

Kentucky

Personnel Cabinet

Serving the People who Serve the People



2011-2012 Annual Report

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Kentucky

Personnel Cabinet 2011-2012 Annual Report

**All information contained in this Report is as of
June 30, 2012.**



STEVEN L. BESHEAR
GOVERNOR

PERSONNEL CABINET

TIM LONGMEYER
SECRETARY

501 High Street, 3rd Floor
Frankfort, Kentucky 40601
Phone (502) 564-7430
Fax (502) 564-7603
www.personnel.ky.gov

Governor Steven L. Beshear
700 Capital Avenue
Frankfort, KY 40601

Legislative Research Commission
700 Capital Avenue
Frankfort, KY 40601

Personnel Board
28 Fountain Place
Frankfort, KY 40601

October 1, 2012

Dear Governor Beshear, Legislative Research Commission and Personnel Board:

In keeping with its mission to provide leadership and guidance to all of our stakeholders, despite tough economic times, the Personnel Cabinet has continued to meet and, in many instances has surpassed, the responsibilities set forth for the Cabinet in administering the state's personnel system. The following five excerpts highlight a few of the aforementioned successes:

Kentucky Human Resource Information System (KHRIS) Project

The Kentucky Human Resource Information System (KHRIS) successfully went from project status to production to handle the Commonwealth's payroll, HR, and benefits needs. Personnel Cabinet staff largely mastered new software and successfully managed KHRIS security, balanced social security payments between KHRIS and the Commonwealth's eMARS financial system, and corrected tax withholding issues associated with the new system.

Kentucky Employees' Health Plan (KEHP) Wellness Initiatives

The KEHP supported wellness activities through Journey to Wellness programs and the new LivingWell and HumanaVitality® programs. In January 2012, the HumanaVitality platform was launched, and as of the 2nd quarter of 2012, more than 11,246 members had taken the HumanaVitality Health Assessment, and 1,821 members had received their biometric screening. During the Free Flu Shot campaign, flu shots were available at a variety of participating provider locations including: doctors' offices, health clinics, retail pharmacies, local health departments and other medical providers and 73,000 shots were given. Forty Health Departments are currently participating providers of the "Vitality Check" biometric screening improving access to care for KEHP members in rural areas of Kentucky. Also, in January 2012 the General Assembly's WeightWise Challenge was launched. Legislators participated in teams by caucus and political party and lost a total of 181.7 pounds while in regular session.

Employee Suggestion System

Through the new Internet-based system leveraging KHRIS functionality, state government employees submitted 364 suggestions on-line. This resulted in awards for 24 employees totaling \$12,496 with a



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first-year savings of \$3,816,200. This improved process includes a simple form and is user-friendly and fast. Employees receive immediate confirmation of their suggestion and are able to track it throughout the process.

Nationally Recognized Adoption Benefits

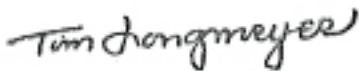
For the sixth year in a row, Kentucky state government is ranked among the Best Adoption-Friendly Workplaces in America. For 2011, The Dave Thomas Foundation for Adoption ranked Kentucky number one in the government industry category. Rankings for the Best Adoption-Friendly Workplaces are determined by an analysis of a company's adoption benefits available to employees, such as financial reimbursement and paid leave. The Foundation compiled the results from its annual survey of U.S. employers.

Kentucky Deferred Compensation Authority

The Deferred Compensation Authority received two 2012 Leadership Recognition Awards from the National Association of Government Defined Contribution Administrators (NAGDCA). The first award is in recognition of the Authority's outstanding achievements in effective communications during calendar year 2011. The second recognizes the Authority's outstanding achievements in plan design and administration. It is noteworthy to point out this is the 3rd time the Authority has received multiple annual awards and the 2nd year in a row. This is the 15th time Kentucky has been recognized in the past 17 years for outstanding achievement in the overall administration of the Authority program. No other NAGDCA member has received this prestigious award as many times as the Commonwealth of Kentucky.

Pursuant to KRS 18A.030 (2) (I), I respectfully submit the 2011-2012 Kentucky Personnel Cabinet Annual Report.

Sincerely,



Tim Longmeyer, Secretary

Personnel Cabinet

Personnel Cabinet

Serving the People who Serve the People

Our Mission

The Personnel Cabinet provides leadership and guidance to attract, develop, motivate and retain a talented, diverse workforce; foster an understanding of and adherence to regulatory requirements; and create a positive, supportive work environment that values all employees.

Our Vision

To be regarded by our employees and stakeholders as a trusted and valuable resource for innovative, accessible and responsive human resource services.

Our Values

Integrity

We believe in adherence to the highest standards of conduct and the conviction to do what is legally and morally right.

Quality

We are committed to providing quality customer service. We will continually review our business processes based on customer needs and establish measures by which we will monitor our effectiveness.

Innovation

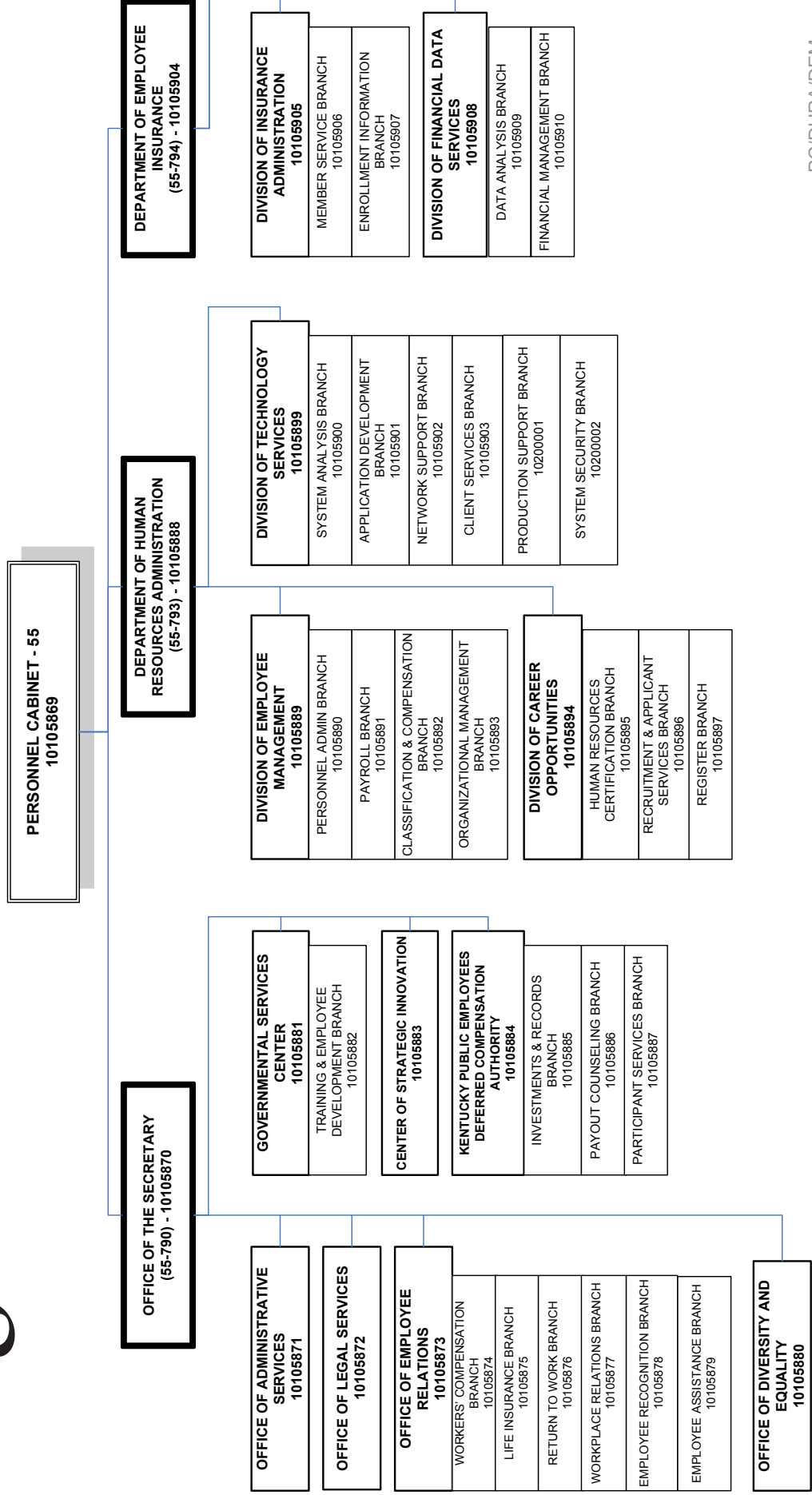
We are committed to finding new and creative ways to serve our customers. We will apply progressive thinking to our systems, processes and services.

Diversity

We believe that embracing people from diverse backgrounds adds to the richness and creativity of our workforce. We will ensure all people have equal access to the Commonwealth's employment opportunities and other human resource services.

Personnel Cabinet

Organizational Chart



Office Of The Secretary

Responsibilities

The Office of the Secretary provides executive policy and management support to the departments, offices, and 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 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. Within the Office of the Secretary are the Office of Administrative Services, the Office of Legal Services, the Center of Strategic Innovation, the Office of Diversity and Equality, the Office of Employee Relations and the Governmental Services Center.

Office Of Administrative Services

Responsibilities

The Office of Administrative Services provides the resources necessary for the Cabinet's departments and offices to fulfill their mission, and the job has become increasingly difficult because of the extended downturn in the national economy. The Office administers the internal administration of the Cabinet including budgeting, accounting, purchasing, human resources, payroll, benefits, internal audit, and facilities. Staff works closely with all parts of the Cabinet and with the Office of the State Budget Director, the Office of Procurement Services, the Controller's Office, and the Department of Facilities Management in the Finance and Administration Cabinet.

Activities and Accomplishments

Administrative Services had a challenging year, as the KHRIS Project went into production to handle the Commonwealth's payroll, HR, and benefits needs. Budgeting has involved the implementation of an arrangement with the Office of the State Budget Director to decrease the number of very expensive

contractors with less expensive contractors and ultimately with state employees. The KHRIS team has been on a roll-off schedule, and adjustments have been necessary to stay within budget in the face of changing priorities. The Personnel Cabinet, through the Office of Administrative Services and with the KHRIS team, tested open enrollment software for employee health insurance and started open enrollment before

any other state agency. The test was successful. HR staff largely mastered the new software and successfully managed KHRIS security, hiring a number of new employees, balancing social security payments between KHRIS and the Commonwealth's eMARS financial system, and correcting tax withholding issues associated with the new system.

On the fiscal side, the Office helped test a new version of the Commonwealth's financial system, eMARS 3.9, and made many helpful suggestions and comments. The discovery that agency payroll write-offs were posting in a payroll account rather than in agency accounts as required led to a solution to the problem and retro-processing. Because of the new KHRIS system, auditing was both intensive and extensive from both an IT and a financial standpoint. Various audits found issues with KHRIS—three months after “go live”—but nothing remarkable. Major procurements during the fiscal year included the selection of a new Health Insurance Actuary and Consultant and the retention of the Commonwealth's Data Aggregation contractor for the Kentucky Group Health Plan.

Cabinet Budget

The Cabinet has three primary appropriation units—General Operations, Deferred Compensation, and Workers' Compensation. The General Operations Appropriation Unit houses the Division of Technology Services and the KHRIS System and expended the most dollars, \$29.5 million in FY 2012, Workers' Compensation expended \$21.5 million, and Deferred Compensation expended \$6.3 million. The Cabinet maintained services to the public and other state agencies despite budget reductions and continued financial difficulties for State Government.

Charts & Graphs

- Personnel Cabinet, General Operations Budget Status, Fig. 1, Pg. 10
- Workers' Compensation - Budget Status, Fig. 2, Pg. 11
- Workers' Compensation - Revenue Status, Fig. 3, Pg. 11
- Deferred Compensation Budget Status, Fig. 4, Pg. 12
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Personnel Cabinet-General Operations

June 30, 2012 Budget Status

100% of Fiscal Year

(Excluding Workers' Comp and Deferred Comp)

	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	YTD AMT	Budget	% YTD
Personnel Costs															
Salary & Wages	814,056	825,405	858,422	830,978	832,418	840,875	818,995	826,043	834,067	923,880	840,457	424,410	9,670,007	10,544,300	91.71%
Benefits	311,021	327,554	338,993	329,595	327,502	327,304	325,685	328,220	337,903	361,108	339,332	113,771	3,767,987	4,149,000	90.82%
Wkrs. Comp & Training	2,111	31,641	289	2,276	3,625	7,550	3,070	1,163	4,425	3,286	10,750	10,050	80,235	99,900	81.13%
ACN Consulting	60,569	15,125	0	39,690	0	128,940	259,000	0	0	0	67,396	134,050	704,770	704,800	100.00%
Auditor of Public Accounts	0	0	0	0	0	0	0	0	0	0	80,000	0	80,000	80,000	100.00%
CGI Technologies	0	0	0	0	0	0	0	0	0	0	363,045	0	363,045	366,100	99.17%
EPI-Use (staff)	0	0	0	0	0	0	0	0	0	19,040	0	3,920	22,960	23,000	99.83%
IBM (staff)	12,312	0	0	0	3,985	12,247	0	0	23,134	0	28,917	28,577	109,171	109,800	99.43%
International Consult Acq Corp	66,268	0	73,237	128,093	52,568	57,585	49,739	54,633	24,443	0	0	0	506,566	519,800	97.45%
Keane	0	4,950	0	0	0	0	0	0	0	0	0	0	4,950	5,100	97.06%
Legal contracts	667	8,018	7,665	1,400	980	0	0	0	2,205	945	945	0	22,825	26,000	87.79%
Open Portal Solutions (IDMS)	26,541	25,000	42,500	42,500	33,750	25,000	25,000	0	0	0	500	0	220,791	253,100	87.23%
Pomeroy IT Solutions (staff)	15,664	0	35,101	25,829	-15,397	19,795	30,388	31,888	33,351	35,265	69,386	69,264	350,533	415,100	84.45%
SAP Public Services Inc	269,489	0	1,152,343	554,179	317,650	213,795	147,169	134,069	296,097	112,493	49,950	123,954	3,371,187	3,376,900	99.83%
SDG/Blue & Co LLC	0	0	0	0	0	0	54,347	0	0	0	0	18,214	72,561	72,600	99.95%
Security consulting (Kizan, SDG)	8,940	5,063	2,811	0	0	4,703	0	0	0	0	0	0	12,577	12,600	99.82%
Sierra Infosys	0	0	0	0	0	0	208,132	239,175	226,816	347,768	315,726	606,570	2,782,619	2,859,100	97.33%
SumTotal (Pathlore)	0	0	0	0	0	0	0	0	15,249	0	0	0	15,249	17,500	87.14%
Susan M Turner (KEAP)	0	0	0	0	0	900	0	0	0	0	0	825	1,725	2,000	86.25%
TEKsystems	54,722	0	23,560	31,188	56,662	80,206	75,612	79,995	82,465	87,126	85,436	274,305	931,274	1,012,400	91.99%
Thomson Reuters (Medstat)	0	0	0	179,948	44,987	44,987	47,552	92,880	0	92,880	0	92,880	596,115	596,200	99.99%
Virtusa Corp	34,600	31,700	10,692	-7,492	6,550	-36,200	16,625	77,360	64,475	0	57,860	189,505	445,675	465,400	95.76%
Other Contract Costs	14,316	3,061	20,136	-8,288	12,554	5,739	2,296	2,001	0	7,987	9,108	8,768	77,679	89,200	87.08%
Security	6,731	0	0	6,731	0	0	0	0	0	6,731	0	0	26,924	27,300	98.62%
Subtotal	1,698,007	1,575,768	2,790,168	2,192,179	1,791,861	1,885,966	2,075,043	1,867,426	1,944,630	1,998,507	2,318,806	2,099,063	24,237,423	25,826,200	93.85%
Operating Costs															
Utilities	61,398	120	120	61,519	120	120	30,795	30,844	120	61,519	120	247	247,045	248,700	99.33%
Rent	163,771	0	0	163,771	0	0	98,185	65,587	0	163,771	1,273	0	656,358	657,900	99.77%
Other Rent	5,107	5,418	4,834	8,235	9,754	1,477	4,143	6,256	1,840	5,618	3,215	5,587	61,485	75,800	81.12%
Maintenance	1,402	17,413	4,619	28,824	2,629	581	721,415	860	-195	10,741	44,518	15,895	848,701	902,600	94.03%
Postage	17	1,338	64,060	3,520	6,563	4,271	7,332	24,279	2,422	2,696	4,991	5,858	127,349	131,000	97.21%
Misc. Services	3,260	2,127	14,440	83,652	4,571	0	227	3,813	6,184	5,053	732	14,307	138,365	144,900	95.49%
Telecommunications	361	9,198	17,120	-6,448	8,053	5,655	3,342	6,781	5,357	7,774	3,489	10,315	70,997	77,600	91.49%
Computer Services	4,848	648,571	48,910	34,366	699,782	17,552	175,729	475,039	4,130	28,943	271,707	469,838	2,879,415	3,018,800	95.38%
Supplies	2,441	2,534	4,198	3,020	3,237	2,853	1,720	5,386	1,717	1,602	2,865	5,678	37,250	45,000	82.78%
Commodities	4,375	9,196	6,810	3,101	5,323	3,820	6,917	884	884	15,510	4,295	15,820	76,658	88,800	86.33%
Travel	5,027	1,006	1,703	6,078	3,286	317	1,055	402	799	896	1,837	2,069	24,476	34,300	71.36%
Dues, Subscriptions, Other	4,246	3,669	680	6,095	2,223	0	3,846	4,242	536	8,167	4,528	10,720	48,952	54,200	90.32%
Subtotal	256,254	700,591	167,494	395,733	745,541	36,646	1,048,398	630,404	23,793	312,291	343,570	556,335	5,217,051	5,479,600	95.21%
Capital Outlay	0	0	0	0	0	0	0	5,459	34,655	18,024	0	0	58,138	161,100	36.09%
Total	1,954,260	2,276,359	2,957,662	2,587,911	2,537,402	1,922,612	3,123,441	2,503,289	2,003,078	2,328,822	2,662,376	2,655,398	29,512,612	31,466,900	93.79%

*Includes Closing Period 13 data

Fig. 1

Workers' Compensation June 30, 2012 Budget Status 100% of Fiscal Year

	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	YTD AMT	Budget	% YTD
Personnel Costs															
Salary & Wages	29,616	30,669	36,063	33,169	33,893	33,269	33,169	33,169	33,169	33,169	33,169	16,585	379,112	395,000	95.98%
Benefits	12,893	14,941	14,721	13,766	14,085	13,893	13,958	13,953	13,956	13,956	13,956	4,420	158,499	170,000	93.23%
Wkrs. Comp & Training	1,424,013	1,900,457	1,684,259	1,521,608	1,542,674	1,430,368	1,756,929	1,496,070	1,755,384	2,016,614	1,737,708	1,697,302	19,963,385	22,927,800	87.07%
Blue & Co LLC	0	0	0	0	0	0	29,950	0	0	0	88	0	30,038	30,100	99.80%
CC/MSI Administration	0	102,549	96,614	91,228	0	168,105	82,085	7,900	149,122	84,744	78,116	74,986	935,450	1,147,500	81.52%
Other Contract Costs	289	0	0	289	0	0	0	0	0	0	0	0	0	2,500	0.00%
Security	0	0	0	0	0	0	289	0	0	289	0	0	1,155	1,200	96.23%
Subtotal	1,466,811	2,048,617	1,831,658	1,660,060	1,590,651	1,645,635	1,916,380	1,551,093	1,951,632	2,148,773	1,863,038	1,793,293	21,467,639	24,674,100	87.00%
Operating Costs															
Utilities	2,902	0	0	2,902	0	0	2,902	0	0	2,902	0	0	11,606	11,700	99.20%
Rent	6,194	116	116	6,194	116	0	6,194	0	0	6,194	0	0	24,776	24,800	99.90%
Other Rent	116	116	116	116	116	0	0	233	0	116	0	394	1,325	2,300	57.59%
Maintenance	16	498	0	1,221	34	15	2,442	24	-15	17	46	618	4,917	12,700	38.72%
Postage	0	0	34	96	60	21	24	0	61	89	80	486	950	7,500	12.67%
Misc. Services	0	0	0	0	0	0	0	0	0	0	0	0	0	3,900	0.00%
Telecommunications	2	250	159	266	299	287	147	299	328	478	190	636	3,342	3,400	98.28%
Computer Services	0	1	0	208	463	178	320	178	171	313	171	8,110	10,114	10,200	99.15%
Supplies	1,252	443	614	335	0	368	641	397	203	24	140	945	5,361	6,200	86.46%
Commodities	0	1,086	0	0	1,765	0	0	202	0	0	0	0	3,054	5,800	52.65%
Travel	0	160	45	156	0	99	71	115	0	147	0	44	837	2,900	28.85%
Dues, Subscriptions, Other	0	0	0	652	0	0	0	0	0	129	1,374	0	2,155	2,200	97.95%
Subtotal	10,482	2,555	969	12,146	2,738	967	12,740	1,449	747	10,408	2,002	11,233	68,436	93,600	73.12%
Capital Outlay	0	0	0	0	0	0	0	235	1,492	776	0	0	2,502	7,300	34.28%
Total	1,477,293	2,051,172	1,832,627	1,672,206	1,593,389	1,648,602	1,929,121	1,552,777	1,953,870	2,159,957	1,865,040	1,804,526	21,538,578	24,775,000	86.94%

*Includes Closing Period 13 data

Fig. 2

Workers' Compensation June 30, 2012 Revenue Status 100% of Fiscal Year

	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	YTD AMT	Budget	% YTD
Beginning Balance-3803	11,411,790														
General Fees from Other State Agy (R434)	1,701,499	14,982,133	66,158	540,085	8,057	1,041,839	2,070,615	0	0	1,035,307	0	1,495,404	22,941,097	22,443,500	102.22%
Refund of Prior Year Expend (R881)	0	0	0	0	0	0	0	59,910	0	0	0	0	59,910	0	0.00%
Total	1,701,499	14,982,133	66,158	540,085	8,057	1,041,839	2,070,615	59,910	0	1,035,307	0	1,495,404	23,001,007	22,443,500	102.48%
Expenditures	1,477,293	1,948,532	1,735,353	1,872,118	1,593,389	1,646,602	1,928,348	1,553,550	1,953,668	2,160,159	1,865,040	1,953,926	21,687,978		
Cash Balance	11,635,996	24,669,596	23,000,401	21,668,368	20,083,036	19,478,273	19,620,540	18,126,900	16,173,232	15,048,380	13,183,340	12,724,819	12,724,819		

Fig. 3

Deferred Compensation June 30, 2012 Budget Status 100% of Fiscal Year

	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	YTD AMT	Budget	% YTD
Personnel Costs															
Salary & Wages	113,203	110,630	112,099	112,855	115,489	116,651	112,414	117,814	113,053	113,501	116,990	56,873	1,311,573	1,426,700	91.93%
Benefits	43,753	44,791	45,095	45,475	46,650	46,147	45,851	46,941	46,217	45,844	47,153	14,885	518,803	577,700	89.80%
Wkrs. Comp & Training	309	4,620	0	309	0	0	309	0	0	309	0	0	5,858	6,800	86.15%
Bug & Company (formerly Potter & Co)	0	0	0	0	0	0	43,905	150	0	0	0	0	44,055	44,100	99.90%
ING	304,423	305,282	311,547	302,979	305,691	299,833	308,321	302,032	300,095	303,406	305,913	275,090	3,624,612	4,770,100	75.99%
Mercer Consulting, Stable Fund	0	0	29,404	0	0	0	10,336	0	0	8,203	0	8,203	56,146	81,000	69.32%
Mercer Consulting, Mutual Fund	0	0	30,798	0	0	0	31,963	0	0	29,297	0	29,297	121,354	132,500	91.59%
Mercer Investments, Strategic Planning	0	0	0	0	0	0	0	0	0	0	0	34,744	34,744	35,000	99.27%
Reed Weitkamp Shell & Vice	0	0	0	56,254	0	34,072	0	0	47,688	0	0	42,434	180,448	180,500	99.97%
Winner Resources	0	0	14,727	0	0	11,885	0	0	0	0	11,828	7,023	45,464	47,200	96.32%
Investment Advice Program	0	0	0	0	0	0	0	0	0	0	0	0	0	392,000	0.00%
Fiduciary Liability Insurance	0	0	53,713	0	0	0	0	0	0	0	0	0	53,713	53,800	99.84%
Other Contracted Services	0	104	570	0	0	0	1,232	0	0	0	0	321	2,227	562,700	0.40%
Security	771	0	0	771	0	0	771	0	0	771	0	0	3,084	3,100	99.48%
Janitorial	885	0	885	1,770	885	885	885	885	885	885	885	885	10,620	10,700	99.25%
Subtotal	463,346	465,428	598,838	520,413	468,715	509,474	554,755	469,054	507,938	502,217	482,770	469,755	6,012,702	8,323,900	72.23%
Operating Costs															
Utilities	1,299	1,539	1,599	182	2,111	1,089	437	2,360	1,429	1,221	1,299	2,722	17,288	19,100	90.51%
Rent	26,513	0	0	26,513	0	0	26,513	0	0	26,513	0	0	106,053	106,100	99.96%
Other Rent	1,737	667	2,311	1,253	1,486	236	679	1,203	545	874	1,183	874	13,046	25,000	52.18%
Maintenance	0	1,516	0	4,407	1,140	0	8,324	652	206	452	1,679	2,665	21,043	65,000	32.37%
Postage	18	3,457	3,573	2,973	3,407	3,113	2,917	2,823	3,821	3,184	2,745	5,646	37,676	60,000	62.79%
Misc. Services	100	55	1,364	6,495	55	1,296	1,806	155	1,396	2,219	157	4,627	19,725	95,000	20.76%
Telecommunications	572	1,350	1,995	559	1,212	877	1,143	1,639	878	1,319	1,432	1,681	14,657	20,000	73.29%
Computer Services	0	19,289	-12,858	790	1,786	786	1,286	786	786	1,287	786	13,201	27,926	80,000	34.91%
Supplies	1,900	2,788	2,717	1,685	5,435	1,389	1,482	4,777	3,982	5,435	5,145	2,763	39,498	40,000	98.74%
Commodities	4,596	3,494	1,737	0	805	209	750	1,522	379	0	57	39	13,587	40,000	33.97%
Travel	0	1,805	2,332	1,315	160	332	27	383	68	22	446	1,208	8,100	15,700	51.59%
Dues, Subscriptions, Other	0	270	570	0	379	615	29	0	215	0	210	0	2,288	4,000	57.21%
Subtotal	36,734	36,228	5,341	46,173	17,976	9,943	45,395	16,303	13,705	42,525	15,139	35,426	320,888	569,900	56.31%
Capital Costs	0	0	0	0	0	0	0	851	5,401	2,809	0	0	9,061	94,500	9.59%
Total	500,079	501,656	604,178	566,586	486,691	519,417	600,150	486,208	527,044	547,551	497,909	505,182	6,342,651	8,988,300	70.57%

*Please note that payments to ING are listed in the month during which the service was performed and not when paid.

*Includes Closing Period 13 data

Fig. 4.

Deferred Compensation Fund June 30, 2012 Revenue Status 100% of Fiscal Year

	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	YTD AMT	Budget	% YTD
Beginning Balance-13CC	5,177,970												8,127,924	7,301,000	111.33%
General Fees from Public (R404)	1,049,539	699,035	429,304	517,132	515,980	750,000	1,201,539	363,567	780,149	521,970	551,819	747,890	184,577	370,000	49.89%
Interest Income (R771)	0	0	4,280	7,125	6,004	7,002	7,119	6,466	6,325	5,527	125,070	9,659	0	-62,500	0.00%
Op. Transfer to Agency Rev Fund (T113)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00%
Total	1,049,539	699,035	433,583	524,257	521,984	757,003	1,208,658	370,033	786,474	527,497	676,889	757,549	8,312,501	7,608,500	109.25%
Expenditures	195,656	196,374	591,460	574,484	181,000	531,131	1,197,262	187,244	533,395	629,578	410,466	1,177,101	6,405,151		
Cash Balance	6,031,853	6,534,515	6,376,638	6,326,411	6,667,395	6,893,268	6,904,664	7,087,452	7,340,531.05	7,238,450	7,504,872	7,085,321	7,085,321		

Note: This is a Cash balance report. The financial statements are prepared on an accrual basis; this is prepared on a cash basis. The difference between the financial statements and this report is due to the timing of payments.

Fig. 5

Deferred Comp Deferrals Fund June 30, 2012 Revenue Status 100% of Fiscal Year

	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	YTD AMT
Beginning Balance-723H	1,760,554												155,093,006
Contributions-Employee Voluntary (R733)	17,677,881	14,544,603	12,023,945	10,890,184	12,580,581	12,262,790	12,212,129	12,025,120	12,209,597	9,036,560	15,130,123	14,499,493	155,093,006
Interest Income (R771)	0	105	225	237	196	275	44	41	34	189	1,519	-5,369	-2,504
Total	17,677,881	14,544,709	12,024,170	10,890,421	12,580,777	12,263,065	12,212,174	12,025,161	12,209,631	9,036,749	15,131,641	14,494,124	155,090,502
Expenditures	17,766,186	14,859,143	12,124,900	10,767,420	12,441,404	11,992,376	12,396,119	12,042,519	12,397,595	11,286,990	12,667,639	13,536,054	154,278,344
Cash Balance	1,672,249	1,357,815	1,257,084	1,380,086	1,519,459	1,790,148	1,606,202	1,588,845	1,400,881	-849,360	1,614,643	2,572,712	2,572,712

Note for April: 119 Documents totaling \$3,525,286.79 were created prior to May but not approved by Treasury until May.

Fig. 6

Office Of Legal Services

Responsibilities

The Office of Legal Services' (OLS) primary mission is to oversee the administration of legal services for the Personnel Cabinet. In performing this mission, the office performs various tasks including drafting legal pleadings, memoranda, proposed legislation, proposed regulations and legal opinions. OLS serves as primary representation of the Cabinet and its employees in administrative hearings and trials before state and federal courts, and also serves as an expert witness for other Agencies regarding the state merit system. The executive director of OLS is the Cabinet's Custodian of Records for purposes of the Kentucky Open Records Act and is responsible for responding to all open records requests and subpoenas in a timely manner. Additionally, the attorneys within the OLS testify before legislative committees, upon request, on all HR matters addressing state government. OLS assists the Personnel Secretary in its appointed role on the Government Employee Advisory Council (GEAC), and also participates in GEAC unit negotiation sessions. In addition to these roles, OLS conducts training on personnel issues impacting the Commonwealth and makes presentations on key personnel issues.

Additional responsibility also lies with the Office of Legal Services to provide legal guidance and assistance to Executive Branch agencies on all facets of HR law. This involves frequent consultation with agencies on the application and enforcement of state and federal laws and regulations, as well as assistance with day-to-day personnel issues, as they arise.

OLS also serves as the exclusive legal counsel for the Department of Employee Insurance. In this role, OLS provides guidance on state and federal mandates (such as the Internal Revenue Code, HIPAA, COBRA, and most recently the Patient Protection & Affordable Care Act), which are associated with sponsoring and administrating the Kentucky Employees Health Plan, a self-funded IRC 125 cafeteria plan.

Accomplishments

Personnel Board-Related Matters

- Reviewed and consulted with agency attorneys and administrators with respect to 316 appeals filed with the Personnel Board during the fiscal year
- Reviewed and approved all Personnel Board settlement agreements of personnel actions involving executive branch agencies, as well as settlements which occur in other legal forums such as the Kentucky Human Rights Commission
- Provided legal support and guidance with respect to multiple Personnel Board-Ordered Desk Audits
- Attended monthly Personnel Board meetings and provided a summary of the Cabinet's activities, suggested regulation amendments and trends throughout the HR enterprise

Litigation

- Represented the Personnel Cabinet in 22 Personnel Board appeals
- Represented the Personnel Cabinet in 2 cases before the Franklin Circuit Court
- Served as counsel for other agencies upon request and as appropriate

Requests for Information

- Served as the Records Custodian for the Personnel Cabinet
- Processed 200 requests submitted under the Kentucky Open Records Act and notified agencies and employees in appropriate cases
- Reviewed and responded to 147 Employee Requests for Inspection of Records
- Responded to 312 Investigative Requests for Employment for the U.S. Office of Personnel Management

Personnel Actions

- Reviewed and either approved, denied or requested further information on hundreds of background check files
- Reviewed and either approved or requested additional documentation regarding the following personnel actions:
 - Reclassifications – 1,704
 - Position Number Changes – 4,496
 - Suspensions - 561
 - Leave with Pay actions – 154
 - Leave without Pay actions - 213
 - Return from Leave With Pay – 35
 - Return from Leave Without Pay - 112
 - Separations – 1,078 of 4,840
 - Work County Changes – 642
 - Retirements – 25 of 1,021

- Reviewed, requested further information when necessary, and recommended approval for:
 - 57 temporary reassignments of other agency employees
 - 114 special investigative leave letters from other agencies
 - 31 petitions for written reprimand removals
 - 980.75 total hours of voluntary furloughs

General Guidance / Legal Assistance

- Fielded numerous telephone calls from state employees regarding issues relating to personnel matters, human resources, benefits, open records and background checks
- Provided legal guidance to state agency representatives with respect to personnel matters
- Attended and briefed the Personnel Council and the Human Resource Leadership Consortium regularly on HR updates, trends, and developments
- Assisted with internal personnel disputes and disciplinary actions by providing legal guidance and conducting investigations
- Met regularly with the Personnel Cabinet Division of Career Opportunities to provide ongoing legal assistance
- Met regularly with the Personnel Cabinet Division of Employee Management to provide ongoing legal assistance with respect to multiple issues, including the implementation and operation of KHRIS
- Assisted the Office of Employee Relations in response to multiple inquiries with respect to compliance with the Family and Medical Leave Act (FMLA), Americans with Disabilities Act, Personnel Cabinet leave regulations, etc
- Reviewed and approved Governmental Services Center training and workshop materials
- Created guidance for agencies and employees with

respect to reversion rights, reemployment rights, and reinstatement privileges

- Created guidance for state agencies with respect to the classification of workers as employees or independent contractors

Legislative and Regulatory Matters

- Assisted with legislation during the 2012 regular session and 2012 extraordinary session of the Kentucky General Assembly
- Attended Legislative Committee hearings and provided testimony regarding key issues facing the Commonwealth HR enterprise
- Assisted and facilitated the implementation of legislation impacting Kentucky Executive Branch Employees, most notably the July 1, 2012 payroll deferral
- Amended 101 KAR 2:140 to require the use of the Workers' Compensation Request to Use Accumulated Leave form including information pertaining to the use of leave due to a work-related illness or injury. Such leave information was previously contained in 101 KAR 2:102 and 101 KAR 3:015.
- Amended 101 KAR 2:180 to provide for an additional interim evaluation, to clarify an evaluator's responsibility subsequent to an employee's job change and to expressly allow an employee to comment on an interim evaluation
- Amended several other Personnel Cabinet administrative regulations to update outdated forms incorporated by reference and other Personnel Cabinet information

Governor's Employee Advisory Council

- Actively engaged with the Governor's Employee Advisory Council (GEAC), and provided guidance to all agencies outlining the scope of employee steward engagement
- Reviewed potential changes to Master Agreement between the Commonwealth and participating labor unions

Additional Roles

- Represented the Personnel Cabinet on the General Record Retention Schedule for State Agencies Committee
- Served as the Cabinet's Ethics Officer and reviewed all outside employment requests and internal ethical considerations

Kentucky Employees' Health Plan (KEHP)

- Provide daily legal advice to the Department of Employee Insurance as administrator of the Kentucky Employees' Health Plan
- Redrafted the 2012 Plan Documents for the Kentucky Employees' Health Plan
- Attended meetings and testified before the Kentucky Group Health Insurance Board
- Conducted training on the state personnel system as well as state and federal employment law
- Drafted and reviewed RFP's, MOAs
- Assisted with federal legal requirements for KEHP
- Negotiated and renewed Kentucky Employees' Health Plan vendor contracts and business associate agreements with Humana, Inc., Express Scripts, Inc., First Onsite, LLC and other vendors
- Filed Kentucky Employees' Health Plan Summary Plan Descriptions for 2012 with LRC following Cabinet for Health & Family Services' review

- Counseled Department for Employee Insurance on annual audits
- Provided legal analysis of Patient Protection and Affordable Care Act (H.R. 3590) (the “Reform Act”) as amended by the Health Care & Education Affordability Reconciliation Act of 2010 (H.R. 4872) (the “Reconciliation Act”)
- Provided legal analysis of regulations issued by Department of Labor, IRS and HHS concerning the aforementioned healthcare reform legislation
- Continued legal analysis of the Early Retiree Reinsurance Program
- Drafted and reviewed HIPAA Business Associate Agreements
- Coordinated HIPAA compliance for DEI and Kentucky Employees’ Health Plan
- Assisted in obtaining \$95.5M on behalf of Commonwealth of Kentucky from Early Retiree Reinsurance Program (ERRP) established in PPACA to reimburse employment-based plans for a portion of the costs they incur providing health coverage to early retirees
- Assisted the Kentucky Employees’ Health Plan in retaining “grandfathered” status under PPACA for plan year 2012

Office Of Employee Relations

Responsibilities

The Office of Employee Relations values and strengthens the investment we have in each other. This office consists of the following:

- The Workers' Compensation Branch is designed to compensate employees for loss of earning power due to injuries or illness arising out of, and in the course of, their employment.
- The Life Insurance Branch administers Basic Life and Accidental Death and Dismemberment coverage to eligible state employees and other special classes.
- The Return to Work Branch works to provide temporary modified duty work plans for injured employees. Work areas, as requested by a supervisor, can be evaluated for ergonomic correctness.
- The Workplace Relations Branch administers the KY Employee Mediation Program (KEMP) and the Workplace Resolutions Program.
- The Employee Recognition Branch directs the KY Employee Suggestion System, the Governor's Ambassador Award, Public Employee Recognition Week, and employee recognition certificate distribution.
- The KY Employee Assistance Program (KEAP) is dedicated to helping employees find solutions to personal problems that may hinder effectiveness at work.

Other programs housed in the Office of Employee Relations include the State Safety Program and Executive Safety Advisory Committee, Employee Engagement and Volunteerism, the administration of Sick Leave and Annual Leave Sharing Programs, the Adoption Benefit Program and Family Medical Leave.

Workplace Violence Prevention training, available on-line through Governmental Services Center, offers training for both employees and supervisors. The Workplace Violence Prevention Guide may be found on both the KEAP and Safety Program websites. Its purpose is to establish a common framework for managing and preventing violence-related issues in the workplace. The guide supports the Commonwealth interagency effort to consolidate resources and training, promote workplace wellness and safety, and suggest workplace violence prevention strategies for Commonwealth of Kentucky employees.

Workers' Compensation Branch

Employees in the Workers' Compensation Branch (WCB) focus on cost containment and meeting customer individual needs.

First Report of Injury forms are submitted electronically; however, employees receive emergent or catastrophic injury calls during business hours so that immediate management of benefits can begin. To further extend services, contact information is listed on our website for serious injuries that may occur after hours or weekends. During the severe weather and tornadoes that struck Kentucky in the Spring of 2012, the WCB employees were proactive with the emergency response centers during search and rescue and clean up.

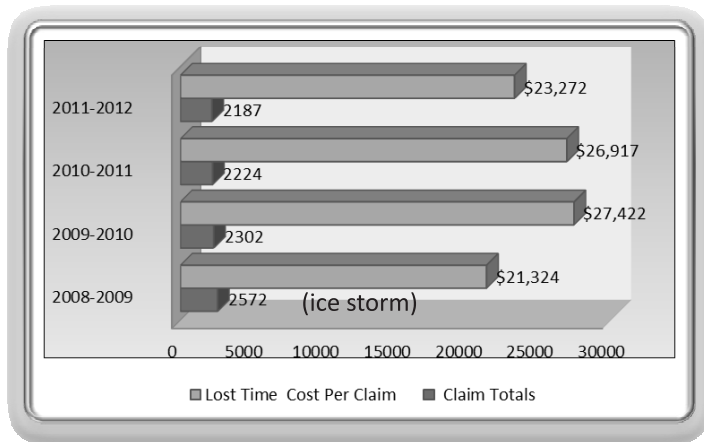


Fig. 7

Over the past fiscal year, the WCB was focused on saving money and increasing efficiency, while continuing to provide expert customer service to injured employees. Program financials are documented by independent program audits. Return-to-Work and Safety Programs combined with Managed Care and claims handling expertise to provide positive influences on this trend despite the rising cost of medical services and the downturn in the economy. Agencies were assisted with safety program development, on-site safety training and other requested loss control resources. In the following chart (Fig. 7.), the claim totals have a slight downward turn.

Charts & Graphs

- Return-to-Work Claims Totals, Fig. 7, Pg. 19
- KEAP New Client Totals, Fig. 8 & 9, Pg. 22
- KEAP Agency Utilization, Fig. 10, Pg. 22
- KEAP Presenting Issues, Fig. 11, Pg. 22

Accomplishments

- Received and processed 3,690 First Report of Injuries (1,504 report only and 2,186 medical only)
- Provided coverage for approximately 85,000 employees in 120 counties throughout the Commonwealth
- Provided coverage for approximately 25,200 volunteer ambulance workers and firefighters in 118 counties
- Received and processed 2,085 temporary total disability benefit checks for accumulated leave reimbursement
- \$105,260 in subrogation recoveries
- Pharmacy Benefit Program provided \$696,600 in savings
- 87 claims went into litigation and were assigned to defense attorneys
- \$870,522 of duplicate medical charges were billed and not paid
- \$399,420 saved with PPO reductions below the state fee schedule

Return-to-Work Branch

The Return-to-Work (RTW) Branch works directly with the Safety Program and the Workers' Compensation Branch to increase the oversight of workers' compensation claims and

reduce costs. The RTW Branch is staffed with three employees: a manager who is a Certified Rehabilitation Counselor and Certified Case Manager and two support staff members. The RTW Branch works directly with employers to consult and assist them in developing Temporary Modified Duty Programs. These programs allow injured employees to return to work as soon as medically released by their physicians. Research shows that an injured employee recovers more quickly when returned to work as soon as possible. Data for this previous fiscal year demonstrates the savings the Return-to-Work Branch has produced:

- Number of participating employers: 81
- Total number of employees returning to full duty work: 740
- Total savings in temporary total disability benefits: \$787,461.00

The total savings indicated above does not account for the cost savings due to lowered settlement amounts (due to employee returning to work) nor does it account for any indirect savings due to the employees return to work; i.e., overtime, temporary staff being hired.

The Return-to-Work Branch continues efforts to educate employers and employees on the proper ergonomic set-up for work station areas. It is best to conduct ergonomic reviews prior to an employee sustaining an injury or illness. This leads to issue awareness and increases injury prevention. However, the ergonomic review process can occur anytime during an employee's recuperation period in order to assist with return to work. During FY 11-12, the Return-to-Work Branch conducted 37 ergonomic reviews. Staff continues to provide training related to the Americans with Disabilities Act (ADA) and Americans with Disabilities Act Amendment Act (ADAAA). The RTW manager serves as the ADA coordinator for the Personnel Cabinet, Family Medical Leave Administrator, and Sick Leave Sharing/Annual Leave Sharing Administrator.

Kentucky Safety Program

The goal of the State Safety Program is to promote a safe and healthy workplace for state employees and others in the state workers' compensation fund by providing training, education, information, coordination, and assistance in the areas of workplace health and safety, loss prevention, and risk management. These improvements help to reduce costs associated with losses. Emphasis in FY 11-12 was development and implementation of strategies to increase awareness of the importance of safety among state employees. Included in these strategies were chairing the Executive Safety Advisory Committee (ESAC) and providing "Fundamentals of Safety and Health" training to state supervisors.

Executive Safety Advisory Committee

The Executive Safety Advisory Committee (ESAC) is comprised of representatives from each cabinet who meet monthly to discuss safety and health issues. Information on a variety of topics is presented by experts both in- and outside state government. ESAC shares accident numbers, claim counts, monthly and quarterly accident/incident rates based on the number of accidents per hours worked. The committee has chosen to concentrate its focus on prevention of Slip, Trip & Fall incidents.

The annual ESAC Safety Awards were presented at the June meeting in celebration of National Safety Month. These awards recognize cabinets with departments, divisions or offices with "no lost time injuries." Six cabinets received plaques and 57 departments, divisions or offices received safety certificates for their accomplishments in calendar year 2011.

National Safety Month

In addition to working with other cabinets, the Safety Program works within the Personnel Cabinet to help ensure the health and safety of its employees. In June, the Cabinet participated in National Safety Month activities. Safety information relating

to the designated weekly theme was shared with employees. Themes included Employee Wellness, Ergonomics, Slips, Trips & Falls, and Driving Safety. A wide variety of free safety educational information was available to employees in the KY State Office Building during the month.

Safety Training

“Fundamentals of Safety and Health” is an on-line training designed to provide standardized, state-wide safety training. This course, available through GSC, teaches basic skills needed to keep workers safe. Sixteen inter-active safety trainings are available on the Safety Program website, seven of which are available in Spanish. Participants may print a certificate after successful completion of the course.

Other highlights:

- Coordinated 7 blood drives alternating between American Red Cross and Kentucky Blood Center. Registered 734 donors, collected 617 units of blood. Personnel Cabinet blood drives were moved from the mobile units, to inside the KY State Office Building, creating a safer and more comfortable environment for donors and workers
- Recognized by American Red Cross, River Valley Blood Services Region for support of their mission and commitment to service
- 21 employees currently certified in First-Aid, CPR, and AED
- Personnel Cabinet received the ESAC Safety Award and certificates for 13 areas within the Cabinet for “no lost time” injuries
- Created Personnel Cabinet Safety Award to recognize safe behavior and on-line Safety Bulletin Board to provide employees with relevant safety information for work-life and home-life

Kentucky Employee Assistance Program (KEAP)

During FY 11-12, the Kentucky Employee Assistance Program provided direct employee assistance services to 896 state employees and/or their family members presenting as new clients. The Cabinets in which employees most utilized services were the Cabinet for Health and Family Services (24%) and the Justice and Public Safety Cabinet (19%). Issues most frequently presented include mental/emotional health (27%) and job stress (24%).

KEAP staff was involved in many workshops and meetings resulting in numerous contacts. These include regular presentations at GSC on topics such as Stress Management, Time Management and Verbal De-escalation Skills. KEAP staff also conducted workshops on a variety of mental health topics and provided Critical Incident Stress Debriefings and Grief in the Workplace Sessions. Additionally, KEAP staff, in partnership with the Kentucky Department of Libraries and Archives, presented webinars to employees throughout the Commonwealth. KEAP counselors presented at a number of agency events and conferences. A supervisory training module was developed and was made available on-line. In addition, staff consulted with many agency personnel offices on how to effectively address troubled employee situations.

KEAP New Client Totals

	2011		2012
July	61	January	64
August	115	February	95
September	71	March	74
October	86	April	65
November	46	May	83
December	57	June	79
Total	896		

Fig. 8

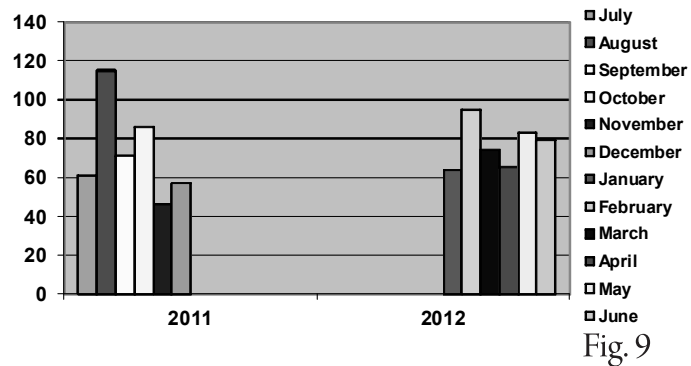


Fig. 9

KEAP Agency Utilization

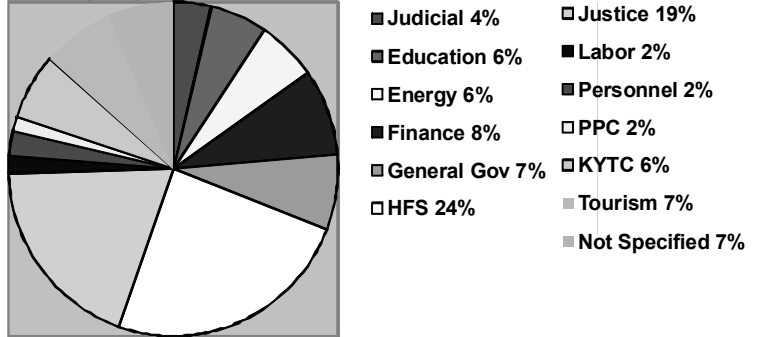


Fig. 10

KEAP Presenting Issues

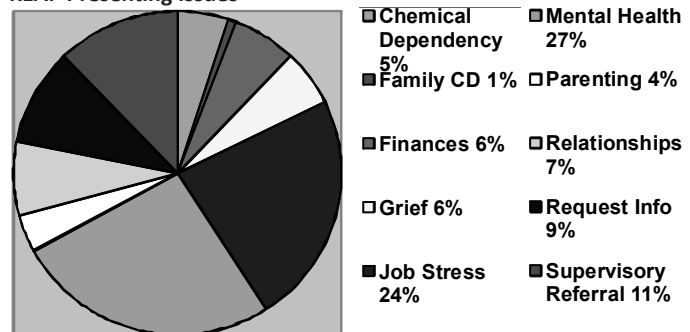


Fig. 11

Employee Recognition Branch

Employee Suggestion System

State government employees use an Internet-based system to submit improvement suggestions on-line. This efficient process helps to identify the Commonwealth as a leader in recognizing and managing employee ideas. The form is simple, user-friendly and fast. Employees receive immediate confirmation of their suggestion and are able to track it throughout the process.

During FY11-12, employees submitted 364 suggestions, and 24 state employees received awards totaling \$12,496.

Implemented suggestions represented a first-year savings of \$3,816,206.

Governor's Ambassador Award

The third Kentucky Governor's Ambassador Awards program was held October 6, 2011. Five individuals and a team of 44 public service employees were recognized in six categories: customer service, courage, leadership, professional

achievement, teamwork, and community service and volunteerism.

Nominations were accepted throughout the year. Ninety-three (93) nominations were submitted, involving more than 234 employees. All nominations were reviewed by a selection committee and three finalists were chosen in each category. Governor Beshear selected the six overall winners in each category. Nominees were invited to attend the awards ceremony. Award recipients were honored by having a personalized engraved brick placed along Ambassador Avenue outside the Thomas D. Clark Center for Kentucky History.

Public Service Recognition Week

Each year, during Kentucky Public Service Recognition Week we honor those who serve Kentucky as state and local government employees. The Employee Recognition Branch coordinates this effort within the Personnel Cabinet, and provides an on-line toolkit of ideas for use by other agencies. Governor Beshear proclaimed Monday, October 3 through Sunday, October 9 as KY Public Employee Recognition Week. The Personnel Cabinet sponsored the fourth statewide poster contest for school age children to increase awareness of the achievements and contributions made by state employees. The theme for the poster contest was "State Employees-Making a Difference Every Day in Every Way." Banners proclaiming this special week were on display outside the Capitol, State Office Building, Transportation Cabinet and the Cabinet for Health and Family Services.

Employee Recognition Certificates

Career service certificates for 16, 20 and 25 years of service plus every 5 years thereafter were presented to 1,832 employees. Service pins were presented to 784 employees with 16 years of service. Recognition certificates were processed for 2,881 employees acknowledging 5 and 10 years of service. Retirement certificates were presented to 2,325 employees. The total number of certificates presented to state government employees (career, recognition and retirement) totaled 6,838.

Workplace Relations Branch

The Kentucky Employee Mediation Program (KEMP) provides dispute resolution for Executive Branch employees. Either employees or managers may request this service. During FY 11-12, 36 mediations took place, involving 147 participants. Sixty-two percent were referrals from the Personnel Board.

Eleven Workplace Resolutions were completed, with 184 participants. There was a significant increase, 255% over the previous fiscal year, of participants in this program. A manager or above may request this process when an entire group is conflicted. A team of facilitators talk with each member of the group separately and develop possible solutions.

In addition to the program manager, there are 20 certified part-time KEMP mediators. These volunteer mediators are state employees who work in various Cabinets and agencies.

Presentations were given to Kentucky Educational Television (KET) managers and the Governor's annual EEO Conference. An alliance was formed with Kentucky Department of Libraries and Archives to present information about mediation and Workplace Resolution in webinar format. This allows the sharing of information to a broad spectrum of state workers without travel expense.

There were 1,814 contacts in the form of phone calls, emails, and personal visits. These were requests for information and for services.

Along with serving state employees in the Executive Branch, KEMP mediators have provided mediations to the Legislative Branch, constitutional offices, and quasi state agencies.

Kentucky Group Life Insurance Branch

The Kentucky Group Life Insurance Branch provides administrative duties for the state-sponsored life insurance contract. These duties include maintaining the eligibility database, enrollment processing, generating bills, reconciling payments, issuing refunds, claims processing, generating and mailing summaries of coverage, distributing materials, and providing customer service.

Eligible employees receive \$20,000 of Basic insurance coverage and Accidental Death and Dismemberment coverage.

Employees may choose to purchase dependent and optional plans. Coverage is contracted through Nationwide Insurance Company.

Nationwide is responsible for approving and processing death claims, providing underwriting services, and conversion account setup.

The branch administers group life insurance for 142,840 eligible employees at 467 locations. Of this number, 22,060 employees have elected additional coverage under the optional policies and 18,422 employees have elected to cover family members with a dependent plan.

Adoption Benefit Program

- During FY 2011-2012, 11 the Office of Employee Relations approved eleven applications for adoption assistance totaling \$25,592. Since its inception in 1999, this program has provided \$769,645 in assistance to 262 employees.
- The program won the Best Adoption Friendly Workplaces Award for 2011 from the Dave Thomas Foundation.

Employee Engagement and Volunteerism

As an employer, the Personnel Cabinet seeks to identify and develop the strengths and talents of our workforce. Employee satisfaction leads to employee engagement, and engaged employees have a sense of personal attachment to their work and a positive effect on their organization. Through various methods, including employee surveys, we help management to better understand employee attitudes on issues such as commitment, loyalty and levels of engagement.

Employee Volunteerism is in line with the Personnel Cabinet's statement of "Serving the People Who Serve the People." We strive to create a culture in which our employees go one step beyond and extend a helping hand to our communities.

Office Of

Diversity & Equality

Responsibilities

The Office of Diversity & Equality (ODE) is responsible for the development and implementation of policies, procedures and programs to promote and monitor progressive statewide workforce management in the areas of equal employment opportunity, affirmative action, retention, inclusion and diversity.

In accordance with our commitment to voluntary and proactive compliance with state and federal equal employment opportunity laws, this office provides consultative guidance to state agencies on the investigation of discrimination complaints, and monitors and reports on statewide and cabinet minority and female employment.

The ODE staff provides technical assistance, training and resources on minority recruitment, affirmative action planning, equal opportunity compliance and workforce diversity to the Personnel Cabinet and other state agencies. ODE also develops and coordinates the Annual Governor's EEO Conference, which is the primary continuing education and training event for EEO coordinators and counselors, investigators, human resource administrators, supervisors and managers.

Additionally, the Office of Diversity & Equality oversees the development and implementation of workforce diversity initiatives to increase awareness, recruitment and retention efforts. Current initiatives include heritage month recognition, diversity and inclusion training, the Governor's Minority Management Trainee Program and the Governor's Diversity Day.

Equal Employment Opportunity

- Consultation: ODE staff continued to provide one-on-one consultation to cabinet/agency EEO and Human Resources professionals in complaint resolution, investigations (and participation therein), training and employment procedures.
- Counseling: ODE staff continued to counsel potential EEO complainants via the telephone, one-on-one meetings and email on employee rights and complaint procedures.
- Training/Education: In the past year, ODE staff conducted anti-harassment training for over 1,686 state employees at monthly scheduled trainings, onsite trainings and on-line trainings. ODE has also continued its commitment to EEO education through the production of The Evolution, an informational newsletter, and the planning and

implementation of the 25th Annual Governor's Equal Employment Opportunity Conference.

Charts & Graphs

- Executive Branch Female Utilization, Fig. 12, Pg. 27
- Personnel Cabinet Female Utilization, Fig. 13, Pg. 27
- Executive Branch Minority Utilization, Fig. 14, Pg. 28
- Personnel Cabinet Minority Utilization, Fig. 15, Pg. 28

Diversity

- Training/Education: ODE trained 411 state employees on diversity and inclusion at monthly scheduled trainings and onsite agency requested trainings. ODE staff also conducted diversity and

inclusion training for the Kentucky State Chapter of the International Personnel Management Association. Additionally, ODE included diversity related information in The Evolution, including educational articles, diversity awareness/heritage month information and promotion of diversity events throughout state government and the Commonwealth.

- Governor's Minority Management Trainee Program (GMMTP): ODE continued to provide leadership, management and educational programming for the Governor's Minority Management Trainee Program (GMMTP). GMMTP is a two year program focused on developing minority managers within state government.
- Collaboration: ODE staff attended training events with the Kentucky Diversity Business Network, Sullivan University and the DisAbilities Expo (hosted by the Lexington-Fayette Urban County Government). Also, during this year, Executive Director Arthur Lucas served on the Governor's Minority Employment Business Affairs & Economic Development Council and the Council on Post Secondary Committee on Equal Opportunities.

Affirmative Action

- Reporting: ODE continues to monitor employment trends within state government. Along with producing the January-June 2011 and July-December 2011 Semi Annual Reports on Female & Minority Employment, ODE continued to work with the Division of Employee Management to develop reporting structures within the Kentucky Human Resource Information System (KHRIS) that more accurately represents the race and gender hiring data for the Executive Branch. Additionally, ODE compiled the biannual Equal Employment

Opportunity State and Local Government Information Report (EEO-4), a federally mandated report on employment statistics (hires and salaries) that certify the state's hiring practices are in compliance with appropriate federal regulations against discrimination. ODE staff also consulted the Classification & Compensation Branch on designating proper EEO Classifications for newly created job specifications.

- Affirmative Action Plan: In order to maintain an up-to-date approach with Affirmative Action, Equal Employment Opportunity and Diversity initiatives, ODE continues work on developing a new Kentucky State Government Affirmative Action Plan. This plan is currently in review.
- Title VI Plan: ODE compiled and produced a Title VI Plan, regarding the prohibition of discrimination based on race, sex and national origin in federally funded programs, in accordance with state statute.

Miscellaneous

- Training: In addition to providing the monthly classroom trainings, ODE staff provided additional Anti-Harassment and Diversity trainings for the Department of Local Government, the Property Valuation Administrators, the Kentucky Deferred Compensation Authority and the Kentucky State University Department of Agriculture.
- Education: Members of the ODE staff attended trainings at the Kentucky Association of Blacks in Higher Education Annual Conference, the Kentucky International Personnel Management Association fall conference, Sullivan University, the Lexington DisAbilities Expo, and the Kentucky Business Diversity Network third quarter meeting.

- Partnerships: ODE staff partnered, in various capacities, with the following organizations: Lexington-Fayette Urban County Government, USA Skills, the University of Kentucky International Public Policy & Management Institute's Korean student exchange program, the Kentucky Employee Mediation Program and the Kentucky Future Business Leaders of America.

ODE staff continues to support cabinet-wide initiatives, programming and events. Staff served on various cabinet committees and "champion" programs. ODE is committed to doing its part in raising employee morale and making the Personnel Cabinet an inviting and inclusive workplace.

Executive Branch Female Utilization

(as of June 30, 2012)*

JOB CATEGORY	TOT EMPS	FEMALE EMPS	% FEMALE	FEMALE PROJ % GOAL	# FEMALE NEEDED
EEO GRP 1: OFFICIALS & ADMIN	2,647	1,122	42.39%	52.42%	265.6
EEO GRP 2: PROFESSIONAL	15,657	9,202	58.77%	52.42%	0.0
EEO GRP 3: TECHNICIANS	1,600	561	35.06%	52.42%	277.7
EEO GRP 4: PROTECT SERV WRKR	3,302	547	16.57%	52.42%	1183.9
EEO GRP 5: PARA PROFESSIONAL	2,376	1,797	75.63%	52.42%	0.0
EEO GRP 6: OFFICE & CLERICAL	1,703	1,343	78.86%	52.42%	0.0
EEO GRP 7: SKILLED WORKER	2,540	151	5.94%	52.42%	1,180.5
EEO GRP 8: SERVICE MAINTENANCE	1,788	787	44.02%	52.42%	150.3
EEO GRP 9: OTHER	1	1	100%	52.42%	0.0
JUNE 2012 TOTAL	31,614	15,551	49.06%	52.42%	1,021.1

Fig. 12

*Beginning with the July-December 2011 reporting period, employees from the Unified Prosecutorial Service, the Secretary of State's Office, the Attorney General's Office, the State Auditor's Office, the State Treasurer's Office and the Department of Agriculture are not included in the "Executive Branch" utilization totals.

Personnel Cabinet Female Utilization

(as of June 30, 2012)*

JOB CATEGORY	TOT EMPS	FEMALE EMPS	% FEMALE	FEMALE PROJ % GOAL	# FEMALE NEEDED
EEO GRP 1: OFFICIALS & ADMIN	44	22	50.00%	52.42%	1.1
EEO GRP 2: PROFESSIONAL	164	133	81.10%	52.42%	0.0
EEO GRP 3: TECHNICIANS	14	6	42.86%	52.42%	1.3
EEO GRP 4: PROTECT SERV WRKR	--	--	--	--	--
EEO GRP 5: PARA PROFESSIONAL	--	--	--	--	--
EEO GRP 6: OFFICE & CLERICAL	4	3	75.00%	52.42%	0.0
EEO GRP 7: SKILLED WORKER	--	--	--	--	--
EEO GRP 8: SERVICE MAINTENANCE	--	--	--	--	--
EEO GRP 9: OTHER	--	--	--	--	--
TOTAL	226	164	72.57%	52.42%	0.0

Fig. 13

*Beginning with the July-December 2011 reporting period, employees from the Unified Prosecutorial Service, the Secretary of State's Office, the Attorney General's Office, the State Auditor's Office, the State Treasurer's Office and the Department of Agriculture are not included in the "Executive Branch" utilization totals.

Executive Branch Minority Utilization

(as of June 30, 2012)*

JOB CATEGORY	TOT EMPS	MIN	% MIN	MIN PROJ % GOAL	# MIN NEEDED
EEO GRP 1: OFFICIALS & ADMIN	2,647	185	6.99%	10.00%	79.7
EEO GRP 2: PROFESSIONAL	15,657	1,422	9.08%	10.00%	143.7
EEO GRP 3: TECHNICIANS	1,600	113	7.06%	10.00%	47.0
EEO GRP 4: PROTECT SERV WRKR	3,302	234	7.09%	10.00%	96.2
EEO GRP 5: PARA PROFESSIONAL	2,376	319	13.43%	10.00%	0.0
EEO GRP 6: OFFICE & CLERICAL	1,703	176	10.33%	10.00%	0.0
EEO GRP 7: SKILLED WORKER	2,540	119	4.69%	10.00%	135.0
EEO GRP 8: SERVICE MAINTENANCE	1,788	238	13.31%	10.00%	0.0
EEO GRP 9: OTHER	1	0	0.0%	10.00%	0.1
JUNE 2012 TOTAL	31,614	2,806	8.88%	10.00%	355.4

Fig. 14

*Beginning with the July-December 2011 reporting period, employees from the Unified Prosecutorial Service, the Secretary of State's Office, the Attorney General's Office, the State Auditor's Office, the State Treasurer's Office and the Department of Agriculture are not included in the "Executive Branch" utilization totals.

Personnel Cabinet Minority Utilization

(as of June 30, 2012)*

JOB CATEGORY	TOT EMPS	MIN	% MIN	MIN PROJ % GOAL	# MIN NEEDED
EEO GRP 1: OFFICIALS & ADMIN	44	4	9.09%	10.00%	0.4
EEO GRP 2: PROFESSIONAL	164	19	11.59%	10.00%	0.0
EEO GRP 3: TECHNICIANS	14	2	14.29%	10.00%	0.0
EEO GRP 4: PROTECT SERV WRKR	--	--	--	--	--
EEO GRP 5: PARA PROFESSIONAL	--	--	--	--	--
EEO GRP 6: OFFICE & CLERICAL	4	0	0%	10.00%	0.4
EEO GRP 7: SKILLED WORKER	--	--	--	--	--
EEO GRP 8: SERVICE MAINTENANCE	--	--	--	--	--
EEO GRP 9: OTHER	--	--	--	--	--
TOTAL	226	25	11.06%	10.00%	0.0

Fig. 15

*Beginning with the July-December 2011 reporting period, employees from the Unified Prosecutorial Service, the Secretary of State's Office, the Attorney General's Office, the State Auditor's Office, the State Treasurer's Office and the Department of Agriculture are not included in the "Executive Branch" utilization totals.

Governmental Services Center

Responsibilities

The Governmental Services Center (GSC) is comprised of the Executive Director's Office and the Training and Employee Development Branch. Under direction of the Personnel Cabinet Secretary and the Governmental Services Center Authority Board, GSC is responsible for "the development, coordination, content, approval and implementation of all training, employee development and related programs conducted for and on behalf of all program cabinets, departments, administrative bodies and program managers of state government" as required by KRS 164.357.

In addition to employee training and development, GSC provides special consulting services upon request and manages the employee educational assistance, Certificate of Management Fundamentals and Kentucky Certified Public Manager programs. The Governmental Services Center develops and delivers traditional classroom workshops, develops on-line modules, manages GSC's technological learning resources and transitions traditional modules to on-line modules so they can be accessed via multiple venues, manages and maintains the Pathlore Learning Management System, provides special consulting services and administers the Employee Educational Assistance Program and the Certificate of Management Fundamentals Program.

Visit GSC at www.personnel.ky.gov/gsc/.

Employee Educational Assistance Program

During this reporting period, the employee educational assistance program had total expenditures of \$113,482.00. Six requests for exceptions were granted because courses were not offered at Kentucky State University.

Special Consulting Requests

During this reporting period, GSC responded to 49 requests, resulting in 36 customized workshops.

Methodologies

During this reporting period, GSC continued to redesign and create several new classes based on feedback from our

participants. Two new workshops created were "Hiring & Selection: Best Practices" and "Shared Accountability: Managing Employee Performance."

Training Liaisons

GSC facilitated meetings to provide information and solicit feedback from agency liaisons to improve our service. These meetings resulted in several improvements. Course locator numbers for Pathlore are now provided for regularly scheduled workshops to assist liaisons with enrollment. The creation of placement reports which are provided weekly on the GSC website help liaisons identify workshops that have seats available for enrollment. Current workshop offerings are now trending towards seating capacity.

Accomplishments

GSC currently offers the following classroom opportunities:

- Business Writing
- Communication: Creating and Sharing Meaning
- Conflict Management
- Coping with Difficult Behaviors
- Creative Thinking
- Customer Service
- Foundations in Leadership
- Hiring & Selection Process: Best Practices
- Introduction to Project Management
- Leadership Communication
- Managing Work Relationships
- Overview of the Merit System
- Managing Employee Performance
- Personal Accountability
- Running Effective Meetings
- Shared Accountability
- Structured Behavioral Interviewing
- Working Through Change

GSC currently offers the following e-Learning opportunities:

- Americans with Disabilities Act
- Anti-Harassment Awareness
- Basics of Effective Meetings
- Executive Branch Ethics
- Customer Service Spanish I
- Customer Service Spanish II
- Family Medical Leave Act
- Fundamentals of Safety and Health
- Managing Employee Performance
- Valuing Employee Input
- Workplace Violence Prevention for Employees
- Workplace Violence Prevention for Supervisors

Resources

GSC's websites have undergone numerous updates this reporting period. The Performance Management website was created in conjunction with the new "Performance Matters" workshop. Tools are included to assist managers and supervisors with resources ranging from identifying the work that needs to be done to how the performance is to be measured.

The Strategic Planning website was recreated as a functional resource for those individuals that are responsible for coordinating the development of their agency's strategic plan. A step-by-step process with associated resources and forms are included. In conjunction with the website, an on-line training was created and will be available from the website once the Cabinet migrates from its current Content Management System to Share Point®.

Center for Strategic Innovation

Responsibilities

The Personnel Cabinet's Center for Strategic Innovation (CSI) is the foundation for various consultative services inside the Personnel Cabinet including, but not limited to: facilitation, strategic planning, organizational development, research and best practices, training, project management, communications, media relations, website design and maintenance, legislative liaison and technology services. Each CSI service is offered in order to help promote and fulfill the Cabinet's and CSI's mission, vision and values and the Cabinet's four big questions.

Services

- The web and media solutions portion of CSI is dedicated to providing the Cabinet with rich, interactive content to further support the growth and development of the Cabinet and its employees. The CSI media and technical solutions component strives to provide web support for the Cabinet; to be the central point of contact for all web needs and approvals; to be the source of knowledge for all web-related software and technologies and to be the leader of all CMS users within the Personnel Cabinet; to be the source of knowledge for all media-related projects and to continue the learning curve to include any new media outlets.
- The legislative liaison portion of the CSI team organizes and consults with interested parties on the Cabinet's legislative projects and helps pass legislation important to the Personnel Cabinet and state employees. The legislative liaison also helps communicate important legislative updates and changes both to the Cabinet and to members of the Kentucky General Assembly.
- The CSI communication and marketing team's goal is to develop communication strategies to promote the numerous programs and initiatives of the Personnel Cabinet. The team helps to develop the majority of electronic and print communications sent to all state employees on behalf of the Cabinet. This team also is responsible for the Cabinet's press releases, meeting notices, communication plans and public information.
- The research and HR consulting arm of CSI helps to shine a light on state and national best practices in the HR field including the areas of: work-life effectiveness, customer service, becoming an employer of choice and organizational effectiveness.

Accomplishments

CSI continues to excel by:

- Continuing to develop and promote various communications tools to provide employees with the resources they need to participate in Cabinet offered programs and initiatives including: the HumanaVitality® Wellness program, the Governor's Ambassador Awards, the Employee Suggestion System, Public Employee Appreciation Week, the KHRIS project, Diversity Day and First Onsite Clinics
- Developing and assisting with various communications including: press releases, media reports, letters, personnel memos, meeting notices, talking points, mass distribution emails, letters and discussions with the media on a variety of topics
- Developing a communications plan for the re-launch of the wellness pilot program in conjunction with the promotion of the First Onsite Clinics in Frankfort. CSI has been successful in helping to increase the number of employees utilizing the clinics through a strong communications effort
- Developing and implementing a communications plan for KEHP's 2011 Free Flu Shot Campaign. CSI sent various communications and developed a website to provide flu shot information to over 150,000 KEHP plan members which resulted in 73,000 shots
- Consulting and assisting with various employee communications regarding open enrollment including: the 2012 plan year benefits selection guide, letters to members and the Open Enrollment website; in conjunction with the Department of Employee Insurance, CSI was able to assist in ensuring a successful Open Enrollment for nearly 300,000 KEHP plan members.
- Engaging in new external partnerships to expand our core competencies for methodologies and best practices for becoming an employer of choice, CSI was able to exchange information with the University of Kentucky Martin School.
- Working with various legislative leaders and the Governor's Office, CSI was able to collaborate on the passage of several bills during the 2012 Regular Legislative Session. CSI provided training on the new bill review system (KLIR) and oversaw the bill review process for the Cabinet.
- Continuing to support and consult with the Innovation Champion teams, CSI staff assisted the Green Team with the 2012 Go Green Expo, which was open to all employees who wanted to learn more about creating efficiencies and savings at work and at home.
- Developing the 2011-2012 Leadership Institute, CSI was able to help meet the growing expectations of Cabinet leaders in the areas of: strategic alignment, employee and team development and state leadership. This year, CSI completed the Leadership Institute program, Learn, Educate, Appreciate and Develop (LEAD). This leadership training was recognized by KAGC for innovative communications.
- Continuing to partner with the University of Kentucky, Institute for Workplace Innovation to offer Employer of Choice webinars, articles and information to Personnel Cabinet employees
- Compiling and completing the annual report on behalf of the Personnel Cabinet
- Developing the quarterly Executive Branch employee newsletter, the "Kentucky Employee Connection," CSI reaches all Executive Branch employees

- through the newsletter which provides up-to-date information on all things important to employees.
- Taking consulting requests from Personnel Cabinet managers and employees on a variety of work-related topics
 - Consulting with several different areas of the Cabinet to develop joint communications strategies and provide communication solutions in response to increased demand for information
 - Providing Wellness Update to shareholders and stakeholders detailing KEHP highlights and Wellness program accomplishments
 - Presenting at the 2012 Governor's Local Issues Conference and UK's Institute for Workplace Innovation (iWin) Roundtable Meeting; covered topics ranging from wellness in state government to internal communications
 - Providing Health Insurance briefings for legislators in reference to the 2013 Plan Year and preparing various materials and presentation for legislative committees
 - Assisting updating staff on changes to legislative bills and training on Kentucky Legislative Information and Reporting System (KLIR) and tracking review
 - Sharing information about going green and HumanaVitality® at the Deferred Compensation Expo in support of the Personnel Cabinet's green and wellness initiatives
 - Continuing to share best practices with and benchmark the practices and programs of Kentucky's largest healthcare providers and employers of choice
 - Facilitating the First Onsite staff to meet with the HR Leadership Consortium to share information about the re-launch of the clinics
 - Recognized by the Kentucky Association of Government Communicators (KAGC) for an innovative presentation, communications, posters and leadership training
 - Supports innovative on-line meeting equipment through our webinar program which allows for cost savings due to limited travel budgets. This equipment also provides the convenience of meeting with others in locations across the state
 - Recognized by Business First as one of the finalists for the Healthiest Employer Award

Kentucky Deferred Compensation Authority

Responsibilities

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 again this fiscal year maintained their high ranking among other Government Deferred Compensation plans. Based on the most recent survey data available from the National Association of Government Defined Contribution Administrators (NAGDCA) for IRC Section 457 Plans, the Authority continues to rank 21st in the nation in terms of both 457 Plan assets and in terms of the number of participants and 9th with respect to the 401(k) Plan. According to the latest NAGDCA survey, Kentucky also continues to rank ahead of several more populous states.

Accomplishments

To further emphasize the magnitude of the Kentucky program's size and level of acceptance by eligible employees, in the February 7, 2012 issue of Pension & Investments magazine a survey of the top 1,000 pension plans (including defined benefit as well as defined contribution – both public and private) of which there are over 50,000 plans, the Kentucky Deferred Compensation program ranked 551st in the nation compared to 569th last year, representing an 18 position gain.

During fiscal year 2011-2012, the Authority Board of Trustees (Board):

- Considered the need to take an action regarding participant fees and determined no changes should be made. Based on the Board's latest decision and prior years fee reduction actions, the Board has now reduced participant fees in 9 of the previous 16 years,

resulting in 'recurring' annual savings to participants of approximately \$4.3 million. The total accumulated annual participant fee savings has now reached approximately \$43 million.

- Received notice from NAGDCA the Authority has been awarded two 2012 Leadership Recognition Awards. The first award is in recognition of the Authority's outstanding achievements in effective communications during calendar year 2011. The second award is being received in recognition of the Authority's outstanding achievements in plan design and administration. It is noteworthy to point out this is the 3rd time the Authority has received multiple annual awards and the second year in a row. This is the 15th time Kentucky has been recognized in the past 17 years for outstanding achievement in the overall administration of the

Authority program. No other NAGDCA member has received this prestigious award as many times as the Commonwealth of Kentucky.

- The Board authorized staff to proceed with the issuance of Request for Proposals for the following: a transition consultant, strategic planning consultant, outside legal counsel, an independent outside auditor and a firm(s) to provide record keeping, marketing and communications services for the Authority's programs.
- Once the Request for Proposal process was completed, the following contracts were awarded:
 - 1) Winner Resources, LLC – Transition Consultant,
 - 2) Mercer Consulting, Inc. - Strategic Planning to evaluate the structure of the Authority and the direction of the Authority for the foreseeable future,
 - 3) Reed, Weitkamp, Schell & Vice to provide outside legal services,
 - 4) CliftonLarsonAllen, LLP to audit the Authority's financial statements for two defined contribution retirement plans and audit and report on the Authority's internal control procedures. The Request for Proposal process for record keeping, marketing and communications services has not been completed.
- The Board adopted Mercer's strategic planning recommendations and directed executive staff to work with the Personnel Cabinet to implement the changes, as soon as possible.

In addition, the Authority has for the second time in its history experienced a decrease in participation in the plans. Participation in the Authority's programs decreased by more than 200 participants during the 2012 fiscal year. However, this year's decrease was substantially smaller than last year. Assets at June 30, 2012 increased from \$1.9 billion to \$2.0 billion and were approximately \$100 million greater than the amount reported at the end of fiscal year 2011, reflective of the market volatility experienced throughout the 2012 fiscal year.

As of June 2012, the Authority offered participants 36 investment options from which to select. The investment spectrum ranges from conservative – to – moderate – to – aggressive. This spectrum of investments consists of 23 mutual funds, 11 target date lifecycle funds, one money market fund and one stable value or fixed fund product.

The following graphs, charts and tables represent the combined results from the Authority's 457 and 401(k) supplemental retirement plans through June 30, 2012.

Charts & Graphs

- Participant Volume Bar Graph, Fig. 16, Pg. 36
- Participant Volume Table, Fig. 17, Pg. 36
- Asset Growth Bar Graph, Fig. 18, Pg. 37
- Asset Growth Table, Fig. 19, Pg. 37
- Deferral Investments by Quarter Fig.20, Pg. 38
- Percentage Allocation of Assets Graph Fig.21, Pg. 39
- Assets - Fixed and Variable Table Fig.22, Pg. 39
- Allocation of Plan Assets chart Fig.23, Pg. 40
- Annual Deferral Investments Chart Fig.24, Pg. 41

Total Participants by Year (with Account Balances)

As of June 30, 2012

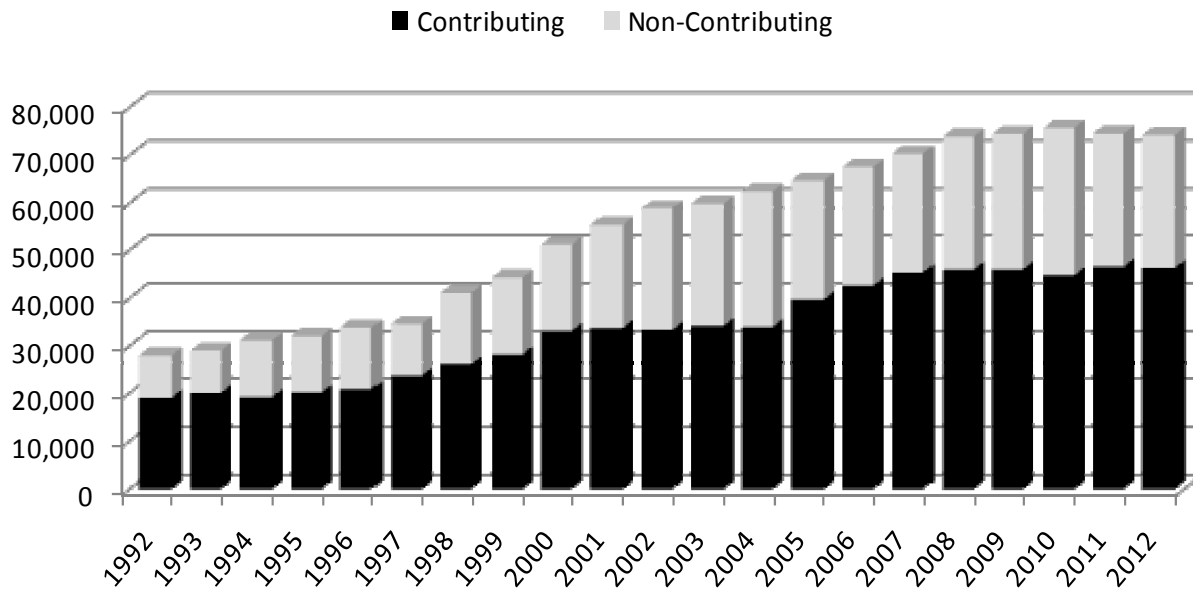


Fig. 16

Total Participants by Year (with Account Balances)

06/30/1994 - 06/30/2012

Year	Participants
6/30/1994	32,024
6/30/1995	33,781
6/30/1996	34,589
6/30/1997	37,330
6/30/1998	41,016
6/30/1999	46,187
6/30/2000	51,099
6/30/2001	55,749
6/30/2002	58,756
6/30/2003	59,773
6/30/2004	62,437
6/30/2005	64,689
6/30/2006	67,490
6/30/2007	70,247
6/30/2008	73,884
6/30/2009	74,417
6/30/2010	75,675
6/30/2011	74,443
6/30/2012	74,211

Fig. 17

Participant Volume – The bar graph, Fig. 16 and accompanying table, Fig. 17, reflect continuation of a slight reduction in the number of participants in the Authority’s programs. For a second consecutive year, participation in the Authority’s plans has decreased. The number of plan participants (with account balances) decreased from 74,443 as of June 30, 2011 to 74,211 at June 30, 2012. This represents a decrease of 232 participants or a 0.31% decrease as of the 2012 fiscal year end. The primary reason for this occurrence was that during fiscal year 2012 the Authority continued to experience an increase in retirements with participants rolling over their account balances to outside financial institutions. While this was occurring, new enrollments into the plans has continued at a relatively slow rate.

Asset Growth by Year

(Excluding Life Insurance and Uninvested Receipts)

Participant Accounts		Plan Year Increase	Assets (\$ millions)	
Roth IRA	2,807	3.17%	Roth IRA	\$ 10.34
Traditional IRA	387		Traditional IRA	\$ 7.52
401(k) Plan	53,523		401(k) Plan	\$ 1,209.86
457 Plan	32,409		457 Plan	\$ 733.45

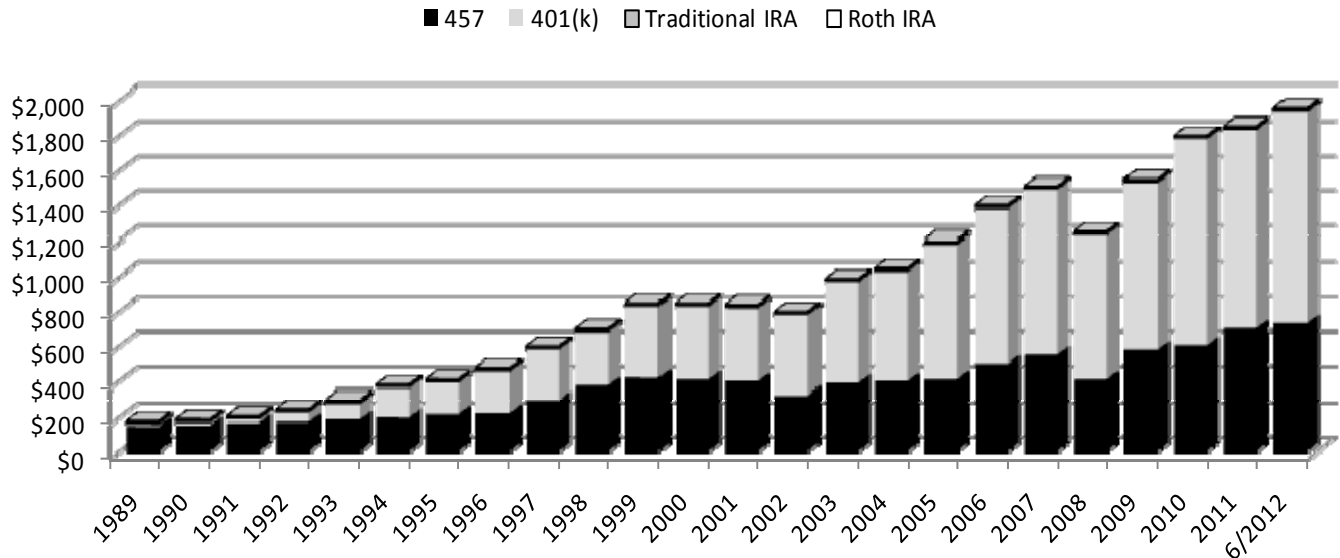


Fig. 18

Asset Growth by Year

(Excluding Life Insurance and Uninvested Receipts)

Year	Assets
12/31/1995	\$ 445,688,072
12/31/1996	\$ 518,994,025
12/31/1997	\$ 631,499,204
12/31/1998	\$ 755,721,008
12/31/1999	\$ 897,692,891
12/31/2000	\$ 899,064,718
12/31/2001	\$ 892,252,657
12/31/2002	\$ 827,735,663
12/31/2003	\$ 1,002,971,334
12/31/2004	\$ 1,118,341,380
12/31/2005	\$ 1,248,596,528
12/31/2006	\$ 1,420,204,161
12/31/2007	\$ 1,591,275,093
12/31/2008	\$ 1,306,613,331
12/31/2009	\$ 1,605,287,634
12/31/2010	\$ 1,819,314,700
12/31/2011	\$ 1,855,891,203
06/30/2012	\$ 1,961,328,470

Fig. 19

Plan Assets – The bar graph, Fig. 18, and accompanying table, Fig. 19, shows that 2011 plan assets, on a calendar year basis, were greater than for 2010 (2011 - \$1.856 billion vs. 2010 - \$1.819 billion). Assets, on a fiscal year basis, have also increased from \$1.901 billion as of June 30, 2011 to \$1.961 billion on June 30, 2012, representing a \$60 million or approximately a 3.16% increase. Assets in both the 401(k) and 457 Plans advanced slightly from the 2011 fiscal year. Assets in the 401(k) Plan increased from \$1.167 billion at June 30, 2011 to \$1.209 billion at June 30, 2012. Similarly, the 457 Plan assets increased from \$718.80 million at June 30, 2011 to \$733.45 million at June 30, 2012.

Plan Trends – Several other important trends continued or reversed during fiscal year 2011-2012 within the deferred compensation program.

**Deferral Investments by Quarter
(Excluding Life Insurance and Uninvested Receipts)**

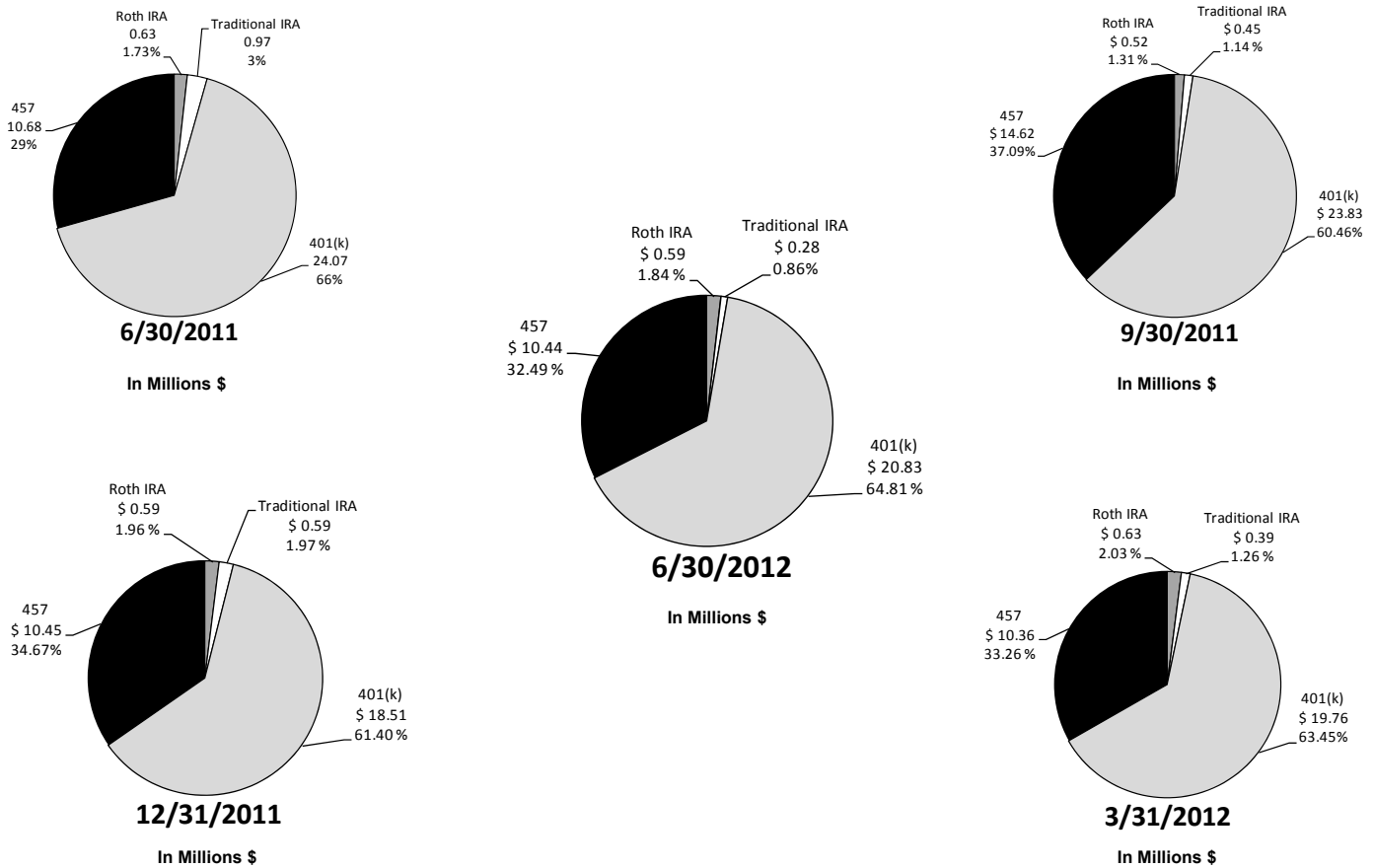


Fig. 20

Investments – Fig. 20 indicates for only the 4th time in the past 16 years, quarterly participant investments have decreased. This trend reversal is directly the result of the volatile economic conditions which continue to persist throughout the world. Quarterly participant investments decreased significantly from \$36.4 million as of June 30, 2011 to \$31.9 million as of June 30, 2012. This represents a decrease of \$4.5 million or approximately 12%.

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

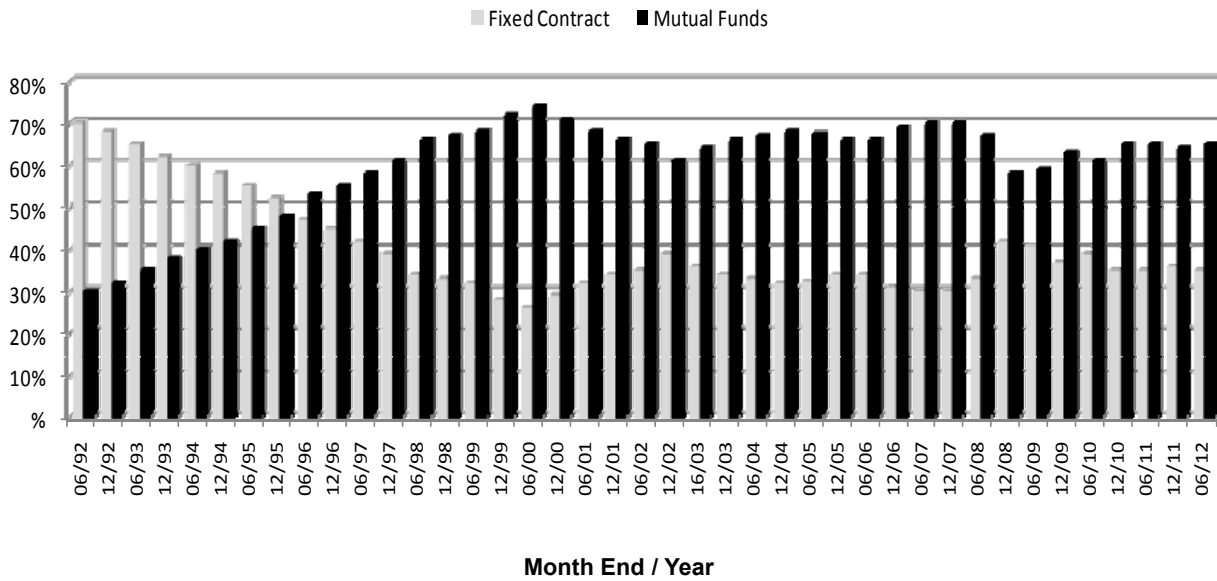


Fig. 21

**Assets - Fixed and Variable
(Second Quarter 2003 to Second Quarter 2012)**

Mo/Year	Fixed	Variable
06/03	\$ 330,321,165	\$ 565,503,670
12/03	\$ 346,607,857	\$ 656,227,878
06/04	\$ 356,360,773	\$ 688,354,792
12/04	\$ 372,453,803	\$ 745,887,577
06/05	\$ 387,788,869	\$ 764,858,495
12/05	\$ 436,204,265	\$ 812,170,473
06/06	\$ 453,729,486	\$ 850,997,401
12/06	\$ 463,034,505	\$ 957,169,656
06/07	\$ 478,003,505	\$ 1,056,393,856
12/07	\$ 491,385,778	\$ 1,099,889,315
06/08	\$ 523,844,082	\$ 1,029,854,002
12/08	\$ 564,180,361	\$ 742,432,970
06/09	\$ 589,515,421	\$ 811,419,200
12/09	\$ 611,979,421	\$ 993,121,416
06/10	\$ 632,901,611	\$ 966,957,318
12/10	\$ 655,000,766	\$ 1,164,313,936
06/11	\$ 673,926,559	\$ 1,226,971,617
12/11	\$ 669,627,828	\$ 1,152,761,861
06/12	\$ 713,233,411	\$ 1,248,095,059

Fig. 22

Plan Assets Allocation – Fig. 21 and accompanying table, Fig. 22, demonstrates that for a 17th consecutive year, participants invested more into the mutual funds than into the Fixed Contract Fund (FCF). This is also the 16th consecutive year in which investments into the mutual funds were greater than into the FCF in ‘each’ quarter of the year.

Allocation of Plan Assets

(Excluding Life Insurance) As of June 30, 2012

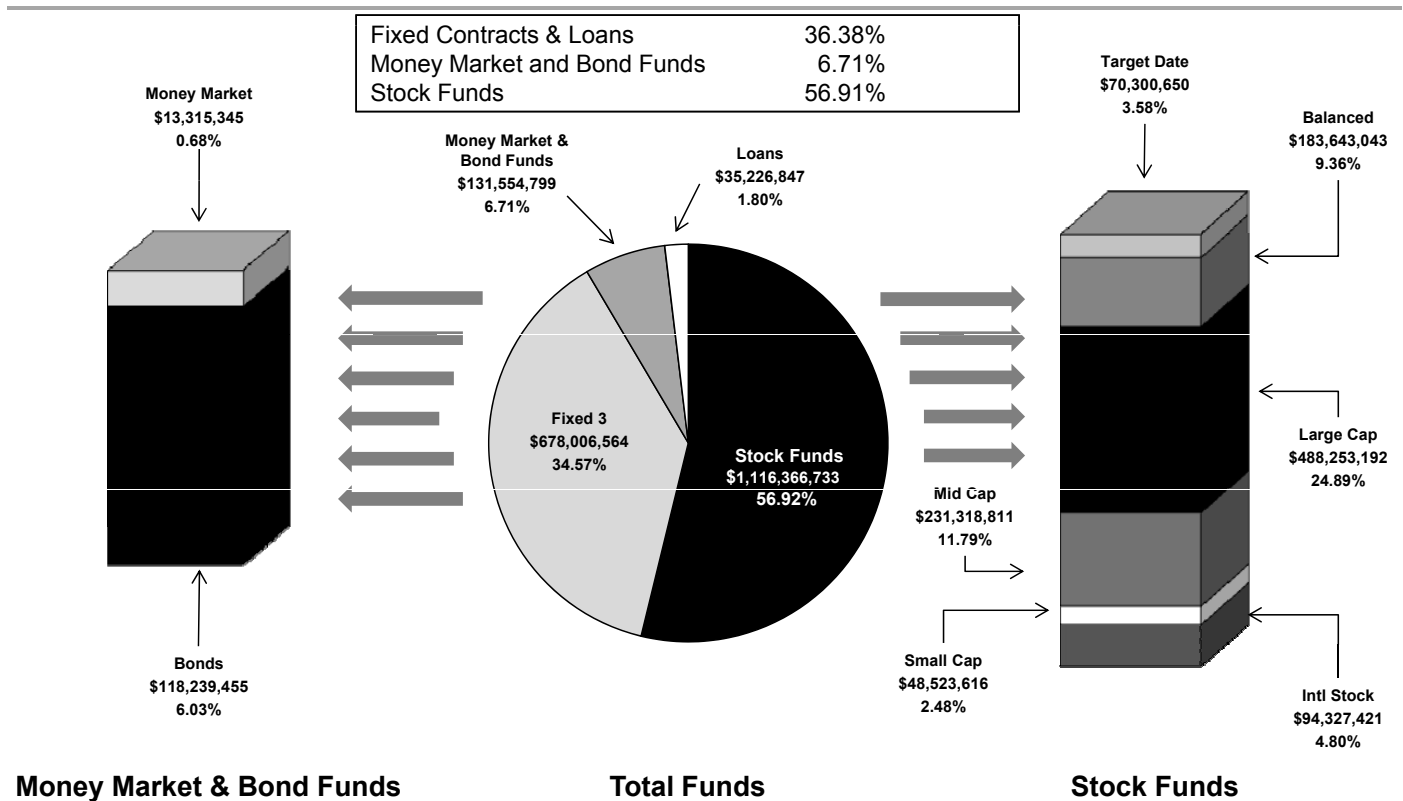
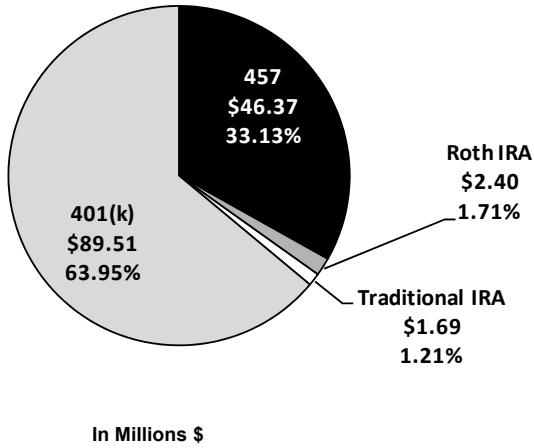


Fig. 23

Graph 5 indicates the allocation of assets is now \$1.116 billion (56.92%) in the stock mutual funds, \$131.6 million (6.71%) in the bond mutual funds/money market fund and \$678 million (34.57%) in the FCF. The remaining 1.81% or \$35.2 million represents insurance company benefit accounts and participant loans.

**Annual Deferral Investments
(Excluding Life Insurance)**

Year Ending June 30, 2011



Year Ending June 30, 2012

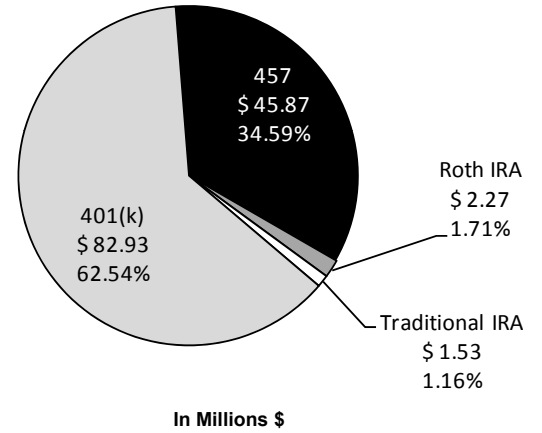


Fig. 24

Investments – Graph 6 indicates annual deferral investments decreased as of June 30, 2012, reversing the positive trend from last year. Annual deferral investments totaled \$132.6 million as of June 30, 2012 compared to \$140 million at June 30, 2011, representing a \$7.4 million or 5.3% decrease. The percentage of the annual deferral investments into the 401(k) Plan (excluding IRS contributions) versus the 457 Plan increased by 0.29% to 62.54%. For the fiscal year ended June 30, 2012, annual deferrals into the 401(k) Plan exceeded those invested in the 457 Plan by \$37.1 million. This year participant annual deferrals into IRA accounts equated to approximately \$3.8 million, a decrease of \$0.3 million from the prior fiscal year. These numbers are exclusive of roll overs into the program which are not considered as annual deferrals but represent a considerable portion of the Authority’s IRA assets and continues to grow at a fairly rapid pace.

Department Of Employee Insurance

Responsibilities

Within the Department of Employee Insurance (DEI), our goal is to develop and maintain the best overall health plan for all members of the Kentucky Employees' Health Plan (KEHP). We aim to provide:

- The most economical group of plans and diversified coverage for our members, both active and retired
- State of the art health plans reflecting current health and medical concerns
- Proactive methods to improve wellness and encourage healthy lifestyles through a variety of wellness initiatives including the HumanaVitality® program that is free to all health plan members; HumanaVitality integrates rewards with healthy behaviors in an on-line platform for easy and quick access.

KEHP is a \$1.8 billion, self-funded, health insurance program which provides benefits to nearly 300,000 public employees and their dependents. DEI also operates a Health and Dependent Care Flexible Spending Account Program for public employees.

DEI's objectives are to:

- Support public employees with health insurance and flexible benefit accounts;
- Provide exemplary customer service to KEHP members, which include employees and dependents from state government, boards of education, health departments, retirees and other public agencies;
- Receive, analyze and maintain health insurance data to assist the Commonwealth in making decisions related to KEHP; and
- Serve as the administrative arms for the Kentucky Group Health Insurance Board (KGHIB) and the Advisory Committee of State Health Insurance Subscribers (ACSHIS).

Commissioner's Office

The Commissioner's Office includes the Commissioner of DEI and the Commissioner's staff. The Commissioner reports directly to the Secretary of the Personnel Cabinet. The Commissioner's Office is charged with overseeing the mission of the Department and its daily operations. DEI conducted an employee survey for input on various areas of the Department including training and development programs; work environment; job satisfaction and employee recognition programs. DEI addresses two-way communication at the

division and branch level; and determines the training needs to address operational and individual needs across DEI for both professional and technical development.

Division of Insurance Administration

Member Services Branch

The Member Services Branch (MSB) is chiefly responsible for providing customer service to KEHP members, leading open enrollment, and educating KEHP members on health insurance issues. Other functions include assisting KEHP members with claims and other inquiries; maintaining KEHP's Smoking Cessation Program; serving as a liaison between members and KEHP's COBRA administrator; acting as a liaison between Medicare, third party administrators, and members; processing member eligibility grievances; maintaining grievance information and statistics; obtaining contracts for all new groups joining KEHP; conducting benefit fairs for open enrollment; providing training for Insurance Coordinators (ICs) and Human Resource Generalists (HRGs) and assisting other Departments as needed.

Enrollment Information Branch

The Enrollment Information Branch (EIB) is responsible for assisting members, ICs and HRGs throughout the year with KEHP policies and procedures concerning eligibility and enrollment; administering qualifying event changes for members; maintaining accurate information on all members related to demographics, health insurance coverage, health reimbursement accounts, flexible spending accounts; and attending benefit fairs to answer member questions.

Charts & Graphs

- Organizational Pyramid with Members Matter Focus, Fig.25, Pg. 45
- KEHP Participation, Fig. 26 Pg. 46
- KEHP Planholders by Group, Fig. 27, Pg. 46
- KEHP Members by Group, Fig. 28 Pg. 46
- KEHP Planholders by Coverage Level, Fig. 29, Pg. 46
- KEHP Members by Coverage Level, Fig. 30, Pg. 46
- KEHP Members by Plan Option, Fig. 31, Pg. 47
- KEHP Members by HumanaVitality® Participation Level, Fig. 32, Pg. 47

Division of Financial & Data Services

The Division of Financial and Data Services consists of two branches, the Financial Management Branch (FMB) and the Data Analysis Branch (DAB).

Financial Management Branch

The Financial Management Branch (FMB) is comprised of the financial and flexible benefits staff who provide services to KEHP and oversee KEHP's Trust Fund. FMB is responsible for collecting health insurance and life insurance premiums, administrative fees, and flexible benefits contributions that process through the Kentucky Human Resource Information System (KHRIS) by each agency participating in KEHP. This is accomplished by creating monthly invoices for participating agencies, contacting insurance coordinators on a monthly basis to help resolve discrepancies, reconciling accounts, providing training and serving as a liaison to ensure the agencies' needs are met. The flexible benefits staff provides customer service to KEHP members who participate in a Healthcare or Dependent Care Flexible Spending Account and or a Health Reimbursement Account. The flexible benefits staff also maintains the eligibility and enrollment information for the Flexible Spending Accounts for all participants. In addition, the staff works with the third party administrators to help provide the best services to KEHP members. The financial staff reimburses KEHP's third party administrators for claims and administrative fees and reconciles any discrepancies to meet contractual obligations. The financial staff also produces statutory and ad hoc reports for the Governor, the General Assembly, the KGHIB, the ACSHIS, various advocacy groups, and other interested parties.

Data Analysis Branch

The Data Analysis Branch (DAB) analyzes, evaluates and interprets health insurance data from all available sources and prepares reports based on such data for distribution to appropriate individuals within and outside the Personnel Cabinet. DAB assesses the impact of proposed legislation on KEHP; provides input to the office of the State Budget Director with respect to KEHP; and, collects, maintains and analyzes enrollment and claims payment data from KEHP's third party administrators through a consolidated database. DAB procures data analysis services to establish and maintain a comprehensive database of eligibility and claims utilization data necessary to manage KEHP; provides reports to the KGHIB and the ACSHIS; and provides information to other agencies or individuals. DAB also provides systems research, analysis, design support, testing support and basic production support for KHRIS. This includes the on-line Benefits Administration and Benefits Accounting modules used by Health Departments, Boards of Education, other Governmental Agencies and various KY Retirement Systems who participate in KEHP. The system and "how to" user-based support from DAB is available to DEI staff and KHRIS project staff, as well as external ICs, HRGs, Billing Contacts and HR Administrators across the Commonwealth.

Accomplishments

With “Members Matter” as the guiding mantra, DEI continues to be a customer-focused organization which provides efficient, effective and responsive service to its members. Through the “Members Matter” philosophy, DEI has been instrumental in enabling the Personnel Cabinet to meet its statutory duties and responsibilities in the area of health insurance, as well as the needs of more than 300,000 members enrolled in health insurance and flexible benefit plans.

DEI’s Members Matter focus places our KEHP members at the top of the organizational pyramid, illustrated in Fig. 25.

contributes \$175 per month for a total annual contribution of \$2100. The Waiver HRA is used to pay for co-payments, deductibles, coinsurance, medical supplies and certain dental and vision services, and the Waiver Dental/Vision ONLY HRA is used to cover dental and vision services.

KEHP also has a Flexible Spending Account (FSA) program and offers a Healthcare FSA and a Dependent Care FSA. A Healthcare FSA is available to pay for healthcare services such as co-payments, deductibles, coinsurance, medical supplies, and dental and vision services with pre-tax dollars. A Dependent Care FSA is for daycare services for a child or an adult being

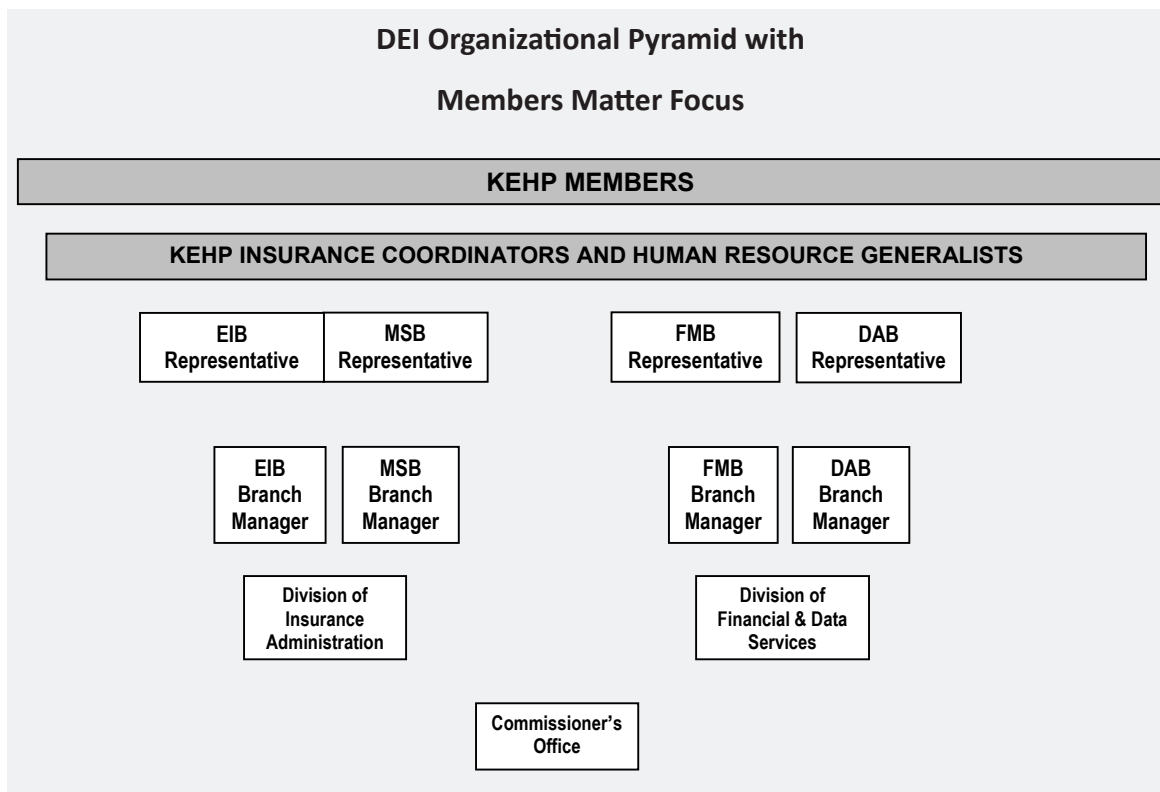


Fig. 25

KEHP provides a variety of health insurance plan options to choose from which include the: Commonwealth Optimum PPO plan; Commonwealth Capitol Choice plan; Commonwealth Maximum Choice plan; and the Commonwealth Standard PPO plan. For employees who choose to waive their health insurance coverage, KEHP offers either the Waiver Health Reimbursement Account (HRA) or the Waiver Dental/Vision ONLY HRA to which the employer

paid with pre-tax dollars. There are limits on the amount a member may contribute into a Flexible Spending Account.

Following are a few snapshots of KEHP enrollment and HumanaVitality® activity status.

KEHP Participation

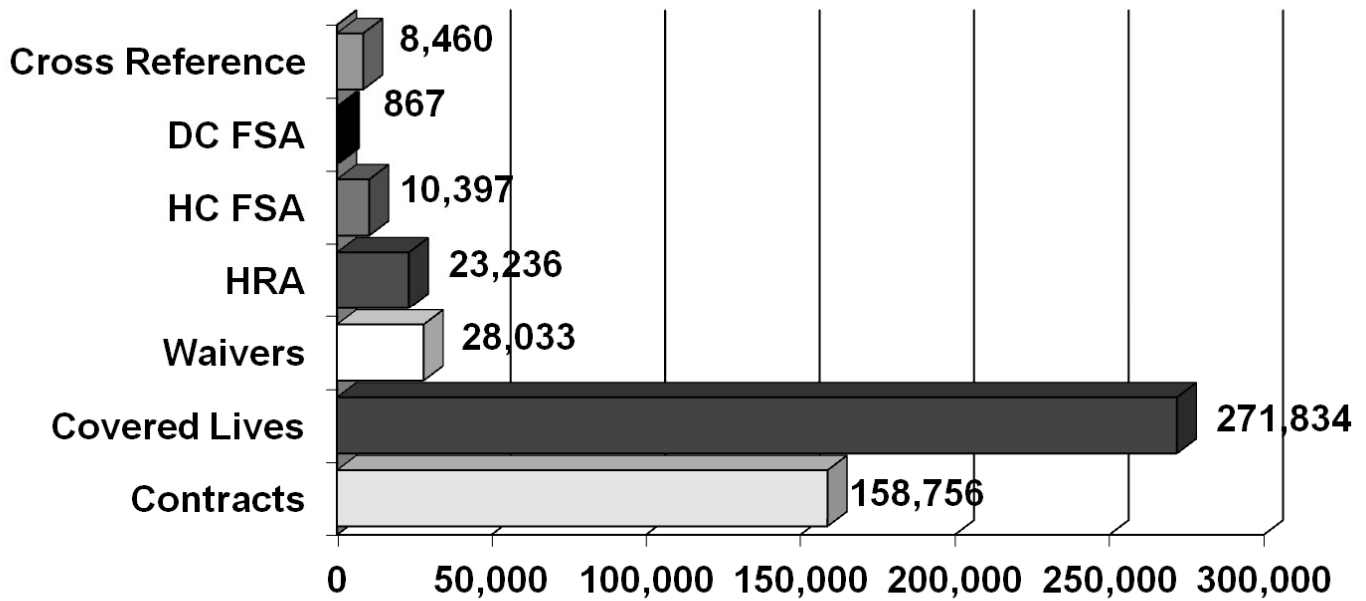


Fig. 26

KEHP Planholders by Group

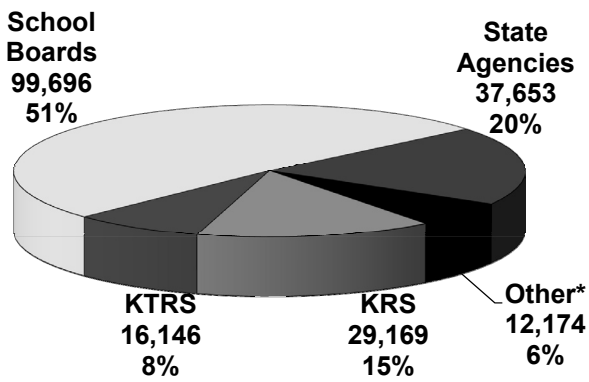


Fig. 27

KEHP Members by Group

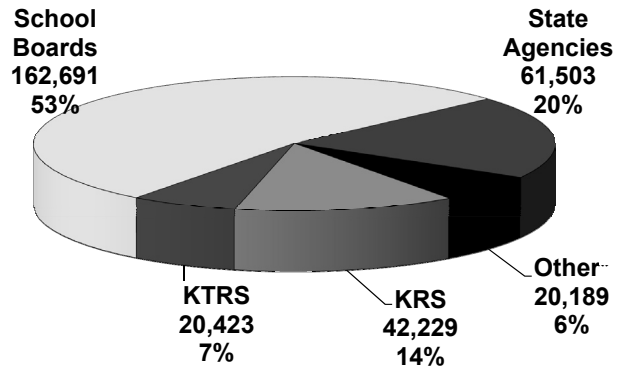


Fig. 28

KEHP Planholders by Coverage Level

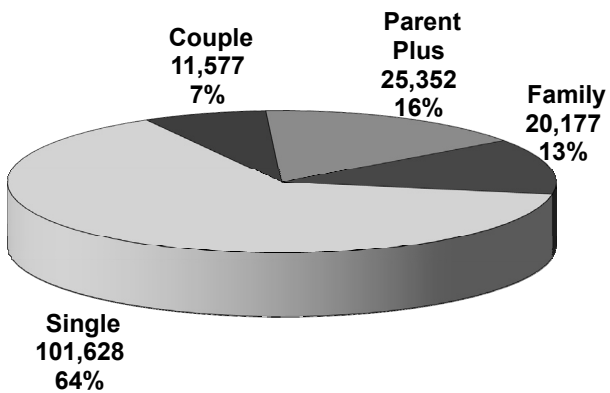


Fig. 29

KEHP Members by Coverage Level

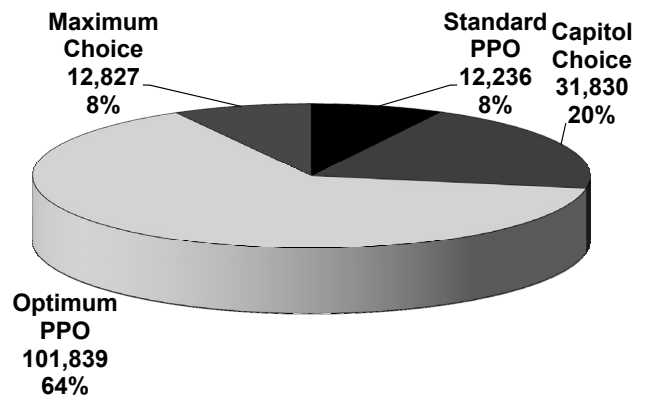


Fig. 30

KEHP Members by Plan Option

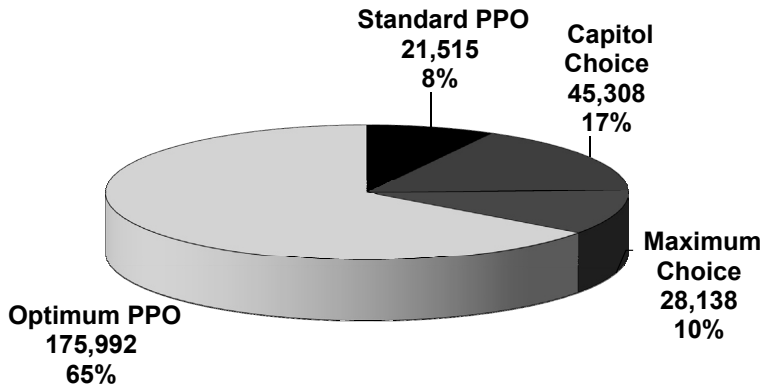


Fig. 31

KEHP Members by HumanaVitality® Participation Level

HumanaVitality Participation Level	1 st quarter 2012	2 nd quarter 2012
Blue Level	254,252	248,253
Bronze Level	18,393	21,140
Silver Level	182	530
Gold Level	16	76
Platinum Level	3	35
Total Membership	272,846	270,034

Fig. 32

Accomplishments

- Conducted 10 Benefit Fairs across the Commonwealth; offered computer kiosks at seven locations to assist members with on-line enrollment
- Included Health Fairs at four Benefit Fair locations and provided free flu shots for members
- Offered Open Enrollment data assistance to Insurance Coordinators (ICs) and Human Resource Generalists
- Enrolled 14 new groups in KEHP
- Trained 890 ICs on eligibility issues and benefits, and more than 1,000 ICs participated in on-line HIPAA Training
- Completed a successful Open Enrollment for Plan Year 2012 while also supporting testing for KHRIS fixes and functional design improvement implementation
- Provided one-on-one KHRIS coaching to over 200 Commonwealth Paid HRGs and Non-Commonwealth Paid ICs
- Participated in both the fall and spring conferences of the Kentucky Association of School Business Officials (KASBO)
- Created Non-Commonwealth Paid KHRIS User groups for Boards of Education and other groups in order to clarify ongoing KHRIS issues
- Created KHRIS Benefits Administration and Benefits Accounting User Guides for Non-Commonwealth ICs
- Provided subject matter experts for Commonwealth Paid KHRIS training
- Ensured the fiscal responsibility of KEHP through

large substantiation recovery efforts

- Continued to build on DEI employee survey results to get staff feedback related to recognition, job satisfaction, work environment, training and development, and overall engagement. A follow-up survey of staff revealed some improvement in these areas but continued focus needed on training and development and work environment. With the implementation of KHRIS, more on-the-job and team training was developed to develop staff skills in the new system and prepare staff to assist ICs and HRGs in working in the new system.
- Continued to offer Flexible Work Options
- Continued social responsibility efforts to include the Simon House and other local charity requests:
 - DEI again adopted all Simon House families for Christmas
 - Participated in the Cabinet-wide March of Dimes fundraiser
 - Contributed several hundred dollars to the annual Kentucky Employees Charitable Campaign
 - Continued to support Department-wide paper recycling programs and recycled approximately 9,000 plastic bottles
 - Donated dozens of shoes to www.shoes.org
- Promoted unity and team work with various activities such as the annual picnic and other team-building activities
- Provided three Stress Management Training Sessions led by Trina Koontz, manager of the Kentucky Employee Assistance Program; also provided two additional training sessions led by Trina to assist supervisors and managers in dealing with their stress and the stress of their employees
- Supported Wellness activities through Journey to

HumanaVitality programs

- Journey to Wellness and LivingWell initiatives and accomplishments include:
 - As of the 2nd quarter of 2012, more than 11,246 members had taken the HumanaVitality® Health Assessment and 1,821 members had received their biometric screening
 - Statewide, employees joined the 2011 SparkAmerica Challenge on-line at a fitness level of their choosing.
 - Free Flu Shot campaign: From September 15 through December 15, 2011, flu shots were available at a variety of participating provider locations including: doctors' offices, health clinics, retail pharmacies, local health departments and other medical providers.
 - Open Enrollment benefit and health fairs across the state including the use of "Summit" screening to provide "Know Your Numbers" and flu shot service
 - October Breast Cancer Awareness Month and promotion of "Wear Pink Day" on October 28, 2012
 - November Promotion of the ACS Great American Smokeout Day
 - December HumanaVitality training with wellness coalition
 - January 1, 2012 Launch KEHP HumanaVitality platform
 - January 5, 2012 launched the General Assembly's WeightWise Challenge; Legislators participated in teams by

caucus and political party losing a total of 181.7 pounds during their regular session. An article was featured in Kentucky.com at www.kentucky.com/2012/04/16/2153014/legislators-slim-down-during-session.html, which gained Tracie Meyer, State Wellness Specialist, recognition for her organization of the challenge

- Promoted Blood Donation programs across the state linking them directly to the HumanaVitality points program
- Promoted HumanaVitality biometric screening bus tour
- Hosted Colorectal Cancer Awareness Month and Dress in Blue Day with Madeline Abramson, wife of Lieutenant Governor Jerry Abramson
- Several wellness coalition members sponsored and promoted weight loss challenges, walking groups, fitness challenges and various local activities, sent newsletters and provided current health and wellness information to their agencies.
- Platinum Challenge successfully encourages KEHP members to move through the various levels of the HumanaVitality program.
- Forty Health Departments are currently participating providers in the “Vitality Check” biometric screening program to improve access to care and information for KEHP members in rural areas of Kentucky

Did You Know?

- KEHP is the largest self-funded insurance plan in the Commonwealth.
- DEI leadership has more than 100 years of combined health insurance experience.
- The Division of Insurance Administration has received over 41,000 phone calls from members and insurance coordinators.
- The Member Services Branch has responded to over 1,000 web-based master emails concerning the Kentucky Employees’ Health Plan.
- The Enrollment Information Branch has processed over 25,000 plan changes in KHRIS.
- Over 15,375 employees participate in a Healthcare FSA.

Department Of Human Resources Administration

Responsibilities

DHRA oversees the administration of the Commonwealth's employment application process; creates and issues employment registers; performs state payroll functions; maintains employee personnel records; and manages the classification and state compensation system and the statewide Performance Management Program. The department also is responsible for the design, development, implementation, and maintenance of strategic human resources projects including the Career Opportunities System (COS), the Kentucky Human Resource Information System (KHRIS), and the Personnel Cabinet's information technology (IT) services.

Division of Employee Management

The Division of Employee Management is responsible for executing the state payroll, processing personnel actions for Chapter 18A, Chapter 16, 151B and LRC employees, maintaining employees' official personnel file, overseeing and monitoring of the Employee Performance Evaluation System and managing the Commonwealth's classification and compensation system. The Division is also responsible for implementing lay off plans, monitoring and assisting agencies for compliance with the U.S. Fair Labor Standards Act (FLSA), and the reviewing and implementing of reorganizations.

The Division of Employee Management consists of the following branches:

Personnel Administration Branch

The Personnel Administration Branch is responsible for maintaining employees' official personnel files, processing agency personnel actions, assisting Human Resource Administrators, and providing documents and service records for state employees. The Branch is also responsible for promoting awareness of, providing assistance with, providing training for, and monitoring compliance of the Employee Performance Evaluation System.

Payroll Branch

The Payroll Branch is responsible for running the state payroll; working with the Department of Treasury and the Finance and Administration Cabinet to ensure all financial information is accurate including tax distribution to local jurisdictions, producing W-2's, and assisting payroll officers throughout the Commonwealth.

Classification and Compensation Branch

The Classification and Compensation Branch is responsible for assisting agencies in the creation or modification of job classifications, the salary schedule, and the review and approval of agency reorganizations. This branch works closely with the Office of the State Budget Director (OSBD) to assist in “cap” issues and the budget impact for legislative decisions, such as the state employee annual increment.

Organizational Management Branch

The Organizational Management Branch is responsible for reviewing and supporting business processes related to classification and compensation and undertaking special projects as assigned. It is also responsible for oversight of the Enterprise Structure in KHRIS (Kentucky Human Resource Information System).

Accomplishments

- Successful preparation and dissemination of 50,129 Wage and Tax Statements (W-2).
- Processed \$1,646,473,302.00 in payroll for an average of 42,298 employees.
- Received and completed approximately 2,050 service records requests
- Reviewed and processed 124 12:050's
- Provided KHRIS training for all agency staff required to perform HR functions within KHRIS.

Many division staff members are involved in these classes as subject matter experts for the monthly trainings which are offered to new employees in addition to current employees wishing to re-take the course(s) as a refresher.

- Conducted “Performance Matters” training on the Employee Performance Evaluation System was conducted for 422 evaluators and interested employees
- Performed audits of total 854 Employee Performance Evaluations
- Completed nine desk audits, five of which were board ordered
- Participated in 39 salary surveys
- Reviewed and executed multiple House and Senate reorganization bills
- Processed 56,508 personnel actions including 28,614 increments
- Abolished 13 classifications
- Revised 83 classifications
- Established 21 classifications
- Reviewed and implemented 6 reorganizations
- Managed agency advertising on employee paycheck stubs
- Created and distributed seven issues of the KHRIS newsletter “Personnel Issues and You” to agency HR staff
- Maintained statewide agency organizational charts

Charts & Graphs

- DCO 2012 Business Statistics, Fig.33, Pg. 54

Division of Career Opportunities

This Division's responsibility is to operate a centralized applicant and employee certification program, operate the state register programs, including the administration of layoff plans and reemployment lists as required by KRS 18A.113 through KRS 18A.1132 and KRS 18A.115, 18A.130 and 18A.135, and coordinate outreach programs such as recruitment and administrative internship programs.

Merit Employment: The merit employment function of Kentucky State Government, including the recruitment, and placement of competitive (new) employees and the promotion of existing employees under KRS 18A.005-18A.200 and 101 KAR and all related statutes and regulations which relate to the merit staffing and employment functions of the Commonwealth.

This includes administering such statutes as: KRS 61.300 dealing with qualifications of non-elective peace officers, KRS 61.373 restoration of employees to positions previously held after release from military duty, in addition to other statutes and regulations that relate to the employment of individuals in 427 different state job classes and require a license or certification to perform the duties assigned to the position.

The Division of Career Opportunities consists of the following organizational units:

HR Certification Branch

The HR Certification Branch provides support to both agencies and applicants in determining whether applicants meet minimum qualifications for the merit positions to which they have applied. HR Certification staff work with their agency counterparts to understand their recruitment and hiring needs. The Branch processes agency personnel actions for reclassifications, transfers, voluntary and involuntary demotions, detail to special duty and Interim positions. Staff members also work closely with the Classification/Compensation Branch of DEM to ensure clear understanding of class specifications.

Applicant Services and Recruitment Branch

The Applicant Services and Recruitment Branch provides direct customer support to applicants through the use of a dedicated help desk e-mail, phone support and one-on-one walk-in support in the DCO Computer lab. Applicant Services and Recruitment staff assist applicants with questions related to completing applications, searching and applying for jobs and general questions related to employment with the Commonwealth. In addition, they assist agencies in recruiting efforts by attending career fairs, managing the Co-op/Internship program, and assisting agencies with external recruitment advertisements. The Applicant Services and Recruitment Branch also is responsible for outreach efforts with veterans to provide guidance regarding the employment process.

Register Branch

The Register Branch provides direct support to agencies through the management of requisitions and posting of vacancies to the Commonwealth of Kentucky's on-line recruitment site. The Register Branch staff issues and manages all requisitions to agencies for merit positions as well as FFTL, GFTL, and Interim requisitions. In addition, the Register Branch provides end-user training and also works with the Division of Technology Services on system upgrades and enhancements, custom reporting and future design considerations.

The Career Opportunities System

The Career Opportunities System (COS) is the Commonwealth of Kentucky's Applicant Tracking System. The system, powered by Kenexa 2x BrassRing™ and implemented in 2007, provides a single on-line source for all merit position vacancies to be posted and for applicants to apply to vacant and Immediate Fill postings. The system allows applicants to apply anywhere in the world where they have an Internet connection which has greatly improved the accessibility for employment opportunities with the Commonwealth. There are currently over 161,885 unique applicant profiles in the system.

Accomplishments

- Provided subject matter expertise in development of reversion, reemployment, and reinstatement guidance for applicants and agency customers
- Streamlined education and license verification processes to provide for more timely submissions and improved oversight
- Effectively managed the transition of laid-off Oakwood employees to Competitive status after the 5-year expiration of their reemployment rights
- Continued agency customer outreach with COS training and presentations, DCO liaison consultations and COS User Group meetings.
- Implemented multiple no-cost enhancements to COS including agency access to candidate EEO data, automated reporting and system search improvements
- Participated in Cabinet "Innovation Champions" teams with staff members serving on Recognition and Morale, Community Action and Green Teams
- Developed "Commonwealth Career Connection", a recruitment publication designed as a reference for career placement offices in public and private colleges and universities
- Developed and implemented a new procedure for handling COS accounts that contain merged information from two or more applicants and enhanced communications to applicants to discourage the practice of sharing accounts
- Developed and implemented a new COS process flow for Co-op/Intern candidates
- Developed a data base of confirmed accredited and non-accredited colleges, universities and high schools to be used by analysts reviewing applicant credentials for educational requirements
- Continued to take part in a Kenexa user group for phone conferences to share experiences and compare service from the vendor
- Continued to participate in recruiting events and career fairs to address specific recruiting needs of hiring agencies; Additional consideration and effort was given to attending events focused on providing employment assistance to veterans

DCO 2012 Business Statistics

Walk-Ins (Applicants Utilizing Computer Lab)	312
Paper Applications Received	33
Previous Applications Copied/Provided from Legacy System	102
COS Helpdesk E-mails	5,130
Phone Calls Applicant Processing	14,228
Total Number of Applicants in COS	161,885
New Applicants	27,517
Job Submissions	361,796
QA Reviews (Performed on selected candidates prior to appointment)	6,743
Applications Reviewed for Minimum Qualifications (MQR)	47,233
Applications Reviewed for Immediate Fill Registers	14,007
Rejections: 10 Day Postings (MQR)	7,588
Rejections: Immediate Fills	3,369
Registers Certified: 10-Day Postings	4,699
Registers Certified: Immediate Fills	1,052
Merged Accounts Identified	141
Veterans Assisted	1,242
Veteran's Preference Assigned	1,027
Veterans Outreach Emails Sent	17,886
Veteran's Job Fairs Attended	7
Regular Job Fairs Attended	15

Fig. 33

Division of Technology Services

The Division of Technology Services is responsible for the design, development, implementation and ongoing support of Cabinet information technology (IT) and projects which impact internal and external human resource administration initiatives.

The Division consists of the following organizational units:

The Application Development Branch

The Application Development Branch is responsible for technical solutions to systems within the Cabinet. This includes the Kentucky Human Resources Information System (KHRIS) and all other systems interfacing with KHRIS. The Branch supports all other systems, applications and databases for the Cabinet's business areas as well. In addition to programming, the branch is also home to the KHRIS Basis team for system/software administration and the BW/BOBJ Team for reporting.

The Client Services Branch

The Client Services Branch is responsible for providing help desk support and training for Personnel Cabinet information resources. This branch provides level 1 support for KHRIS and level 2/3 support for COS. The branch also develops, maintains, coordinates and delivers training for Personnel Cabinet systems.

The Network Support Branch

The Network Support Branch is responsible for providing information technology services, including network support for the Personnel Cabinet. This Branch provides service for over 250 users in four locations. Additionally, they work with the Commonwealth Office of Technology (COT), internal and external auditors and various external vendors.

The Production Support Branch

The Production Support Branch is responsible for support to monitor, schedule, run, and/or troubleshoot/resolve production jobs including some payroll tasks, reports, employee/user notifications and/or other tasks in support of KHRIS and other Agency systems.

The System Analysis Branch

The System Analysis Branch is responsible for the functional understanding, design and configuration for all modules of KHRIS. They work as analysts/liaisons between business owners and developers in the system design of KHRIS. The branch also supports the Career Opportunities System (COS) for system administration and project management.

The System Security Branch

The System Security Branch is responsible for the design, implementation and support of systems' security in Personnel Cabinet systems as well of security administration of users in those systems.

Accomplishments

- 2011 KHRIS Landscape upgrades; 114 support packs applied and parallel landscape implemented in preparation for first KHRIS Open Enrollment changes
- BSI Tax Software upgraded in KHRIS
- Open enrollment changes implemented, stress testing completed successfully and first benefits open enrollment in KHRIS successfully completed 10/10/11 – 10/28/11, KHRIS Service Desk answered 18,772 phone calls and 2,000 emails to support participants
- Upgraded KHRIS's SAP GUI client to version 7.2
- Attended KASBO Fall Conference, KY Ed Co-op and OVEC meetings and established the Non-

- Commonwealth BN/BNA User Group with DEI and GLI to provide updates on KHRIS, share knowledge and address questions and concerns
- Added Bullitt County to KHRIS system to assume payroll processing
- First KHRIS HR User's Group meeting held – October 26, 2011
- Updated DTS System Change Request (SCR) control process and implemented bi-weekly prioritization meetings; 278 KHRIS Change Requests logged by KHRIS Service Center, 214 System Change Requests approved for enhancements
- Implemented QA reviews for consistent DTS Development Standards for all development work
- DTS/KHRIS Training Program statistics: completed planning, training materials, trained trainers, conducted pilots and trained 54 HRGs, 160 Time Administrators, delivered refresher courses for Org Management, Personnel Administration, Payroll, Benefits, or Time Management to 188 users
- The KHRIS Service Center created 11,483 KHRIS related tickets for support requests and answered a total of 22,125 phone calls
- Implemented new KY Employee Suggestion System leveraging KHRIS functionality with KHRIS's Idea Management module; first new functionality designed and implemented by DTS staff after initial KHRIS go-live
- Updated Personnel Cabinet Business Continuity Plan, Implemented KHRIS Disaster Recovery Plan and successfully completed first KHRIS Disaster Recovery test with COT in May 2012
- Worked with APA on FY12 IT audit focusing primarily on KHRIS, held 2 special KHRIS training sessions for APA for better understanding of the KHRIS solution with SAP software
- DTS Project Management Office lead and tracked the completion of the first June 30th payroll deferral as required in the state budget
- Overtime Allocation Enhancements Project began; completed UAT1 and UAT2 successfully and received approval to move to production for FY13
- First Year-end Payroll Project completed successfully in KHRIS; produced 50,130 W-2's, created required files for W-2s, W-3, SSCRB, KY Revenue and reciprocal states, generated 1295 W-2Cs
- Conducted individual meetings to established contacts with other state/public agencies who use SAP forming a SAP Public Users' Group to leverage expertise in supporting KHRIS
- Enhanced Quick Searching features in COS for additional agency users
- Implemented new portal panel configuration view to all COS users
- Implemented new HR Status Tracking Logic in COS to accommodate updated Co-op/Intern program
- Worked with KEAP to complete data backup and restore knowledge transfer for confidential data
- Worked with DEI on categorizing critical, confidential and standard data
- Implemented Share Point 2010 environment and started strategic planning on Share Point use
- Implemented System Center Configuration Manager (SCCM) 2012 to provide automation and efficiencies to NSB's management of Cabinet hardware/software as it provides remote control, patch management, software distribution, operating system deployment, network access protection, and hardware and software inventory management
- Tested iPad connectivity and functionality and offered service to "bring your own device" for Personnel Cabinet staff
- Implemented multiple training applications for Personnel Cabinet users and business training

programs: *Go To Meeting* webinar software and studio for web meetings and training as well as: *Lynda.com* for on-line IT training for Personnel Cabinet Staff

- Migrated home drives and shares to Windows Server 2008 R2 and implemented quotas and file type restrictions to manage storage growth in the Cabinet
- Completed an upgrade/consolidation project of MS SQL servers
- Began project to migrating all PCs to Windows 7 64-bit
- All DTS staff renewed HIPAA training

Employee Statistics

State Government Employee Count (Excludes Interims, as of June 30, 2012)

Executive Branch	34,237
Legislative Branch	413
Judicial Branch	3,577

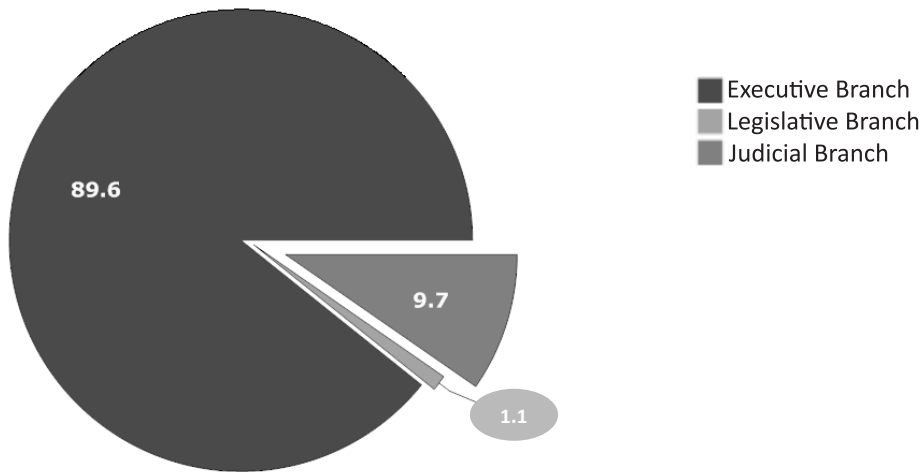


Fig. 34

Employee Status by Race and Sex (As of June 30, 2012)

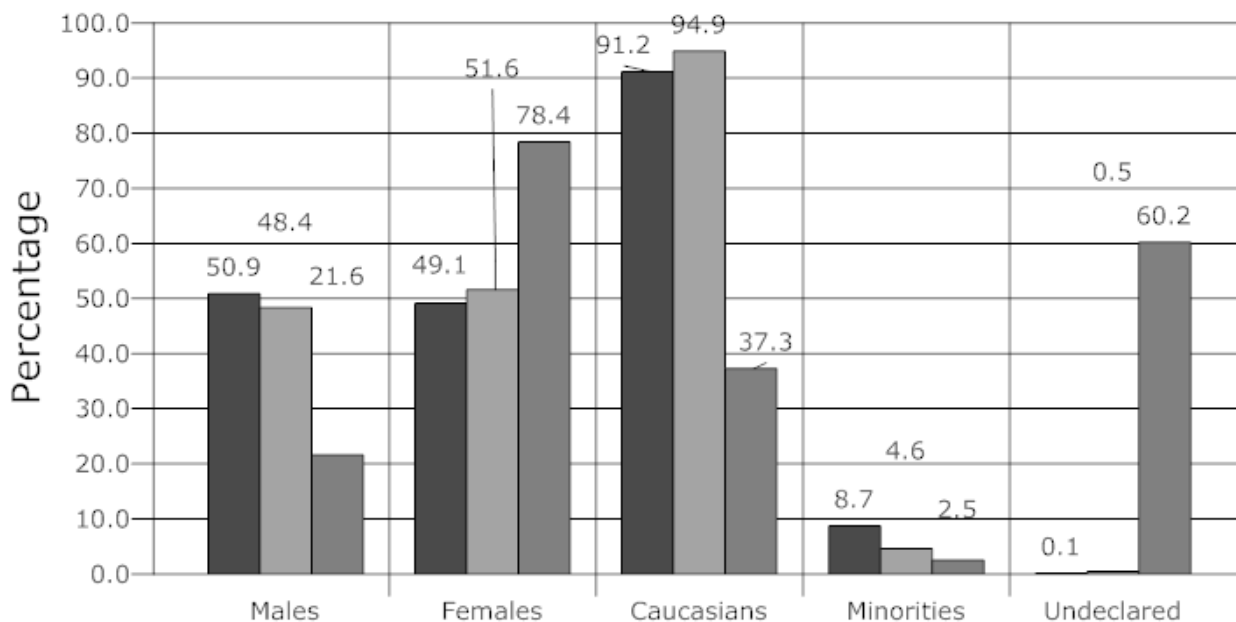


Fig. 35

Employee Compensation Executive Branch (Excludes Interims, as of June 30, 2012)

Average Gross Annual Salary \$39,400.15

Average Employer Paid Annual Benefits

Retirement	\$7,105.44	
FICA	\$2,586.82	
Health Insurance	\$6,601.92	
Life Insurance	\$ 14.64	
TOTAL Benefits		<u>\$16,308.82</u>

Average Annual Employee Compensation **\$55,708.97**

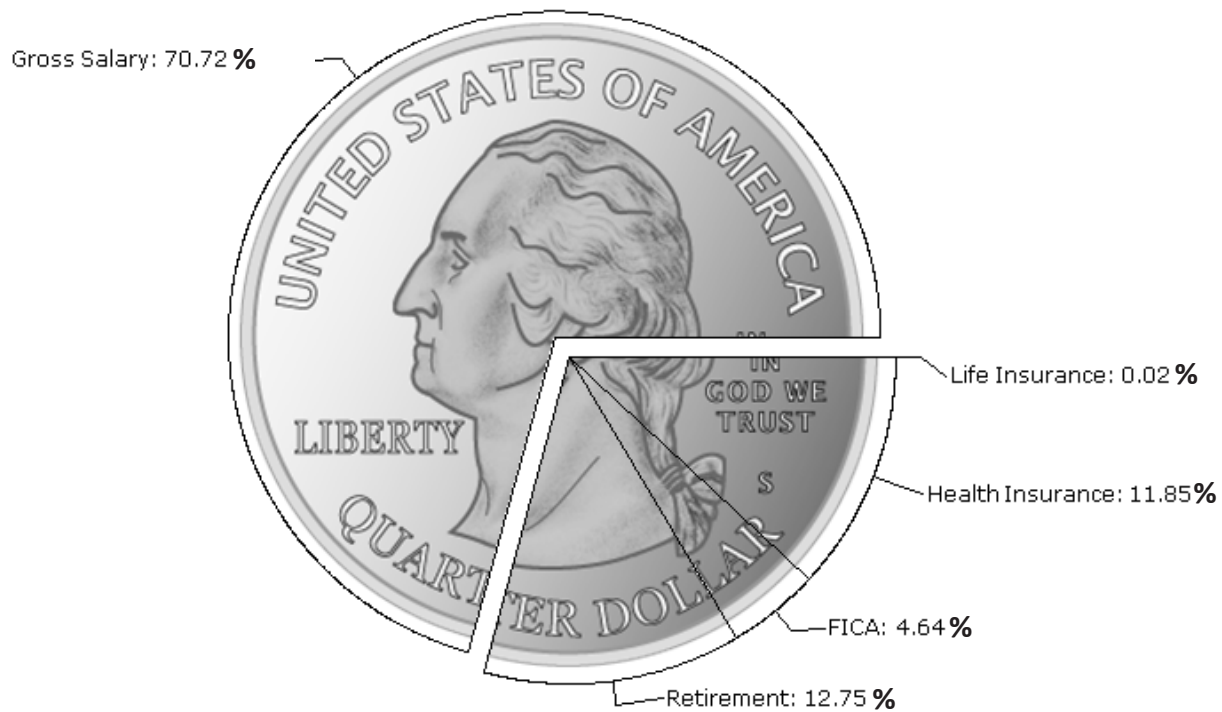


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Kentucky Personnel Cabinet
3rd Floor State Office Building
501 High Street
Frankfort, KY 40601
502-564-7430
personnel.ky.gov

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