1999-2000

Annual Report

Personnel Cabinet

All information contained in this report is as of June 30, 2000.
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Mission, Values, and Goals

MISSION

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

VALUES

- Quality
- Innovation
- Service Orientation
- Integrity
- Objectivity

GOALS

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

Office of the Secretary

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

Kentucky Public Employees’ Deferred Compensation Authority

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

Office of Administrative and Legal Services

The Office of Administrative and Legal Services is responsible for overseeing the internal operations, personnel management and all legal related services for the Cabinet. In addition to coordinating the efforts at the cabinet level, the Executive Director serves as the Cabinet’s Chief Information Officer (CIO) and represents the Cabinet in this capacity at the statewide level.

General Counsel

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

Administrative Services Branch

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

Systems Management Branch

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

Equal Employment Opportunity Unit

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

Department for Employee Relations

In addition to regular responsibilities, this department coordinates logistics for the annual Governor’s EEO Conference (the major training event for EEO counselors and coordinators, personnel executives, and managers) including registration, development, and scheduling of 40 workshops and 2 general sessions for 685 participants.

Since November 1, 1998, the Personnel Cabinet, Department for Employee Relations, has been administering the Adoption Benefits Program to assist executive branch state employees in reimbursement of expenses incurred in the adoption of a child. Thus far, this department has approved 21 employees for reimbursement of expenses, totaling $54,590.07.

Division of Communications and Recognition

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

Division of Employee Benefits

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

Department for Personnel Administration

Division of Employee Records

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

Division of Classification and Compensation

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

Division of Staffing Services

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

Office of Performance Management

This office is responsible for coordinating and implementing the employee performance evaluation system throughout state government.
Kentucky Public Employees’ Deferred Compensation Authority

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

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

During Fiscal Year 1999-2000, the Authority Board acted to implement several significant plan changes. These changes included:

- For the fourth (4th) consecutive year authorized a significant “reduction” in participant fees (expected to save participants approximately $712,000 per year). This represents a combined four (4) year fee reduction totaling approximately $2,256,000 on a recurring annual basis.

- Negotiated new three (3) year record keeping, mutual fund investment consulting, marketing agent and communication services contracts with National Deferred Compensation and Nationwide Retirement Solutions. During the first year of these new contracts, the Authority should experience third party administrator cost reductions of approximately $600,000.

- Termination of the Governmental Plans Variable Annuity (GPVA) contracts with Nationwide Insurance Company. The termination of these contracts has: 1) reduced GPVA participant fees by approximately $265,000 per year; 2) increased Authority revenue by approximately $240,000 per year; 3) reduced program complexity; and 4) reduced administrative costs.
Deferred Compensation Authority

- Restructuring of the Fixed Contract Fund (FCF) investment process. The restructuring provided for the engagement of PRIMCO Capital Management (PRIMCO) of Louisville, Kentucky, as discretionary manager. PRIMCO's sole business is stable value asset management. With the hiring of an outside discretionary manager, the Authority's Board is relieved of the daily management responsibility of the FCF. This new structure will also enable the FCF to: 1) increase credit quality; 2) increase asset diversification; 3) improve rate responsiveness; 4) improve the FCF participant crediting rate; and 5) reduce costs (approximately $388,000/year).

- Introduction of an interactive web site (www.kentuckydcp.com) through which participants may make exchanges, options changes, increases/decreases, review their account(s), view the Spectrum of Investment Options, review plan details, obtain fund prices, and obtain program forms and literature.

- Further refinement of the Spectrum of Investment Options to offer participants a more diversified and comprehensive investment vehicle.

In addition, the Authority has achieved yet another record breaking year as participation and assets again reached new highs. The following graphs, charts, and tables represent the combined results from the Authority's 457 and 401(k) retirement plans through June 30, 2000:

- Participant Volume – Graph 1 and the accompanying table indicates the phenomenal growth rate the Authority continues to experience. The number of plan participants (with account balances) increased from 43,288 last year to 48,845 at June 30, 2000. This represents an increase of 5,557 participants or a 13% increase as of the 2000 fiscal year end.

- Plan Assets – Graph 2 and the accompanying table shows that 1999 plan assets, on a calendar year basis, have experienced incredible growth over 1998 (1999 - $898 million vs. 1998 - $756 million). Assets, on a fiscal year basis, have increased from $818 million as of June 30, 1999, to $920 million on June 30, 2000, representing a $102 million or approximately a 13% increase.

- Plan Trends – Several important trends continued during Fiscal Year 1999–2000 within the Deferred Compensation program.

  Investments – Graph 3 indicates for a fifth (5th) consecutive year, quarterly participant investments have increased. Quarterly investments have increased from $16.6 million as of June 30, 1999, to $19.4 million at June 30, 2000. This is an increase of $2.8 million or approximately 17%.
Deferred Compensation Authority

Plan Assets Allocation – Graph 4 and the accompanying table demonstrates that for a fifth (5th) consecutive year participants invested (by a widening margin) more into the mutual funds than into the Fixed Contract Fund (FCF). This is also the fourth (4th) consecutive year in which investments into the mutual funds were greater than into the FCF in “each” quarter of the year. Graph 5 indicates the allocation of assets is now $652 million (70.8%) in the mutual funds and $256 million (27.8%) in the FCF. The remaining 1.4% represents insurance company benefit accounts and loans.

- Investments – Graph 6 demonstrates annual investments increased substantially again this fiscal year and totaled $78.1 million compared to $66.3 million at June 30, 1999, representing an 18% increase. The percentage of the investments into the 401(k) Plan decreased 1% to approximately 67%. For the year ended June 30, 2000, the dollars invested in the 401(k) Plan exceeded those invested in the 457 Plan by almost $27 million.

The Authority currently offers participants thirty-two (32) investment options. The investment spectrum ranges from conservative – to – moderate – to – aggressive. This spectrum of investments consists of thirty (30) mutual funds, one (1) money market fund and one (1) stable value or fixed fund product.
Total Participants by Year
(With Account Balances)
As of June 30, 2000

Contributing  Non-Contributing

<table>
<thead>
<tr>
<th>Year</th>
<th>Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>26,691</td>
</tr>
<tr>
<td>1992</td>
<td>29,146</td>
</tr>
<tr>
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<td>33,781</td>
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<td>1996</td>
<td>34,589</td>
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<td>1997</td>
<td>37,330</td>
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<td>1998</td>
<td>41,016</td>
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<tr>
<td>1999</td>
<td>46,187</td>
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<tr>
<td>03/31/00</td>
<td>47,330</td>
</tr>
<tr>
<td>06/30/00</td>
<td>48,845</td>
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</table>
Asset Growth by Year
(Excluding Life Insurance and Uninvested Receipts)

YTD Increase  1.003%

- 457 (Plan I)
- 401(k) (Plan II)


Calendar Year Ending

NationalDeferred
### Asset Growth by Year
(Excluding Life Insurance and Uninvested Receipts)

<table>
<thead>
<tr>
<th>Year</th>
<th>Assets</th>
</tr>
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<tr>
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<td>$260,551,464</td>
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<td>12/31/93</td>
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<td>12/31/94</td>
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<td>12/31/95</td>
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<td>12/31/97</td>
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<td>12/31/98</td>
<td>$755,721,008</td>
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<td>12/31/99</td>
<td>$897,692,891</td>
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<td>3/31/00</td>
<td>$932,542,878</td>
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<tr>
<td>6/30/00</td>
<td>$920,230,501</td>
</tr>
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</table>
Deferred Compensation Authority

Investments By Quarter
(Excluding Life Insurance and Uninvested Receipts)

- 9/30/99
  - 457
  - $11,881,544
  - 401(k)
  - 53.64%

- 3/31/2000
  - 457
  - $13,626,040
  - 401(k)
  - 75.53%

- 6/30/2000
  - 457
  - $14,122,510
  - 401(k)
  - 72.79%

- 12/31/99
  - 457
  - $12,829,281
  - 401(k)
  - 69.30%
Percentage Allocation of Assets
(Excluding Life Insurance and Uninvested Receipts)

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

Month End/Year

National Deferred
## Assets - Fixed and Variable
Second Quarter 1998 to Second Quarter 2000

<table>
<thead>
<tr>
<th>Year</th>
<th>Fixed</th>
<th>Variable</th>
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<tr>
<td>6/98</td>
<td>$241,314,310</td>
<td>$460,551,898</td>
</tr>
<tr>
<td>12/98</td>
<td>$251,352,384</td>
<td>$503,980,246</td>
</tr>
<tr>
<td>6/99</td>
<td>$256,551,756</td>
<td>$561,120,867</td>
</tr>
<tr>
<td>12/99</td>
<td>$274,967,238</td>
<td>$622,725,653</td>
</tr>
<tr>
<td>6/00</td>
<td>$268,524,880</td>
<td>$651,705,621</td>
</tr>
</tbody>
</table>
Allocation of Plan Assets
As of June 30, 2000
(Excluding Life Insurance and Uninvested Receipts)
(Dollars in Millions)

- Fixed Contract, Payouts, & Loans: 32.37%
- Mutual Funds: 67.61%

- Payouts: $2,994 (0.33%)
- Loans: $9,778 (1.06%)
- Fixed: $255,752 (27.80%)
- Intl Stock: $38,859 (5.96%)
- Specialty Sector: $10,316 (1.58%)
- Cap/Small Cap: $26,392 (4.05%)
- Large Cap: $456,726 (70.09%)
- Bonds: $29,595 (4.54%)
- Fixed Income: $16,373 (2.51%)

National Deferred
Annual Investments
(Excluding Life Insurance)

Year Ending June 30, 1999

401(k) $45,131,490 68.1%

457

Year Ending June 30, 2000

401(k) $52,459,375 67.14%

457
Office of the Secretary

Cooperative Education and Internship Program

- The Office of the Secretary's Kentucky State Government Cooperative Education and Internship Program completed a successful year with the placement of 400 students. The program serves as a recruiting tool for agencies that cannot find potential employees with appropriate skills in order to fill their vacant positions. The program helps agencies meet their short-term staffing needs in critical skill areas. This year, approximately 1,200 applications were received with 600 during the Spring 2000 semester.

- Approximately 65% of the participants represent students from colleges and universities, 25% of the participants represent students from high schools, and 10% of the participants represent students from vocational/technical schools. The location of Kentucky State University continues to serve us well in immediate and special recruitment efforts in the number of students available and critical skill areas, such as engineering, pre-engineering, biology, chemistry, computer science, political science, accounting, criminal justice, and others.

- It also serves as a mechanism for Kentucky students to obtain practical on-the-job experience and academic credit as part of their educational experience. During this year, the participation by high schools has increased and the geographic location is broader.

- Requests have increased for recent co-op/intern graduates for possible full-time employment. Student applications are reviewed by an employment counselor and if qualified, applicants are sent a test authorization by mail. The requesting agency is notified and the application is also forwarded to the Job Bank.
Office of Administrative and Legal Services

- Due to the increase in health and life insurance programs, another attorney was added to handle the many complicated and legal issues within these programs.
- The payroll functions of the Personnel Cabinet were assigned to the Administrative Branch and the personnel functions moved under the Executive Director's Office. The Personnel Administrator has also assumed the duties of the Insurance Coordinator.
- A Para-legal position was added to assist in handling the 235 open records requests received by the Cabinet last year.
- The Deputy Secretary of the Cabinet is also fulfilling the duties of the State EEO Coordinator.
- A Systems Consultant position was moved under the Executive Director of Administrative and Legal Services Office to assist with identifying and implementing the technology needs of the Cabinet.

Office of the General Counsel

- Wrote approximately 183 Opinion Letters, Memoranda or other personnel-related documents and responded to numerous questions and inquiries by e-mail.
- Reviewed, approved or consulted on approximately 683 disciplinary action letters including 400 suspensions, 250 terminations for cause and 33 special leaves of absence for investigative purposes.
- Reviewed and consulted with agency attorneys and administrators with respect to approximately 334 appeals filed with the Personnel Board.
- Represented the Personnel Cabinet in 112 appeals filed with the Personnel Board.
- Processed 235 requests submitted under the Kentucky Open Records Act and notified agencies for employees in appropriate cases.
- Successfully represented the Personnel Cabinet in appeals to the Kentucky Supreme Court and the Court of Appeals in approximately 10 cases and in the Franklin Circuit Court in approximately 10 other cases.
- Testified as an expert witness in approximately 5 cases before the Personnel Board.
- Made presentations to the International Personnel Management Association, the Governor's EEO Conference, and Charitable Organization's Personnel Executives.
- Worked on the Personnel Regulation Revision team that rewrote or modified all of the Personnel Cabinet's administrative regulations.
- Analyzed and wrote comments on approximately 77 House and Senate Bills introduced during the 1999-2000 Session of the General Assembly that impacted personnel issues.
Administrative & Legal Services

Administrative Services Branch

Fiscal Management

The Personnel Cabinet expended $35.3 million in the fiscal year ending June 30, 2000. These expenditures included EMPOWER Kentucky projects, a capital construction project, and a current year appropriation to pay for health insurance for the state group in high-rate counties. The Personnel Cabinet is responsible for human resources management for all of state government and administers such statewide programs as the Commonwealth’s self-insured workers’ compensation program, the state payroll, the Kentucky Public Employees Deferred Compensation Authority, and employee life and health insurance benefits.

Personnel Management

On June 30, 2000, the Personnel Cabinet had 177 status full-time employees, two (2) permanent part-time employees, one (1) interim employee, seven (7) interim (summer) employees, and three (3) co-op employees. The number of status full-time employees increased from 148 on June 30, 1998, to 177 on June 30, 2000. This increase is in response to the demand for additional services in Deferred Compensation, Health Insurance, an increase in the number of applicants for state employment, and the use of technology to improve services to our customers.
<table>
<thead>
<tr>
<th>Organizational Unit</th>
<th>Personnel &amp; Contracts</th>
<th>Operating</th>
<th>Capital</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secretary's Office</td>
<td>$422,988 $91,647</td>
<td>$611 $515,246</td>
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<tr>
<td>Office of the Secretary</td>
<td>$983,138 $207,462</td>
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<td>$3,646,451 $331,620</td>
<td>- $3,978,071</td>
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<td>Subtotal</td>
<td>$5,052,577 $630,729</td>
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<td>Department for Employee Relations</td>
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<tr>
<td>Commissioner's Office</td>
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<td>$204 $378,786</td>
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<td>Commonwealth Choice</td>
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<td>Health Insurance Administration</td>
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<td>Kentucky Employee Assistance Program</td>
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<tr>
<td>Life Insurance Administration</td>
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<td>$407 $403,655</td>
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<td>Workers' Compensation</td>
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<td>Department for Personnel Administration</td>
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<tr>
<td>Commissioner's Office</td>
<td>$332,289 $48,814</td>
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<td>Classification and Compensation</td>
<td>$721,431 $63,997</td>
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<td>Employee Records</td>
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<td>Staffing Services</td>
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<td>Empower Kentucky</td>
<td>$70,000 $205,541</td>
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<td>Capital Construction</td>
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<td>Health Ins for High-Rate Counties</td>
<td>$5,833,041 - $</td>
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<td>$30,970,677 $4,011,527</td>
<td>$308,843 $35,291,047</td>
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Administrative & Legal Services

Systems Management Branch

The Systems Management Branch consists of eight (8) full time staff members who are responsible for overseeing the computerization of the Personnel Cabinet as well as providing the technical support to keep IT solutions operational.

- Technologies currently being utilized include the Internet, Intranet, Imaging systems in the Register Branch, Employee Files, Deferred Compensation, Life Insurance and a major focus on Health Insurance (including OCR/ICR technology to enhance forms processing).

- Other technologies currently on the drawing board include on-line testing, deploying a Web enabled Register application, implementation of a web server, Proxy Server, and a firewall.

- The Systems Management Branch monitors and maintains eighteen (18) NT servers, 2 Unix servers, four optical storage and retrieval devices, and over 200 workstations in 3 locations. This branch also supports over 100 installations of the Register application and the Employee Suggestion system at the agency level. The Systems Management branch maintains several databases including Health, Life, EEO, and Inventory.

- The Systems Management Branch interacts with other agencies and vendors to ensure the cabinet is current regarding technology implementation at the state level and in the private sector.

Equal Employment Opportunity Unit

- Monitored the progress of the State’s Affirmative Action program and reported to the Cabinet Secretary semi-annually on that progress.

- Assisted agencies in their recruiting efforts to meet or surpass the affirmative action goals. As of June 30, 2000, the goal set for minorities is 7.51% and the goal for females is 52.42%. These goals are based on eligible persons 16 years and older from the Kentucky 1990 census. A graph of the Personnel Cabinet’s ethnic and gender makeup, and the ethnic and gender personnel report is included.

- The state has exceeded its minority hiring goal for the past two reporting periods.
### Administrative & Legal Services

<table>
<thead>
<tr>
<th>Job Category</th>
<th>Total</th>
<th>Ethnicity</th>
<th>Gender</th>
<th>Total Employees</th>
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<tr>
<td></td>
<td></td>
<td>White</td>
<td>Black</td>
<td>Minority</td>
</tr>
<tr>
<td></td>
<td></td>
<td>M F</td>
<td>M F</td>
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<tr>
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<th>Service Workers</th>
<th>Craftsmen</th>
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<td>M F</td>
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</table>
Communications & Recognition

Department for Employee Relations

Division of Communications and Recognition

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

Communications Branch

- Published and distributed the Commonwealth Communiqué, a quarterly newsletter sent to over 40,000 employees across the Commonwealth.

- Published and distributed the Personnel Perspective, a monthly newsletter sent to all Personnel Cabinet employees.

- Researched and compiled information and completed layout and design for the 1998-99 Personnel Cabinet Annual Report.

- Employee Information Line - There are two telephone lines directed into the Division designated as employee information lines. One of the lines is local and the other is an 800 line; both of which are for the purpose of answering questions and/or directing employees to the appropriate resources for assistance. Approximately 900 - 1100 calls are answered per year.

Employee Recognition Branch

- The Employee Suggestion System has completed the development/installation of the new computerized ESS system. A new brochure was developed and distributed to all employees with their paychecks. Presented awards totaling $38,692 to employees through the Employee Suggestion System. These suggestions represented a first-year savings of $591,609.38 for fiscal year 99-00.

- Processed 3,241 Career Service Certificates.

- Revised the Employee Handbook and made it available to employees on the Intranet.

- Updated the Bereavement Package and made it available to employees on the Intranet.
Division of Employee Benefits

Group Life Insurance Administration Branch

- The current Basic Insurance and AD&D rate per thousand is $0.12.

- The Group Life Insurance Administration Branch carries out all administrative services including: enrollment processing, eligibility database maintenance, bill generation and payment processing, refunds, customer service, claims processing, and distribution of materials.

- The Life Insurance contract was awarded to CNA (Continental Assurance Company) effective June 1, 2000. This contract was an emergency award and will only be for a period of thirteen months and will expire on June 30, 2001. The rate for the Basic and AD&D was lowered from $2.90 to $2.40 per employee per month. Rates were reduced for the optional coverage and the dependent rates remain the same as the previous contract.

- The Life Insurance Branch along with FileNET and IDMS has completed work on the new GLI computer system. The system has been working since July, 1999 with few complications. This system allows the ability to scan, index and store documents, and to retrieve an image on screen. This project included all previous received materials to be prepped, scanned and indexed into the new system. As of this report, 100,506 documents have been scanned and indexed.

- The Life Insurance Branch administers group life insurance for eligible employees at 412 locations.

  - State Agency 169
  - Board of Education (roster) 158
  - Board of Education (individual) 26
  - Health Department and Other 59

- The 26 Boards of Education listed does not allow for payroll deduction. The life insurance coverage is billed monthly to the employee's home address, this averages 1,250 each month.

- The Life Insurance Branch provides Basic Insurance and AD&D coverage for 140,179 employees.
Employee Benefits

- The Branch processed 276 claims.
  
  ➢ 168 Basic Insurance and AD&D Claims  
    Total Basic/AD&D benefits paid $3,720,000  
  ➢ 39 Optional Insurance and AD&D Claims  
    Total Optional/AD&D benefits paid $1,353,500  
  ➢ 69 Dependent Group Life Claims  
    Total Dependent benefits paid $655,000

Workers’ Compensation Branch

- The Branch has received and processed 5,587 First Report of Injuries.

- The Branch has continued to provide coverage for approximately 110,000 state employees in all 120 counties throughout the Commonwealth.

- The Branch has continued to provide coverage for approximate 30,000 volunteer ambulance and volunteer firefighters in 118 counties in the Commonwealth.

- The Branch Manager and Rehabilitation Counselor provided training and education to approximately 700 employees. The training consisted of issues in Workers’ Compensation, Return to Work, and the Americans With Disabilities Act.

- The Branch has received and processed 38,240 medical bills.

- The Branch has received and processed 1,671 Temporary Total Disability Benefit checks.

- The Branch Manager recovered $80,583.00 in subrogation recoveries.

- Record Only Files totaled 2,244 for Fiscal Year 1999-2000. This is a decrease of 7% from Fiscal Year 1998-1999 (See Attachment A).

- Total number of claims set-up by this Branch for Fiscal Year 1999-2000 was 3,254. In Fiscal Year 1998-1999 this Branch set-up 3,383 claims. This is a 4% decrease (See Attachment B).

- Total medical expenses for Fiscal Year 1999-2000 was $2,067,131 (See Attachment C).

- The Branch assigned 83 claims to attorneys for representation before the Workers’ Compensation Board. (See Attachment D).
Employee Benefits

• The Branch assigned 57 workers' compensation cases to Rehabilitation Nurses for more detailed case management.

RETURN TO WORK PROGRAM

• The Rehabilitation Counselor assisted in returning 127 employees to work with either temporary or permanent restrictions.

• Assisting with returning injured employees to work has resulted in savings of $762,000.00.

• The Rehabilitation Counselor made 10 on-site visits to agencies/facilities to assist with return to work issues.

THE KENTUCKY SAFETY PROGRAM

• The Kentucky Safety Coordinator performed 12 workplace inspections for OSHA compliance.

• Cumulative Trauma related injuries have increased during recent years. Therefore, a large emphasis has been placed on ergonomic training. The Kentucky Safety Coordinator has provided 9 ergonomic training sessions for 133 state employees and conducted 142 ergonomic audits.

• The Kentucky Safety Coordinator has provided 34 general safety training sessions, training approximately 550 employees.

• CPR and first aid training was conducted for approximately 45 employees.

• The Kentucky Safety Program hosted 7 blood drives resulting in approximately 385 units of blood.
Employee Benefits

Kentucky Employee Assistance Branch

- The Kentucky Employee Assistance Program (KEAP) provided direct employee assistance services to 905 state employees and/or their family members.

- The cabinets in which employees most utilized the services were the Justice Cabinet (14%); the Transportation Cabinet (13%); the Cabinet for Families And Children (12%) and the Cabinet for Health Services (11%).

- The issues most frequently presented include: job stress (27%); mental/emotional health (20%) and supervisory referral (14%).

- KEAP staff was involved in many workshops and meetings that result in numerous indirect contacts. These contacts include monthly presentations at GSC on how supervisors can use KEAP as a management tool. KEAP staff conducted workshops on various topics such as Violence in the Workplace, Stress Management, Mental Illness in the Workplace, as well as Critical Incident Stress Debriefings and Grief in the Workplace Sessions.
KEAP “NEW CLIENT” TOTALS

1999
July    59
August  74
September  76
October  68
November  76
December  65

2000
January  72
February  98
March    77
April    77
May      72
June     91

Total   905
Employee Benefits

AGENCY UTILIZATION

- DOT 13%
- Families & Children 12%
- Finance 8%
- Health Services 11%
- Justice 14%
- Military Affairs 5%
- NREP 6%
- Tourism 5%
- Other 26%
Employee Benefits

PRESENTING ISSUES:

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<thead>
<tr>
<th>Issue</th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chemical Dependency</td>
<td>48</td>
<td>(04%)</td>
</tr>
<tr>
<td>Finances</td>
<td>59</td>
<td>(06%)</td>
</tr>
<tr>
<td>Job Stress</td>
<td>273</td>
<td>(27%)</td>
</tr>
<tr>
<td>Mental Health</td>
<td>205</td>
<td>(20%)</td>
</tr>
<tr>
<td>Relationships</td>
<td>109</td>
<td>(11%)</td>
</tr>
<tr>
<td>Supervisory Referral</td>
<td>142</td>
<td>(14%)</td>
</tr>
<tr>
<td>Other</td>
<td>184</td>
<td>(18%)</td>
</tr>
</tbody>
</table>
Employee Benefits

Health Insurance Branch

• Responsible for procuring Health Insurance for the Commonwealth Group.

• Trained approximately 600 Insurance Coordinators prior to Open Enrollment on changes and updates in the program.

• Trained approximately 900 employees across the state on the basics of Open Enrollment procedures that were then shared with co-workers at their work sites. Training was held via tele-conference and through live meetings.

• Produced a KET program on the Open Enrollment process and other health insurance issues.

• Held approximately 45 Benefits Fairs across the state to give employees access to the health care providers.

• Updated, printed, and distributed Commonwealth Choice enrollment materials (booklets and enrollment forms) to nearly 43,000 state employees.

• Processed approximately 14,000 Commonwealth Choice enrollment forms following open enrollment and approximately 100 per month throughout the year on new employees.

• Processed monthly discrepancy reports on Commonwealth Choice.

• Met with and presented programs to the Employee Advisory Committee for Health Insurance four times throughout the year.

• Coordinated with Benefits Data Branch to ensure that the data base is accurate and up-to-date.

• Assisted in developing Request for Proposal for 2001 Health Insurance bids.

• Hired and trained additional staff.

• Made presentations to various employers wishing to join our group.
Employee Benefits

Benefits Data Branch

- The Benefits Data Branch maintains a health insurance eligibility database of approximately 160,000 plan holders in addition to their 91,000 covered dependents.

- The eligibility database consists of members covered under the Commonwealth group and includes state employees, employees of the boards of education, employees of the boards of health, retirees under age 65, and other quasi-governmental agencies for a total of 506 agencies.

- The Branch batches, scans, processes Optical Character Reader (OCR) forms, and indexes regular, Retirement Systems, Teachers’ Retirement Systems, and other health insurance forms.

- The Branch electronically transmits daily transaction files and monthly synch files to the six (6) participating health insurance companies during Plan Year 2000.

- The Benefits Data Branch, in collaboration with the Health Insurance Branch, redesigned the health insurance, update, and commonwealth choice forms to incorporate changes affecting Plan Year 2001.

- During this year, we have made modifications and improvements to our new imaging system in order to streamline daily operations and to prepare for the 2001 open enrollment period.

- During the 2000 open enrollment, the Branch processed approximately 60,000 health insurance applications. This was done in a two-and-a-half month period. In addition, the Branch continued performing its daily operations.
Employee Records

Division of Employee Records

Processing Branch

- Processed 130,174 personnel actions.

- Most hard copy and express P1’s are now paperless. Processing and routing of P1’s are via computer except for Court Order Actions.

- P1’s are transferred to the employee files via the Computer Output to Laser Disc “COLD” process. This means that as P1’s are approved, no human hands touch the P1 documents. They are placed on the appropriate file via “COLD” transfer.

- Due to implementation of the new Regulations, effective 8-25-99, some actions are the sole responsibility of the agency. For example, in-range appointments, which result in decreased routing of the actions and faster approval.

- Improved service by notifying agency of need for backup document. If not received within 5 business days, the action will be deleted.

- Approximately 1500 service records were received and completed from agency request.

Payroll Branch

- Made the necessary adjustments in payroll for the health insurance rates, which are now county based.

- Made the changes to interface with the MARS accounting system.

- Made the changes to allow the Series I bonds for state employees to deduct on payroll.

- Made the changes necessary to make Adoption Assistance payments in payroll.

- Made the change to accommodate the Regulation leave changes on payroll. These include such items as leave now accrues at 100.0 hours and employees get additional leave after 20 years of service. We also allowed for weekend premium statewide and lump sum ERAs.
Classification & Compensation

Division of Classification and Compensation

<table>
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<tr>
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<tr>
<td>Job Classes Revised</td>
<td>73</td>
<td>79</td>
<td>266</td>
<td>115</td>
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<tr>
<td>New Classes Established</td>
<td>22</td>
<td>26</td>
<td>91</td>
<td>33</td>
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<tr>
<td>Job Classes Abolished</td>
<td>140</td>
<td>64</td>
<td>119</td>
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<td>Pay Grade Changes</td>
<td>8</td>
<td>18</td>
<td>512</td>
<td>101</td>
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<tr>
<td>New/Revised Special Entrance Rates</td>
<td>56</td>
<td>58</td>
<td>239</td>
<td>40</td>
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<tr>
<td>Class Title Changes</td>
<td>16</td>
<td>21</td>
<td>192</td>
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<td>Title Code Number Changes</td>
<td></td>
<td>2</td>
<td>9</td>
<td>0</td>
</tr>
</tbody>
</table>

*Many were increases to existing special entrance rates.

| Positions Established         | 10,580 |
| Positions Abolished           | 10,039 |
| Positions Reclassified        | 2,528  |
| Positions Reallocated         | 702    |

The above total is 23,849 actions taken by the Division of Classification and Compensation. This compares to a total of 26,618 in 1998-1999; 20,791 in 1997-1998; 18,608 in FY 1996-1997; and 19,206 in FY 1995-1996.

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

Division of Staffing Services

The Division of Staffing Services is responsible for:

1. The merit employment function of Kentucky State Government, including the recruitment, testing, and placement of competitive (new) employees and the promotion of existing employees; and

2. The implementation of 21 specific initiatives under the EMPOWER Kentucky Program (see Attachment A). These initiatives were designed to streamline and automate the merit employment and related personnel functions.

The Division consists of the Director’s Office and five branches, including Applicant Processing, Employment Counseling, Register, Staffing Analysis, and Recruitment.

In addition to the 251 percent increase in the work assigned to the Division of Staffing Services for FY 98-99, there has been a 23.6 percent increase for FY 99-00. During the last two fiscal years, this has resulted in an approximate compounded 275-300 percent increase in the work assigned and carried out by the Division of Staffing Services with an approximate 25-30 percent increase in resources. This phenomenal growth of services could not have occurred except for the automation of many of the functions assigned to the Division. During FY 99-00, the work has increased in various categories, from 1.3 to 74 percent (see Attachment B, chart of Divisional Statistics). There has been a slight decrease in the workload in two categories, that of “Internal Mobilities Placed on Registers” and “Qualified Applicants Placed on Registers,” which experienced a 1% and 2.9% decrease respectively.

Due to the ongoing implementation of EMPOWER projects/initiatives, the category of “Selection Methods Determined” was decreased considerably by design in FY 99-00. This is due to the fact that during FY 1998-99, the majority of tests that needed to be reviewed for selection method changes was completed with the remainder being reviewed in FY 1999-2000. This category will continue to decrease during the next fiscal year, as approximately half of Personnel’s written tests have been converted to either Qualifying or T & E selection methods. Converting written tests to Qualifying and T & E selection methodologies is one of the best practice procedures identified under the EMPOWER Kentucky Program. The practice of evaluating an individual’s application using the Training and Experience methodology, i.e. measuring their past training and experience and assigning points based on the evaluation of that training and experience, has allowed the Personnel Cabinet to more closely match individuals’ education and experience with job requirements. Thus, applicants are more accurately placed on appropriate merit registers.
Staffing Services

Under the EMPOWER Kentucky Program, the Personnel Cabinet and the Division of Staffing Services continue to cooperate and work closely with other cabinets in designing and implementing program changes needed to continue the streamlining and automation of the personnel function(s). In order to continue this streamlining and automation during FY 1999-2000, the Division of Staffing Services emphasized the following EMPOWER initiatives.

1. The placement of all class specification and testing information on the Personnel Cabinet’s web site. This involved an extensive redesign of the class specification, including a new layout for displaying minimum qualifications, testing information, etc. The official source of all class and testing information is now contained on the Personnel Cabinet’s web site, which has resulted in the elimination of what was formerly called the Superbook (a composite book of test information and minimum qualifications for each class) and paper copies of class specifications, of which approximately 960,000 copies were issued annually.

2. The Personnel Cabinet’s home page was redesigned, making information that was needed to properly apply for state government positions more readily available and accessible to citizens. An example of this is defining the educational credits given to promotional applicants for participation in the Certified Public Manager program.

3. A new web-enabled Register/Employee Records system was designed and implemented. This new system makes registers, applications, questionnaires, and other related information available to authorized agency employees from the cabinet secretary down to the branch manager level. Authorized personnel may also use the system to access employee records, including applications, P-1’s, approval sheets, employment-related letters, educational credentials, etc. This system has eliminated the hand-copying, packaging, and mailing of approximately 798,000 applications and 7,500 registers per year to various state agencies. It also eliminates the necessity for keeping duplicate employee records at the agency level and the packaging and storing of approximately 240,000 records in the Department for Libraries and Archives annually. The Department for Libraries and Archives has authorized the Personnel Cabinet to maintain all of its employment and employee records in electronic media format.

4. The conversion of 298 written tests to the Qualifying selection methodology has resulted in streamlining the placement of approximately 5,000 state employees on registers annually. Registers for quick fill (critical need) positions, such as Correctional Officers, Licensed Practical Nurses, Patient Aides, Family Support Specialists, Social Service Workers, etc. are now filled in two days.
Staffing Services

5. A special EMPOWER multi-agency task force was assembled to evaluate the P-1 process (the submitting of personnel actions from agencies to the central Personnel Cabinet). This task force identified 16 improvements or changes that needed to be made, including, among others, the electronic matching of registers with P-1’s so that only those P-1’s that did not match registers would be flagged and hand-processed. The electronic matching of registers with P-1’s will eliminate the hand-processing of approximately 11,000 personnel actions per year and allow valuable resources to be used more productively.

6. The Division of Staffing Services has completed the initial design of a new online application and questionnaire system and an automated testing system. Contracts to implement these new systems are in the negotiation state with vendors. These new systems are expected to be implemented in 12 to 24 months.
1. Statewide listing of merit entry-level and promotional jobs on the Internet.
2. Same-day placement of Qualifying applicants on merit registers.
3. The relocation of employees in new positions whose jobs were eliminated due to technology improvements.
4. The implementation of a statewide outreach recruiting program for difficult-to-fill positions.
5. The elimination of merit tests for internal mobility candidates.
6. On-line access to registers and applications in agencies (view and print).
7. On-line access to class specifications and testing information on the Personnel Cabinet’s web site.
8. On-line access to the application form and ability to submit applications electronically.
9. On-line access to the Position Description form, complete and submit electronically.
10. The imaging of applications upon submission, and immediate availability of those applications to Personnel Cabinet and agency personnel officers.
11. Development and installation of an on-line test approval system.
12. Design and implementation of an on-line testing system, eliminating paper tests.
13. Streamline workflow by conversion of current employee documents from fiche to imaged records and place same on-line for immediate access by the Personnel Cabinet and agencies.
15. Development and installation of an on-line test development and statistical feedback system.
16. Streamline workflow by initiating P-1 electronically at the lowest level within agencies, and standardizing supporting documents and approval paths.
17. Conduct detailed evaluations of the current P-1 system and design/implement a new workflow system that will streamline the P-1 submission process.
18. Initiate best practices by converting some Written Tests to T & E and Qualifying selection methods.
19. Streamline the register process by placing names on register the same day of testing.
20. Enhance testing process by automating the test review system.
21. Establish consistent policy on external advertisements to coordinate and coincide with Internet job listings/postings.
<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>APPLICANT PROCESSING</th>
<th>COUNSELING</th>
<th>REGISTER</th>
<th>STAFFING ANALYSIS</th>
<th>DIRECTOR'S OFFICE</th>
<th>99-00 TOTAL</th>
<th>99-99 TOTAL</th>
<th>% CHANGE</th>
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<tbody>
<tr>
<td>Service Requests - Phone Calls, E-mails, Web Requests, Walk-ins, U.S. Mail, Faxes</td>
<td>47,857</td>
<td>79,569</td>
<td>58,487</td>
<td>14,006</td>
<td>31,200</td>
<td>231,119</td>
<td>134,854</td>
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<td>Applications Issued to Agencies</td>
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<td>Internal Mobilities Processed and Placed on Registers</td>
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<td>23,622</td>
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<td>T &amp; E Scores/Reviews</td>
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<td>3,900</td>
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<td>Educational Verifications</td>
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<td>92</td>
<td>0</td>
<td>3,937</td>
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<td>Selections Methods Determined</td>
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<td>0</td>
<td>332</td>
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<td>Quails Placed on Registers</td>
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<td>5,324</td>
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<td>0</td>
<td>733</td>
<td>570</td>
<td>28.6%</td>
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**APPROXIMATE OVERALL INCREASE**

|                      | 1,221,152 | 998,375 | 23.60% |

Attachment B
Performance Management

Office of Performance Management

- Developed and recommended legislation (House Bill 763) for a new employee performance evaluation system during the 2000 session of the General Assembly. This legislation was passed creating a new statewide employee evaluation system for all classified employees with status. The system includes rewards for employees who receive either of the two highest ratings in the system and allows the Personnel Cabinet to develop administrative regulations to cover the details of the system. The new system will go into effect throughout state government on January 1, 2001.

- Provided performance management training and informational seminars to approximately 700 supervisors, managers and employees throughout state government.

- 89.8% of eligible employees statewide were timely reported as rated for the Mid-Year 1999 performance period.

- 87.3% of eligible employees statewide were timely reported as rated for the Year End 1999 performance period.
Employee Facts

ANNUAL REPORT FY 99-00

PERSONNEL CABINET

EMPLOYEE FACTS
(AS OF JUNE 30, 2000)

Executive Branch ......................................................... 39,297
Legislative Branch ...................................................... 443
Judicial Branch .............................................................. 3,220

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

48.98% are female

7.81% are minority

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

Earns $32,889 per year salary

 Receives $7,813.80 in benefits

8.03% Employer-paid retirement $2,640.99
7.65% Employer-paid FICA $2,516.01
12 x $219.00 Health Insurance $2,628.00
12 x $2.40 Life Insurance $28.80
Employee Facts

Employee Status Summary as of June 30, 2000

Executive Branch

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<thead>
<tr>
<th></th>
<th>Stat Full</th>
<th>Stat Part</th>
<th>All Interim</th>
<th>Temporary Full</th>
<th>Temporary Part</th>
<th>Seasonal Full</th>
<th>Seasonal Part</th>
<th>All FFTL</th>
<th>TOTAL</th>
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<tr>
<td></td>
<td>35,963</td>
<td>960</td>
<td>2,239</td>
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<td>65</td>
<td>68</td>
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Legislative Branch

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<th>All Interim</th>
<th>Temporary Full</th>
<th>Temporary Part</th>
<th>Seasonal Full</th>
<th>Seasonal Part</th>
<th>All FFTL</th>
<th>TOTAL</th>
</tr>
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Judicial Branch

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<th>All Interim</th>
<th>Temporary Full</th>
<th>Temporary Part</th>
<th>Seasonal Full</th>
<th>Seasonal Part</th>
<th>All FFTL</th>
<th>TOTAL</th>
</tr>
</thead>
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% of Employment by Race and Sex
As of June 30, 2000

Executive Branch, Permanent Full-Time

- Males: 51.02%
- Females: 48.98%
- Whites: 92.19%
- Minorities: 7.81%
Average Annual Salary $32,889
Executive Branch, Permanent Full-Time
As of June 30, 2000

Benefits Received
- $2,640.99
- $2,516.01
- $28.80
- $2,628.00
- $7,813.80

- Total Benefits Received
- 8.03% Employer-Paid Retirement
- 7.65% Employer-Paid FICA
- Health Insurance (219 x 12 months)
- Life Insurance (2.40 x 12 months)
Total Payroll Dollar Disbursement
Executive Branch*

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