



THOMAS C. GREENWELL
COMMISSIONER

COMMONWEALTH OF KENTUCKY
DEPARTMENT OF PERSONNEL
CAPITOL ANNEX
FRANKFORT, KENTUCKY 40601

WALLACE G. WILKINSON
GOVERNOR

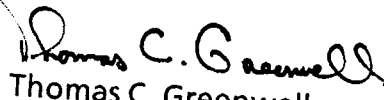
October 1, 1990

The Honorable Wallace G. Wilkinson
Governor, Commonwealth of Kentucky

Mr. James Shake
Chairman, Kentucky Personnel Board

In accordance with KRS 18A.030 (12), I am submitting this Annual Report of the
Department of Personnel for Fiscal Year 1989-1990.

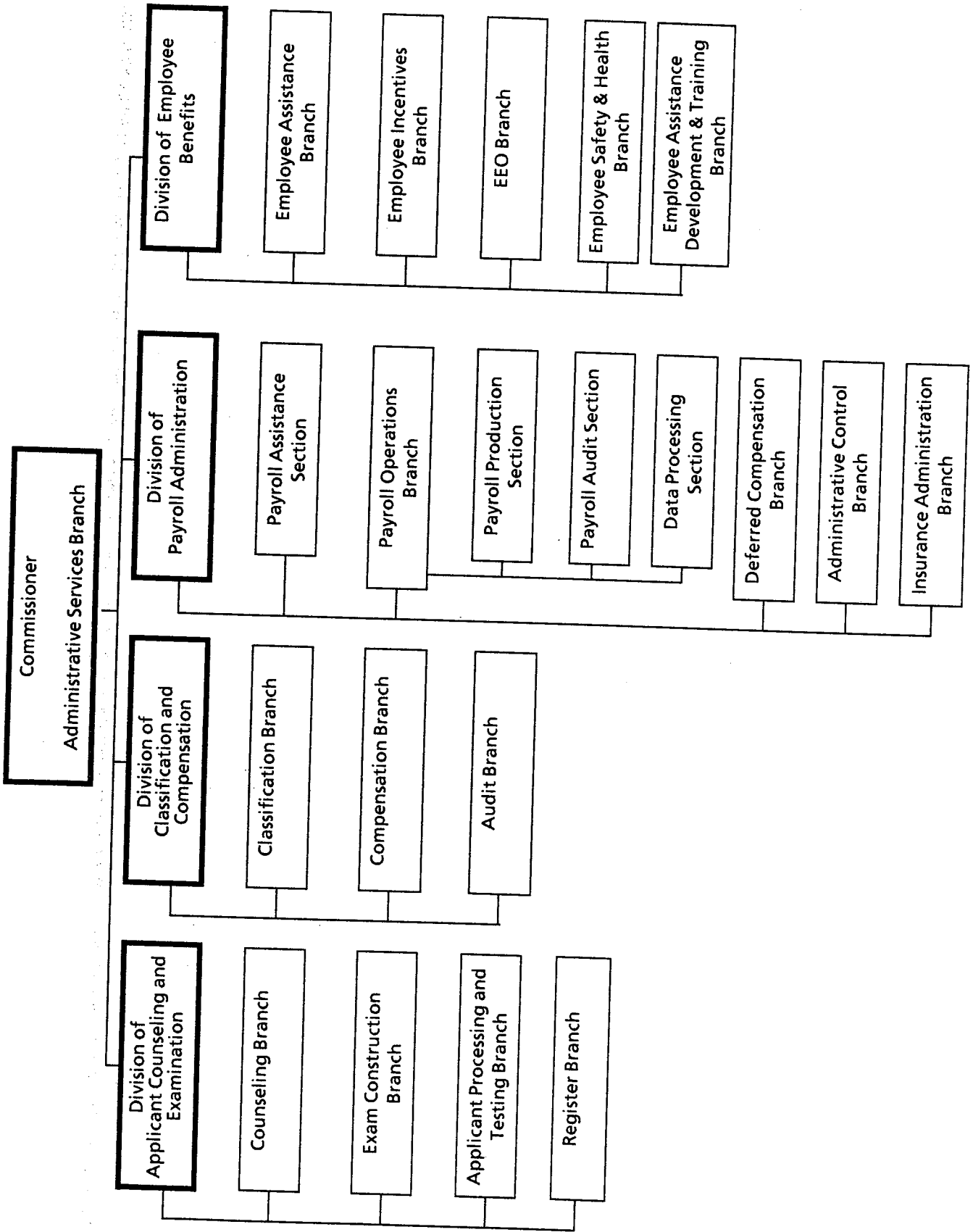
Sincerely,


Thomas C. Greenwell

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DEPARTMENT OF PERSONNEL (FY Ending 06-30-90)



ANNUAL REPORT
Department of Personnel
ORGANIZATION

Office of the Commissioner

Provides executive policy and management support to the divisions of the department; 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.

Division of Applicant Counseling and Examinations

Recruits and examines applicant for the classified service and certifies appointments and promotions of all state employees.

Division of Classification and Compensation

Prepares and maintains job classification and compensation plans for state employees, including the review of all personnel position actions, job audits, revision of class specifications and salary surveys.

Division of Payroll Administration

Audits and certifies all state payrolls; prepares and maintains all employee records; prepares employee information reports; administers the health and life insurance programs for state employees; and administers the Kentucky Deferred Compensation System.

Division of Employee Benefits

Assists employees who are troubled; coordinates compliance with the Equal Employment Opportunity programs; coordinates safety in the workplace programs; promotes health awareness and maintenance through the nurses stations in state office buildings; and administers the Employee Suggestion System.

FY 89-90 ACHIEVEMENTS

July 25 Ends Era of Paper P-1 Listings

The P-1 listing produced on the 25th of July ended an era of paper reliance and begin an era of on-line productivity. For as long as most of us can remember, an agency had to have the P-1 appear on the P-1 listing before any payrolls could be processed on the individual. Cutoff dates for P-1 listings were a natural spinoff of this reliance on paper by everyone. So also were more supplementals and delayed payrolls.

The new process electronically moves the approved P-1 to a holding area in the computer instantly. It eliminates the need for sending listings to agencies and the need for cutoffs, consequently, the large peaks and vallies of labor demands. In a phrase, productivity is increased.

The new procedure will allow an average of seven more days of approval time for P-1 actions. This is a significant increase--50% or more in many cases.

On-line System Supplemental Notification

Several agencies asked that we develop an on-line system supplemental notification form. We have. Beginning for use for the system supp on September 28, users who have update access to POPY entered their supplemental notification on CICS. The form is shown on the payroll menu screen. This new system speeds the processing of supplemental payments.

New On-line Process Speeds Check Register Searches by Several Orders of Magnitude to Save Employee & Payroll Officer Time

Payroll officers answered questions about an employee's paycheck by taking the company number, the organizational number, and social security number and pulling out Report 154 or Report 10. Then they began their search through paper or microfiche to find the employee's net pay and deductions. That required at least several minutes. Multiply that time by the number of employees per year who inquire about their paychecks and you've got a productivity problem.

It now takes just seconds to do the same thing. Three new screens have been added to the POPY Menu. They are screens T, U, and V. The new screens contain check information for the most recent check issued for the employee. Screen T gives Gross to Net information. Screen U provides deductions from the check. Screen V shows the special pays included in the check. If there are multiple checks, pressing "Enter" will show the next check. The addition of these screens was a major asset to payroll officers.

Production Readied for Move to New Direct Mail W-2s

The mailer W-2's have arrived! This new procedure is a result of our survey of state agencies last year. Payroll officers representing 85% of state government responded that they wanted the Department of Personnel to mail the W-2's.

We believe that this new procedure is one that represents a significant increase in State Government's productivity, as fewer hands need to handle the forms. Additionally, the costs are reduced as bulk mail rates are more economical than first class mail rates. The small costs that will be passed on to each agency, covering the forms and the mailing, will be easily saved by the reduction in postage and staff hours required for the distribution of W-2's.

Change to On-line P-1 List Speeds Payroll Officer's Work

Effective March 14, there was a change to the on-line P-1 List. There are now two options for selecting lists to view. One screen shows all actions as currently presented. The second version shows all actions except annual increments and miscellaneous actions. This change especially helps large agencies who have many increments each month. Payroll Officers no longer have to scroll through pages of actions to find the ones requiring their attention.

Performance and Volume Standards Remain High in Deferred Compensation

Outstanding performance was achieved with the June 30, 1990 Kentucky Deferred Compensation Statement of Accounts. There were:

1. All time record number of statements prepared --22,513.
2. Low error rate--0.0265% (only 6 errors).
3. Earliest mail date ever--nearly all participants received their statement in less than 20 working days (many as early as July 26, 1990). This outperforms many larger, more complex and more expensive systems that have been in operation far longer than Kentucky's.
4. All time system account value high--\$203 million compared to \$173 million a year earlier.

Kentucky's program has grown and continues due to a variety of factors, including a number of key system enhancements. Effective January 1, 1990, Kentucky began accepting Plan-to-Plan transfers under its Internal Revenue Code 457 Plan. This program allows participants who had an IRC 457 Plan with a previous public employer to move it to Kentucky's Plan. Over \$300,000 has already been moved into Kentucky Deferred Comp under this new feature. Beginning in 1990 all payout functions were consolidated in the Plan Administrator's Office in the Department of Personnel. This allows participants to make a single telephone call and obtain Payout Illustration, Payout Counseling and all forms necessary for payout.

Contract Extensions

The Board of Trustees of Kentucky Deferred Comp after extensive negotiations effected contract extensions with two investment carriers and the Board's marketing firm who services plan participants. The contract extension were effective January 1, 1990, with all three firms: National Deferred Comp., Inc. of Columbus, Ohio, the marketing firm; Nationwide Life Insurance Co. of Columbus, Ohio, the variable annuity carrier; and Kentucky Central Life Insurance Co. of Lexington, Kentucky, the fixed annuity carrier.

Two of the most important improvements in the contracts are a reduction in surrender charges for many payouts, and the installation, at no charge to the System or the participants, of a Toll-Free "800" number for use by all of the over 20,000 participants. The "800" number is 1-800-542-COMP (542-2667).

Financial Life Income Planning (FLIP)--Deferred Comp and the Retirement Systems Join Forces

The Deferred Compensation System, in conjunction with the Kentucky Retirement Systems, announced plans this year for a comprehensive retirement planning system for state employees and other participating groups. Computer software is being developed that will allow employees to use specific data from their own deferred compensation, retirement, and social security accounts, plus personal savings, to do multiple retirement income projections.

FLIP will consolidate the employees' financial information and facilitate their retirement planning by eliminating the need for the individual to go to multiple sources to obtain the data necessary for making retirement income projections. Based on our observations, FLIP will represent the very latest in multi-projection retirement planning programs available to public service Deferred Comp participants.

Group Life Insurance

The employees' group life insurance plan is administered through the Division of Payroll Administration, Insurance Administration Branch. More than 110,000 active employees of state government, local school boards, and local health departments are provided coverage. Basic coverage provided for state and health department employees is \$6,560 and for Boards of Education employees a matching amount of \$3,935. The number of basic claims paid for the past few years averaged 180 per year for an average dollar amount of benefits paid of \$859,485.

Workers' Compensation

The Division of Payroll Administration administers the Workers' Compensation insurance for state employees, volunteer firemen, volunteer ambulance personnel, state colleges and universities (except the Department of Transportation and the University of Kentucky).

Approximately 69,000 employees are provided coverage under this self-insured program. Job-related injuries for fiscal year 1989-90 resulted in 6,336 claims filed. Automated reports are received on all claims and monitored closely for any problem areas.

Health Insurance

- Enrolled over 60,000 in Kentucky Kare Plans.
- Increased hospital network to 121 participants with a 297.65% discount increase.
- Began publication of quarterly newsletter, "Health Insurance Link," to communicate to all employees.
- Held employee meetings, statewide, during open enrollment.
- Wrote and produced video on health insurance for open enrollment.
- Produced, delivered, and evaluated five RFPs relating to insurance administration.
- Changed Premium Conversion plan to increase participation significantly by requiring employees to opt out.
- Began development of Flexible Benefit Spending Accounts.
- Developed benefit design for third Kentucky Kare Plan to be known as Kentucky Kare Essential.
- An Employee Advisory Committee was formed to generate ideas and suggestions concerning health insurance and make recommendations to the Commissioner.

Employee Benefits

- Restructured the Kentucky Employee Assistance Program, merging the EAP from the Cabinet for Human Resources.
- Provided direct employee assistance services to 800 state workers.
- Trained 1000 supervisors in dealing with troubled workers.
- Trained 104 supervisors in employee management assistance.
- Presented 37 EAP prevention workshops for 592 participants.
- Presented 13 wellness workshops for Frankfort workers.
- Trained 55 state workers in First Aid/CPR.
- Developed a computerized records management system for tracking state safety records.
- Through the video lending library, loaned 200 titles, seen by 300 state workers.
- All state agencies, for first time, brought in to compliance with the law requiring evaluation of workers.
- Trained 400 supervisors in implementing the Employee Performance Evaluation.
- Presented 40 cash awards to 39 state workers, through the Employee Suggestion System, totaling \$33,000.
- Achieved a first year savings, from employee suggestions, totaling \$600,000, bringing the total for the entire system to \$3.5 million.
- Awarded 300 Educational Achievement Awards to state workers, 75 of which were for GED achievement.
- Implemented Project: GED, a pilot project to motivate state workers into obtaining a GED. One hundred and six (106) state employees are presently in study programs designed to prepare them to take and pass the GED.
- Awarded Career Service Certificates to the number of employees in the following categories:

16 years:	1,272
20 years:	737
25 years:	326
30 years:	108
35 years:	23
40 years:	5

- Presented the 3rd Governor's EEO Conference, with 15 workshops and 4 plenary sessions, to nearly 400 registrants, a 33% increase over the previous conference registration.
- Overachieved the 7.4% minority goal of the Affirmative Action Plan, statewide, by 158 employees.
- Promoted 429 minority employees as 8.1% of all promotions in the workforce.
- Reduced the number of employees in the "service and maintenance" category by 94.
- Promoted 90 minority employees to "official and administrator," "professional," "technician," "protective service worker," and "crafts worker."
- Hired females into the workforce at a rate of 77.% in effort to achieve the goal of 52%.
- Inaugurated and presented the Anderson Medal, memoriam to the late state Representative Charles Anderson, who in 1936 became the first Black member of the Kentucky General Assembly and the first Black elected to a state legislature in the South since Reconstruction. Inaugural recipients included First Lady Martha Stafford Wilkinson, Governor Edward T. Breathitt, Lyman Johnson, and the late Whitney M. Young, Jr.
- Inaugurated the Governor's Affirmative Action Achiever Award, presented to state cabinets and agencies either in full compliance with the Plan or making the greatest strides toward compliance.

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DIVISION OF CLASSIFICATION AND COMPENSATION

New job classes established	72
Job classes revised	91
Job classes abolished	13
Pay grade changes	57
Special entrance rates implemented	14

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DIVISION OF APPLICANT COUNSELING AND EXAMINATIONS

Classes for which selection methods were developed	153
Classes opened for testing	121
Written examinations constructed	16
Training and Experience guidelines constructed	24
Examinations administered, graded, and processed	35,702
Applicants interviewed	15,528
Mail in applications reviewed	20,252
Personnel actions reviewed	11,866
Certificates issued	5,975
Appointments from register	4,389
Co-op Appointments	270
Verifications	5,833

ANNUAL REPORT
Department of Personnel

EMPLOYEE FACTS
(as of June 30, 1990)

Executive Branch	32,960
Legislative Branch	312
Judicial Branch	2,466

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

48.0% are female

7.7% are minority

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

Earns \$21,696 per year salary

Receives \$4,441 in benefits:

7.45% Employer-paid retirement	\$1616
7.65% Employer-paid FICA	1577
12 x \$102.96 Health Insurance	1236
12 x \$1.05 Life Insurance	12

DOES NOT INCLUDE PAID HOLIDAYS, ANNUAL OR SICK LEAVE