

1 PERSONNEL CABINET
2 (Amendment)
3 101 KAR 2:034. Classified compensation administrative regulations.
4 RELATES TO: KRS 18A.030(2), 18A.110, 18A.165, 29 U.S.C. sec. 201, et seq.
5 STATUTORY AUTHORITY: KRS 18A.110(1)(c), (d), (g), (7)
6 NECESSITY, FUNCTION, AND CONFORMITY: KRS 18A.110 requires the Secretary of
7 Personnel to promulgate administrative regulations which govern the pay plan for all
8 employees in the classified service. This administrative regulation establishes
9 requirements to assure uniformity and equity in administration of the pay plan in
10 accordance with statutory requirements.
11 Section 1. New Appointments.
12 (1) An appointing authority shall appoint a new employee at a salary not to exceed the
13 midpoint of the pay grade.
14 (2) The appointing authority shall adjust to that salary an employee who is not on initial
15 or promotional probation and is earning less than the new appointee's salary, if the
16 appointing authority determines that the incumbent employee:
17 (a) Is in the same job classification;
18 (b) Is in the same department or office;
19 (c) Is in the same work county; and
20 (d) Has a similar combination of education and experience relating to the relevant job
21 class specification.

1 (3) The appointing authority shall adjust to five (5) percent above that salary an
2 employee who is not on initial or promotional probation and whose salary is the same or
3 less than five (5) percent above the appointment salary assigned to the new employee,
4 if the appointing authority determines that the incumbent employee:

5 (a) Is in the same job classification;

6 (b) Is in the same department or office;

7 (c) Is in the same work county; and

8 (d) Has a similar combination of education and experience relating to the relevant job
9 class specification [If sufficient funds are available, the appointing authority may identify
10 each incumbent employee affected by subsection (2) of this section whose salary is less
11 than five (5) percent above the appointment salary assigned to the new employee. The
12 appointing authority may adjust all affected incumbent employees' salaries to five (5)
13 percent above the new appointee's salary].

14 Section 2. Reentrance to Classified Service.

15 (1) Returning retirees. An employee who was formerly employed under KRS Chapter
16 18A and who is appointed to a position covered by the provisions of KRS Chapter 18A
17 while receiving retirement payments through the Kentucky Public Pensions Authority or
18 Kentucky Teachers Retirement System shall be appointed in accordance with the
19 provisions for new appointments in this administrative regulation.

20 (2) Other reentering employees.

21 (a) Former classified employees. An appointing authority shall set the salary of a former
22 classified employee, other than a returning retiree, who is being reemployed, reinstated
23 after a break in continuous employment in the classified service, or probationarily

1 appointed in one (1) of the following ways:

2 1. ~~[a.]~~ In accordance with the standards used for making new appointments in this
3 administrative regulation;

4 ~~2.[b.]~~ Up to the same hourly rate[salary] as that paid at the time of separation from the
5 classified service, if that hourly rate[salary] does not exceed the midpoint hourly
6 rate[salary] plus the difference, in dollars, between the job class entry level hourly
7 rate[salary] and the pay grade midpoint hourly rate[salary]; or

8 ~~3.[c.]~~ The same hourly rate[salary] as that paid at the time of separation from the
9 classified service if the employee is returning to the same pay grade or same job
10 classification held at the time of separation from the classified service.

11 ~~[2. If sufficient funds are available, the appointing authority may identify each incumbent~~
12 ~~employee affected by Section 1(2) of this administrative regulation who is not on initial~~
13 ~~or promotional probation at the time the salary adjustment becomes effective. For all~~
14 ~~affected incumbent employees whose salary is less than five (5) percent above the~~
15 ~~appointment salary assigned to the new employee, the appointing authority may adjust~~
16 ~~all affected incumbent employees' salaries to five (5) percent above the new appointee's~~
17 ~~salary on that same effective date. An adjustment made pursuant to this subparagraph~~
18 ~~shall not exceed the midpoint salary plus the difference, in dollars, between the job~~
19 ~~class entry level salary and the pay grade midpoint salary.]~~

20 (b) Former unclassified employees with prior classified service. An appointing authority
21 shall set the salary of a former classified employee who moved to the unclassified
22 service and who is reinstated, reemployed, or probationarily appointed to a position in
23 the classified service in one (1) of the following ways:

- 1 1. ~~[a-]~~ In accordance with the standards for making new appointments;
- 2 2. ~~[b-]~~ Up to the same hourly rate[salary] as that paid at the time of separation from the
- 3 classified service, if that hourly rate[salary] does not exceed the pay grade midpoint
- 4 hourly rate[salary] plus the difference, in dollars, between the job class entry level hourly
- 5 rate[salary] and the pay grade midpoint hourly rate[salary];
- 6 3. ~~[c-]~~ At an hourly rate[a-salary] that is the same as the hourly rate[salary] the employee
- 7 last received in the classified service with adjustments for increases that would have
- 8 been received if the employee had remained in the classified service prior to resignation
- 9 if the hourly rate[salary] does not exceed the pay grade midpoint hourly rate[salary] plus
- 10 the difference, in dollars, between the job class entry level hourly rate[salary] and the
- 11 pay grade midpoint hourly rate[salary]; or
- 12 4. ~~[d-]~~ At a salary up to five (5) percent above the pay grade entry level wage for each
- 13 year of service in the KRS Chapter 18A system, if the salary does not exceed the pay
- 14 grade midpoint salary plus the difference, in dollars, between the job class entry level
- 15 salary and the pay grade midpoint salary. Salary shall be calculated using whole
- 16 percentages.
- 17 ~~[2. If sufficient funds are available, the appointing authority may identify each incumbent~~
- 18 ~~employee affected by Section 1(2) of this administrative regulation who is not on initial~~
- 19 ~~or promotional probation at the time the salary adjustment becomes effective. For all~~
- 20 ~~affected incumbent employees whose salary is less than five (5) percent above the~~
- 21 ~~appointment salary assigned to the new employee, the appointing authority may adjust~~
- 22 ~~all affected incumbent employees' salaries to five (5) percent above the new appointee's~~
- 23 ~~salary on that same effective date. An adjustment made pursuant to this subparagraph~~

1 ~~shall not exceed the midpoint salary plus the difference, in dollars, between the job~~
2 ~~class entry level salary and the pay grade midpoint salary.]~~

3 (c) Former unclassified employees with no previous classified service. An appointing
4 authority shall set the salary of a former unclassified employee with no previous
5 classified service, who is probationarily appointed or reemployed, in one (1) of the
6 following ways:

7 1. ~~[a-]~~ In accordance with the standards for making new appointments; or

8 2.~~[b-]~~ At a salary up to five (5) percent above the minimum salary for each year of
9 service in the unclassified service, if the salary does not exceed the pay grade midpoint
10 salary plus the difference, in dollars, between the job class entry level salary and the
11 pay grade midpoint salary. Salary shall be calculated using whole percentages.

12 ~~[2. If sufficient funds are available, the appointing authority may identify each incumbent~~
13 ~~employee affected by Section 1(2) of this administrative regulation who is not on initial~~
14 ~~or promotional probation at the time the salary adjustment becomes effective. For all~~
15 ~~affected incumbent employees whose salary is less than five (5) percent above the~~
16 ~~appointment salary assigned to the new employee, the appointing authority may adjust~~
17 ~~all affected incumbent employees' salaries to five (5) percent above the new appointee's~~
18 ~~salary on that same effective date. An adjustment made pursuant to this subparagraph~~
19 ~~shall not exceed the midpoint salary plus the difference, in dollars, between the job~~
20 ~~class entry level salary and the pay grade midpoint salary.]~~

21 (d) Laid off employees. A former employee, separated from the classified service by
22 layoff and reinstated or reemployed in the same ~~[or similar]~~ job classification within two
23 (2) ~~[five (5)]~~ years from the date of layoff, may receive the salary the employee was

1 receiving at the time of layoff, even if the salary is above the maximum of the pay grade.

2 (3) Probationary increments upon reentrance to state service. A former employee who
3 is probationarily appointed at a salary at or below the midpoint of the pay grade shall
4 receive a probationary increment upon successful completion of the probationary
5 period.

6 Section 3. Salary Adjustments.

7 (1) Promotion.

8 (a) An employee who is promoted shall receive the greater of five (5) percent for each
9 grade, or an increase to the minimum of the new grade except as provided under
10 subsections (2)(b), (3)(b), and (4)(b) of this section; or

11 (b) If sufficient funds are available, an appointing authority may adjust the employee's
12 salary up to the midpoint of the pay grade if the increase is greater than the increase
13 specified in paragraph (a) of this subsection.

14 (2) Demotion.

15 (a) If an employee is demoted, ~~[the appointing authority shall determine]~~ the salary shall
16 be determined in one (1) of the following ways:

17 1. The employee's salary shall be reduced by five (5) percent for each grade the
18 employee is reduced; or

19 2. If requested in writing by the appointing authority and approved by the secretary, the
20 employee shall retain the salary received prior to demotion. If approved by the
21 secretary, the written request and notice of approval shall be placed in the employee's
22 agency and Personnel Cabinet files maintained in accordance with KRS 18A.020(2)(a)

23 ~~[If the employee's salary is not reduced upon demotion, the appointing authority shall~~

1 ~~explain the reason in writing and place the explanation in the employee's personnel~~
2 ~~files].~~

3 (b) An employee whose salary is not reduced by five (5) percent per grade upon
4 demotion shall not be eligible for a salary increase upon promotion, reclassification,
5 detail to special duty, reallocation, pay grade change, or successful completion of
6 promotional probation until the employee is moved to a job classification with a higher
7 pay grade than that from which he or she was demoted. If a promotion, reclassification,
8 detail to special duty, reallocation, or pay grade change occurs, it shall be deemed as
9 having been made from the grade from which the employee had been demoted.

10 (c) Upon the salary schedule adjustment of an entry level wage of a pay grade, if an
11 employee demoted to a lower pay grade, retained his or her salary, and was
12 subsequently promoted and on promotional probation on the effective date of the new
13 salary schedule, if the employee's salary is less than five (5) percent above the new
14 entry level salary of the pay grade assigned to that employee on the effective date, the
15 Personnel Cabinet shall adjust that employee's salary to five (5) percent above the new
16 entry level wage.

17 (3) Reclassification.

18 (a) An appointing authority shall adjust the salary of an employee who is advanced to a
19 higher pay grade through reclassification in one (1) of the following ways:

- 20 1. The greater of five (5) percent for each grade or the new grade minimum except as
21 provided under subsections (2)(b) and (4)(b) of this section, and paragraph (b) of this
22 subsection; or
- 23 2. If sufficient funds are available, up to the midpoint of the pay grade if the increase is

1 greater than the increase specified in subparagraph 1. of this paragraph.

2 (b) An employee who is placed in a lower pay grade through reclassification shall
3 receive the same salary received prior to reclassification, but shall not be eligible for a
4 salary increase upon promotion, reclassification, detail to special duty, reallocation, pay
5 grade change, or successful completion of promotional probation until the employee is
6 moved to a job classification with a higher pay grade than that from which he or she was
7 reclassified. If a promotion, reclassification, detail to special duty, reallocation, or pay
8 grade change occurs, it shall be deemed as having been made from the grade from
9 which the employee had been reclassified.

10 (c) If sufficient funds are available, an appointing authority may adjust up to the midpoint
11 of the pay grade the salary of an employee who is placed in the same pay grade
12 through reclassification.

13 (d) An employee shall not be reclassified from a job classification that does not require
14 the supervision of employees to a job classification that requires the supervision of
15 employees as mandated within the job class specification.

16 (4) Reallocation.

17 (a) An employee who is advanced to a higher pay grade through reallocation shall
18 receive the greater of five (5) percent for each grade or the new grade minimum except
19 as provided under subsections (2)(b) and (3)(b) of this section, and paragraph (b) of this
20 subsection.

21 (b) An employee who is placed in a lower pay grade through reallocation shall receive
22 the same salary received prior to reallocation, but shall not be eligible for a salary
23 increase upon promotion, reclassification, detail to special duty, reallocation, pay grade

1 change, or successful completion of promotional probation until he or she is moved to a
2 job classification with a higher pay grade than that from which he or she was
3 reallocated. If a promotion, reclassification, detail to special duty, reallocation, or pay
4 grade change occurs, it shall be deemed as having been made from the grade from
5 which the employee had been reallocated.

6 (5) Detail to special duty.

7 (a) An employee who is approved for detail to special duty shall receive, during the
8 period of detail, the greater of five (5) percent for each grade or the new grade minimum
9 except as provided under subsections (2)(b), (3)(b), and (4)(b) of this section.

10 (b) If sufficient funds are available, an appointing authority may adjust the salary of an
11 employee who is placed in the same pay grade or higher pay grade through detail to
12 special duty, up to the midpoint of the pay grade, if the increase is greater than the
13 increase specified in paragraph (a) of this subsection.

14 (c) An employee who is approved for detail to the same or lower pay grade shall receive
15 the same salary received prior to detail except as provided under paragraph (b) of this
16 subsection.

17 (6) Reversion.

18 (a) The salary of an employee who is reverted while serving a promotional probationary
19 period, or following detail to special duty in a higher pay grade, shall be adjusted to:

- 20 1. The salary received prior to the promotion or detail; and
- 21 2. All salary advancements and adjustments which would have been awarded if the
22 promotion or detail had not occurred.

23 (b) The salary of an employee who is reverted from a position in the unclassified service

1 to a position in the classified service shall be adjusted to:

2 1. The salary received prior to leaving the classified service; and

3 2. All salary advancements and adjustments which would have been awarded if the

4 individual had remained in the classified service.

5 (c) The increment date of an employee who is reverted from a position in the

6 unclassified service to a position in the classified service shall be restored to the

7 increment date set prior to leaving the classified service.

8 (7) Pay grade changes.

9 (a) If a job classification is assigned to a higher pay grade, except as provided under

10 subsections (2)(b), (3)(b), and (4)(b) of this section, the appointing authority shall raise

11 the salary of an employee below the new grade minimum to the new grade minimum. If

12 sufficient funds are available, an appointing authority may uniformly adjust the salary of

13 all employees in that agency in that job classification to:

14 1. The greater of the new grade minimum or five (5) percent per pay grade;

15 2. The greater of the new grade minimum or ten (10) percent per pay grade; or

16 3. At a percentage determined by the Personnel Cabinet.

17 (b) If a job classification is assigned to a lower pay grade, an employee in that job

18 classification shall retain his or her current salary.

19 (8) Special entrance rates. If a special entrance rate is established for a job

20 classification, an appointing authority shall adjust the salary of an employee in that job

21 classification who is below the special entrance rate to the new rate. If sufficient funds

22 are available, on the same date as the establishment of the special entrance rate, an

23 appointing authority may uniformly grant to all employees in that job classification,

1 except those employees who are on initial probation, a salary adjustment equal to the
2 difference between the entrance of the pay grade and the new entrance rate.

3 (9) Other salary adjustments.

4 (a) On the 16th of a month, an appointing authority may grant a salary adjustment to all
5 employees in a job classification within an agency who were eligible for, but did not
6 receive, a five (5) percent per pay grade increase or ten (10) percent per pay grade
7 increase as a result of a grade change applicable to the job classification, on or after
8 January 1, 1999. The total adjustment granted at the time of the grade change and
9 under this paragraph shall equal a five (5) percent per pay grade increase or ten (10)
10 percent per pay grade increase to the employee's salary immediately prior to the grade
11 change. The adjustment shall not be retroactive.

12 (b) If sufficient funds are available, an appointing authority may adjust the salary of one
13 (1) or more employees with status in an office or department due to internal pay equity
14 issues within a job classification or sustained retention issues impacting the mission of
15 the agency.

16 1. The appointing authority shall substantiate in writing to the secretary the need for
17 adjustment and include the proposed adjustment for each employee.

18 2.

19 a. An adjustment shall be any amount that does not cause an employee's hourly rate to
20 exceed the midpoint of the pay grade; or

21 b. An adjustment that causes an employee's hourly rate to exceed the midpoint of the
22 pay grade shall not exceed twenty-five (25) percent of the employee's hourly pay rate.

23 (10) Conversion rule. The salary of an employee whose position changes from a thirty-

1 seven and one-half (37.5) hour workweek to a forty (40) hour workweek, or vice versa,
2 shall be converted to accurately reflect the employee's hourly rate of base pay. This
3 conversion shall be applied before applying any other salary adjustment to which the
4 employee is entitled pursuant to this section.

5 Section 4. Salary Advancements.

6 (1) Initial probation increase. A full-time or part-time employee who completes an initial
7 probationary period shall be granted a five (5) percent salary advancement on the first
8 of the month following completion of the probationary period.

9 (2) Promotional probation increase. An employee shall receive a five (5) percent salary
10 advancement on the first of the month following completion of the promotional
11 probationary period except as provided under Sections 3(2)(b), 3(3)(b), and 3(4)(b) of
12 this administrative regulation.

13 (3) An employee who separates prior to the first of the month following completion of a
14 probationary period shall forfeit the five (5) percent salary advancement.

15 (4) Annual increment dates shall be established as follows:

16 (a) Upon completion of an initial probationary period;

17 (b) When a former employee has been probationarily appointed and has received
18 compensation in any twelve (12) months without receiving an increment; or

19 (c) When an employee returns from leave without pay under the provisions of
20 subsection (6) of this section.

21 (5) Annual increment dates shall not change if an employee:

22 (a) Is in a position which is assigned a new or different pay grade;

23 (b) Receives a salary adjustment as a result of a reallocation;

- 1 (c) Is promoted;
- 2 (d) Is transferred;
- 3 (e) Is demoted;
- 4 (f) Is detailed to special duty;
- 5 (g) Receives an educational achievement award;
- 6 (h) Returns from military leave;
- 7 (i) Is reclassified;
- 8 (j) Receives a promotional increase after completion of a promotional probationary
- 9 period; or
- 10 (k) Is reemployed after layoff.
- 11 (6) Return from leave without pay. An employee returning to duty from leave without pay
- 12 shall receive an annual increment on the first of the month after receiving compensation
- 13 in any twelve (12) months since the last increment was received.
- 14 (7) Service computation. Full-time and part-time service shall be counted in computing
- 15 service for the purpose of determining increment eligibility.
- 16 (8) Order of calculating increments and other salary increases which occur at the same
- 17 time. If an employee's increment date occurs on the same date that a salary adjustment
- 18 or advancement is granted, the increment shall be applied before the adjustment or
- 19 advancement is added to the employee's salary, except if the adjustment is based on a
- 20 reversion, pay grade change, a salary schedule change, or establishment of a special
- 21 entrance rate.
- 22 Section 5. Educational Achievement Award.
- 23 (1) On the 16th of a month, an appointing authority may grant a five (5) percent increase

1 to an employee's base salary based on educational achievement as specified in this
2 section.

3 (2) An agency may elect not to participate in the educational achievement program if
4 sufficient funds are not available.

5 (3) An employee shall not receive more than one (1) educational achievement award in
6 a fiscal year.

7 (4) An employee shall not receive an educational achievement award and an
8 adjustment for continuing excellence (ACE) based on the same training.

9 (5) By submitting a personnel action to grant an educational achievement award, the
10 appointing authority shall certify that all of the qualifying conditions established by this
11 section for the appropriate type of educational achievement award have been met.

12 (a) For a high school diploma, high school equivalency certificate, or a passing score on
13 the GED test, the qualifying conditions shall be met if:

14 1. The employee has obtained the high school diploma, equivalency certificate, or
15 passing score on the GED test:

16 a. Outside of work hours;

17 b. While in state service; and

18 c. After establishing an increment date;

19 2. The employee has not previously attained a high school diploma, equivalency
20 certificate, or passing score on the GED test; and

21 3. The employee has not completed college coursework on the undergraduate or
22 graduate level prior to obtaining the high school diploma, equivalency certificate, or a
23 passing score on the GED test.

- 1 (b) For postsecondary education or training, the qualifying conditions shall be met if:
- 2 1. The employee has completed 260 hours of job-related instruction, or the equivalent;
 - 3 2. The employee began the course work after becoming a state employee and
 - 4 completed the course work after establishing an increment date;
 - 5 3. The employee has completed the course work within five (5) years of the date on
 - 6 which it was begun;
 - 7 4. The course work has not previously been applied toward an educational achievement
 - 8 award;
 - 9 5. The agency has not paid for the course work or costs associated with it, in whole or in
 - 10 part; and
 - 11 6. The employee was not on educational or extended sick leave when the courses were
 - 12 taken.

13 Section 6. Salary Schedule Adjustment.

- 14 (1) If the secretary authorizes an adjustment of a salary schedule, an appointing
- 15 authority shall adjust the salaries of all employees below the new schedule entry level
- 16 wage for the pay grade to the new schedule entry level wage for the pay grade. If
- 17 sufficient funds are available, the secretary may authorize an appointing authority to
- 18 grant a salary increase for all employees equal to the difference in the old schedule
- 19 entry level wage for the grade and the new schedule entry level wage for the grade.
- 20 (2) After consultation with the state budget director, if sufficient funds are available, and
- 21 the Secretary of Personnel determines that an increase in the entry level wage of one
- 22 (1) or more pay grades is warranted, the Personnel Cabinet shall identify each currently
- 23 active employee in the pay grade(s), other than an interim employee, who is not on

1 initial or promotional probation at the time the revised salary schedule becomes
2 effective. For an employee whose salary is less than five (5) percent above the new
3 entry level wage of the pay grade assigned to that employee on the effective date, the
4 Personnel Cabinet shall adjust that employee's salary to five (5) percent above the new
5 entry level wage.

6 Section 7. Paid Overtime.

7 (1) Overtime for which pay is authorized shall be in accordance with 101 KAR 2:102,
8 Section 5, and the Fair Labor Standards Act, 29 U.S.C. Section 201, et seq., as
9 amended.

10 (2) Eligibility for overtime pay shall be approved by the appointing authority, and shall be
11 subject to review by the Secretary of Personnel.

12 (3) An employee who is eligible for overtime shall request permission from or be
13 directed in advance by the supervisor to work overtime.

14 (4) An overtime payment shall not be added to base salary or wages.

15 Section 8. Maintenance and Maintenance Allowance. If an employee, or the employee
16 and family, is provided with full or partial maintenance, consisting of one (1) or more
17 meals per day, lodging or living quarters, and domestic or other personal services, the
18 maintenance shall be treated as partial payment of wages. The value of those services
19 shall be deducted from the employee's salary in accordance with a maintenance
20 schedule developed by the appropriate appointing authority after consultation with the
21 Secretary of the Finance and Administration Cabinet.

22 Section 9. Supplemental Premiums.

23 (1) Locality premium.

1 (a)

2 1. Upon request by an appointing authority, the secretary may authorize and establish
3 the amount of the payment of a locality premium for an employee who is regularly,
4 temporarily, or intermittently assigned to work in a job classification, work county, and
5 organizational unit if the agency can demonstrate sustained recruitment and retention
6 issues impacting the mission of the agency; or

7 2. The secretary may direct the payment of a locality premium for an employee who is
8 regularly, temporarily, or intermittently assigned to work in a job classification, work
9 county, and organizational unit if there are demonstrated sustained recruitment and
10 retention issues impacting the mission of the agency.

11 (b) Once authorized or directed, this premium shall apply to all employees in that
12 organizational unit who are regularly or temporarily assigned to work in the job
13 classification and work county for which the locality premium is approved.

14 (c) An employee shall not receive a locality premium after transfer, reclassification,
15 reallocation, detail to special duty, promotion or demotion to a position in a job
16 classification, organizational unit, or work county that is ineligible for a locality premium.

17 (d) The secretary may rescind authorization to pay a locality premium for a job
18 classification at any time.

19 (e) Locality premium pay shall not be considered a part of base pay or wages and shall
20 not be applied to any leave time usage.

21 (2) Shift premium.

22 (a) Upon request by an appointing authority, the secretary may authorize the payment
23 of a supplemental premium for an employee who is regularly assigned to work an

- 1 evening or night shift in that agency.
- 2 (b) Once authorized, this premium shall apply to all employees in that agency who are
3 regularly assigned to work an evening or night shift in a job classification for which the
4 shift premium is approved.
- 5 (c) An employee shall not receive a shift premium after shift reassignment, transfer,
6 promotion or demotion to a position that is ineligible for a shift differential premium.
- 7 (d) The secretary may rescind authorization to pay shift premium for a job classification
8 at any time.
- 9 (e) Shift differential pay shall not be considered a part of base pay or wages and shall
10 not be applied to any leave time usage.
- 11 (3) Weekend premium.
- 12 (a) Upon request by an appointing authority, the secretary may~~shall~~ authorize the
13 payment of a weekend premium for an employee in a specific job classification who is
14 regularly assigned to work on Saturdays, Sundays, or state holidays as part of the usual
15 work week.
- 16 (b) Once authorized, the premium shall apply to all employees in the specified job
17 classifications in that agency who are regularly assigned to work Saturdays, Sundays,
18 or state holidays as part of their usual work week.
- 19 (c) An employee shall not receive a weekend premium after reassignment, transfer,
20 promotion, or demotion to a position that is ineligible for weekend premium.
- 21 (d) The secretary may rescind authorization to pay weekend premium at any time.
- 22 (e) Weekend premium pay shall not be considered part of the employee's base salary or
23 wages and shall not be applied to any leave time usage.

- 1 (f) An agency may request, and be authorized for, both shift premium and weekend
2 premium for the same job classifications.
- 3 (4) Multilingual hourly premium.
- 4 (a) Upon request by an appointing authority, the secretary may authorize the payment
5 of a supplemental multilingual hourly premium for an employee who is assigned to
6 complete work duties in a specified foreign language. An employee completing work
7 duties in a specified foreign language shall receive a multilingual hourly premium based
8 on the percentage of time multilingual skills are performed. An employee in a job
9 classification that includes interpreting services as a characteristic of the job on the job
10 class specification shall not be eligible for this premium.
- 11 (b) Language proficiency testing shall be completed prior to an employee receiving the
12 multilingual hourly premium. Testing shall indicate a standard level of multilingual
13 proficiency as required by the appointing authority.
- 14 (c) An appointing authority shall submit the multilingual premium request to the
15 Personnel Cabinet in writing. The request shall contain, at a minimum:
- 16 1. An explanation of the reason or reasons for granting the multilingual premium;
17 2. The percentage of time the employee will use multilingual skills; and
18 3. Certification by the appointing authority that the employee has completed multilingual
19 testing and received a standard level of multilingual proficiency rating. This certification
20 shall include the name of the testing facility or organization, the format of the test taken
21 (oral, written, or a combination of oral and written), and the level of proficiency granted
22 in the request for the multilingual premium.
- 23 (d) Once authorized, the multilingual hourly premium shall apply to all employees in that

- 1 agency who are regularly assigned to complete work in a specified foreign language
2 once the employees are individually approved in accordance with this subsection.
- 3 (e) An employee shall not receive a multilingual hourly premium after reassignment,
4 reclassification, transfer, promotion, reallocation, or demotion to a position which no
5 longer requires work in a specified foreign language.
- 6 (f) An employee who ceases to perform work duties in a specified foreign language shall
7 not be eligible to receive a multilingual hourly premium.
- 8 (g) The secretary may rescind the multilingual hourly premium authorization provided to
9 an agency or individual employee at any time.
- 10 (h) The multilingual hourly premium shall not be considered a part of base pay or wages
11 and shall not be applied to any leave time usage.
- 12 (5) Critical position premium.
- 13 (a) Upon request by an appointing authority, the secretary may authorize the payment
14 of a premium for a position held by an employee who has established an annual
15 increment date and is regularly assigned to perform job duties that are deemed critical
16 to the operation of the agency.
- 17 (b) A critical position premium may be authorized for at least three (3)~~one (1)~~ full-time
18 filled positions~~position~~ in an office or department. The premium may be authorized for
19 additional full-time filled positions if the total number of premiums does not exceed one
20 (1) percent of the total number of full-time filled positions in an office or department.
- 21 (c) The premium shall not exceed twenty-five (25) percent of the employee's hourly rate.
- 22 (d) The critical position designation shall expire when the position becomes vacant.
- 23 (e) An employee shall not receive a critical position premium after transfer,

1 reclassification, reallocation, detail to special duty, promotion, or demotion to a position
2 in a different job classification, organizational unit, or work county, unless the appointing
3 authority submits a new request, for approval by the secretary, to designate the position
4 in the different job classification, organizational unit, or work county as critical prior to
5 the personnel action at issue.

6 (f) The appointing authority or the secretary may rescind authorization to pay a critical
7 position premium at any time.

8 (g) A critical position premium shall not be considered a part of base pay or wages and
9 shall not be applied to any leave time usage.

10 (6) Sign-on bonus.

11 (a) Upon written request by an appointing authority, the secretary may prospectively
12 authorize a sign-on bonus for full-time or part time classified positions if:

13 1. The positions are in the same job classification, work county, and department or
14 office if the appointing authority can substantiate sustained recruitment and retention
15 issues impacting the mission of the agency;

16 2. The total amount of the sign-on bonus is uniform and does not exceed \$5,000 for the
17 job classification; and

18 3. Eligibility for the sign-on bonus is limited to a probationarily appointed, rehired, or
19 reinstated employee who:

20 a. Has not been employed in a KRS Chapter 18A classified position within ninety (90)
21 calendar days preceding the effective date of appointment, rehire, or reinstatement;

22 b. Has not previously received any amount of sign-on bonus pursuant to this
23 subsection; and

- 1 c. Is working or on approved leave at the time payment is scheduled to be issued.
- 2 (b) Once a sign-on bonus is authorized by the secretary, an eligible employee shall
- 3 receive:
- 4 1. Twenty-five (25) percent of the total sign-on bonus on the first day of the month after
- 5 appointment, rehire, or reinstatement;
- 6 2. Twenty-five (25) percent of the total sign-on bonus on the first day of the month after
- 7 completion of six (6) months of active service in the position into which the employee
- 8 was appointed, rehired, or reinstated; and
- 9 3. Fifty (50) percent of the total sign-on bonus on the first day of the month after
- 10 completion of twelve (12) months of active service in the position into which the
- 11 employee was appointed, rehired, or reinstated.
- 12 (c) An employee shall not receive future payment of any portion of a sign-on bonus after
- 13 transfer, promotion, or demotion to a position in a job classification, department or
- 14 office, or work county other than the position into which the employee was appointed,
- 15 rehired, or reinstated.
- 16 (d) An employee who is detailed to special duty or whose position is reclassified or
- 17 reallocated shall remain eligible for future payment of the original sign-on bonus
- 18 amount.
- 19 (e) The secretary may rescind authorization to pay a sign-on bonus at any time prior to
- 20 the effective date of appointment, rehire, or reinstatement.
- 21 (f) A sign-on bonus shall not be considered a part of base pay or wages and shall not be
- 22 applied to any leave time usage.
- 23 Section 10. Employee Recognition Award (ERA).

- 1 (1) On the 16th day of a month, an appointing authority may grant an employee an ERA
2 in the form of a lump sum payment of any whole percentage from one (1) to ten (10)
3 percent of the grade midpoint under the following conditions:
- 4 (a) The employee has not received an ERA in the preceding twenty four (24) months,
5 nor an Adjustment for Continuing Excellence (ACE) award in the preceding twelve (12)
6 months; and
- 7 (b)
- 8 1. The appointing authority determines that the employee's acts or ideas have resulted
9 in significant financial savings or improvements in services to the Commonwealth and
10 its citizens;
- 11 2. The employee has exhibited distinguished performance during participation in special
12 projects that have had a significant beneficial impact on the department, office, or
13 governmental operations; or
- 14 3. The employee has demonstrated a sustained level of exceptional job performance.
- 15 (2) An employee shall not be eligible for an ERA under this section for an act or idea
16 that has been approved or submitted for consideration as an Employee Suggestion
17 System Award. An employee who has received an ERA shall not be eligible to be
18 considered for an Employee Suggestion System Award for those acts or ideas upon
19 which the ERA is based.
- 20 (3) The granting of an ERA shall be within the sole discretion of the appointing authority.
- 21 (4) If an appointing authority grants an ERA, the justification for the award shall be
22 stated in writing, and placed in the employee's personnel files.
- 23 (5) An appointing authority shall submit a written justification to the Personnel Cabinet to

1 award an ERA. The justification shall:

2 (a) Explain the reason or reasons for the granting of the award; and

3 (b) Include a certification by the appointing authority that:

4 1. Sufficient funds are available within the department or office; and

5 2. The criteria and limitations established in this section have been met.

6 Section 11. Adjustment for Continuing Excellence (ACE) Award.

7 (1) On the 16th day of a month, an appointing authority may grant a salary adjustment

8 of any whole percentage from one (1) to ten (10) percent of the grade midpoint of the

9 position in which the employee holds status to a full-time employee's base pay as an

10 ACE award under the following conditions:

11 (a) The employee has an established annual increment date;

12 (b) The employee has worked at least the immediately preceding twenty-four (24)

13 consecutive months in KRS Chapter 18A state service, twelve (12) consecutive months

14 of which shall have been served in the department or office granting the award;

15 (c) The employee has not received an ACE award in the preceding twenty-four (24)

16 months or an ERA in the preceding twelve (12) months; and

17 (d)

18 1. The employee has demonstrated a sustained level of exceptional job performance;

19 2. The employee has assumed a significant level of additional job responsibilities or

20 duties consistent with the assigned job classification, and has performed them in an

21 exceptional manner; or

22 3. The employee has acquired professional or technical skills or knowledge through

23 department or office directed or authorized attainment of a job related licensure,

1 certification, or formal training that will substantially improve job performance.

2 (2) An employee shall not be eligible for an ACE award under this section if:

3 (a) An educational achievement award has been granted for the same training; or

4 (b) The employee received either of the two (2) lowest possible evaluation ratings on
5 the most recent performance evaluation.

6 (3) The granting of an ACE award shall be within the sole discretion of the appointing
7 authority.

8 (4) An appointing authority shall submit a written justification to the Personnel Cabinet to
9 grant an ACE award. The justification shall:

10 (a) Explain the reason or reasons for the granting of the award; and

11 (b) Include a certification by the appointing authority that:

12 1. The criteria and limitations established in this section have been met; and

13 2. Sufficient funds are available within the department's or office's current recurring
14 base budget to support the award.

15 Section 12. Voluntary Actions. An employee request for transfer, demotion, or
16 promotion shall be documented on the Voluntary Transfer/Demotion/Promotion
17 Employee Agreement Form in Accordance with 101 KAR 1:335 and 101 KAR 1:400.

18 Section 13. Incorporation by Reference.

19 (1) "Voluntary Transfer/Demotion/Promotion Employee Agreement Form", November
20 2024 [~~September 2017~~], is incorporated by reference.

21 (2) This material may be inspected, copied, or obtained, subject to applicable copyright
22 law, at the Personnel Cabinet, 501 High Street, 3rd Floor, Frankfort, Kentucky 40601,
23 Monday through Friday, 8 a.m. to 4:30 p.m. The material incorporated by reference is

- 1 also available on the Personnel Cabinet's Web site at:
- 2 <https://personnel.ky.gov/Pages/mir.aspx>.

Mary Elizabeth Bailey

Mary Elizabeth Bailey, Secretary, Personnel Cabinet

12/13/2024

Date

PUBLIC HEARING AND PUBLIC COMMENT PERIOD: A public hearing on this administrative regulation shall be held on March 21, 2025, at 10:00 a.m. at 501 High Street, Frankfort, Kentucky 40601. Individuals interested in being heard at this hearing shall notify this agency in writing five (5) workdays prior to the hearing, of their intent to attend. If no notification of intent to attend the hearing is received by that date, the hearing may be cancelled. This hearing is open to the public. Any person who wishes to be heard will be given an opportunity to comment on the proposed administrative regulation. A transcript of the public hearing will not be made unless a written request for a transcript is made. If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted until 11:59 p.m. on March 31, 2025. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

Contact person: Rosemary Holbrook, Executive Director, Office of Legal Services, 501 High Street, 3rd floor, Frankfort, Kentucky 40601, phone: (502) 564-7430, fax: (502) 564-0224, email: RosemaryG.Holbrook@ky.gov.

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

101 KAR 2:034

Contact Person: Rosemary Holbrook

Phone: (502) 564-7430

Email: RosemaryG.Holbrook@ky.gov

(1) Provide a brief summary of:

(a) What this administrative regulation does: This regulation establishes requirements for administration of the pay plan for classified employees.

(b) The necessity of this administrative regulation: This administrative regulation is necessary to assure uniformity and equity in administration of the pay plan for classified employees.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 18A.110 requires the secretary to promulgate administrative regulations which govern the pay plan for all employees in the classified service.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This regulation ensures the consistent application and handling of classified compensation.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: Currently, when a new employee is appointed at a salary above the minimum for the job classification, the appointing authority has the option to adjust the salary of eligible incumbents making less than five percent above the new appointee's salary. The amendment makes the adjustment mandatory for eligible incumbents.

For demotions, the authority to allow retention of salary is changed from the appointing authority to the Personnel Cabinet Secretary. For a critical position premium, the number authorized increases from one to three in an office or department. The Voluntary Transfer/Demotion/Promotion Employee Agreement Form, incorporated by reference, is revised to eliminate language already included in statutes and regulations. Finally, minor changes are made to reentrance to classified service, weekend premium, and ACE award language to clarify existing provisions.

(b) The necessity of the amendment to this administrative regulation: It is anticipated that these amendments will address various salary compression

issues that sometimes result in the Executive Branch. These amendments further serve to clarify existing provisions. Lastly, the regulation is amended to permit agencies to apply the current critical position premium to three positions, as opposed to only one position.

(c) How the amendment conforms to the content of the authorizing statutes: KRS 18A.110 requires the secretary to promulgate administrative regulations which govern the pay plan for all employees in the classified service.

(d) How the amendment will assist in the effective administration of the statutes: These amendments will address various Executive Branch salary compression issues and will clarify existing provisions. The amendments also broaden application of the critical position premium.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: All KRS Chapter 18A employees in classified positions and their employing agencies are subject to the provisions of 101 KAR 2:034.

(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment: The amendments will require agencies to adjust incumbent employee salaries when regulatory requirements are satisfied. The amendments will also require agencies to submit requests for salary retention after demotion to the Personnel Cabinet Secretary for review/approval. Lastly, the regulation is amended to permit agencies to apply the current critical position premium to three positions, as opposed to only one position.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): Cost increases or decreases would be determined based on the requested action.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): It is anticipated that the amendments will help address salary compression that sometimes occurs at the agencies. Lastly, the regulation is amended to permit agencies to apply the current critical position premium to three positions, as opposed to only one position. It is also anticipated that these amendments will assist agencies by clarifying application of existing provisions.

(5) Provide an estimate of how much it will cost the administrative body to

implement this administrative regulation:

(a) Initially: This regulation, as amended, is not anticipated to generate any new or additional costs.

(b) On a continuing basis: This regulation, as amended, is not anticipated to generate any new or additional costs.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: Existing agency funds will be used for implementation and enforcement.

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: This regulation, as amended, is not anticipated to generate any new or additional fees or funding.

(8) State whether or not this administrative regulation established any fees or directly or indirectly increased any fees: This administrative regulation does not establish any new or additional fees.

(9) TIERING: Is tiering applied? No. This administrative regulation treats all impacted entities the same.

FISCAL IMPACT STATEMENT

101 KAR 2:034

Contact Person: Rosemary Holbrook

Phone: (502) 564-7430

Email: RosemaryG.Holbrook@ky.gov

(1) Identify each state statute, federal statute, or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 18A.110 requires the secretary to promulgate administrative regulations which govern the pay plan for all employees in the classified service.

(2) Identify the promulgating agency and any other affected state units, parts, or divisions: The Personnel Cabinet is the promulgating agency. All KRS Chapter 18A employees in classified positions and their employing agencies are subject to the provisions of 101 KAR 2:034.

(a) Estimate the following for the first year:

- Expenditures: These changes could have some future cost reduction actions. Others permit some cost increases but only if the agency's budget can accommodate these actions.
- Revenues: This administrative regulation does not generate revenue.
- Cost Savings: This administrative regulation itself will not result in cost savings.

(b) How will expenditures, revenues, or cost savings differ in subsequent years? These changes could have some future cost reduction actions. Others permit some cost increases but only if the agency's budget can accommodate these actions.

(3) Identify affected local entities (for example: cities, counties, fire departments, school districts): None

(a) Estimate the following for the first year:

- Expenditures: Not applicable
- Revenues: Not applicable
- Cost Savings: Not applicable

(b) How will expenditures, revenues, or cost savings differ in subsequent years? Not applicable

(4) Identify additional regulated entities not listed in questions (2) or (3): None

(a) Estimate the following for the first year:

- Expenditures: Not applicable
- Revenues: Not applicable
- Cost Savings: Not applicable

(b) How will expenditures, revenues, or cost savings differ in subsequent years? Not applicable

(5) Provide a narrative to explain the:

(a) Fiscal impact of this administrative regulation: This administrative regulation does not have a significant fiscal impact.

(b) Methodology and resources used to determine the fiscal impact: The provisions of this administrative regulation were reviewed, and a significant fiscal impact was not identified.

(6) Explain:

(a) Whether this administrative regulation will have an overall negative or adverse major economic impact to the entities identified in questions (2) - (4). (\$500,000 or more, in aggregate) An overall negative or adverse major economic impact is not anticipated.

(b) The methodology and resources used to reach this conclusion: The provisions of the administrative regulation were reviewed, and a significant fiscal impact was not identified.

SUMMARY OF MATERIAL INCORPORATED BY REFERENCE

The Voluntary Transfer/Demotion/Promotion Employee Agreement Form, November 2024, is a one-page form used to document voluntary transfer, demotion, and promotion actions for classified employees. The form is required by Personnel Board administrative regulations, 101 KAR 1:335 and 101 KAR 1:400.

The amendment to the form includes deletion of the old Section A, re-lettering of the two sections being retained, and deletion of old Section B language pertaining to demotions with salary retention.

Voluntary Transfer/Demotion/Promotion Employee Agreement Form

The agency Human Resources office will complete *Section A[B]* for employee review. The employee will review *Section A[C]* and sign *within Section B* to indicate agreement.

Section A: Description of Actions

VOLUNTARY TRANSFER: A willing movement of any employee from one (1) position to another of the same grade having the same salary ranges, level of responsibility within the classified service, and salary received immediately prior to transfer. An increase or decrease in hours worked per week after the transfer will alter the employee's monthly salary.

VOLUNTARY DEMOTION: A willing change in the rank of an employee from a position in one (1) job classification to a position in another job classification having a lower minimum salary range and less discretion or responsibility. Pursuant to 101 KAR 2:034, Section 3 (2)(a), if an employee is demoted, the appointing authority shall determine the salary in one (1) of the following ways: 1) the employee's salary shall be reduced by five (5) percent for each grade the employee is reduced; or 2) the employee shall retain the salary received prior to the demotion. If the employee's salary is not reduced upon demotion, the appointing authority shall explain the reason in writing and place the explanation in the employee's personnel file.

IMPORTANT NOTE: 101 KAR 2:034, Section 3(2)(b) further states that an employee whose salary is not reduced by five (5) percent per grade upon demotion shall not be eligible for a salary increase upon promotion, reclassification, detail to special duty, reallocation, pay grade change or successful completion of promotional probation until the employee has moved to a job classification with a higher pay grade than that from which he was demoted. If a promotion, reclassification, detail to special duty, reallocation or pay grade change occurs, it shall be deemed as having been made from the grade from which the employee had been demoted.

PROMOTION: A change in the rank of an employee from a position in one (1) job classification to a position in another job classification having a higher minimum salary or carrying a greater scope of discretion or responsibility. Pursuant to 101 KAR 2:034, Section 3 (1), an employee who is promoted shall receive five (5) percent for each grade, or an increase to the minimum of the new grade (whichever is greater) OR if sufficient funds are available, an appointing authority may adjust the employee's salary up to the midpoint of the pay grade as long as the increase is greater than five (5) percent for each grade or the minimum of the new grade except as provided under 101 KAR 2:034, Section 3(2)(b) as explained in the Voluntary Demotion "**IMPORTANT NOTE**" above.]

Section A[B]: Personnel Action and Position Details

Employee Name:		PERNR:		Effective Date:	
Type of Personnel Action:	<input type="checkbox"/> Voluntary Transfer <input type="checkbox"/> Voluntary Demotion				
	<input type="checkbox"/> Promotion <input type="checkbox"/> *Voluntary Demotion with Retention (justification required)				
*If Voluntary Demotion with Retention, please enter justification here: _____]					
	From:	To:		From:	To:
Position #:			Cabinet:		
Job Class:			Office:		
Grade & Salary:			Department:		
Increment Date:			Division:		
Work County:			Branch:		
Hours per Week:			Section:		
Retirement Text:			Unit:		
OT Designation:			FLSA Status:		

Section B[C]: Employee Agreement

As a classified employee, I have reviewed the position details provided above and understand the work location, pay grade, salary and weekly working hours. I do hereby accept the offer indicated above and waive the right to file a grievance or appeal concerning this personnel action. I will report to my new workstation on the provided effective date of the action.

Signature of Employee	Date	Signature of Appointing Authority or Designee (Receiving Agency)	Date
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Voluntary Transfer/Demotion/Promotion Employee Agreement Form

The agency Human Resources office will complete *Section A* for employee review. The employee will review *Section A* and sign within *Section B* to indicate agreement.

Section A: Personnel Action and Position Details					
Employee Name:				PERNR:	
Effective Date:					
Type of Personnel Action:		<input type="checkbox"/> Voluntary Transfer		<input type="checkbox"/> Voluntary Demotion	
				<input type="checkbox"/> Promotion	
		From:		To:	
Position #:				Cabinet:	
Job Class:				Office:	
Grade & Salary:				Department:	
Increment Date:				Division:	
Work County:				Branch:	
Hours per Week:				Section:	
Retirement Text:				Unit:	
OT Designation:				FLSA Status:	
Section B: Employee Agreement					
<p><i>As a classified employee, I have reviewed the position details provided above and understand the work location, pay grade, salary and weekly working hours. I do hereby accept the offer indicated above and waive the right to file a grievance or appeal concerning this personnel action. I will report to my new workstation on the provided effective date of the action.</i></p>					
Signature of Employee		Date		Signature of Appointing Authority or Designee (Receiving Agency)	



KENTUCKY PERSONNEL BOARD

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Andy Beshear
GOVERNOR

Gordon A. Rowe, Jr.
EXECUTIVE DIRECTOR

December 13, 2024

Hon. Rosemary Holbrook
Executive Director
Office of Legal Services
Personnel Cabinet
501 High Street, 3rd Floor
Frankfort, KY 40601

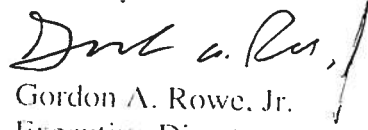
RE: Approval of proposed Personnel Cabinet regulations 101 KAR 2:102, Classified leave general requirements, 101 KAR 3.015, Leave requirements for unclassified service, 101 KAR 2.034, Classified compensation administrative regulations, and 101 KAR 3.045, Compensation plan and pay incentives for unclassified service.

Dear Ms. Holbrook:

In accordance with 18A.110(6), the Personnel Board reviewed the above proposed regulation presented by the Personnel Cabinet. The Board unanimously approved the changes as submitted during its December 13, 2024 Board Meeting.

If there are any questions regarding the Board's actions or if any additional information is needed, please contact me.

Sincerely,


Gordon A. Rowe, Jr.
Executive Director

GAR/gbm

TEAM
KENTUCKYTM

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