committee, conference, council, office, or any other form of organization shall be included in or attached to the department or program cabinet in which they are included or to which they are attached by statute or statutorily

authorized executive order; except in the case of the Personnel Board and where the attached department or administrative body is headed by a constitutionally elected officer, the attachment shall be solely for the purpose of dissemination of information and coordination of activities and shall not include any authority over the functions, personnel, funds, equipment, facilities, or records of the department or administrative body.

I. Cabinet for General Government - Departments headed by elected officers:

(1) The Governor.

(2) Lieutenant Governor.

(3) Department of State.

(a) Secretary of State.

(b) Board of Elections.

(c) Registry of Election Finance.

(4) Department of Law.

(a) Attorney General.

(5) Department of the Treasury.

(a) Treasurer.

(6) Department of Agriculture.

(a) Commissioner of Agriculture.

(b) Kentucky Council on Agriculture.

(7) Auditor of Public Accounts.

II. Program cabinets headed by appointed officers:

(1) Justice and Public Safety Cabinet:

(a) Department of Kentucky State Police.

(b) Department of Criminal Justice Training.

(c) Department of Corrections.

(d) Department of Juvenile Justice.

(e) Office of the Secretary.

(f) Office of Drug Control Policy.

(g) Office of Legal Services.

(h) Office of the Kentucky State Medical Examiner.

(i) Parole Board.

(j) Kentucky State Corrections Commission.

(k) Office of Legislative and Intergovernmental Services.

(l) Office of Management and Administrative Services.

(m) Department for Public Advocacy.

(2) Education and Workforce Development Cabinet:

(a) Office of the Secretary.

1. Governor's Scholars Program.

2. Governor's School for Entrepreneurs Program.

(b) Office of Legal and Legislative Services.

1. Client Assistance Program.

(c) Office of Communication.

(d) Office of Budget and Administration.

1. Division of Human Resources.

2. Division of Administrative Services.
(e) Office of Technology Services.
(f) Office of Educational Programs.
(g) Office for Education and Workforce Statistics.
(h) Board of the Kentucky Center for Education and Workforce Statistics.
(i) Board of Directors for the Center for School Safety.
(j) Department of Education.
1. Kentucky Board of Education.
2. Kentucky Technical Education Personnel Board.
(k) Department for Libraries and Archives.
(l) Department of Workforce Investment.
1. Office for the Blind.
2. Office of Vocational Rehabilitation.
3. Office of Employment and Training.
a. Division of Grant Management and Support.
b. Division of Workforce and Employment Services.
c. Division of Unemployment Insurance.
(m) Foundation for Workforce Development.
(n) Kentucky Office for the Blind State Rehabilitation Council.
(o) Kentucky Workforce Investment Board.
(p) Statewide Council for Vocational Rehabilitation.
(q) Statewide Independent Living Council.
(r) Unemployment Insurance Commission.
(s) Education Professional Standards Board.
1. Division of Educator Preparation.
2. Division of Certification.
3. Division of Professional Learning and Assessment.
4. Division of Legal Services.
(t) Kentucky Commission on the Deaf and Hard of Hearing.
(u) Kentucky Educational Television.
(v) Kentucky Environmental Education Council.
(3) Energy and Environment Cabinet:
(a) Office of the Secretary.
1. Office of Legislative and Intergovernmental Affairs.
2. Office of General Counsel.
3. Office of Administrative Hearings.
4. Mine Safety Review Commission.
5. Kentucky State Nature Preserves Commission.
6. Kentucky Environmental Quality Commission.
7. Kentucky Public Service Commission.
(b) Department for Environmental Protection.
1. Office of the Commissioner.
2. Division for Air Quality.
3. Division of Water.
4. Division of Environmental Program Support.

5. Division of Waste Management.
6. Division of Enforcement.
7. Division of Compliance Assistance.

(c) Department for Natural Resources.
1. Office of the Commissioner.
2. Division of Technical and Administrative Support.
3. Division of Mine Permits.
4. Division of Mine Reclamation and Enforcement.
5. Division of Abandoned Mine Lands.
6. Division of Oil and Gas.
7. Division of Mine Safety.
8. Division of Forestry.
9. Division of Conservation.
10. Office of the Reclamation Guaranty Fund.
11. Kentucky Mining Board.

(d) Department for Energy Development and Independence.
1. Division of Efficiency and Conservation.
2. Division of Renewable Energy.
3. Division of Biofuels.
4. Division of Energy Generation Transmission and Distribution.
5. Division of Carbon Management.
6. Division of Fossil Energy Development.

(4) Public Protection Cabinet.
(a) Office of the Secretary.
1. Office of Communications and Public Outreach.
2. Office of Legal Services.
   a. Insurance Legal Division.
   b. Charitable Gaming Legal Division.
   c. Alcoholic Beverage Control Legal Division.
   d. Housing, Buildings and Construction Legal Division.
   e. Financial Institutions Legal Division.

(b) Crime Victims Compensation Board.
(c) Board of Claims.
(d) Kentucky Board of Tax Appeals.
(e) Kentucky Boxing and Wrestling Authority.
(f) Kentucky Horse Racing Commission.
1. Division of Licensing.
2. Division of Incentives and Development.
3. Division of Veterinary Services.
4. Division of Security and Enforcement.

(g) Department of Alcoholic Beverage Control.
1. Division of Distilled Spirits.
2. Division of Malt Beverages.
3. Division of Enforcement.

(h) Department of Charitable Gaming.

1. Division of Licensing and Compliance.
2. Division of Enforcement.

(i) Department of Financial Institutions.

1. Division of Depository Institutions.
2. Division of Non-Depository Institutions.
3. Division of Securities.

(j) Department of Housing, Buildings and Construction.

1. Division of Fire Prevention.
2. Division of Plumbing.
3. Division of Heating, Ventilation, and Air Conditioning.
4. Division of Building Code Enforcement.

(k) Department of Insurance.

1. Property and Casualty Division.
2. Health and Life Division.
3. Division of Financial Standards and Examination.
4. Division of Agent Licensing.
5. Division of Insurance Fraud Investigation.
6. Consumer Protection Division.
7. Division of Kentucky Access.

(l) Office of Occupations and Professions.

(5) Labor Cabinet.

(a) Office of the Secretary.

1. Division of Management Services.
2. Office of General Counsel.

(b) Office of General Administration and Program Support for Shared Services.

1. Division of Human Resource Management.
2. Division of Fiscal Management.
3. Division of Budgets.
4. Division of Information Services.

(c) Office of Inspector General for Shared Services.

(d) Department of Workplace Standards.

1. Division of Employment Standards, Apprenticeship, and Mediation.
2. Division of Occupational Safety and Health Compliance.
3. Division of Occupational Safety and Health Education and Training.
4. Division of Workers' Compensation Funds.

(e) Department of Workers' Claims.

1. Office of General Counsel for Workers' Claims.
2. Office of Administrative Law Judges.
3. Division of Claims Processing.
4. Division of Security and Compliance.
5. Division of Information and Research.
6. Division of Ombudsman and Workers' Compensation Specialist Services.
7. Workers' Compensation Board.
8. Workers' Compensation Advisory Council.
9. Workers' Compensation Nominating Commission.

(f) Workers' Compensation Funding Commission.
(g) Kentucky Labor-Management Advisory Council.
(h) Occupational Safety and Health Standards Board.
(i) Prevailing Wage Review Board.
(j) Apprenticeship and Training Council.
(k) State Labor Relations Board.
(l) Employers' Mutual Insurance Authority.
(m) Kentucky Occupational Safety and Health Review Commission.
(6) Transportation Cabinet:
(a) Department of Highways.
1. Office of Project Development.
2. Office of Project Delivery and Preservation.
3. Office of Highway Safety.
4. Highway District Offices One through Twelve.
(b) Department of Vehicle Regulation.
(c) Department of Aviation.
(d) Department of Rural and Municipal Aid.
1. Office of Local Programs.
2. Office of Rural and Secondary Roads.
(e) Office of the Secretary.
1. Office of Public Affairs.
2. Office for Civil Rights and Small Business Development.
3. Office of Budget and Fiscal Management.
4. Office of Inspector General.
(f) Office of Support Services.
(g) Office of Transportation Delivery.
(h) Office of Audits.
(i) Office of Human Resource Management.
(j) Office of Information Technology.
(k) Office of Legal Services.
(7) Cabinet for Economic Development:
(a) Office of the Secretary.
1. Office of Legal Services.
2. Department for Business Development.
a. Office of Entrepreneurship.
i. Commission on Small Business Advocacy.
b. Office of Research and Public Affairs.
c. Bluegrass State Skills Corporation.
3. Office of Financial Services.
a. Kentucky Economic Development Finance Authority.
b. Division of Finance and Personnel.
c. Division of Network Administration.
d. Compliance Division.
e. Incentive Assistance Division.
(8) Cabinet for Health and Family Services:

(a) Office of the Secretary.
(b) Office of Health Policy.
(c) Office of Legal Services.
(d) Office of Inspector General.
(e) Office of Communications and Administrative Review.
(f) Office of the Ombudsman.
(g) Office of Policy and Budget.
(h) Office of Human Resource Management.
(i) Office of Administrative and Technology Services.
(j) Department for Public Health.
(k) Department for Medicaid Services.
(l) Department for Behavioral Health, Developmental and Intellectual Disabilities.
(m) Department for Aging and Independent Living.
(n) Department for Community Based Services.
(o) Department for Income Support.
(p) Department for Family Resource Centers and Volunteer Services.
(q) Kentucky Commission on Community Volunteerism and Service.
(r) Kentucky Commission for Children with Special Health Care Needs.
(s) Governor's Office of Electronic Health Information.
(9) Finance and Administration Cabinet:
(a) Office of General Counsel.
(b) Office of the Controller.
(c) Office of Administrative Services.
(d) Office of Public Information.
(e) Office of Policy and Audit.
(f) Department for Facilities and Support Services.
(g) Department of Revenue.
(h) Commonwealth Office of Technology.
(i) State Property and Buildings Commission.
(j) Office of Equal Employment Opportunity and Contract Compliance.
(k) Kentucky Employees Retirement Systems.
(l) Commonwealth Credit Union.
(m) State Investment Commission.
(n) Kentucky Housing Corporation.
(o) Kentucky Local Correctional Facilities Construction Authority.
(p) Kentucky Turnpike Authority.
(q) Historic Properties Advisory Commission.
(r) Kentucky Tobacco Settlement Trust Corporation.
(s) Kentucky Higher Education Assistance Authority.
(t) Kentucky River Authority.
(u) Kentucky Teachers' Retirement System Board of Trustees.
(v) Executive Branch Ethics Commission.
(10) Tourism, Arts and Heritage Cabinet:
(a) Kentucky Department of Travel and Tourism.
1. Division of Tourism Services.

2. Division of Marketing and Administration.
3. Division of Communications and Promotions.

(b) Kentucky Department of Parks.

1. Division of Information Technology.
2. Division of Human Resources.
3. Division of Financial Operations.
4. Division of Facilities Management.
5. Division of Facilities Maintenance.
6. Division of Customer Services.
7. Division of Recreation.
8. Division of Golf Courses.
9. Division of Food Services.
10. Division of Rangers.
11. Division of Resort Parks.
12. Division of Recreational Parks and Historic Sites.

(c) Department of Fish and Wildlife Resources.

1. Division of Law Enforcement.
2. Division of Administrative Services.
3. Division of Engineering.
4. Division of Fisheries.
5. Division of Information and Education.
6. Division of Wildlife.
7. Division of Public Affairs.

(d) Kentucky Horse Park.

1. Division of Support Services.
2. Division of Buildings and Grounds.
3. Division of Operational Services.

(e) Kentucky State Fair Board.

1. Office of Administrative and Information Technology Services.
2. Office of Human Resources and Access Control.
3. Division of Expositions.
4. Division of Kentucky Exposition Center Operations.
5. Division of Kentucky International Convention Center.
6. Division of Public Relations and Media.
7. Division of Venue Services.
8. Division of Personnel Management and Staff Development.
9. Division of Sales.
10. Division of Security and Traffic Control.
11. Division of Information Technology.
12. Division of the Louisville Arena.
13. Division of Fiscal and Contract Management.
14. Division of Access Control.

(f) Office of the Secretary.

1. Office of Finance.
2. Office of Research and Administration.

3. Office of Governmental Relations and Tourism Development.
4. Office of the Sports Authority.
5. Kentucky Sports Authority.

(g) Office of Legal Affairs.
(h) Office of Human Resources.
(i) Office of Public Affairs and Constituent Services.
(j) Office of Creative Services.
(k) Office of Capital Plaza Operations.
(l) Office of Arts and Cultural Heritage.
(m) Kentucky African-American Heritage Commission.
(n) Kentucky Foundation for the Arts.
(o) Kentucky Humanities Council.
(p) Kentucky Heritage Council.
(q) Kentucky Arts Council.
(r) Kentucky Historical Society.

1. Division of Museums.
2. Division of Oral History and Educational Outreach.
3. Division of Research and Publications.
4. Division of Administration.

(s) Kentucky Center for the Arts.

1. Division of Governor's School for the Arts.

(t) Kentucky Artisans Center at Berea.
(u) Northern Kentucky Convention Center.
(v) Eastern Kentucky Exposition Center.

(11) Personnel Cabinet:

(a) Office of the Secretary.
(b) Department of Human Resources Administration.
(c) Office of Employee Relations.
(d) Kentucky Public Employees Deferred Compensation Authority.
(e) Office of Administrative Services.
(f) Office of Legal Services.
(g) Governmental Services Center.
(h) Department of Employee Insurance.
(i) Office of Diversity and Equality.
(j) Center of Strategic Innovation.

III. Other departments headed by appointed officers:

(1) Council on Postsecondary Education.
(2) Department of Military Affairs.
(3) Department for Local Government.
(4) Kentucky Commission on Human Rights.
(5) Kentucky Commission on Women.
(6) Department of Veterans' Affairs.
(7) Kentucky Commission on Military Affairs.
(8) Office of Minority Empowerment.
(9) Governor's Council on Wellness and Physical Activity.

➔Section 3. KRS 158.648 is amended to read as follows:

(1) The State Advisory Council for Gifted and Talented Education is hereby created and attached to the Kentucky Department of Education. The council's purpose is to make recommendations regarding the provisions of services for gifted and talented students in Kentucky's education system.

(a) The council shall be composed of nineteen (19) voting members who shall be appointed by the Governor and three (3) nonvoting, ex officio members. The members shall be appointed representing various constituencies as follows:

1. Four (4) members shall be teachers within local school districts representing elementary, middle, and high school levels with at least one (1) full-time teacher of gifted and talented students and one (1) full-time teacher who teaches in a regular classroom;

2. Four (4) members shall be parents of students in local school districts, including two (2) parents of students identified as gifted and talented and at least one (1) who serves or has served on a school council;

3. Three (3) members shall be from postsecondary education institutions, including one (1) from an independent college or university;

4. One (1) member shall be a superintendent of a local school district;

5. Two (2) members shall be principals, including one (1) from an elementary or middle school and one (1) from a high school;

6. Two (2) members shall be coordinators of gifted and talented programs and services in local school districts;

7. One (1) member shall be a local board of education member;

8. One (1) member shall represent the visual and performing arts; and

9. One (1) member shall be appointed from the private business sector.

(b) The three (3) nonvoting ex officio members shall be: the state consultant for gifted and talented education in the Kentucky Department of Education, a staff person designated by the executive secretary of the Education Professional Standards Board, and a staff person designated by the president of the Council on Postsecondary Education. Vacancies shall be filled by the Governor as they occur in a manner consistent with the provisions for initial appointment.

(c) Each board member shall serve a three (3) year term or until a successor is appointed, except that for initial appointments to the board, three (3) of the members shall be appointed to serve a one (1) year term, eight (8) of the members shall be appointed to serve a two (2) year term, and eight (8) of the members shall be appointed to serve a three (3) year term. A member may be reappointed but may not serve more than two (2) consecutive terms.

(2) The council shall advise the commissioner of education, the Kentucky Board of Education, and the Education Professional Standards Board concerning the development of administrative regulations and education policy regarding gifted and talented students. The commissioner of education and the executive secretary for the Education Professional Standards Board shall submit proposed administrative regulations and educational policies relating to gifted and talented education and other administrative regulations that impact gifted and talented students for review by the advisory council prior to seeking approval of the appropriate board.

(3) As the advisory council considers issues relating to gifted and talented students, it

shall seek dialogue with other agencies and organizations, including the Parent Teachers Association, the Governor's Scholars Program, the Governor's School for the Arts, ***the Governor's School for Entrepreneurs Program,*** the Kentucky Association of School Councils, the Kentucky Association for Gifted Education, the Kentucky School Boards Association, the Kentucky Association of School Administrators, and the Kentucky Council for Exceptional Children.

(4) The advisory council shall annually elect a chair from its membership, establish meeting operational procedures, and meet at least two (2) times annually.

(5) The Department of Education shall provide staff and administrative support and shall administer the funds appropriated to support the expenses of the council.

(6) The members of the advisory council shall serve without compensation but shall be reimbursed for necessary expenses in the same manner as state employees.

➔Section 4. KRS 161.220 is amended to read as follows:

As used in KRS 161.220 to 161.716 and 161.990:

(1) "Retirement system" means the arrangement provided for in KRS 161.220 to 161.716 and 161.990 for payment of allowances to members;

(2) "Retirement allowance" means the amount annually payable during the course of his natural life to a member who has been retired by reason of service;

(3) "Disability allowance" means the amount annually payable to a member retired by reason of disability;

(4) "Member" means the commissioner of education, deputy commissioners, associate commissioners, and all division directors in the State Department of Education, employees participating in the system pursuant to KRS 196.167(3)(b)1., and any full-time teacher or professional occupying a position requiring certification or graduation from a four (4) year college or university, as a condition of employment, and who is employed by public boards, institutions, or agencies as follows:

(a) Local boards of education;

(b) Eastern Kentucky University, Kentucky State University, Morehead State University, Murray State University, Western Kentucky University, and any community colleges established under the control of these universities;

(c) State-operated secondary area vocational education or area technology centers, Kentucky School for the Blind, and Kentucky School for the Deaf;

(d) The Education Professional Standards Board, other public education agencies as created by the General Assembly, and those members of the administrative staff of the Teachers' Retirement System of the State of Kentucky whom the board of trustees may designate by administrative regulation;

(e) Regional cooperative organizations formed by local boards of education or other public educational institutions listed in this subsection, for the purpose of providing educational services to the participating organizations;

(f) All full-time members of the staffs of the Kentucky Association of School Administrators, Kentucky Education Association, Kentucky Vocational Association, Kentucky High School Athletic Association, Kentucky Academic Association, and the Kentucky School Boards Association who were members of the Kentucky Teachers' Retirement System or were qualified for a position covered by the system at the time of employment by the association in the event that the board of directors of the respective

association petitions to be included. The board of trustees of the Kentucky Teachers' Retirement System may designate by resolution whether part-time employees of the petitioning association are to be included. The state shall make no contributions on account of these employees, either full-time or part-time. The association shall make the employer's contributions, including any contribution that is specified under KRS 161.550. The provisions of this paragraph shall be applicable to persons in the employ of the associations on or subsequent to July 1, 1972;

(g) Employees of the Council on Postsecondary Education who were employees of the Department for Adult Education and Literacy and who were members of the Kentucky Teachers' Retirement System at the time the department was transferred to the council pursuant to Executive Order 2003-600;

(h) The Office of Career and Technical Education, except that the executive director shall not be a member;

(i) The Office of Vocational Rehabilitation;

(j) The Kentucky Educational Collaborative for State Agency Children;

(k) The Governor's Scholars Program;

(l) Any person who is retired for service from the retirement system and is reemployed by an employer identified in this subsection in a position that the board of trustees deems to be a member;

(m) Employees of the former Cabinet for Workforce Development who are transferred to the Kentucky Community and Technical College System and who occupy positions covered by the Kentucky Teachers' Retirement System shall remain in the Teachers' Retirement System. New employees occupying these positions, as well as newly created positions qualifying for Teachers' Retirement System coverage that would have previously been included in the former Cabinet for Workforce Development, shall be members of the Teachers' Retirement System;

(n) Effective January 1, 1998, employees of state community colleges who are transferred to the Kentucky Community and Technical College System shall continue to participate in federal old age, survivors, disability, and hospital insurance, and a retirement plan other than the Kentucky Teachers' Retirement System offered by Kentucky Community and Technical College System. New employees occupying positions in the Kentucky Community and Technical College System as referenced in KRS 164.5807(5) that would not have previously been included in the former Cabinet for Workforce Development, shall participate in federal old age, survivors, disability, and hospital insurance and have a choice at the time of employment of participating in a retirement plan provided by the Kentucky Community and Technical College System, including participation in the Kentucky Teachers' Retirement System, on the same basis as faculty of the state universities as provided in KRS 161.540 and 161.620;

(o) Employees of the Office of General Counsel, the Office of Budget and Administrative Services, and the Office of Quality and Human Resources within the Office of the Secretary of the former Cabinet for Workforce Development and the commissioners of the former Department for Adult Education and Literacy and the former Department for Technical Education who were contributing to the Kentucky Teachers' Retirement System as of July 15, 2000;~~[and]~~

(p) Employees of the Kentucky Department of Education only who are graduates of a

four (4) year college or university, notwithstanding a substitution clause within a job classification, and who are serving in a professional job classification as defined by the department***; and***

(q) The Governor's School for Entrepreneurs Program.

(5) "Present teacher" means any teacher who was a teacher on or before July 1, 1940, and became a member of the retirement system created by 1938 (1st Extra. Sess.) Ky. Acts ch. 1, on the date of the inauguration of the system or within one (1) year after that date, and any teacher who was a member of a local teacher retirement system in the public elementary or secondary schools of the state on or before July 1, 1940, and continued to be a member of the system until he, with the membership of the local retirement system, became a member of the state Teachers' Retirement System or who becomes a member under the provisions of KRS 161.470(4);

(6) "New teacher" means any member not a present teacher;

(7) "Prior service" means the number of years during which the member was a teacher in Kentucky prior to July 1, 1941, except that not more than thirty (30) years' prior service shall be allowed or credited to any teacher;

(8) "Subsequent service" means the number of years during which the teacher is a member of the Teachers' Retirement System after July 1, 1941;

(9) "Final average salary" means the average of the five (5) highest annual salaries which the member has received for service in a covered position and on which the member has made contributions, or on which the public board, institution, or agency has picked-up member contributions pursuant to KRS 161.540(2), or the average of the five (5) years of highest salaries as defined in KRS 61.680(2)(a), which shall include picked-up member contributions. Additionally, the board of trustees may approve a final average salary based upon the average of the three (3) highest salaries for members who are at least fifty-five (55) years of age and have a minimum of twenty-seven (27) years of Kentucky service credit. However, if any of the five (5) or three (3) highest annual salaries used to calculate the final average salary was paid within the three (3) years immediately prior to the date of the member's retirement, the amount of salary to be included for each of those three (3) years for the purpose of calculating the final average salary shall be limited to the lesser of:

(a) The member's actual salary; or

(b) The member's annual salary that was used for retirement purposes during each of the prior three (3) years, plus a percentage increase equal to the percentage increase received by all other members employed by the public board, institution, or agency, or for members of school districts, the highest percentage increase received by members on any one (1) rank and step of the salary schedule of the school district. The increase shall be computed on the salary that was used for retirement purposes.

This limitation shall not apply if the member receives an increase in salary in a percentage exceeding that received by the other members, and this increase was accompanied by a corresponding change in position or in length of employment. This limitation shall also not apply to the payment to a member for accrued annual leave if the individual becomes a member before July 1, 2008, or accrued sick leave which is authorized by statute and which shall be included as part of a retiring member's annual compensation for the member's last year of active service;

(10) "Annual compensation" means the total salary received by a member as compensation for all services performed in employment covered by the retirement system during a fiscal year. Annual compensation shall not include payment for any benefit or salary adjustments made by the public board, institution, or agency to the member or on behalf of the member which is not available as a benefit or salary adjustment to other members employed by that public board, institution, or agency. Annual compensation shall not include the salary supplement received by a member under KRS 157.197(2)(c), 158.6455, or 158.782 on or after July 1, 1996. Under no circumstances shall annual compensation include compensation that is earned by a member while on assignment to an organization or agency that is not a public board, institution, or agency listed in subsection (4) of this section. In the event that federal law requires that a member continue membership in the retirement system even though the member is on assignment to an organization or agency that is not a public board, institution, or agency listed in subsection (4) of this section, the member's annual compensation for retirement purposes shall be deemed to be the annual compensation, as limited by subsection (9) of this section, last earned by the member while still employed solely by and providing services directly to a public board, institution, or agency listed in subsection (4) of this section. The board of trustees shall determine if any benefit or salary adjustment qualifies as annual compensation. For an individual who becomes a member on or after July 1, 2008, annual compensation shall not include lump-sum payments upon termination of employment for accumulated annual or compensatory leave;

(11) "Age of member" means the age attained on the first day of the month immediately following the birthdate of the member. This definition is limited to retirement eligibility and does not apply to tenure of members;

(12) "Employ," and derivatives thereof, means relationships under which an individual provides services to an employer as an employee, as an independent contractor, as an employee of a third party, or under any other arrangement as long as the services provided to the employer are provided in a position that would otherwise be covered by the Kentucky Teachers' Retirement System and as long as the services are being provided to a public board, institution, or agency listed in subsection (4) of this section;

(13) "Regular interest" means interest at three percent (3%) per annum, except for an individual who becomes a member on or after July 1, 2008, "regular interest" means interest at two and one-half percent (2.5%) per annum for purposes of crediting interest to the teacher savings account or any other contributions made by the employee that are refundable to the employee upon termination of employment;

(14) "Accumulated contributions" means the contributions of a member to the teachers' savings fund, including picked-up member contributions as described in KRS 161.540(2), plus accrued regular interest;

(15) "Annuitant" means a person who receives a retirement allowance or a disability allowance;

(16) "Local retirement system" means any teacher retirement or annuity system created in any public school district in Kentucky in accordance with the laws of Kentucky;

(17) "Fiscal year" means the twelve (12) month period from July 1 to June 30. The retirement plan year is concurrent with this fiscal year. A contract for a member employed by a local board of education may not exceed two hundred sixty-one (261) days in the

fiscal year;
(18) "Public schools" means the schools and other institutions mentioned in subsection (4) of this section;
(19) "Dependent" as used in KRS 161.520 and 161.525 means a person who was receiving, at the time of death of the member, at least one-half (1/2) of the support from the member for maintenance, including board, lodging, medical care, and related costs;
(20) "Active contributing member" means a member currently making contributions to the Teachers' Retirement System, who made contributions in the next preceding fiscal year, for whom picked-up member contributions are currently being made, or for whom these contributions were made in the next preceding fiscal year;
(21) "Full-time" means employment in a position that requires services on a continuing basis equal to at least seven-tenths (7/10) of normal full-time service on a fiscal year basis;
(22) "Full actuarial cost," when used to determine the payment that a member must pay for service credit means the actuarial value of all costs associated with the enhancement of a member's benefits or eligibility for benefit enhancements, including health insurance supplement payments made by the retirement system. The actuary for the retirement system shall determine the full actuarial value costs and actuarial cost factor tables as provided in KRS 161.400;
(23) "Last annual compensation" means the annual compensation, as defined by subsection (10) of this section and as limited by subsection (9) of this section, earned by the member during the most recent period of contributing service, either consecutive or nonconsecutive, that is sufficient to provide the member with one (1) full year of service credit in the Kentucky Teachers' Retirement System, and which compensation is used in calculating the member's initial retirement allowance, excluding bonuses, retirement incentives, payments for accumulated sick, annual, personal and compensatory leave, and any other lump-sum payment. For an individual who becomes a member on or after July 1, 2008, payments for annual or compensatory leave shall not be included in determining the member's last annual compensation;
(24) "Participant" means a member, as defined by subsection (4) of this section, or an annuitant, as defined by subsection (15) of this section;
(25) "Qualified domestic relations order" means any judgment, decree, or order, including approval of a property settlement agreement, that:
(a) Is issued by a court or administrative agency; and
(b) Relates to the provision of child support, alimony payments, or marital property rights to an alternate payee; and
(26) "Alternate payee" means a spouse, former spouse, child, or other dependent of a participant, who is designated to be paid retirement benefits in a qualified domestic relations order.

Speaker-House of Representatives

President of Senate

Attest: MaryAnn Krol

Chief Clerk ~~of House of Representatives~~ Senate

Approved

Governor

Date 27 APRIL 2016