

DEPARTMENT OF PERSONNEL

ANNUAL REPORT 1994 - 1995

Lowell W. Clark
Commissioner



LOWELL W. CLARK
COMMISSIONER

COMMONWEALTH OF KENTUCKY
DEPARTMENT OF PERSONNEL
200 FAIR OAKS LANE
5TH FLOOR
FRANKFORT, KENTUCKY 40601

BRERETON C. JONES
GOVERNOR

October 30, 1995

The Honorable Brereton C. Jones
Governor, Commonwealth of Kentucky

Ms. Terri King Schoborg
Chairwoman, Kentucky Personnel Board

In accordance with KRS 18A.030 (12), I am submitting this Annual Report of the
Department of Personnel for Fiscal Year 1994-1995.

Sincerely,

A handwritten signature in cursive script that reads "Lowell W. Clark".

Lowell W. Clark
Commissioner

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DEPARTMENT OF PERSONNEL

MISSION STATEMENTS

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; conduct investigations on all matters relating to the personnel laws and rules; prepare 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.

As a result of the 1994 law enacted by Senate Bill 221 (Pilot Personnel Programs), The Office of the Commissioner of Personnel has significant mandated responsibilities to the Pilot Programs Steering Committee to provide technical assistance and support services; provide consultation prior to final approval of a pilot program; and take any administrative action deemed necessary to accomplish the implementation of the selected programs.

During the later part of this fiscal year reporting period, the Department, in cooperation with the Governmental Services Center, initiated a multistage process of developing a strategic plan to clarify its mission and establish core values and vision toward becoming a more service oriented agency to its customers.

DIVISION OF APPLICANT COUNSELING AND EXAMINATIONS

The Division of Applicant Counseling and Examinations 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, providing to applicants and employees information concerning state government employment, administration, grading and processing of examinations, maintain register files, verification of applicant information, and certification of merit registers.

DIVISION OF CLASSIFICATION AND COMPENSATION

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 BENEFITS ADMINISTRATION

The Division is responsible for the administration of the Kentucky Kare Plans, the Life Insurance Program, the Employee Benefit Fund, the state Flexible Benefit Program, and the state employees' Workers' Compensation Program. Many of these programs serve employees of other governmental entities such as local school districts, universities and other local governments.

DIVISION OF ADMINISTRATION AND PROCESSING

Pursuant to the duties outlined in 18A.025, this division audits and certifies all state payrolls; prepares and maintains all employee personnel and payroll records; maintains agency data bases; operates and maintains agency electronic systems; and coordinates the enrollment of all state employees in the various health care plans offered by state government as an employer.

DIVISION OF EMPLOYEE SERVICES

This Division assists troubled employees and their families through the services of the Kentucky Employee Assistance Program (KEAP). Additionally, the division has responsibility for coordination of the State Safety Program and for assisting the Governor's Office with ADA initiatives. Division staff coordinate all logistics of the annual Governor's EEO Conference, administers the Employee Evaluation System and are responsible for employee recognition programs, including the Employee Suggestion System. In response to the recommendations of the Governor's Commission on Quality and Efficiency, the Employee Relations Branch was established to enhance communication with employees at all levels of government.

KENTUCKY PUBLIC EMPLOYEES DEFERRED COMPENSATION AUTHORITY

The Deferred Compensation System is authorized by state law and established pursuant to the provisions of KRS Chapter 18A.230 to 18A.275. The System was reorganized from a branch to the level of Authority by Governor Brereton C. Jones through Executive Order 94-1235, effective January 16, 1995. The Authority is governed by a 7-member Board of Directors (Trustees) appointed by the Governor. Administrative functions of the Board are performed by the Executive Director and staff of the Authority which is attached to the Department of Personnel for purposes of administration.

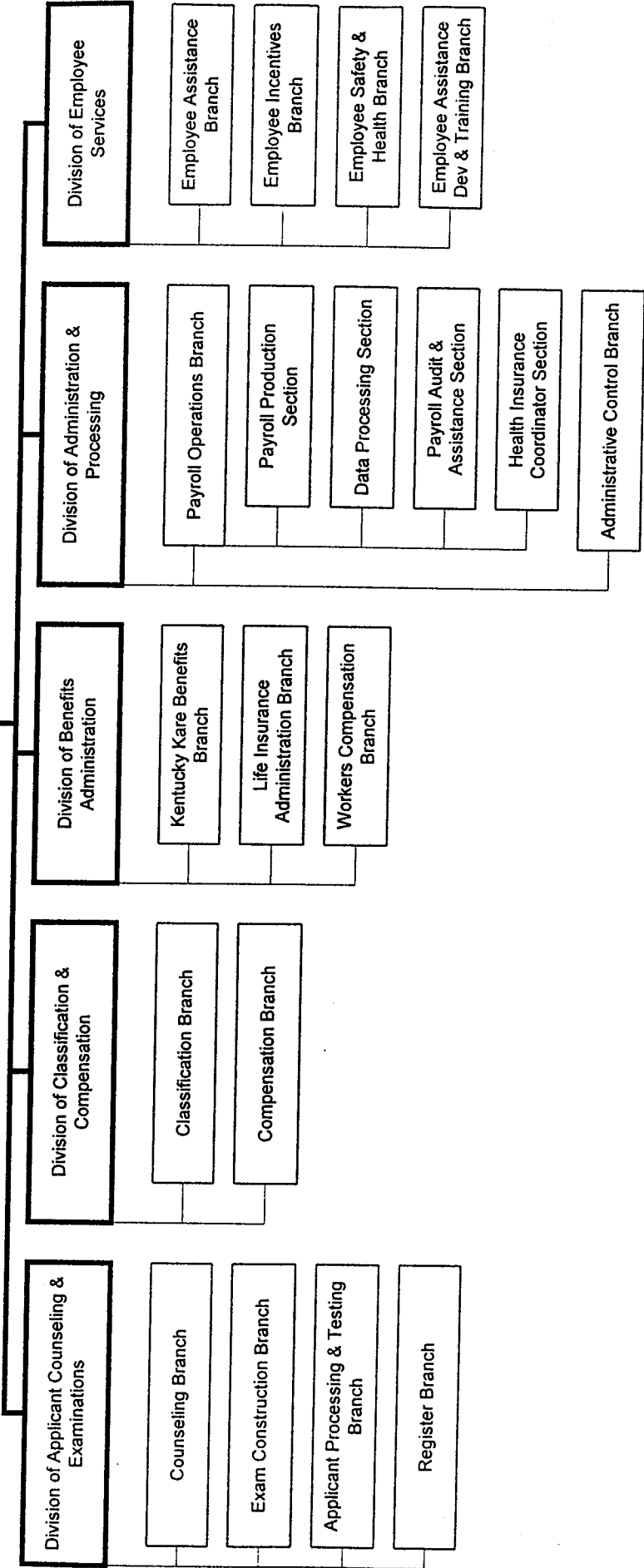
**Department of Personnel
Commissioner**
Administrative Services Branch

**Kentucky Public Employees
Deferred Compensation Authority**
Board of Directors
Deferred Compensation Branch

Pr. Assistant
(Executive Assistant to Commissioner)

State EEO Coordinator

Deputy Commissioner



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DIVISION OF APPLICANT COUNSELING AND EXAMINATIONS

The Division of Applicant Counseling and Examinations has expanded its services considerably in its assigned areas of responsibility as follows:

- The interviewing and counseling of both state & nonstate applicants for employment;
- The processing of all applicants' paperwork;
- The testing of all applicants;
- The placement of all applicants on the full and part-time registers;
- The filing of and forwarding of registers and applications to the various state agencies;
- In conjunction with the agencies, the construction of, and validation of merit tests;
- The grading of applications for positions which are filled based on training and experience requirements.

The work of the division has increased considerably. Depending on the area, the increases have ranged from approximately 7.4% to 295%. An example is the increased number of applications being forwarded to state agencies as a result of the Internal Mobility Program. The actual number of applications being forwarded has increased by approximately 295% due to the large number of state employees applying for all types of positions under the Internal Mobility Program. This increase has placed considerable demands on the staff, and as a result an imaging system has been authorized. This system is scheduled to be operational in December 1995. This system will allow all applications to be stored on computer disks which can then be automatically reproduced and forwarded to state agencies. The installation of this system will eliminate the photocopying of approximately 96,000 applications annually.

In order to reflect the scope of the workload being carried by the Division, a number of new categories have been added and are reflected in the table on the next page. The additions include: Training and Experience Ratings; ADA Test Accommodations; Tests Administered; Records Checks; Applications Pulled and Photocopied; Phone Calls/Request for Services; and Walk-In Rank Information Requests.

| | |
|---|------------|
| Phone Calls/Requests for Services | 97,363 |
| Applications Pulled and Photocopied | 96,528 |
| Tests Administered | 20,616 |
| Applicants Counseled | 16,192 |
| Mail-In Applicants Reviewed | 15,711 |
| P-1 Actions Processed | 15,011 |
| Register Certificates Issued | 6,621 |
| Appointments Processed | 6,223 |
| Walk-In Rank Information Requests | 12,297 |
| ADA Testing Accommodations. | 148 |
| Training and Experience Ratings. | 2,074 |
| Educational Verifications | 1,599 |
| Selection Methods Determined | 279 |
| Training and Experience Ratings Constructed | 48 |
| Written Examinations Constructed | 11 |
| Records Checked | (App.) 325 |

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DIVISION OF CLASSIFICATION AND COMPENSATION

| | |
|--|-----|
| Job Classes Revised | 116 |
| New Job Classes Established | 95 |
| Job Classes Abolished | 36 |
| Pay Grade Change | 17 |
| Special Entrance Rates Implemented | 101 |
| Shift Differentials. | 4 |

Documentation Reviewed

- Classification staff reviewed the substance of documentation submitted by agencies to establish, abolish, reclassify or reallocate 18,937 positions in state service.
- Compensation staff had received, analyzed and is preparing to print the 1995 annual benchmark's survey of Kentucky employees, surrounding states, and the southeastern states.
- Based on survey data of state government's market position, the Department recommended and the legislature approved funding to adjust the salary schedule minimums upward by 5% in FY 94-95 and an additional 3% in FY 95-96. These schedule adjustments will raise the range midpoints and maximums, thus reducing the number of employees beyond range maximums.
- To accomplish the goal of paying all permanent employees at least the federal poverty level for a family of two, on February 16, 1995, the salary schedule was changed for grades 4-9, and the salaries of 4,283 employees were raised to the new minimum salaries.

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DIVISION OF BENEFITS ADMINISTRATION

Group Life Insurance

- The employees' group life insurance plan is managed by the Division of Benefits Administration, Insurance Analysis Branch. The program covers all eligible state, boards of education and health department employees.
- All employees have state paid basic coverage. Employees can purchase optional coverage on themselves and on their dependents.

Implementation of In-House Administration

- Upgraded the LAN and increased the number of PC's from seven to ten.

Activity Summary

| | |
|--|-------------|
| Basic Accounts | 127,174 |
| Optional Accounts | 15,623 |
| Dependent Accounts | 8,073 |
| Checks Received and processed | 6,734 |
| Refunds Processed and Mailed | 508 |
| Phone Calls Received | 8,900 |
| Applications (not open enrollment) | 13,000 |
| Basic Death Claims | 145 |
| Basic Death Benefits Processed | \$869,525 |
| Optional Death Claims | 50 |
| Optional Death Benefits Processed | \$1,307,000 |
| Dependent Death Claims | 52 |
| Dependent Death Claims Processed | \$468,000 |

Workers' Compensation

The Worker's Compensation Program has added a Certified Rehabilitation Counselor to its staff. The counselor's responsibilities include:

- Working with each agency covered under the Workers' Compensation Program in coordinating an early return to work for employees with a work-related injury that will minimize loss time.
- Working with employers to modify the work environment to meet restrictions that are ordered from the doctors.
- Contacting rehabilitation nurses to determine the extent of the restriction and what steps should be taken next.

It is extremely important that each agency make an extra effort to return injured workers to the job. Workers' Compensation costs and premiums increase more every year. Also, in 1990, the Americans with Disability Act (ADA) was enacted and it is becoming more important than ever to meet the employee's restrictions and avoid what could be a very costly discrimination suit.

As of September 1995, one year since the rehabilitation counselor joined the Worker's Compensation Program, this program has successfully returned forty-six (46) employees to work by temporarily modifying their position, permanently modifying their positions, or by the employee moving into a different job. This has been calculated as a savings of approximately 5 million dollars.

The Workers' Compensation Program has implemented a new Call-In Process. In this process, supervisors are responsible for telephoning the First Report of Injury (SF-1) into this office. The supervisors call in the First Report of Injury to the Workers' Compensation staff, who then enters that information into a computer and then it is printed out. By having the First Report of Injury called in, this ensures the early reporting of the injuries and that the forms will be filled out and typed accurately.

The weekly benefits for 1995 injuries are:

- Maximum \$415.95
- Minimum \$ 83.19

Approximately 90,000 employees are provided coverage under this self-insured program. Job-related injuries for fiscal year 1994-95 to date total 6,271.

Health Insurance

- Expanded Kentucky Kare Premier into an additional 5 counties. Increased membership for the third straight year.
- Added two new Carriers for the 1995 Plan Year. Also, allowed several plans to expand their service areas giving employees a broader selection of plans than ever before.
- Kentucky Kare Plans successfully negotiated contracts with Western Baptist and Lourdes hospitals in Paducah adding these hospitals to their list of participating providers. Another major addition to the Kentucky Kare provider listing is the agreement by Columbia/HCA facilities in Louisville and Somerset to contract with the Plans. The savings to Kentucky Kare for the remainder of 1995 will be in excess of \$300,000 as a result of the new contracts and expanded coverage to employees living in those areas.
- Increased enrollment into the Flexible Benefit Spending Accounts for Dependent Day Care and Health Care expenses by 375 accounts.
- Produced and distributed open enrollment materials for more than 130,000 employees eligible for health insurance benefits.
- Trained more than 900 employees across the state on the basics of open enrollment procedures to share with their co-workers at their work site.
- Met with and presented programs to the Employee Advisory Committee for Health Insurance four times throughout the year.
- Worked with members of the Health Policy Board and Health Purchasing Alliance on Health Care Reform legislation/benefits, premiums etc.
- Submitted a proposal to the Health Policy Board for the Kentucky Kare Plans to become an accountable health plan under the Alliance.

Group Health Insurance for All Kentuckians - Buy-In

House Bill 250, the Health Care Reform Act of 1994, authorized that the same health insurance coverage available to state employees are available for all Kentuckians effective July 16, 1994. This program was to be available until midnight July 15, 1995. The only requirements were:

- 1) You had to be a U.S. Citizen.
- 2) You had to be a Kentucky resident 12 months prior to your effective date.

The health plans could not and would not turn down or cancel coverage due to medical reasons. Persons even with high-risk medical conditions could not be turned down or canceled. The benefits available to the buy-in persons were the same as those offered to state employees and board of education employees. To initiate the insurance coverage, you had to pay for the initial quarter (three months) premiums. Afterwards, you could pay your premiums on a monthly basis. However, the next quarter of insurance has to be paid prior to coverage being effective.

The Department of Personnel worked with Human Resources offices in the different counties, local health departments and libraries to serve as a focal point for persons to pick up a "Request for Application" to be mailed to the Department of Personnel. The response to the requests for applications far exceeded anyone's expectations.

| | |
|--|--------|
| Total number of fielded calls. | 20,763 |
| Total number of written requests processed . . . | 19,669 |
| Total number of applications processed | 4,349 |
| 1) Kentucky Kare Plans | 2,003 |
| 2) All other plans | 2,817 |
| Total number of covered persons | 5,764 |
| 1) Kentucky Kare Plans | 2,003 |
| 2) All other plans | 3,761 |

We are still receiving Requests for Applications which are being forwarded to PlanSource. As of close of business September 6, 1995, we have forwarded 826 Requests for Applications onto the Alliance, which is not included in the totals of the above written requests processed.

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KENTUCKY PUBLIC EMPLOYEES DEFERRED COMPENSATION AUTHORITY

Kentucky's Deferred Compensation Plan Continues to Rank in Nation's Top 20

- Based on survey data provided by the National Association of Government Deferred Compensation Administrators for IRS-457 Plans, the Kentucky System is the fifteenth in the nation of terms of 457 Plan Assets and nineteenth in the number of participants. According to the NAGDCA survey, Kentucky ranks ahead of several more populous states.

Popular and Well Performing Investment Options and Authority Credibility Help Deferred Compensation Achieve All-time Records

- The Kentucky Public Employees Deferred Compensation System for the combined 457 and 401(k) Plans achieved all-time highs with the June 30, 1995 Statement of Account:

Participant Volume - All time record number of statements prepared - 33,014 (a 5.3% increase of 1,666 over the June 30, 1994 numbers). Detail account administration and investment activity is performed currently for 82,457 participant accounts (average of 2.5 records per participant).

Plan Assets - All time combined 457 and 401(k) system account value high - \$409 million compared to \$356 million a year earlier; and 15% increase of \$53 million.

- The Authority currently provides 20 investment options for participants' investments of their deferrals in a spectrum that ranges from conservative-to-moderate-to-aggressive. In addition to the conservative fixed fund product, there are 19 mutual funds from which to choose.

Activity Summary

- For Fiscal Year 94-95 the Kentucky System processed the following number of actions:

| | |
|-------------------------------|--------|
| New Participants | 2,316 |
| Increases of Deferral Amounts | 4,096 |
| Decreases of Deferral Amounts | 609 |
| Cancellation of Participant | 2,758 |
| Fund Exchanges | 27,351 |
| Participant Loans | 944 |
| Participant Service | 42,650 |

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DIVISION OF ADMINISTRATION AND PROCESSING

- Provided FLSA training for all state agency Personnel Officers.

Administrative Control Branch

- Processed and filed 158,175 personnel actions.
- Modified on-line personnel system to display pending actions with Personnel Roster, Positions by Work County, Report FLSA Status on Detail Title Code List.
- Modified P-1 form to reflect new Position Fund Codes, new Overtime Status Codes and new Employee Status Codes.
- Per agency request, we modified the pending P-1's and the Detailed Title Code listing to allow agencies to access down to division and branch level.
- Modified Personnel System to implement Phase I pilot program for Vocational Rehabilitation.

Payroll Operations Branch, Computer Operations

- Includes the Data Entry duties and is responsible for that function.

Payroll Operations Branch, Word Processing & Computer Staff

- The Word Processing staff is maintaining the Career Award Certificates.
- Successfully maintaining all ongoing projects in a timely manner (Superbook, Director's Lists, Specs., Tests, etc.). Assisted with Salary Survey conducted by the Division of Classification & Compensation, also getting the Health Choice Booklet out. Maintains all LEA & DOE records. Keep COBRA records up to date and answer all phone calls about COBRA. Help set up Buy-In Program and provide backup.

Payroll Operations Branch, Payroll Audit & Payroll Production Sections

- Effective August 1, 1994, implemented the overtime compensation program, which allows the nonexempt employee to elect to accumulate comp. time at the rate of 1.5 x the hours worked in excess of 40.0 hours in a work week.
- Implemented on-line entry of direct deposits.
- Enhanced the system for Manual Pay Adjustments to allow more adjustments to the on-line system.

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DIVISION OF EMPLOYEE SERVICES

- Developed a New Employee Orientation framework for all of state government and provided guidance and training to agency coordinators. Revised the Employee Handbook and distributed it to all employees.
- Provided direct employee assistance services to approximately 685 state employees and/or their family members. Conducted approximately 40 informational/training workshops to increase the understanding of the available services of the Kentucky Employee Assistance Program. Screened approximately 150 people for National Depression Screening day. Conducted 33 workgroup conflict resolution sessions.
- Coordinated 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 over 35 workshops and 4 keynote presentations for over 400 participants.
- Successfully brought all agencies into compliance with KRS 18A.112 which requires that eligible employees be evaluated on job performance twice each year. Provided training on effective use of the Employee Evaluation System to over 500 supervisors, 300 of whom were trained by us through the new managers program.
- In an effort to keep employees informed about issues concerning their employment, established an employee information office with a "564" and "800" line to answer questions from state workers. This office is part of the branch established to develop a comprehensive employee relations program.
- Presented awards totaling \$38,480.35 to state workers through the Employee Suggestion System. The suggestions recognized represented a first year savings of \$1,208,657.18. (These figures are based on 1995 calendar year.)

- **Published the semiannual Safety newsletter for over 900 agency representatives. Presented 18 seminars on miscellaneous safety topics for approximately 560 employees, and conducted six general OSHA inspections. Provided 127 training videos to safety officers. Obtained 298 successful blood donations from the state government community.**
- **Assisted ADA Special Advisor to the Governor with ADA Coordinator training. Drafted and edited the ADA Newsletter which is disseminated to all agency ADA coordinators. Consulted with approximately 50 employees and supervisors regarding questions and concerns about ADA.**
- **Processed approximately 3,500 Career Service Certificates.**
- **Processed Auto Liability Reimbursements totaling approximately \$195,822.**
- **Processed 200 Educational Achievement Awards.**

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DEPARTMENT OF PERSONNEL

**EMPLOYEE FACTS
(AS OF JUNE 30, 1995)**

| | |
|-------------------------------|--------|
| Executive Branch* | 41,762 |
| Legislative Branch* | 384 |
| Judicial Branch* | 2,793 |

* (Includes all permanent full & part-time, temporary full & part-time, seasonal full & part-time, all emergency and all FFTL employees.)

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

48.3% are female

7.4% are minority

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

Earns \$26,571 per year salary

Receives \$6,096 in benefits

| | |
|--------------------------------|------------|
| 7.65% Employer-paid retirement | \$2,032.68 |
| 7.65% Employer-paid FICA | \$2,032.68 |
| 12 x \$168 Health Insurance | \$2,016.00 |
| 12 x \$1.21 Life Insurance | \$ 14.52 |