

1998-99

Annual Report

Personnel Cabinet



All information contained in this report is as of
June 30, 1999.



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Mission, Values, and Goals

MISSION

The Personnel Cabinet shall provide the leadership and services necessary for effective, efficient, and innovative human resources management of the highest quality for Kentucky State Government, its employees, and the citizens of the Commonwealth.

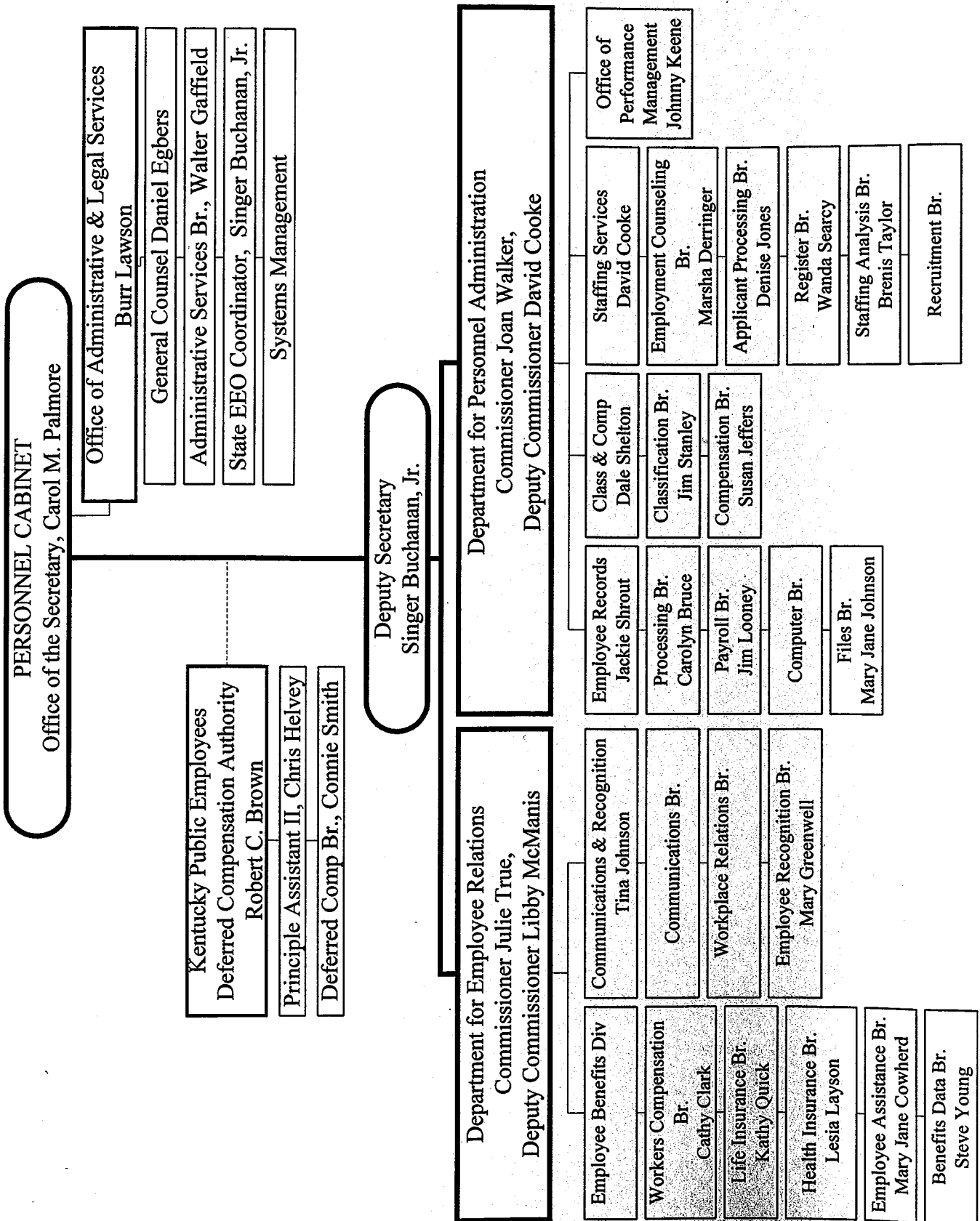
VALUES

- Quality
- Innovation
- Service Orientation
- Integrity
- Objectivity

GOALS

- To facilitate the recruitment and retention of a workforce of the highest quality;
- To expand customer focus in all program areas and operations;
- To create an environment that promotes job satisfaction for state employees;
- To be operationally efficient; and,
- To have an open and comprehensive communications network.

Organizational Chart



Responsibilities

Office of the Secretary

Provides executive policy and management support to the departments/divisions of the Cabinet; promulgates administrative regulations; advises the Personnel Board on matters pertaining to the classified service; conducts investigations on all matters relating to the personnel laws and rules; prepares budget estimates for support of the personnel system; provides personnel services to unclassified employees according to agency agreements; and provides for such other services as are enumerated in KRS 18A.030.

Kentucky Public Employees' Deferred Compensation Authority

The Kentucky Public Employees' Deferred Compensation Authority (Authority) is a "voluntary" supplemental retirement benefits program available to Kentucky public employees (this includes employees of state government agencies, public school systems, state universities, and local government entities).

Office of Administrative and Legal Services

General Counsel

In addition to providing legal services to the Personnel Cabinet, including drafting legal pleadings, memoranda, statutes, regulations, and legal opinions, the General Counsel represents the Personnel Cabinet and its employees in administrative hearings and trials; serves as Custodian of Records for the purpose of the Open Records Act; consults with other agency officials and employees on the enforcement and application of state and federal laws and regulations governing employment; testifies before legislative committees; conducts training; and serves as an expert witness in trials concerning the State Merit System.

Administrative Services Branch

The Administrative Services Branch is responsible for the Personnel Cabinet's budgeting, accounting, purchasing, property management, payroll, and personnel management.

Responsibilities

Systems Management Branch

The Systems Management Branch is responsible for overseeing the computerization of the Personnel Cabinet as well as providing the technical support required to keep the IT solutions operational.

Equal Employment Opportunity Unit

The Equal Employment Opportunity Unit monitors the progress of the State's Affirmative Action Plan and reports to the Cabinet Secretary semi-annually on that progress; assists agencies in their recruiting efforts to meet or surpass the affirmative action goals; provides technical assistance to state agencies in the investigation of discrimination complaints; and provides training on EEO and Sexual Harassment Prevention.

Department for Employee Relations

In addition to regular responsibilities, this department coordinates all logistics for the annual Governor's EEO Conference (the major training event for EEO counselors and coordinators, personnel executives, and managers) including registration, development, and scheduling of 30 workshops and 3 general sessions for 682 participants.

Since November 1, 1998, the Personnel Cabinet, Department for Employee Relations, has been administering the Adoption Benefits Program to assist executive branch state employees in reimbursement of expenses incurred in the adoption of a child. Thus far, this department has approved six employees for reimbursement of expenses, totaling \$13,473.00

Division of Communications and Recognition

This division is responsible for the Employee Suggestion System, the Career Service Program for state employees, and the Educational Achievement Award Program. In addition, the division publishes and distributes the *Commonwealth Communiqué* newsletter which is sent to all state government employees as well as the *Personnel Perspective* newsletter which is sent to all Personnel Cabinet employees. Staff also provides ADA technical assistance and training to the Personnel Cabinet and upon request to other state agencies.

Responsibilities

Division of Employee Benefits

This division is responsible for the Life Insurance Program, the state Flexible Benefit Program, the state employees' Workers' Compensation program, the coordination of the State Safety Program, the Employee Assistance Program, and the Health Insurance Program. Many of these programs serve employees of other governmental entities such as local school districts, universities, and other local governments.

Department for Personnel Administration

Division of Employee Records

This division is responsible for maintaining the central personnel files mandated by KRS 18A.020; processing personnel documents and position actions; operating and maintaining a uniform payroll system; implementing lay-off plans mandated by KRS 18A.113 to 18A.1132; certifying payrolls as required by KRS 18A.125; and monitoring and assisting state agencies in complying with the provisions of the Federal Fair Labor Standards Act (FLSA).

Division of Classification and Compensation

This division prepares and maintains job classification and compensation plans for state employees covered by Chapter 18A, including the review of all personnel position actions, job audits, revision of class specifications, and salary surveys.

Division of Staffing Services

This division has four broad areas of responsibility. These are: applicant processing, applicant counseling, examination construction, and register maintenance. Within these areas are the duties of examination research and development; review of personnel actions for minimum requirements; provision of information concerning state government employment, administration, grading and processing of examinations to applicants and employees; maintenance of register files; verification of applicant information; and certification of merit registers.

Office of Performance Management

This office is responsible for coordinating and implementing employment performance evaluation systems throughout state government.

Deferred Compensation Authority

Office of the Secretary

Kentucky Public Employees' Deferred Compensation Authority

The Kentucky Public Employees' Deferred Compensation Authority (Authority) is a "voluntary" supplemental retirement benefits program available to Kentucky public employees (this includes employees of state government agencies, public school systems, state universities and local government entities).

Kentucky's Deferred Compensation plans have maintained their high ranking among Government Deferred Compensation plans. Based on the most recent survey data provided by the National Association of Government Deferred Compensation Administrators (NAGDCA) for IRS-457 Plans, the Kentucky Authority is twenty-first (21st) in the nation both in terms of 457 Plan assets and the number of participants and ninth (9th) with respect to the 401(k) Plan. Also, a separate report indicates Kentucky ranks sixth (6th) in both assets and participants for those states reporting both 457 and 401(k) Plans. According to the NAGDCA survey, Kentucky continues to rank ahead of several more populous states.

During Fiscal Year 1998-1999, the Authority Board acted to implement several significant plan changes. These changes included:

- For the third (3rd) consecutive year authorized a substantial "reduction" in participant fees (expected to save participants approximately \$869,000 a year). This represents a three (3) year fee reduction totaling approximately \$1,544,000 on a *recurring* annual basis.
- Following the passage of retirement benefits legislation by the 1998 General Assembly, the Authority obtained a favorable Private Letter Ruling from the Internal Revenue Service and amended the 401(k) Plan to allow 401(k) Plan participants (with twenty (20) or more years of state service) to transfer assets to the Kentucky Employees Retirement Systems (KERS) to purchase additional service credits prior to the occurrence of a benefit event. As of June 30, 1999, a total of one thousand (1,000) participants have transferred approximately \$16.5 million to KERS.
- Refinement of the *Spectrum of Investment Options* to offer participants a more diversified and comprehensive investment vehicle.

Deferred Compensation Authority

- Implementation of a file imaging storage/retrieval program. Through this program in excess of 43,000 files, including more than 750,000 documents, will be scanned, indexed, and electronically stored. The program will enhance service to Authority participants and provide the much-needed space for additional staffing requirements.

As a result of the additional fee reductions and the imaging program, the Authority has been advised it will be the recipient of a Recognition Award from NAGDCA at this year's annual meeting. This is the fourth (4th) consecutive year the Authority has received one of these prestigious national awards. This year's award is being presented to honor the Authority's achievement in the area of "Plan Administration".

In addition, the Authority has achieved another record breaking year as participation and assets again reached new highs. The following graphs represent the combined results from the Authority's 457 and 401(k) retirement plans through June 30, 1999:

- Participant Volume – Graph 1 and the accompanying table indicates the phenomenal growth rate the Authority continues to experience. The number of plan participants (with account balances) increased from 39,033 last year to 43,288 at June 30, 1999. This represents an increase of 4,255 participants or an 11% increase as of the 1999 fiscal year end.
- Plan Assets – Graph 2 and the accompanying table shows that 1998 plan assets, on a calendar year basis, have experienced incredible growth over 1997 (1998 - \$756 million vs. 1997 - \$631 million). Assets, on a fiscal year basis, have increased from \$702 million as of June 30, 1998, to \$818 million on June 30, 1999, representing a \$116 million or approximately a 17% increase.
- Plan Trends – Several important trends continued during Fiscal Year 1998–1999 within the Deferred Compensation program.

Investments – Graph 3 indicates for a fourth (4th) consecutive year, quarterly participant investments have increased. Quarterly investments have increased from \$14.3 million as of June 30, 1998, to \$16.6 million at June 30, 1999. This is an increase of \$2.3 million or approximately 16%.

Plan Assets Allocation – Graph 4 and the accompanying table demonstrates that for a fourth (4th) consecutive year participants invested (by an ever-widening margin) more into the mutual funds than into the Fixed Contract Fund (FCF). This is also the third (3rd) consecutive year in

Deferred Compensation Authority

which investments into the mutual funds were greater than into the FCF in "each" quarter of the year. Graph 5 indicates the allocation of assets is now \$553 million (67.6%) in the mutual funds and \$253 million (30.9%) in the FCF. The remaining 1.5% represents insurance company benefit accounts and loans.

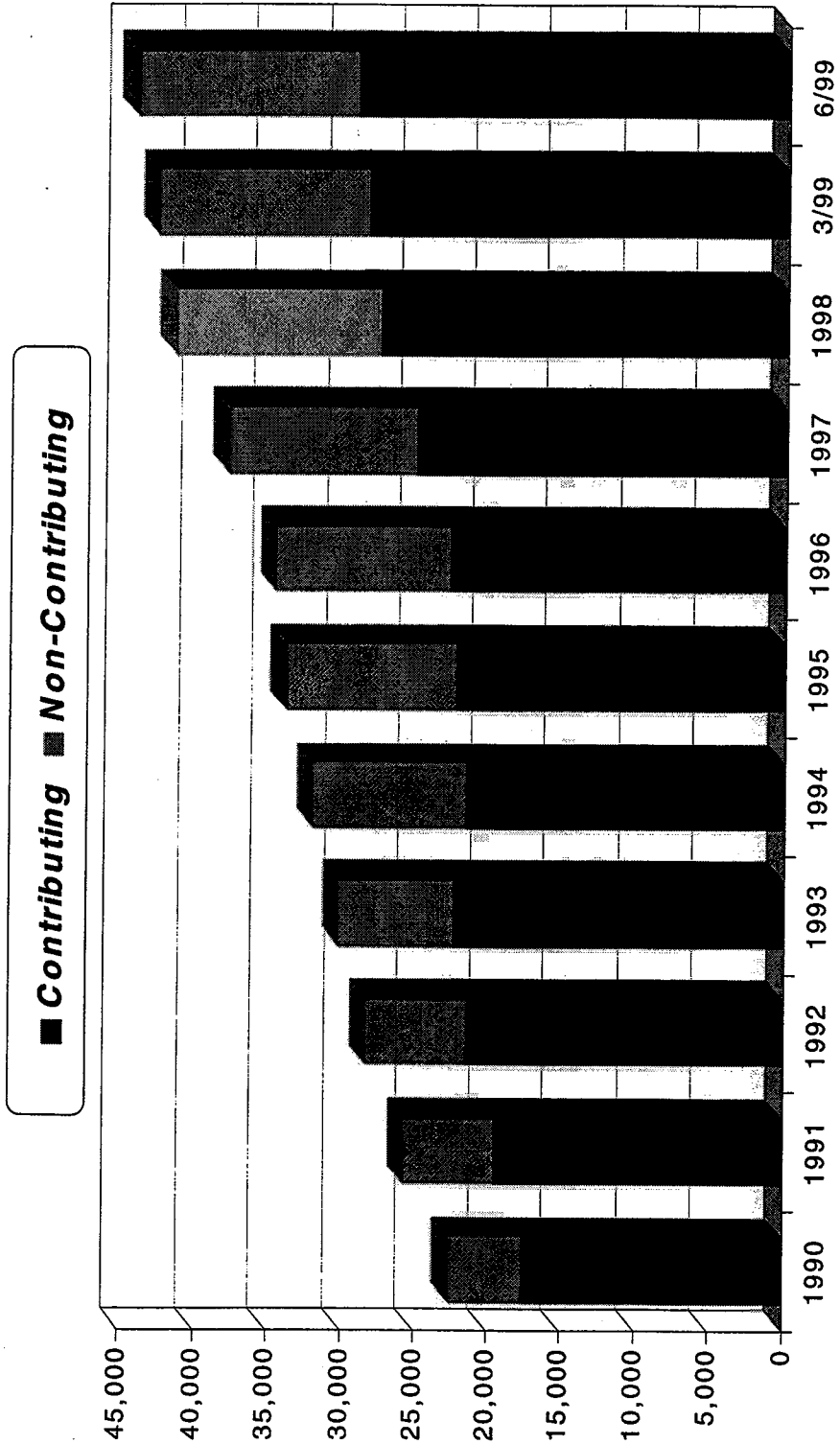
- Investments – Graph 6 demonstrates annual investments increased substantially again this fiscal year and totaled \$60.3 million compared to \$56 million at June 30, 1998, representing an 18.4% increase. The percentage of the investments into the 401(k) Plan increased to approximately 68%. For the year ended June 30, 1999, the dollars invested in the 401(k) Plan exceeded those invested in the 457 Plan by almost \$24 million.

The Authority currently offers participants twenty-eight (28) investment options from which to select. The investment spectrum ranges from conservative to moderate to aggressive. This spectrum of investments consists of twenty-seven (27) mutual funds and one (1) stable value or fixed fund product.

Deferred Compensation Authority

Kentucky
Deferred Compensation
Authority

Total Participants by Year (With Account Balances) As of June 30, 1999



NationalDeferred

Deferred Compensation Authority

Kentucky
Deferred Compensation
Authority

Total Participants by Year (With Account Balances) 1990 - 6/30/99

Year	Participants
1990	23,384
1991	26,691
1992	29,146
1993	30,188
1994	32,024
1995	33,781
1996	34,589
1997	37,330
1998	41,016
6/30/99	43,288

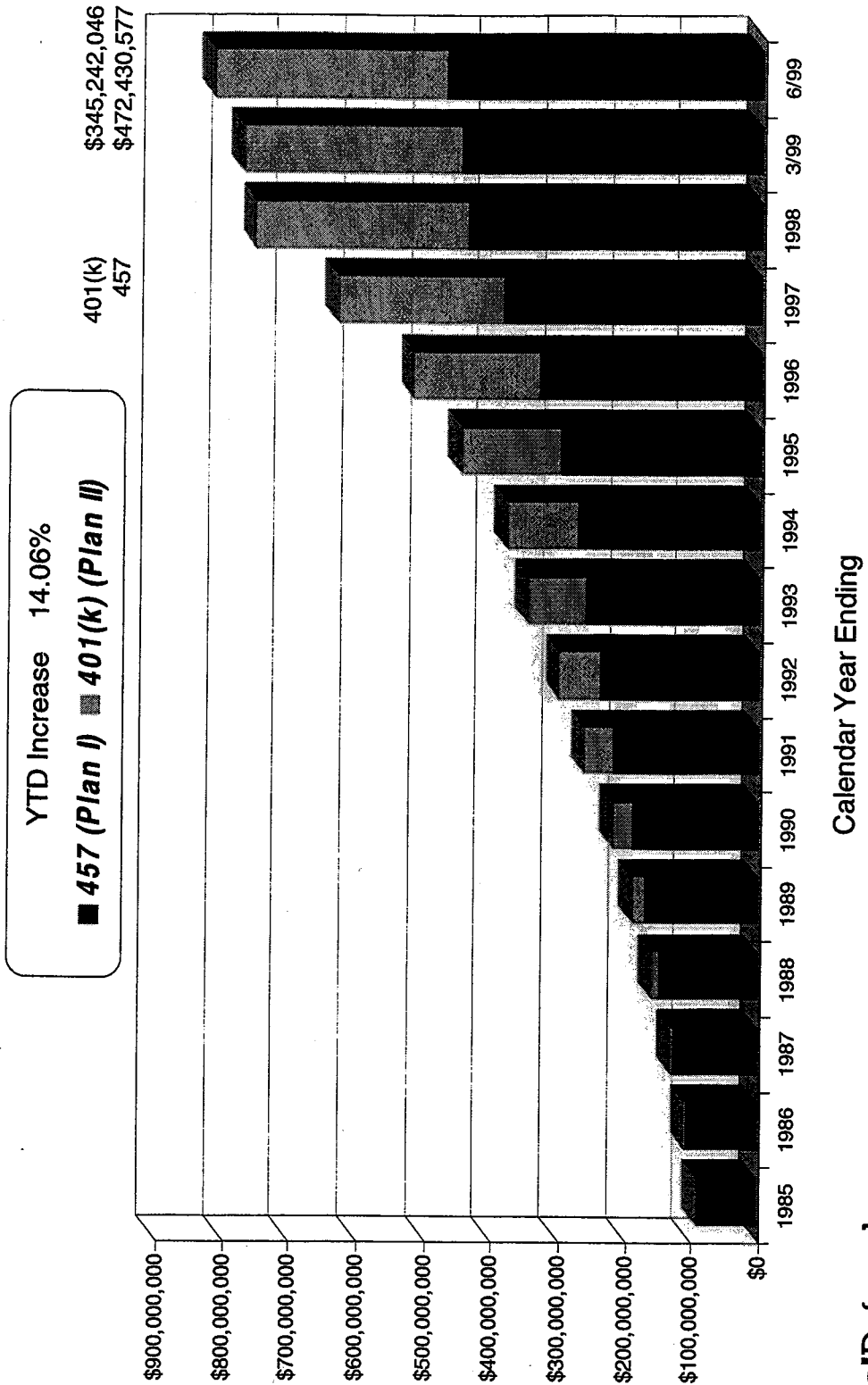
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Authority

Asset Growth by Year

(Excluding Life Insurance and Uninvested Receipts)



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Deferred Compensation Authority

Asset Growth by Year

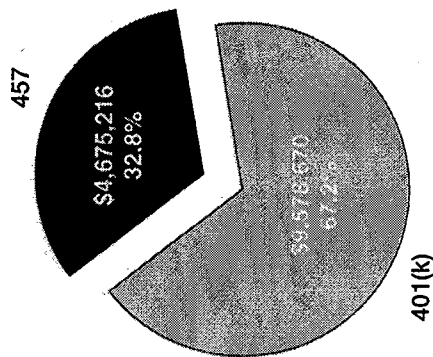
(Excluding Life Insurance and Uninvested Receipts)

Year	Assets
12/31/90	\$216,922,484
12/31/91	\$260,551,464
12/31/92	\$299,421,872
12/31/93	\$345,628,472
12/31/94	\$377,971,229
12/31/95	\$445,688,072
12/31/96	\$518,994,025
12/31/97	\$631,499,204
12/31/98	\$755,721,008
6/30/99	\$817,835,964

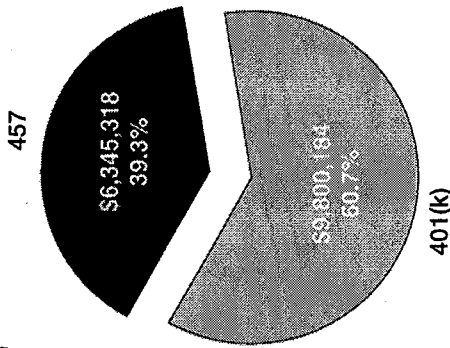
Deferred Compensation Authority

Investments By Quarter (Excluding Life Insurance and Uninvested Receipts)

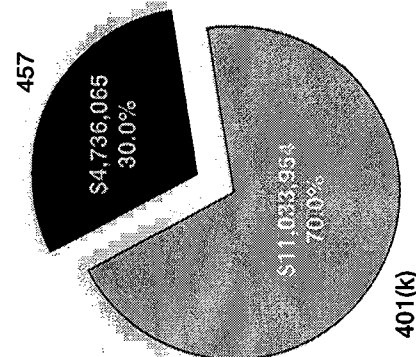
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Deferred Compensation
Authority**



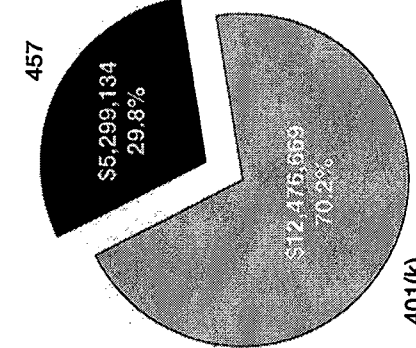
6/30/98



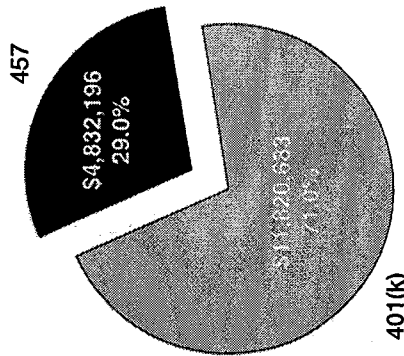
9/30/98



12/31/98



3/31/99



6/30/99

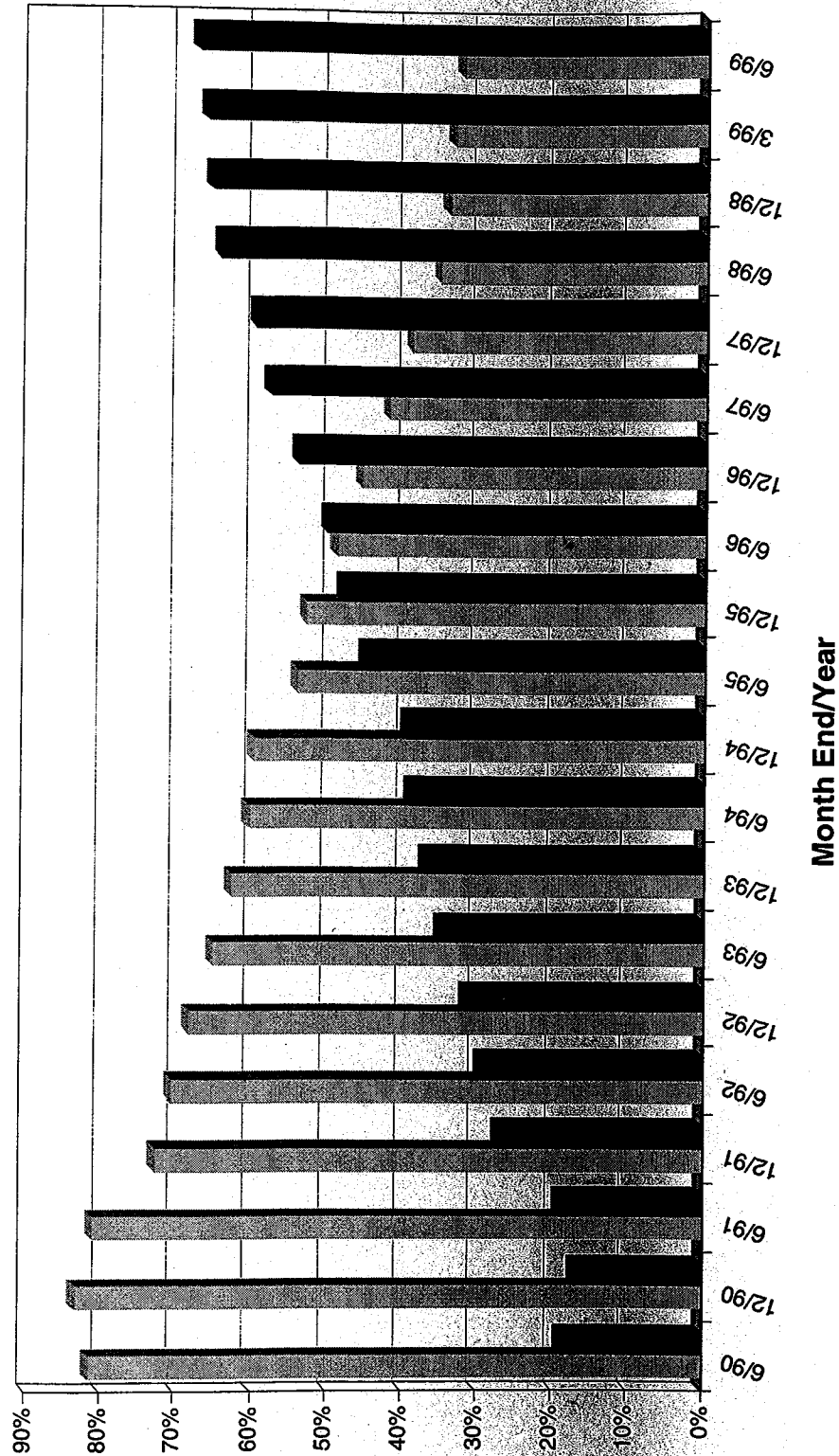
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Deferred Compensation Authority

Kentucky
Deferred Compensation
Authority

Percentage Allocation of Assets (Excluding Life Insurance and Uninvested Receipts)

■ Fixed Contract, Payouts, & Loans ■ Mutual Funds & Variable Annuity



National Deferred

Deferred Compensation Authority

Assets - Fixed and Variable Third Quarter 1997 to Second Quarter 1999

	Fixed	Variable
9/97	\$238,330,056	\$378,280,301
12/97	\$239,989,712	\$391,509,492
3/98	\$239,783,651	\$440,475,439
6/98	\$241,314,310	\$460,551,898
12/98	\$251,352,384	\$503,980,246
3/99	\$252,339,365	\$521,674,051
6/99	\$256,551,756	\$561,120,867

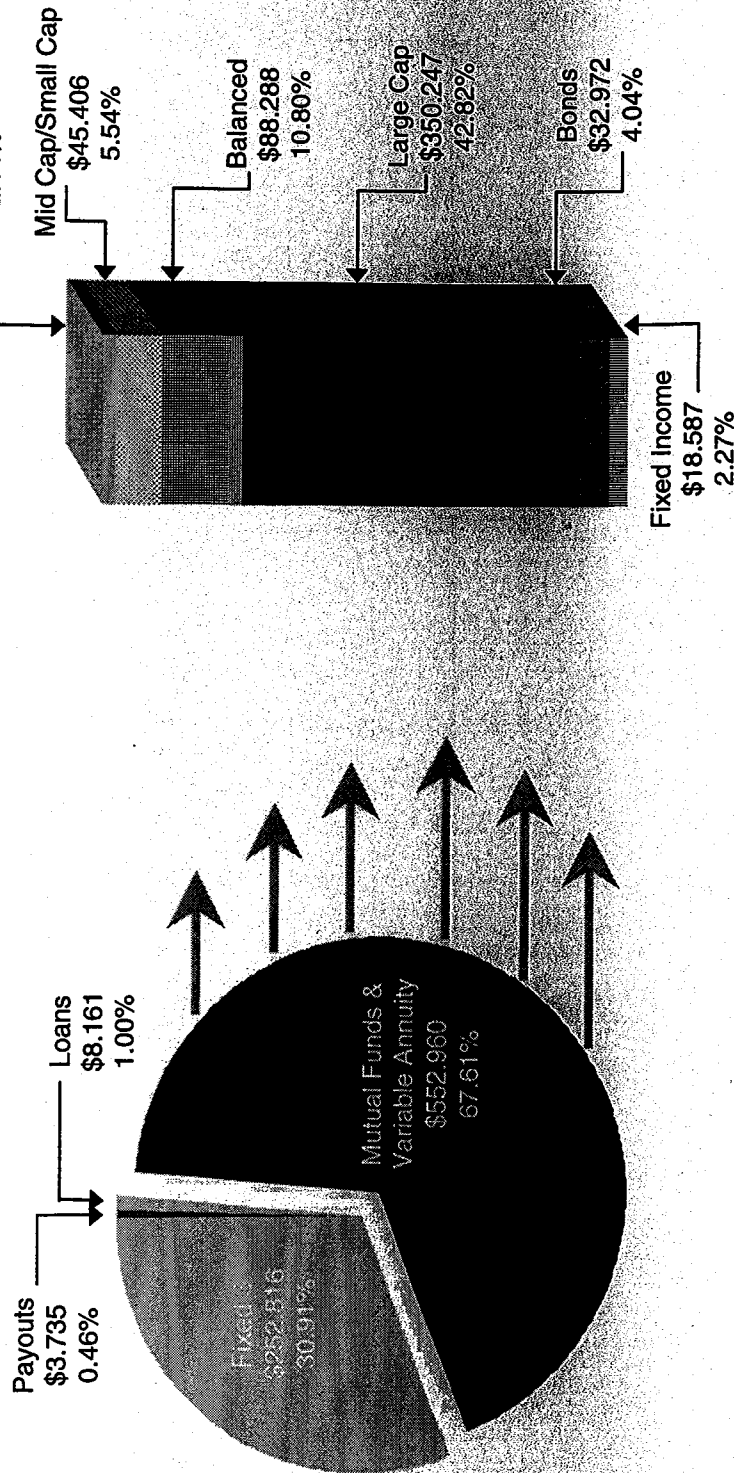
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Allocation of Plan Assets

As of June 30, 1999

(Excluding Life Insurance and Uninvested Receipts)
(Dollars in Millions)

■ Fixed Contract, Payouts, & Loans 32.37%
■ Mutual Funds & Variable Annuity 67.61%

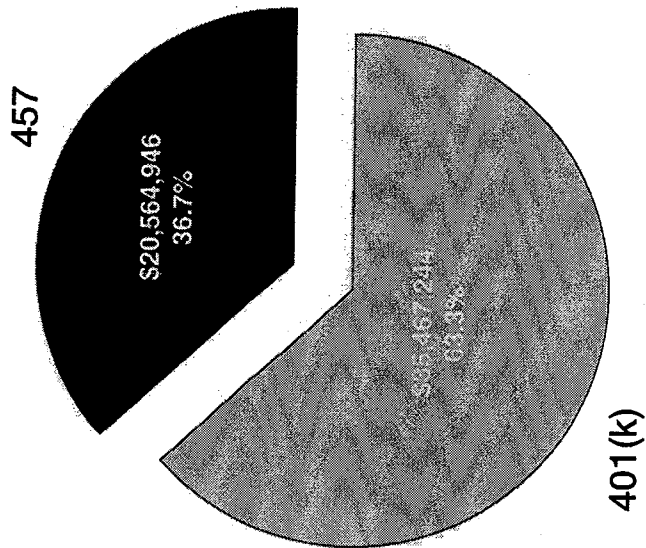


Deferred Compensation Authority

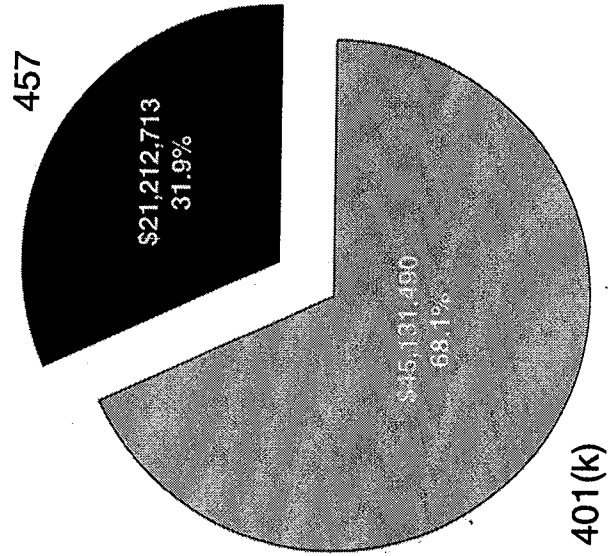
Kentucky
Deferred Compensation
Authority

Annual Investments (Excluding Life Insurance)

Year Ending
June 30, 1998



Year Ending
June 30, 1999



National Deferred

Office of the Secretary

Cooperative Education and Internship Program

- The Personnel Cabinet, Office of the Secretary rejuvenated its Kentucky State Government Cooperative Education and Internship Program with the Spring 1999 Semester. The program serves as a recruiting tool for agencies that cannot find potential employees with appropriate skills in order to fill their vacant positions. The program helps agencies meet their short-term staffing needs in critical skill areas. This year alone, hundreds of students have been placed statewide.
- Approximately 65% represent students from colleges and universities, while 35% represent students from high schools and vocational/technical schools. The location of Kentucky State University served us well in immediate recruitment efforts in the number of students available and critical skill areas, such as accounting, biology, chemistry, computer science, math, finance, criminal justice, and others.
- It also serves as a mechanism for Kentucky students to obtain practical on-the-job experience and academic credit as part of their educational experience. During the first six months of the program, student applications represented over 30 educational institutions.

Administrative & Legal Services

Office of Administrative and Legal Services

General Counsel

- Wrote approximately 180 Opinion Letters, Memoranda or other personnel-related documents and responded to numerous questions and inquiries by e-mail.
- Reviewed, approved or consulted on approximately 576 disciplinary action letters and 33 special leaves of absence for investigative purposes.
- Reviewed and consulted with agency attorneys and administrators with respect to 516 appeals filed with the Personnel Board.
- Represented the Personnel Cabinet in 208 appeals filed with the Personnel Board.
- Processed 191 requests submitted under the Kentucky Open Records Act and notified agencies for employees in appropriate cases.
- Successfully represented the Personnel Cabinet in appeals to the Kentucky Supreme Court and the Court of Appeals in approximately 25 cases and in the Franklin Circuit Court in approximately 10 cases.
- Made presentations to the International Personnel Management Association, Kentucky Education Association, the Kentucky Librarians Association, and the Governor's Staff. Represented the Governor in a press conference with respect to the Governor's Adoption Reimbursement Program.
- Worked on the Personnel Regulation Revision team which rewrote or modified all of the Personnel Cabinet's administrative regulations.

Administrative & Legal Services

Administrative Services Branch

Fiscal Management

The Personnel Cabinet had expenditures of \$29.2 million in the fiscal year ending June 30, 1999. This includes the partial expenditure of both \$3.2 million in approved EMPOWER Kentucky projects and \$1.6 million in capital construction funds for Health Insurance Administration. The cost for the provision of workers' compensation benefits for employees amounted to 49.3% of the Cabinet's total expenditures. The Cabinet administers the State Payroll (\$1.63 billion in FY 1998-1999), the Kentucky Public Employees Deferred Compensation Authority (\$821 million in assets at COB June 30, 1999), Employee Health Insurance (approximately \$400 million in premiums per year), and Employee Life Insurance (approximately \$7.2 million in premiums in FY 1998-1999).

Personnel Management

On June 30, 1999, the Cabinet had 177 status full-time employees, twelve (12) interim employees, and two (2) co-op employees. The number of status full-time employees increased from 142 on June 30, 1998 to 177 one year later, an increase of 24.6%. The largest increase occurred in Health Insurance Administration, as the Cabinet assumed responsibility for the administration of employee health insurance from the Health Purchasing Alliance.

Administrative & Legal Services

Personnel Cabinet Expenditures 1998-99 Fiscal Year

Organizational Unit	Personnel & Contracts	Operating	Capital	TOTAL
<i>Secretary's Office</i>				
Office of the Secretary	\$ 384,107	\$ 70,395	\$ -	\$ 454,501
Office of Administrative and Legal Services	\$ 828,090	\$ 156,877	\$ -	\$ 984,967
Deferred Compensation Authority	\$ 3,253,557	\$ 319,826	\$ 33,046	\$ 3,606,429
Subtotal	\$ 4,465,753	\$ 547,098	\$ 33,046	\$ 5,045,897
<i>Department for Employee Relations</i>				
Commissioner's Office	\$ 204,739	\$ 123,687	\$ 2,469	\$ 330,895
Communications and Recognition	\$ 243,997	\$ 101,153	\$ 674	\$ 345,824
Health Insurance Administration	\$ 1,509,343	\$ 639,720	\$ 2,292	\$ 2,151,356
Kentucky Employee Assistance Program	\$ 207,724	\$ 57,652	\$ 3,142	\$ 268,518
Life Insurance Administration	\$ 273,560	\$ 310,688	\$ 1,214	\$ 585,462
Workers' Compensation	\$ 14,103,196	\$ 287,724	\$ 1,078	\$ 14,391,998
Subtotal	\$ 16,542,559	\$ 1,520,605	\$ 10,869	\$ 18,074,033
<i>Department for Personnel Administration</i>				
Commissioner's Office	\$ 324,238	\$ 40,240	\$ 539	\$ 365,017
Classification and Compensation	\$ 672,989	\$ 81,240	\$ 1,753	\$ 755,981
Employee Records	\$ 858,603	\$ 1,031,914	\$ 3,776	\$ 1,894,292
Staffing Services	\$ 1,205,417	\$ 470,961	\$ 62,756	\$ 1,739,134
Subtotal	\$ 3,061,247	\$ 1,624,354	\$ 68,824	\$ 4,754,424
<i>Empower Kentucky</i>				
	\$ 52,472	\$ 418,393	\$ -	\$ 470,865
<i>Capital Construction</i>				
	\$ -	\$ -	\$ 604,016	\$ 841,969
TOTAL	\$ 24,122,032	\$ 4,110,449	\$ 716,755	\$ 29,187,188

Administrative & Legal Services

Systems Management Branch

The Systems Management Branch consists of seven (7) full-time staff members and one (1) Co-op who are responsible for overseeing the computerization of the Personnel Cabinet as well as providing the technical support to keep IT solutions operational.

- Technologies currently being utilized include the Internet, Intranet, Imaging systems in the Register Branch, Employee Files, Deferred Compensation, Life Insurance and a major focus on Health Insurance (including OCR/ICR technology to enhance forms processing).
- Other technologies currently on the drawing board include workflow processing, on-line testing, and implementation of a web server and a firewall.
- The Systems Management Branch monitors and maintains twelve (12) file servers, four (4) optical storage and retrieval devices, and over 200 workstations. This branch also supports over 75 installations of the Register application and the Employee Suggestion System at the agency level.
- The Systems Management Branch interacts with other agencies and vendors to ensure that the Cabinet is current regarding technology implementation at the state level and in the private sector.

Equal Employment Opportunity Unit

- Monitored the progress of the State's Affirmative Action Program and reported to the Cabinet Secretary semi-annually on that progress.
- Assisted agencies in their recruiting efforts to meet or surpass the affirmative action goals. As of June 30, 1999, the goal set for minorities is 7.51% and the goal for females is 52.42%. These goals are based on eligible persons 16 years and older from the Kentucky 1990 census. A graph of the Personnel Cabinet's ethnic and gender makeup, and the ethnic and gender personnel report is included.

Administrative & Legal Services

Ethnic & Gender Personnel Report

Cabinet/Department: Personnel Cabinet

Job Category	Total	White		Black		Hispanic		Asia/Pac		Amer Indian		Other		Total Minority	M	F
		M	F	M	F	M	F	M	F	M	F	M	F			
Officials and Admin	19	7	8	3	1	0	0	0	0	0	0	0	0	4	10	9
Professionals	99	23	66	2	6	1	0	0	0	0	0	0	1	10	26	73
Technicians	14	1	11	0	2	0	0	0	0	0	0	0	0	2	1	13
Protective Service Workers																
Para-Professionals	4	0	3	0	1	0	0	0	0	0	0	0	0	1	0	4
Office and Clericals	41	2	35	2	2	0	0	0	0	0	0	0	0	4	4	37
Craftsmen	12	0	12	0	0	0	0	0	0	0	0	0	0	0	0	12
Service Workers																
TOTALS	189	33	135	7	12	1	0	0	0	0	0	0	1	21	41	148

Communications & Recognition

Department for Employee Relations

Division of Communications and Recognition

- Provides ADA technical assistance and training to the Personnel Cabinet and to other state agencies upon request.

Communications Branch

- Published and distributed the *Commonwealth Communiqué*, a quarterly newsletter sent to over 40,000 employees across the Commonwealth.
- Published and distributed the *Personnel Perspective*, a monthly newsletter sent to all Personnel Cabinet employees.
- Employee Information Line - There are two telephone lines directed into the Division designated as employee information lines. One of the lines is local and the other is an 800 line; both of which are for the purpose of answering questions and/or directing employees to the appropriate resources for assistance. Approximately 900 - 1100 calls are answered per year.

Questions received on the employee information lines consist of: personnel records, grievance procedures, sick leave sharing/family medical leave, classification, health insurance, retirement, applying for and testing for positions, how to access the Internet for job availability, educational achievement awards, Hay Study, etc.

Employee Recognition Branch

- Presented awards totaling \$43,135.00 to state workers through the Employee Suggestion System. These suggestions represented a first-year savings of \$2,335,845.47 for fiscal year 98-99.
- Processed 3,308 Career Service Certificates.
- Processed 136 Educational Achievement Awards.

Employee Benefits

Division of Employee Benefits

Group Life Insurance Administration Branch

- The life insurance in force exceeds three billion dollars.
- The current Basic Insurance and AD&D rate per thousand is \$0.145.
- The Group Life Insurance Administration Branch carried out all administrative services including: enrollment processing, eligibility data base maintenance, bill generation and payment processing, refunds, customer service, claims processing, and distribution of materials.
- The Branch administers group life insurance for eligible employees at 519 locations.

	<u>Locations</u>	<u>Total Monthly Premium</u>
State Agency	176	\$ 268,292.45
Board of Education	284	\$ 349,562.24
Health Department & Other	<u>59</u>	<u>\$ 23,437.61</u>
	519	\$ 641,292.30

- The Branch collects \$ 389,519 a month in Basic premiums.

	<u>Employee</u>	<u>Premium</u>
State Agency	41,522	\$ 120,413.80
Board of Education	91,078	\$ 264,126.20
Health Department and Other	<u>3,777</u>	<u>\$ 10,953.30</u>
	136,377	\$ 395,493.30

- The Branch collects \$ 245,779 a month in Optional and Dependents premiums.

	<u>Accounts</u>	<u>Premium</u>
State Agency	15,337	\$ 147,878.65
Board of Education	10,110	\$ 85,436.04
Health Department and Other	<u>1,456</u>	<u>\$ 12,484.31</u>
	26,903	\$ 245,799.00

Employee Benefits

- The invoicing process includes:
 - ✓ Roster billing 214 locations (156 boards of education, 52 health departments, and 6 other) for 14,558 accounts each month.
 - ✓ Individually billing 1,454 accounts to employees of 26 boards of education.
 - ✓ Roster billing 147 state agency (accounting) locations for 56,618 accounts. The premium is posted through a payroll tape update, and the bills are checked for completeness, arrears, and any discrepancies.

- The Branch processed 224 claims.
 - * 129 Basic Insurance and AD&D Claims
 - * \$2,840,000 Basic benefits
 - * 39 Optional Insurance and AD&D Claims
 - * \$1,514,000 Optional benefits
 - * 56 Dependent Group Life Claims
 - * \$500,000 Dependents benefits

- Other Branch activities:

Checks received and processed	12,758
Refunds processed and mailed	1,871
Applications	20,405
Phone calls received	9,173
Supply requests	486

- The Life Insurance Branch started the design and development of the new group life insurance system. The staff has been working closely with FileNET and IDMS to design a document and information management system that is Y2K compatible and that would allow the staff to provide better customer service for the covered employees. This system will give us the ability to scan, index, store, and retrieve imaged documents. Previous documents received are being prepped and batched for backfile scanning and indexing.

- The life insurance contract with Aetna expires on December 31, 1999. The Invitation for Bid was prepared and finalized with Purchasing. The invitations will be mailed to all companies interested in bidding.

Employee Benefits

Workers' Compensation Branch

- As of the end of the 1998-1999 Fiscal Year, the Workers' Compensation Program has successfully returned seventy-five (75) employees to work by temporarily modifying their position, permanently modifying their position, or by the employee moving into a different job. This has been calculated as savings of approximately \$750,000.00 for the FY 1997-1998.
- The Commonwealth of Kentucky Workers' Compensation Program continues to bring agencies under the managed health care program. The Workers' Compensation Board has approved the program for Jefferson County. As of June 30, 1999, we have fifty-one (51) agencies utilizing the managed health care program. The Workers' Compensation Board has just approved the managed health care program for ninety-three (93) additional counties. This office remains responsible for training all covered employees.
- Approximately 98,000 employees are provided coverage under this self-insured program. Job-related injuries for Fiscal Year 1998-1999 to date total 5,017.
- The Workers' Compensation Branch provided training for 1,045 supervisors throughout the state this year. The training included updates on the workers' compensation process, the new workers' compensation law, and the Americans with Disabilities Act.

Employee Benefits

Kentucky Employee Assistance Branch

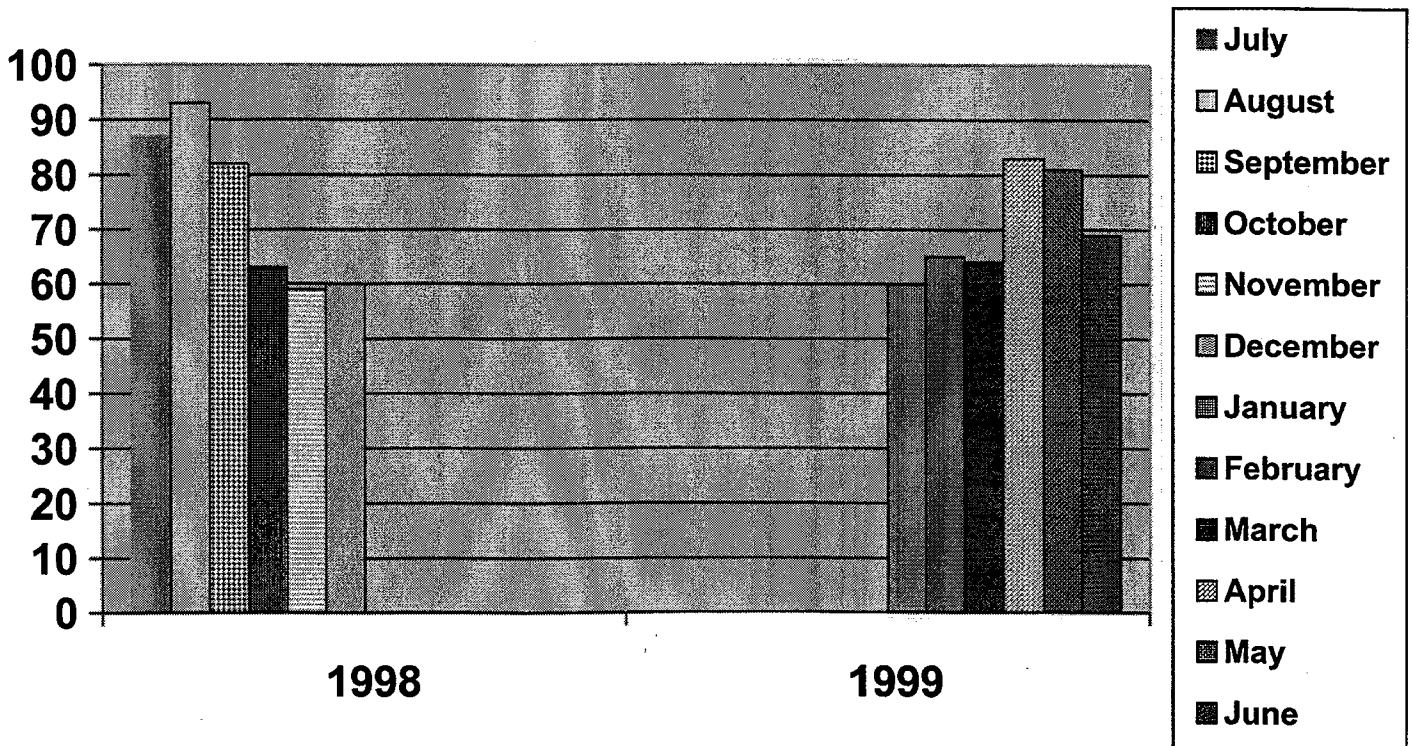
- During the 1998-1999 year, the Kentucky Employee Assistance Program (KEAP) provided direct employee assistance services to approximately 866 state employees and/or their family members. (see chart on page 29.)
- The cabinets in which employees most utilized the services were the Justice Cabinet (14% of our clients came from the Justice Cabinet); the Cabinet for Families and Children (11%) and the Transportation Cabinet (13%). (see chart on page 30.)
- The issues most frequently presented include: mental/emotional health (23%); job stress (22%); and supervisory referral (17%). (see chart on page 31.)
- KEAP staff was involved in many workshops and meetings that result in numerous indirect contacts. These contacts include monthly presentations at GSC on how supervisors can use KEAP as a management tool. KEAP also presented information to 1,045 employees at the Personnel trainings throughout the state. KEAP staff conducted workshops on various topics such as Violence in the Workplace, Stress Management, Mental Illness in the Workplace, as well as Critical Incident Stress Debriefings, and Grief in the Workplace Sessions. For National Depression Screening Day the KEAP staff provided free depression screenings in various state buildings.
- KEAP staff produced their own advertisement materials which have been placed in many state buildings in Frankfort. The KEAP staff played a large role in the IPMA Southern Region Conference, handling all the registrations and presenting a workshop. Two staff members enrolled in GSC's Kentucky Certified Public Manager Program.

Employee Benefits

KEAP "NEW CLIENT" TOTALS

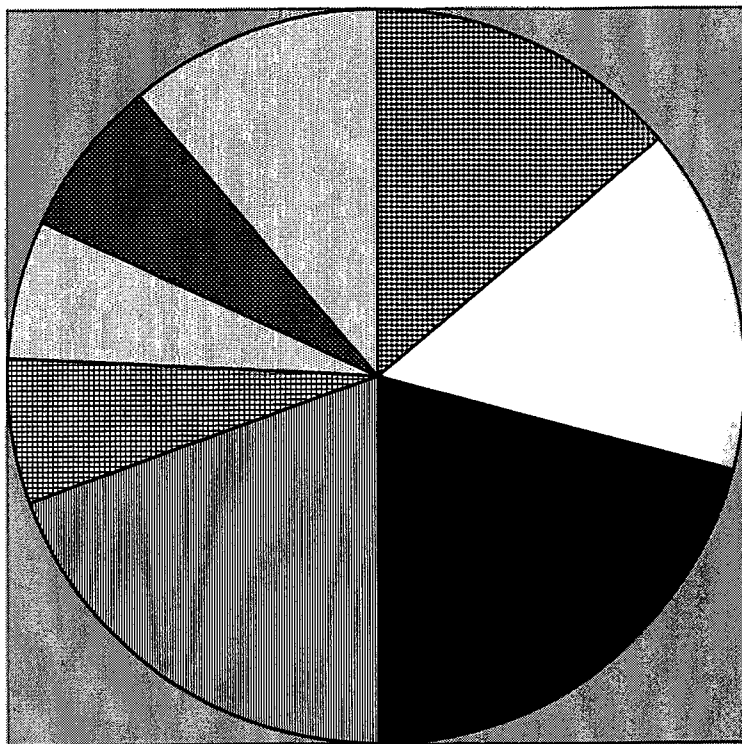
1998	
July	87
August	93
September	82
October	63
November	59
December	60
1999	
January	60
February	65
March	64
April	83
May	81
June	69

Total 866



Employee Benefits

AGENCY UTILIZATION

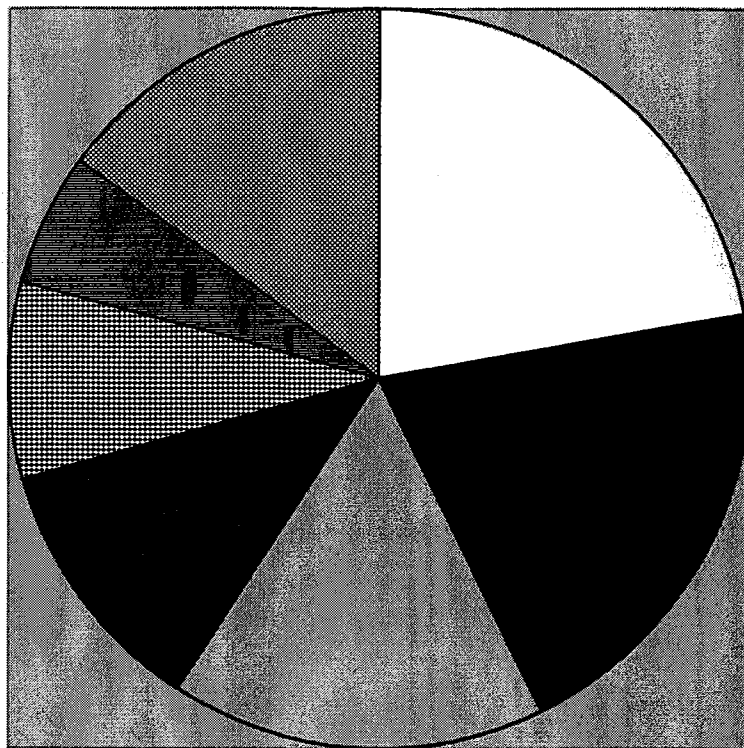


- DOT 13%
- Families & Children 11%
- Finance 6%
- Health Services 9%
- Justice 14%
- NREP 5%
- Revenue 4%
- Workforce 5%
- Other 8%

Employee Benefits

PRESENTING ISSUES:

Mental Health	202	(23%)
Job Stress	189	(22%)
Supervisory Referral	150	(17%)
Relationships	103	(12%)
Chemical Dependency	79	(09%)
Finances	58	(06%)
Other	152	(16%)



- MENTAL HEALTH
- JOB STRESS
- SUPERVISORY REFERRAL
- RELATIONSHIPS
- CHEMICAL DEPENDENCY
- FINANCES
- OTHER

Health Insurance Branch

- Responsible for procuring Health Insurance for the State group.
- Trained approximately 600 Insurance Coordinators prior to Open Enrollment on changes and updates in the program.
- Trained approximately 900 employees across the state on the basics of Open Enrollment procedures that were then shared with co-workers at their work sites. Training was held via tele-conference and through live meetings.
- Produced a KET program on the Open Enrollment process and other health insurance issues.
- Held Benefits Fairs to give employees access to the health care providers.
- Updated and distributed the Health Insurance/Commonwealth Choice Administration Manual to all agency Insurance Coordinators.
- Updated, printed, and distributed Commonwealth Choice enrollment materials (booklets and enrollment forms) to nearly 43,000 state employees.
- Processed approximately 14,000 Commonwealth Choice enrollment forms following open enrollment and approximately 100 per month throughout the year on new employees.
- Processed monthly discrepancy reports on Commonwealth Choice.
- Met with and presented programs to the Employee Advisory Committee for Health Insurance four times throughout the year.
- Coordinated with Benefits Data Branch to ensure that the data base is accurate and up-to-date.
- Responded to approximately 1,000 phone calls per day during Open Enrollment.
- Responded to 50,833 phone calls during the 12-month period.
- Assisted in developing Request for Proposal for 2000 Health Insurance bids.
- Trained 1,045 supervisors at supervisor training throughout the state.
- Hired and trained additional staff.

Employee Benefits

Benefits Data Branch

- Maintenance of the health insurance data base consisting of members of the Commonwealth Group and the scanning of all Group Life Insurance applications, payments, and supporting documentation.
- Completed final testing of newly designed software, installed hardware, and designed new health insurance and flexible spending account applications for the 1999 open enrollment period.
- Scanned, read, and processed 160,000 applications from the Commonwealth Group into the database for open enrollment. The members of this group consist of employees of state government, boards of education, local health departments, and retirees of KTRS, KRS, and the Judicial and Legislative Retirement Plans.
- Updated health insurance policies maintained in the database. This consists of processing update forms, supporting documentation, and insurance applications.
- Additional programming was added to streamline processing and to make more efficient use of time and resources.
- Redesigned the health insurance applications, update forms, and Commonwealth Choice applications in coordination with the Health Insurance Branch for Plan Year 2000.
- Added programming modifications to streamline processing for open enrollment for Plan Year 2000.
- Scanned Group Life Insurance back file conversion.

Employee Records

Department for Personnel Administration

Division of Employee Records

Processing Branch

- Processed 156,375 personnel actions.
- Modified the entry of transactions to be entered via TSO rather than the transactions being Data Entry.
- Implemented the on-line PD via CICS.
- Modified the P-1 to reflect the changes from HB727 i.e. full-time, part-time, interim.

Files Branch

- The conversion of current employees from microfiche to imaging is complete.
- The conversion of inactive files is 25% complete.
- Delivery of files to Staffing Services has decreased by 95% since files are available for viewing through the imaging system.

Payroll Branch

- Scheduler has been completely implemented on all paychecks.
- RDS (an electronic Report Delivery System) is in place. We have included all permanent reports.
- Payroll screens have been modified for MARS Accounting.
- Timesheets have been modified to meet the MARS specifications.
- On-line data files created for agencies. This allows them to download to PC's to better utilize data for agency requirements.

Employee Records

- Converts CHS/CFC PTL Input to the standard AMR PTL.
- Import and export data electronically instead of mailing.
- Reduced paper and microfiche produced.

Computer Branch

- Includes data entry and mainframe printing for the Cabinet and those agencies that use the Personnel Cabinet for printing of reports, forms, timesheets, etc.
- Trained new employees in this area.
- All employees received PC's and are trained to use the included software.

Classification & Compensation

Division of Classification and Compensation

Nature of Actions	1995/1996	1996/1997	1997/1998	1998/1999
Job Classes Revised	127	73	79	266
New Classes Established	70	22	26	91
Job Classes Abolished	85	140	64	119
Pay Grade Changes	158	8	18	512
New/Revised Special Entrance Rates	165*	56	58	239
Class Title Changes	17	16	21	192
Title Code Number Changes			2	9

*Many were increases to existing special entrance rates.

Positions Established	10,038
Positions Abolished	11,456
Positions Reclassified	2,455
Positions Reallocated	2,669

The above total is 26,618 actions taken by the Division of Classification and Compensation. This compares to a total of 20,791 in 1997-1998, 18,608 in FY 1996-1997; 19,206 in FY 1995-1996; and 18,937 in FY 1994-1995.

In addition, the Division of Classification and Compensation also reviews and approves agency requests for re-organizations, in-range appointments, position number changes, work county changes, rate changes from full to part-time and part-time to full-time, in-grade promotions, and other personnel processes. Staff communicates with citizens, state employees, and other personnel jurisdictions throughout the country.

Staffing Services

Division of Staffing Services

- The Division of Staffing Services is responsible for the merit employment function for Kentucky State Government and implementing the Personnel EMPOWER Kentucky Initiatives.
- The Division consists of the Director's Office and four branches, including Applicant Processing, Employment Counseling, Register, and Staffing Analysis.
- The work of the Division of Staffing Services has increased from 433 percent to 4.7 percent in all major work categories during FY 98-99, except for two: Tests Administered and Educational Verifications. These increases and decreases are a result of the Personnel Cabinet's cooperation with other cabinets in implementing changes under the EMPOWER Kentucky Program. As a result, the competitive merit employment process is more available to all citizens of the Commonwealth. The drop in the number of tests given was expected, in that a major initiative of the administration and legislature in 1998 was to eliminate written tests for state employees. In addition, more applicants are furnishing certified copies of their credentials prior to employment, thus reducing the need for educational verifications. (See Attachment A- Composite of Divisional Statistics, FY 98-99).
- All of the EMPOWER Kentucky Personnel Initiatives (see Attachment B) have been accomplished except 9, 11, 12, 13, 14, and 17. The contract to complete Phase 3 of Initiatives 12 and 14, i.e. designing the web-enabled system to provide on-line access of Personnel Cabinet records to agencies, etc., is currently in process. All fiche records have been converted to imaged records and are currently available on the in-house system within the Personnel Cabinet. Initiative 9 is being combined with Initiatives 11, 13, and 17, and the bids for the automated testing system to incorporate all of the above are currently under review.

Staffing Services

COMPOSITE - DIVISION STATISTICS 98-99

CATEGORY	APPLICANT PROCESSING	COUNSELING	REGISTER	STAFFING ANALYSIS	98-99 TOTAL	97-98 TOTAL	% CHANGE
Service Requests - Phone Calls, E-mails, Web Requests, Walk-ins, U.S. Mail, Faxes	30732	51353	43889	8880	134854	128688	4.7%
Applications Issued to Agencies	0	0	672503	0	672503	155375	433.0%
Tests Administered	35026	0	0	0	35026	41228	-17.7%
Internal Mobilities							
Processed and Placed on Registers	24267	0	0	0	24267	8077	300%
Applicants Counseled	0	31717	0	110	31827	18221	74.6%
Mail-in Applications Reviewed		26785	0	260	27045	26260	2.9%
P-1 Actions Processed	0	3595	6122	0	9717	3851	252%
Register Certificates Issued	0	0	7196	0	7196	6215	15.8%
T & E Scores/Reviews	0	0	0	3530	3530	2573	37%
Educational Verifications	0	0	2262	0	2262	2446	-8%
Selections Methods Determined	0	0	0	456	456	304	50%
Quals Placed on Registers	22705	0	16417	0	39122	N/A	100%
Records Checked	570	0	0	0	570	274	208%
APPROXIMATE OVERALL INCREASE					988375	393512	251%

Staffing Services

EMPOWER KENTUCKY PERSONNEL INITIATIVES

1. Statewide listing of jobs on Internet.
2. Same-day placement of Qual applicants on registers.
3. Enhanced outplacement and recruiting program.
4. Elimination of merit tests for internal mobility candidates.
5. On-line access to registers and applications in agencies (view and print).
6. On-line access to Superbook and class specifications in agencies.
7. On-line access to application form and ability to submit application electronically.
8. On-line access to Position Description form, complete and submit electronically.
9. Voice-activated telephone response system, providing register information such as scores, counties of availability, etc.
10. Streamline workflow within Staffing Services by imaging applications when submitted and making information immediately available to counselors for on-line approval.
11. Streamline workflow within Staffing Services by installing on-line test approval system.
12. Streamline workflow by conversion of current employee documents from fiche to imaged records and place on-line for immediate access by Personnel Cabinet and agencies.
13. Streamline workflow in Staffing Services by installing electronic grading of T & E system.
14. Streamline workflow by initiating P-1 electronically at the lowest level within agencies, and standardizing supporting documents and approval paths.
15. Initiate best practices by converting some Written Tests to T & E and Qual selection methods.
16. Streamline register process by placing names on register the same day of testing.
17. Enhance testing process by automating test review system.
18. Establish consistent policy on external advertisements to coordinate and coincide with Internet job listings.
19. Update Personnel Payroll Policy and Procedure Manual and place on Intranet.
20. Complete Year 2000 Conversion of payroll system.

Performance Management

Office of Performance Management

- Provided performance management training and informational seminars to approximately 2,176 supervisors, managers, and employees throughout state government.
- Revised the employee evaluation form to emphasize and document planning at the start of each performance period and placed the form on-line to allow completion using the computer.
- Implemented an electronic performance rating reporting system.
- 94.9% of eligible employees statewide were reported as rated for the Mid-Year 1998 performance period.
- 95.5% of eligible employees statewide were reported as rated for the Year-End 1998 performance period.

Employee Facts

ANNUAL REPORT FY 98-99

PERSONNEL CABINET

EMPLOYEE FACTS (AS OF JUNE 30, 1999)

Executive Branch	38,738
Legislative Branch.....	439
Judicial Branch.....	3,057

Of the total permanent full-time employees in the Executive Branch:

49.1% are female
7.56% are minority

The average permanent full-time employee in the Executive Branch:

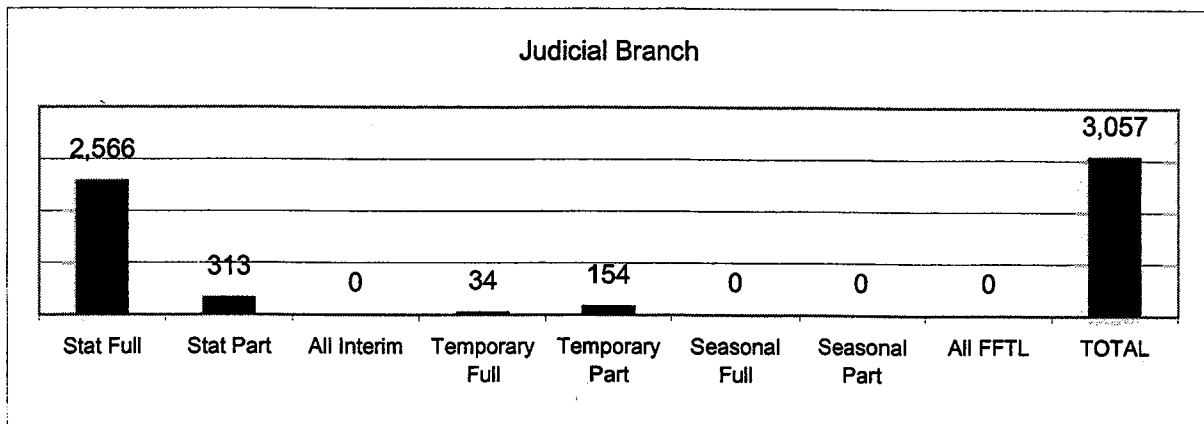
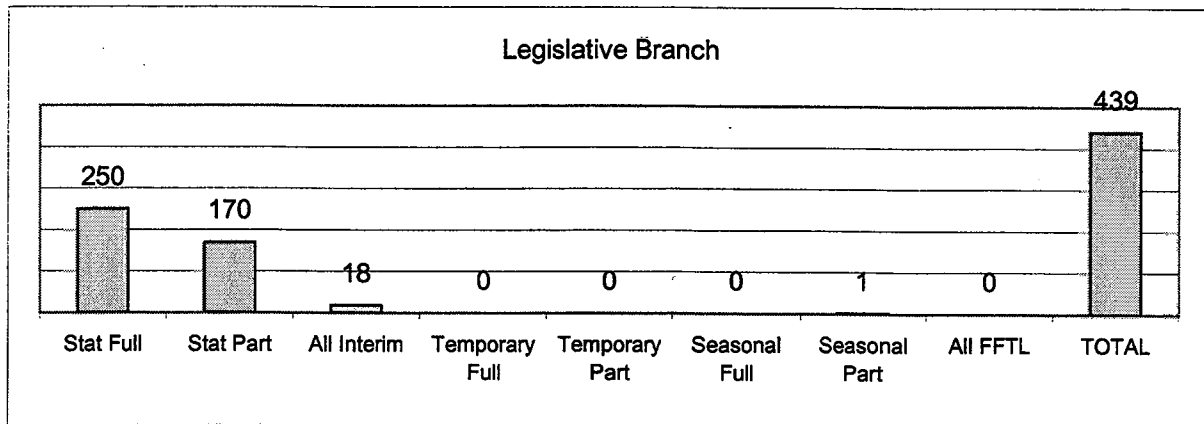
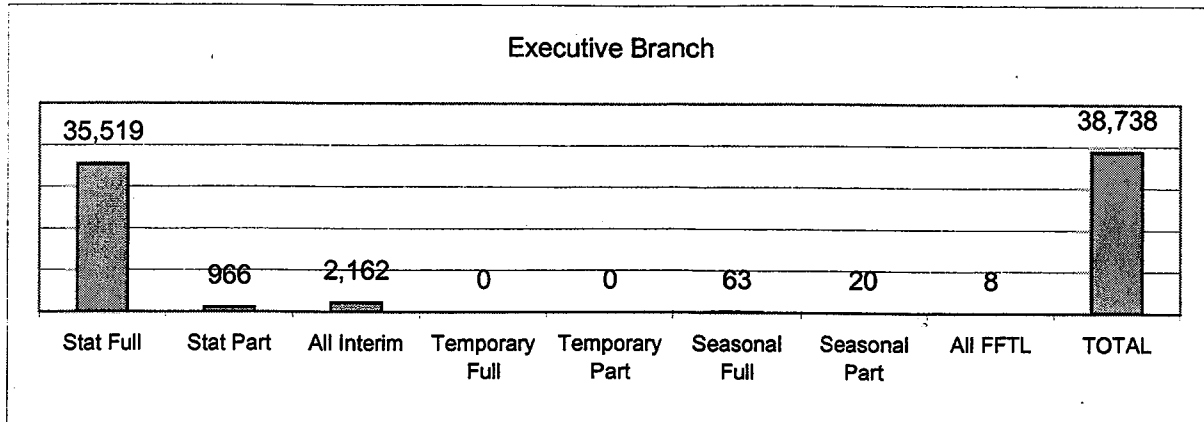
Earns \$31,710 per year salary and;

In addition, receives \$7,442.93 in benefits

8.03% Employer-paid retirement	\$2,546.31
7.65% Employer-paid FICA	\$2,425.82
12 x \$203.00 Health Insurance	\$2,436.00
12 x \$2.90 Life Insurance	\$34.80

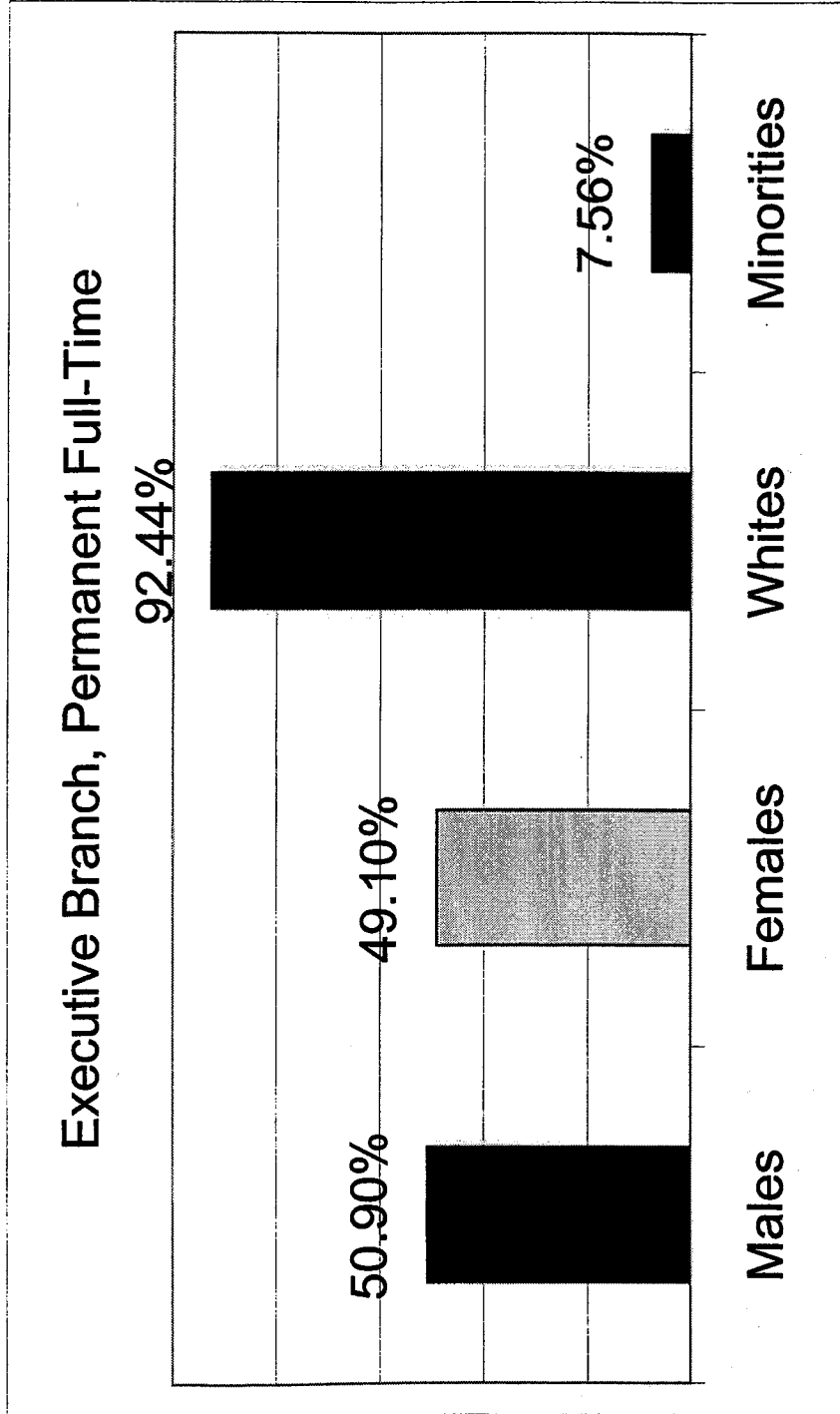
Employee Facts

Employee Status Summary as of June 30, 1999

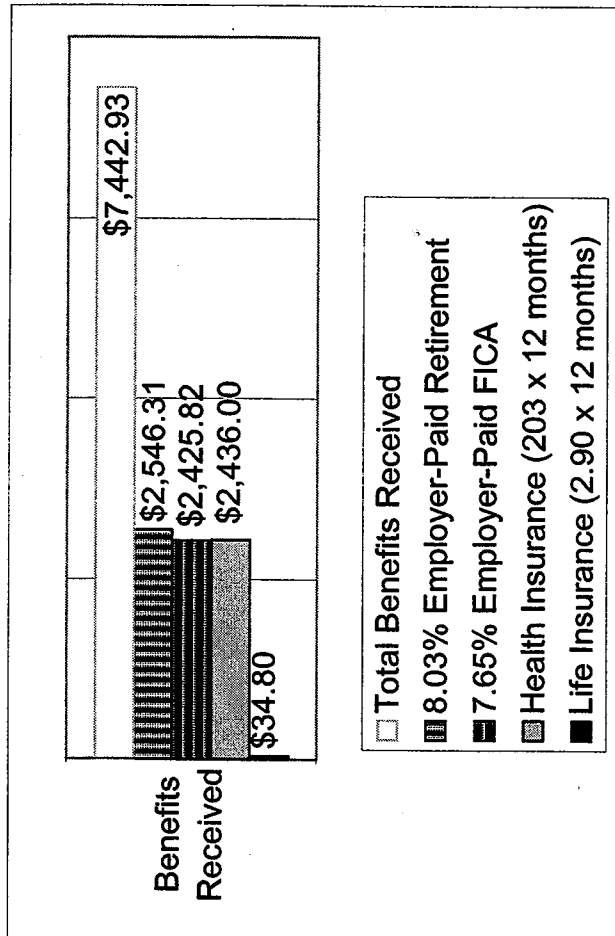


Employee Facts

% of Employment by Race and Sex
As of June 30, 1999

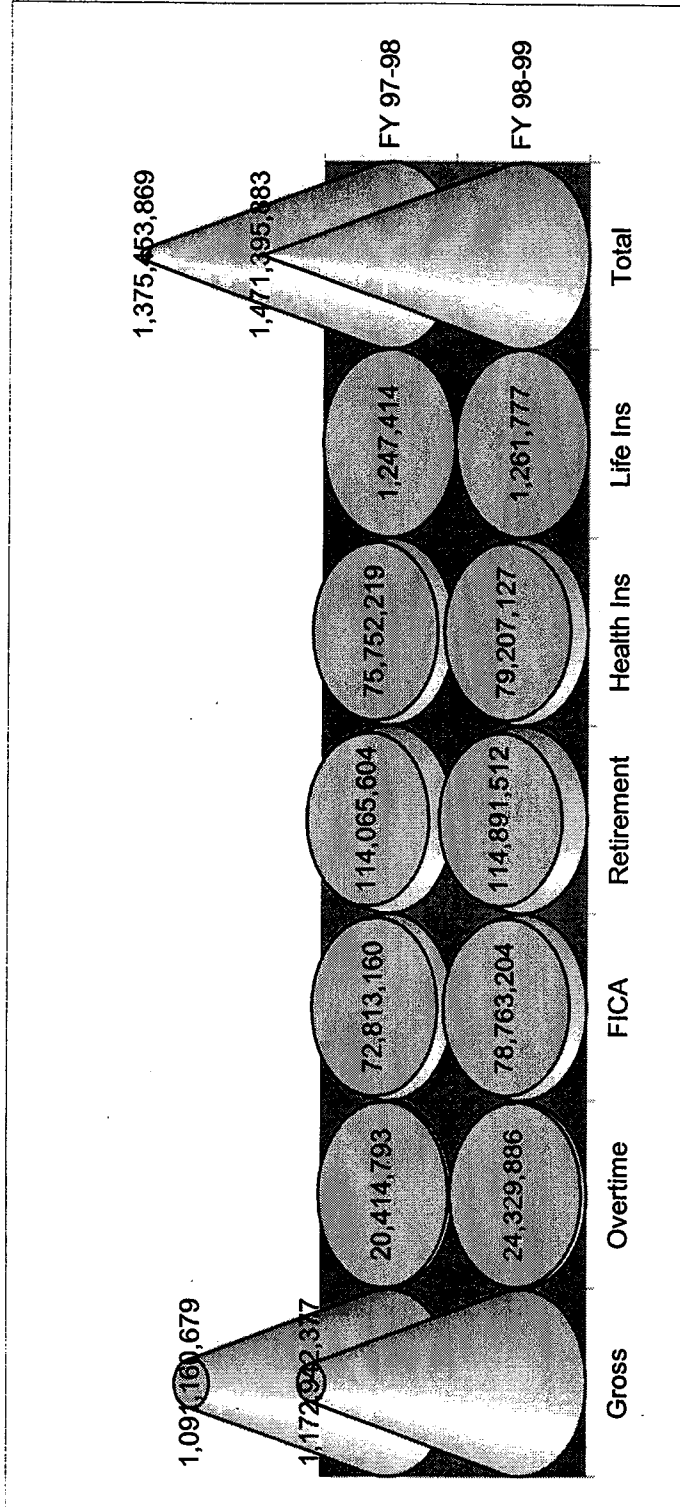


Average Annual Salary \$31,710
 Executive Branch, Permanent Full-Time
 As of June 30, 1999



Employee Facts

Total Payroll Dollar Disbursement Executive Branch*



*Regular P-1 Employees. Excludes AOC, LRC, CETA Employees, PVA's, Unified Prosecutorial System, and Constitutional Officers

