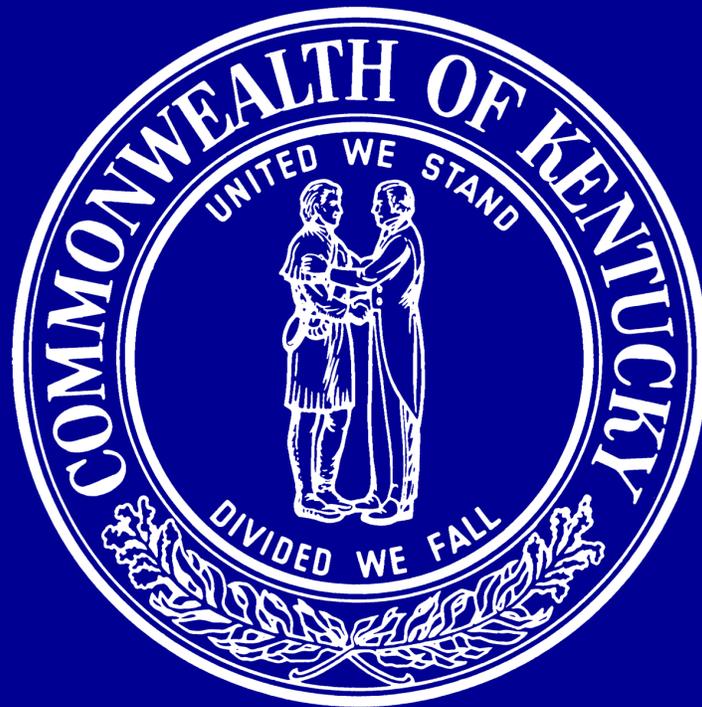


Kentucky Personnel Cabinet Annual Report



July 1, 2012 - June 30, 2013

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Kentucky

Personnel Cabinet

2012-2013

Annual Report

All information contained in this Report is as of June 30, 2013.



STEVEN L. BESHEAR
GOVERNOR

PERSONNEL CABINET

TIM LONGMEYER
SECRETARY

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Frankfort, Kentucky 40601
Phone (502) 564-7430
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Governor Steven L. Beshear
700 Capital Avenue
Frankfort, KY 40601

Legislative Research Commission
700 Capital Avenue
Frankfort, KY 40601

Personnel Board
28 Fountain Place
Frankfort, KY 40601

October 1, 2013

Dear Governor Beshear, Legislative Research Commission and Personnel Board:

The Personnel Cabinet has continued to meet and, in many instances, has surpassed the responsibilities set forth for the Cabinet in administering the state's personnel system. The following four excerpts highlight a few of the aforementioned successes:

Kentucky Employees' Health Plan Wellness Initiatives

In order to keep its members healthy, the Kentucky Employees' Health Plan conducted a Free Flu Shot Campaign which resulted in more than 21,000 members receiving flu vaccinations. In addition, as of the second quarter of 2013, there were more than 240,000 participants at the blue (starting) level of the HumanaVitality® program. As a result of its wellness initiatives, the Commonwealth of Kentucky was named the Healthiest Employer for 15,000 plus employees by Business First for Louisville-area companies.

Nationally Recognized Adoption Benefits

For the seventh year in a row, Kentucky state government is ranked among the Best Adoption-Friendly Workplaces in America. For 2012, The Dave Thomas Foundation for Adoption ranked Kentucky number one in the government industry category. Rankings for the Best Adoption-Friendly Workplaces are determined by an analysis of a company's adoption benefits available to employees, such as financial reimbursement and paid leave. The Foundation compiled the results from its annual survey of U.S. employers.

Kentucky Public Employees Deferred Compensation Authority

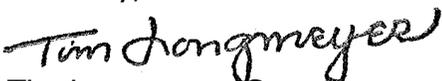
The Deferred Compensation Authority continues to provide an exceptional supplemental retirement benefits program to Kentucky public employees of state government agencies, public school systems, state universities and local government entities. Based on the most recent survey data available from the National Association of Government Defined Contribution Administrators (NAGDCA) for IRC Section 457 Plans, the Authority continues to rank 21st in the nation in terms of both 457 Plan assets and in terms of the number of participants and 9th with respect to the 401 (k) Plan. The Authority was awarded a 1st place 2013 Leadership Recognition Award by NAGDCA. This winning award is in recognition of the Authority's outstanding achievement in the technology and social media category for its introduction of an Authority Mobile Application for participants use, during calendar year 2012. This is the 16th time Kentucky has been recognized in the past 18 years for outstanding achievement in the overall administration of the Authority program. No other NAGDCA member has received this prestigious award as many times as the Commonwealth of Kentucky.

Employee Suggestion System

The Personnel Cabinet continues to encourage employees to find innovative ways to improve state government operations. During FY12-13, 25 employees submitted 397 suggestions. Awards for approved suggestions totaled \$9,584.20 and resulted in a first-year savings to the taxpayers of \$136,189.00.

Pursuant to KRS 18A.030 (2) (I), I respectfully submit the 2012-2013 Kentucky Personnel Cabinet Annual Report.

Sincerely,



Tim Longmeyer, Secretary
Personnel Cabinet

Kentucky

Personnel Cabinet

Serving the People Who Serve the People

Our Mission

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

Our Vision

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

Our Values

Integrity

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

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

Quality

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

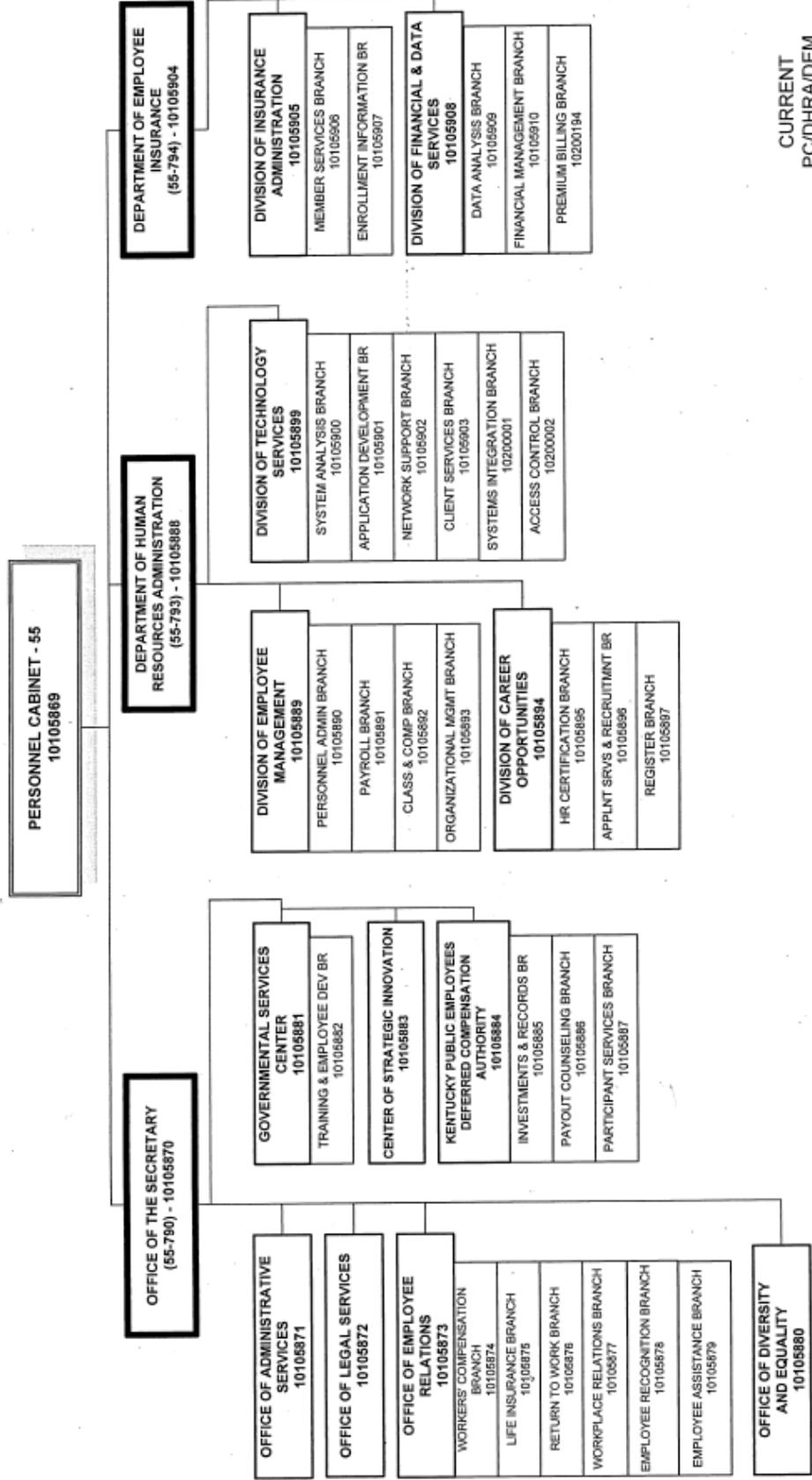
Innovation

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

Diversity

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

Personnel Cabinet - 55 Organizational Chart



CURRENT
PC/DHRA/DEM
As of 08/15/2013
Created on 06/28/2011

Office of the Secretary

The Office of the Secretary provides executive policy and management support to the departments, offices, and divisions of the Cabinet, promulgates administrative regulations, advises the Personnel Board on matters pertaining to the classified service, conducts investigations on all matters relating to personnel laws and rules, prepares budget estimates for support of the personnel system, provides personnel services to unclassified employees according to agency agreements, and provides for such other services as are enumerated in KRS 18A.030. Within the Office of the Secretary are the Center for Strategic Innovation, the Governmental Services Center, the Office of Administrative Services, the Office of Diversity and Equality, the Office of Employee Relations and the Office of Legal Services.

Center for Strategic Innovation



Services

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

The CSI communication and marketing team's goal is to develop communication strategies to promote the numerous programs and initiatives of the Personnel Cabinet. The team helps to develop the majority of electronic and print communications sent to all state employees on behalf of the Cabinet. This team also is responsible for the Cabinet's press releases, meeting notices, communication plans and public information.

Communications

- Developing and assisting with various communications including: press releases, media reports, letters, personnel memos, meeting notices, talking points, mass distribution emails, letters and discussions with the media on a variety of topics
- Continuing to develop and promote various communications tools to provide employees with the resources they need to participate in Cabinet offered programs and initiatives including: the HumanaVitality® Wellness program, the Governor's Ambassador Awards, the Employee Suggestion System, Public Employee Appreciation Week, the KHRIS project, Diversity Day and First Onsite Clinics.

- CSI created and sent 120 mass e-mails on various topics ranging from wellness to deferred compensation and open enrollment.
- Developing a communications plan for the re-launch of the wellness pilot program in conjunction with the promotion of the First Onsite Clinics in Frankfort. CSI has been successful in helping to increase the number of employees utilizing the clinics through a strong communications effort
- Providing wellness update to shareholders and stakeholders detailing KEHP highlights and Wellness program accomplishments
- Developing and implementing a communications plan for KEHP's 2013 Free Flu Shot Campaign. CSI sent various communications and developed a website to provide flu shot information to over 150,000 KEHP plan members which resulted in 73,000 shots
- Consulting and assisting with various employee communications regarding open enrollment including: the 2013 plan year benefits selection guide, letters to members and the Open Enrollment website; in conjunction with the Department of Employee Insurance, CSI was able to assist in ensuring a successful Open Enrollment for nearly 300,000 KEHP plan members
- Compiling and completing the annual report on behalf of the Personnel Cabinet
- Developing the quarterly Executive Branch employee newsletter, the "Kentucky Employee Connection," CSI reaches all Executive Branch employees

Legislative Updates

- Working with various legislative leaders and the Governor's Office, CSI was able to collaborate on the passage of several bills during the 2013 Regular Legislative Session. CSI provided training on the new bill review system (KLIR) and oversaw the bill review process for the Cabinet.
- Providing Health Insurance briefings for legislators in reference to the 2014 Plan Year and preparing various materials and presentation for legislative committees
- Assisting updating staff on changes to legislative bills and training on Kentucky Legislative Information and Reporting System (KLIR) and tracking review

Strategic Partnerships

- Continuing to support and consult with the Innovation Champion teams, CSI staff assisted the Green Team with the 2013 Go Green Expo, which was open to all employees who wanted to learn more about creating efficiencies and savings at work and at home.

- Continuing to partner with the University of Kentucky's Institute for Workplace Innovation to offer Employer of Choice webinars, articles and information to Personnel Cabinet employees
- Continuing to share best practices with and benchmark the practices and programs of Kentucky's largest healthcare providers and employers of choice

Presentations

- Presenting at the 2013 Governor's Local Issues Conference covered topics ranging from wellness in state government to internal communications
- Sharing information about HumanaVitality® at the Deferred Compensation Expo in support of the Personnel Cabinet's green and wellness initiatives

Technology

- Supporting innovative on-line meeting equipment through our webinar program which allows for cost savings due to limited travel budgets. This equipment also provides the convenience of meeting with others in locations across the state. CSI provided assistance with planning, set-up and technical support for over 50 webinars.
- Facilitating the First Onsite staff to share information related to health and wellness during 10 fifteen minute webinars, occurring once a month. This format made the nurse practitioners easily accessible for questions and allowed employees the opportunity to engage with them from their desks.
- Working with a select group of employees in the Cabinet, CSI revamped the entire Personnel Internet site. As a result, a metro style, inviting, easy-to-navigate website in Microsoft SharePoint features the information employees need to access in a cleaner format. Customer-specific sites have been created to make it easier to narrow the focus and content. What was once one site has been divided into five separate websites. KY Careers site is specific to job seekers and provides a wealth of information related to obtaining a state position. The KY Personnel site houses information for employees at all stages of their career. A portal was created for all HR administrators which requires a sign-on and provides access to all forms, newsletters and various types of information useful to that group. LivingWell is the go-to site for all things related to wellness. Finally, a training site was developed to showcase the development opportunities available online and at the Governmental Services Center.

Award

- Drafted the nomination earning the Commonwealth of Kentucky top prize in the largest employer category at the Business First's Greater Louisville Healthiest Employer awards.

Governmental Services Center



Responsibilities

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

The Governmental Services Center develops and delivers traditional classroom workshops, develops on-line modules, manages GSC's technological learning resources and transitions traditional modules to on-line modules so they can be accessed via multiple venues, manages and maintains the Pathlore Learning Management System, provides special consulting services and administers the Employee Educational Assistance Program and the Certificate of Management Fundamentals Program. Visit GSC at www.gsc.personnel.ky.gov.

Employee Educational Assistance Program

During this reporting period, the employee educational assistance program had total expenditures of \$78,945.00. Six requests for exceptions were granted because courses were not offered at Kentucky State University.

Training/Pathlore Liaisons

GSC facilitated 16 training sessions to provide information and offered advanced courses in Pathlore. These trainings resulted in 112 users acquiring new and updated information regarding the learning management system. Course locator numbers for Pathlore are now provided for regularly scheduled workshops to assist liaisons with enrollment. The creation of placement reports which are provided weekly on the GSC website helps liaisons identify workshops that have seats available for enrollment.



Special Consulting Requests

During this reporting period, GSC responded to 29 special consulting requests, resulting in 26 customized workshops.

Methodologies

During this reporting period, GSC continued to redesign and create several new classes based on feedback from our participants. Three new workshops created were "Employee Discipline and Documentation," "Critical Thinking," and an online offering of "Customer Service."

Accomplishments/Resources

GSC's website has undergone numerous updates this reporting period. The website now provides new learning platforms and opportunities. The website focuses on three key areas of development. The first area focuses on Leading Self. Leading yourself well means taking accountability for your work life and professional development. The second area focuses on Leading Others. Here employees will find resources for managing within state government and how to develop others. The third area focuses on Leading Organizations. Here employees will find resources for Strategic Planning and Workforce Development. The Strategic Planning website was recreated as a functional resource for individuals responsible for coordinating the development of their agency's strategic plan. A step-by-step process with associated resources and forms is included. In conjunction with the website, an on-line training was created and is available from the website.

GSC currently offers the following classroom opportunities:

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



GSC currently offers the following e-Learning opportunities:

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



Office of Administrative Services



Responsibilities

The Office of Administrative Services (OAS) provides the resources necessary for the Cabinet's departments and offices to fulfill their mission. The Office manages the internal administration of the Cabinet including budgeting, accounting, purchasing, human resources, payroll, benefits, internal audit, and facilities. Staff works closely with all parts of the Cabinet and with the Office of the State Budget Director, the Office of Procurement Services, the Controller's Office, and the Department of Facilities Management in the Finance and Administration Cabinet.

Activities and Accomplishments

FY 2013 was a challenging year on a number of different levels. The *Budget of the Commonwealth* provided for \$4.5 million in expenditures in the cabinet's agency receipts budget for which agencies lacked budgeted funds to pay to the cabinet. OAS worked with the Office of the State Budget Director and successfully finished the fiscal year with a positive cash balance. While dealing with the cash problem, OAS worked with the Division of Technology Services (DTS) and the Department of Employee Insurance (DEI) to begin to prepare for the first mandatory open enrollment for health insurance using KHRIS software. That led to a minor reorganization of DEI and the submission and approval for additional budgeted resources for open enrollment. OAS helped resolve some HR issues in DEI and helped hire additional employees to deal with added responsibilities.

OAS also worked with the Deferred Compensation Authority on a yet-to-be-finished reorganization as the Authority changed from one third party administrator (ING) to another (Nationwide Retirement Solutions) after helping to procure the new contract with NRS. A major reorganization led to the consolidation of Information Technology infrastructure and staff in state government over the course of the year, and OAS worked with the DTS and the Department of Human Resources Administration (DHRA) to move staff and resources to the Commonwealth Office of Technology. KHRIS has continued to be challenging because of the ongoing effort to reduce contractor support in exchange for less expensive state employees in the face of added responsibilities.

Auditing remained continuous over the course of the year, and OAS has responded to numerous questions from auditors dealing with different parts of the cabinet. The Smart Government Initiative, with OAS participation, led DHRA to eliminate paper pay checks and pay stubs for new employees in the middle of the fiscal year. That effort is to expand to existing employees in FY 2014. Toward mid-year, OAS encountered a significant staffing shortage yet pulled through the fiscal year seamlessly, and an OAS employee received a cabinet employee of the quarter award. Administrative Services has been and will be more difficult to manage because of the lack of resources across State Government.

Cabinet Budget

The Cabinet has three primary appropriation units—General Operations, Deferred Compensation, and Workers' Compensation. The General Operations Appropriation Unit houses the Division of Technology Services and KHRIS and expended the most dollars, \$27.1 million in FY 2013, a decrease of \$2.4 million from the prior year. Workers' Compensation expended \$20.9 million, a decrease of \$600,000 from the previous year, and Deferred Compensation expended \$6.5 million, an increase of \$200,000. The Cabinet maintained services to the public and other state agencies despite budget reductions and continued financial difficulties for state

government. The spreadsheets that follow provide more detailed information about cabinet fiscal performance during fiscal 2013.

Personnel Cabinet—General Operations—June 30, 2013

(Excluding Workers' Compensation and Deferred Compensation)

100% of Fiscal Year

| | Jul-12 | Aug-12 | Sep-12 | Oct-12 | Nov-12 | Dec-12 | Jan-13 | Feb-13 | Mar-13 | Apr-13 | May-13 | Jun-13 | YTD AMT | Budget | % YTD |
|------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|---------------|
| Personnel Costs | | | | | | | | | | | | | | | |
| Salary & Wages | 1,246,762 | 840,769 | 820,018 | 837,263 | 821,374 | 790,446 | 784,089 | 789,193 | 793,922 | 798,993 | 786,117 | 395,644 | 9,704,590 | 10,509,300 | 92.34% |
| Benefits | 567,526 | 364,996 | 361,977 | 365,590 | 357,254 | 342,146 | 343,327 | 343,254 | 353,102 | 352,300 | 348,403 | 119,916 | 4,219,792 | 4,593,000 | 91.87% |
| Wkrs. Comp & Training | 44,164 | 6,699 | 4,870 | 3,361 | 3,125 | 1,246 | 4,732 | 9,974 | 6,385 | 2,109 | 937 | 79 | 87,680 | 94,200 | 93.08% |
| AON Consulting | 0 | 0 | 0 | 81,270 | 0 | 0 | 203,770 | 0 | 67,620 | 0 | 0 | 178,045 | 530,705 | 705,000 | 75.28% |
| Auditor of Public Accounts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 81,311 | 81,311 | 97,200 | 83.65% |
| CGI Technologies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 368,491 | 368,491 | 368,500 | 100.00% |
| EPI-Use (staff) | 0 | 1,960 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,960 | 2,100 | 93.33% |
| IBM (staff) | 0 | 0 | 0 | 0 | 37,762 | 3,402 | 0 | 27,896 | 0 | 0 | 0 | 0 | 69,061 | 70,600 | 97.82% |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | #DIV/0! |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | #DIV/0! |
| Legal contracts | 6,150 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,560 | 23,840 | 14,431 | 47,981 | 53,600 | 89.52% |
| Open Portal Solutions (IDMS) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 675 | 0 | 0 | 0 | 675 | 91,100 | 0.74% |
| Pomeroy IT Solutions (staff) | 0 | 0 | 32,480 | 34,082 | 31,946 | 37,496 | 30,096 | 29,144 | 35,112 | 33,440 | 35,112 | 116,240 | 415,148 | 435,900 | 95.24% |
| SAP Public Services Inc | 11,320 | 0 | 47,200 | 62,218 | 51,901 | 40,170 | 0 | 12,172 | 16,986 | 0 | 0 | 50,000 | 291,967 | 495,300 | 58.95% |
| SDG/Blue & Co LLC | 0 | 0 | 0 | 0 | 45,606 | 0 | 0 | 0 | 0 | 0 | 19,231 | 12,303 | 77,140 | 78,200 | 98.64% |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | #DIV/0! |
| Sierra Infosys | 0 | 349,716 | 252,418 | 291,729 | 362,637 | 241,202 | 198,321 | 322,352 | 283,551 | 244,996 | 342,734 | 569,865 | 3,459,520 | 3,644,500 | 94.92% |
| SumTotal (Pathlore) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 17,500 | 0.00% |
| Susan M Turner (KEAP) | 0 | 0 | 0 | 0 | 0 | 900 | 0 | 0 | 0 | 0 | 300 | 0 | 1,200 | 2,000 | 60.00% |
| TEKsystems | 0 | 240 | 96,538 | 110,411 | 92,302 | 109,122 | 80,718 | 0 | 175,116 | 0 | 279,095 | 320,499 | 1,264,039 | 1,306,800 | 96.73% |
| Truven Health Analytics | 46,250 | 46,250 | 46,250 | 46,250 | 46,250 | 46,250 | 46,250 | 46,250 | 46,250 | 46,250 | 0 | 92,500 | 555,000 | 596,200 | 93.09% |
| Virtusa Corp | 0 | 0 | 25,530 | 36,600 | 31,800 | 37,200 | 60,570 | 0 | 60,960 | 0 | 65,500 | 57,700 | 375,860 | 407,800 | 92.17% |
| Other Contract Costs | 3,472 | 11,508 | 6,173 | 3,917 | 4,451 | 2,674 | 13,167 | 6,664 | 12,381 | 5,743 | 2,331 | 13,765 | 86,246 | 94,050 | 91.70% |
| Security | 0 | 6,836 | 0 | 6,836 | 0 | 0 | 6,836 | 0 | 6,836 | 0 | 0 | 0 | 27,344 | 27,800 | 98.36% |
| Subtotal | 1,925,643 | 1,628,974 | 1,693,454 | 1,879,525 | 1,886,408 | 1,652,255 | 1,771,876 | 1,586,900 | 1,852,059 | 1,494,226 | 1,903,600 | 2,390,788 | 21,665,708 | 23,690,650 | 91.45% |

| | Jul-12 | Aug-12 | Sep-12 | Oct-12 | Nov-12 | Dec-12 | Jan-13 | Feb-13 | Mar-13 | Apr-13 | May-13 | Jun-13 | YTD AMT | Budget | % YTD |
|-------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|------------|--------|
| Operating Costs | | | | | | | | | | | | | | | |
| Utilities | 0 | 62,498 | 127 | 62,498 | 127 | 127 | 62,498 | 127 | 137 | 62,509 | 137 | 137 | 250,921 | 252,800 | 99.26% |
| Rent | 32,703 | 133,146 | 0 | 165,849 | 0 | 0 | 165,849 | 0 | 0 | 165,849 | 0 | 0 | 663,397 | 671,200 | 98.84% |
| Other Rent | 1,587 | 2,651 | 3,051 | 4,242 | 3,816 | 2,926 | 2,239 | 1,825 | 2,099 | 2,491 | 4,041 | 4,095 | 35,064 | 53,390 | 65.68% |
| Maintenance | 1,272 | 50,591 | 2,361 | 3,740 | -1,333 | 2,634 | 60,409 | 50,857 | 153,504 | 128,633 | 4,357 | 97,387 | 554,411 | 697,400 | 79.50% |
| Postage | 0 | 1,398 | 61,128 | 3,597 | 3,516 | 2,431 | 2,776 | 25,999 | 2,347 | 1,753 | 9,010 | 4,723 | 118,679 | 129,400 | 91.71% |
| Misc. Services | 2,411 | 714 | 18,254 | 36,788 | 48,968 | 666 | 5,968 | 5,595 | 831 | 3,320 | 1,290 | 2,295 | 127,098 | 149,410 | 85.07% |
| Telecommunications | 31 | 7,963 | 5,657 | 6,454 | 7,362 | 5,037 | 4,548 | 5,064 | 5,395 | 4,582 | 6,790 | 6,140 | 65,023 | 73,900 | 87.99% |
| Computer Services | 6,250 | 631,573 | 53,453 | 17,555 | 459,750 | 150,506 | 71,507 | 513,584 | 536,293 | 412,493 | 69,704 | 532,925 | 3,455,593 | 3,718,700 | 92.92% |
| Supplies | 1,801 | 3,084 | 4,466 | 420 | 5,798 | 584 | 3,103 | 4,401 | 1,383 | 2,039 | 1,988 | 2,189 | 31,257 | 43,950 | 71.12% |
| Commodities | 4,558 | 1,898 | 18,069 | 1,781 | 2,710 | 5,951 | 545 | 5,513 | 2,852 | 4,211 | 1,864 | 4,203 | 54,153 | 68,100 | 79.52% |
| Travel | 486 | 4,717 | 1,879 | 3,217 | 1,194 | 1,328 | 306 | 888 | 3,144 | 5,108 | 2,452 | 6,252 | 30,971 | 36,000 | 86.03% |
| Dues, Subscriptions, Other | 2,807 | 2,175 | 7,046 | 2,490 | 1,156 | 1,110 | 3,204 | 512 | 212 | 3,505 | 5,639 | 2,768 | 32,625 | 40,200 | 81.16% |
| Subtotal | 53,908 | 902,409 | 175,491 | 308,632 | 533,062 | 173,301 | 382,952 | 614,363 | 708,196 | 796,492 | 107,273 | 663,114 | 5,419,193 | 5,934,450 | 91.32% |
| Capital Outlay | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 20,200 | 0.00% |
| Total | 1,979,551 | 2,531,383 | 1,868,944 | 2,188,157 | 2,419,470 | 1,825,556 | 2,154,828 | 2,201,263 | 2,560,255 | 2,290,718 | 2,010,873 | 3,053,902 | 27,084,900 | 29,645,300 | 91.36% |

Deferred Compensation — June 30, 2013 Budget Status

100% of Fiscal Year

| | Jul-12 | Aug-12 | Sep-12 | Oct-12 | Nov-12 | Dec-12 | Jan-13 | Feb-13 | Mar-13 | Apr-13 | May-13 | Jun-13 | YTD AMT | Budget | % YTD |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|------------------|---------------|
| Personnel Costs | | | | | | | | | | | | | | | |
| Salary & Wages | 173,777 | 136,098 | 111,940 | 108,764 | 108,994 | 111,176 | 108,510 | 113,785 | 112,773 | 116,084 | 116,063 | 57,916 | 1,373,882 | 1,452,000 | 94.62% |
| Benefits | 80,287 | 53,073 | 49,447 | 48,897 | 49,316 | 48,946 | 49,218 | 50,986 | 50,217 | 52,158 | 51,448 | 17,447 | 598,946 | 680,000 | 88.23% |
| Whrs. Comp & Training | 5,826 | 0 | 0 | 0 | 0 | 0 | 277 | 0 | 0 | 277 | 0 | 0 | 6,658 | 7,700 | 86.47% |
| CliftonLarsonAllen LLP | 0 | 0 | 0 | 0 | 0 | 35,000 | 0 | 0 | 0 | 0 | 0 | 0 | 35,000 | 35,000 | 100.00% |
| ING | 305,783 | 305,440 | 304,344 | 308,082 | 304,731 | 303,721 | 308,088 | 306,197 | 305,064 | 310,890 | 301,840 | 302,903 | 3,682,883 | 4,770,100 | 76.79% |
| Mercer Consulting, Stable Fund | 0 | 0 | 8,203 | 0 | 0 | 8,203 | 0 | 0 | 8,203 | 0 | 0 | 8,203 | 32,812 | 32,900 | 99.73% |
| Mercer Consulting, Mutual Fund | 0 | 0 | 29,297 | 0 | 0 | 29,297 | 0 | 0 | 29,297 | 0 | 0 | 29,297 | 117,188 | 117,200 | 99.98% |
| Mercer Consulting, Travel (mutual & stable) | 0 | 0 | 2,171 | 0 | 0 | 818 | 0 | 0 | 3,260 | 0 | 0 | 1,249 | 7,488 | 7,500 | 99.98% |
| Mercer Investments, Strategic Planning | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 22,000 | 0.00% |
| Reed Weickamp Shell & Vice | 12,915 | 11,762 | 7,835 | 5,825 | 13,080 | 11,790 | 13,039 | 9,728 | 16,162 | 10,710 | 15,518 | 24,789 | 153,184 | 185,000 | 77.38% |
| Winner Resources | 0 | 0 | 0 | 0 | 10,448 | 0 | 17,297 | 21,050 | 18,500 | 20,582 | 24,845 | 24,483 | 137,064 | 161,000 | 85.13% |
| Investment Advice Program | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 235,000 | 0.00% |
| Fiduciary Liability Insurance | 413 | 3,252 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 56,247 | 56,000 | 98.66% |
| Other Contracted Services | 0 | 762 | 0 | 762 | 0 | 762 | 0 | 762 | 0 | 762 | 0 | 0 | 4,978 | 100,000 | 4.98% |
| Security | 925 | 925 | 925 | 925 | 925 | 925 | 925 | 925 | 925 | 925 | 925 | 925 | 3,048 | 3,100 | 98.32% |
| Janitorial | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 11,100 | 11,100 | 100.00% |
| Subtotal | 679,926 | 511,314 | 569,408 | 471,332 | 487,502 | 549,887 | 493,115 | 502,382 | 544,461 | 612,812 | 610,237 | 468,010 | 6,200,468 | 7,885,600 | 78.60% |
| Operating Costs | | | | | | | | | | | | | | | |
| Utilities | 1,402 | 1,514 | 1,616 | 1,189 | 1,330 | 1,101 | 1,334 | 1,388 | 1,373 | 1,385 | 2,198 | 1,585 | 17,393 | 19,900 | 87.40% |
| Rent | 28,513 | 0 | 0 | 26,513 | 0 | 0 | 26,513 | 0 | 0 | 26,513 | 0 | 0 | 106,063 | 106,100 | 99.98% |
| Other Rent | 236 | 880 | 940 | 1,050 | 1,382 | 919 | 880 | 1,057 | 1,209 | 454 | 1,189 | 1,750 | 11,986 | 20,000 | 59.93% |
| Maintenance | 0 | 382 | 319 | 451 | 1,046 | 124 | 9,801 | 6,899 | 636 | 4,833 | 1,488 | 1,707 | 27,575 | 53,000 | 52.03% |
| Postage | 0 | 3,584 | 3,777 | 3,198 | 3,097 | 2,806 | 2,896 | 3,478 | 3,116 | 3,065 | 3,750 | 6,371 | 39,075 | 64,000 | 72.38% |
| Misc. Services | 797 | 56 | 1,863 | 428 | 177 | 3,284 | 155 | 715 | 830 | 55 | 2,330 | 210 | 10,879 | 85,000 | 12.80% |
| Telecommunications | 751 | 928 | 1,182 | 1,104 | 1,094 | 726 | 700 | 1,018 | 1,451 | 764 | 1,072 | 1,838 | 12,627 | 20,000 | 63.13% |
| Computer Services | 0 | 3,286 | 796 | 788 | 2,238 | 2,386 | 2,286 | 1,486 | 1,588 | 2,888 | 786 | 3,229 | 21,744 | 22,500 | 96.64% |
| Supplies | 1,701 | 2,266 | 1,893 | 2,185 | 1,601 | 2,766 | 750 | 3,667 | 3,045 | 1,236 | 9,564 | 2,267 | 32,838 | 34,500 | 95.18% |
| Commodities | 470 | 158 | 230 | 0 | 0 | 0 | 181 | 928 | 497 | 0 | 1,198 | 1,529 | 5,181 | 28,000 | 18.54% |
| Travel | 0 | 1,471 | 2,129 | 2,468 | 122 | 1,893 | 1,075 | 221 | 167 | 863 | 754 | 3,097 | 14,130 | 15,000 | 94.20% |
| Dues, Subscriptions, Other | 0 | 310 | 783 | 0 | 231 | 928 | 225 | 79 | 0 | 215 | 106 | 0 | 2,857 | 5,000 | 57.14% |
| Subtotal | 31,870 | 14,834 | 15,497 | 39,401 | 12,330 | 16,793 | 48,586 | 20,806 | 13,609 | 42,469 | 24,472 | 23,581 | 302,349 | 463,000 | 65.30% |
| Capital Costs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10,000 | 0.00% |
| Total | 611,796 | 526,148 | 584,907 | 510,734 | 499,832 | 566,650 | 539,711 | 522,987 | 558,370 | 555,381 | 534,709 | 491,591 | 6,502,817 | 8,361,600 | 77.77% |

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

Workers' Compensation — June 30, 2013 Budget Status

100% of Fiscal Year

| | Jul-12 | Aug-12 | Sep-12 | Oct-12 | Nov-12 | Dec-12 | Jan-13 | Feb-13 | Mar-13 | Apr-13 | May-13 | Jun-13 | YTD AMT | Budget | % YTD | |
|-------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|---------------|--|
| Personnel Costs | | | | | | | | | | | | | | | | |
| Salary & Wages | 49,754 | 32,606 | 34,214 | 33,490 | 35,094 | 33,490 | 33,490 | 35,094 | 32,802 | 33,490 | 34,231 | 16,745 | 404,502 | 445,000 | 90.90% | |
| Benefits | 24,121 | 15,017 | 15,558 | 15,312 | 15,808 | 15,312 | 15,514 | 16,009 | 15,225 | 15,514 | 15,820 | 5,073 | 184,284 | 215,000 | 85.71% | |
| Wkrs. Comp & Training | 1,586,207 | 1,790,726 | 1,337,569 | 1,943,689 | 1,687,860 | 1,374,246 | 1,491,107 | 1,794,992 | 1,536,327 | 1,932,220 | 1,522,129 | 1,455,485 | 19,452,558 | 24,397,900 | 79.73% | |
| Blue & Co LLC | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 31,530 | 0 | 0 | 0 | 31,530 | 31,600 | 99.78% | |
| CCMSI Administration | 77,498 | 96,423 | 0 | 101,482 | 168,369 | 0 | 76,438 | 72,992 | 146,782 | 0 | 0 | 616 | 740,601 | 1,050,000 | 70.53% | |
| Other Contract Costs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 88 | 218 | 306 | 800 | 38.23% | |
| Security | 0 | 193 | 0 | 193 | 0 | 0 | 193 | 0 | 0 | 193 | 0 | 0 | 771 | 800 | 96.44% | |
| Subtotal | 1,737,580 | 1,934,966 | 1,387,341 | 2,094,166 | 1,907,130 | 1,423,049 | 1,616,743 | 1,919,087 | 1,762,666 | 1,981,417 | 1,572,269 | 1,478,136 | 20,814,552 | 26,141,100 | 79.62% | |
| Operating Costs | | | | | | | | | | | | | | | | |
| Utilities | 0 | 1,934 | 0 | 1,934 | 0 | 0 | 1,934 | 0 | 0 | 1,934 | 0 | 0 | 7,737 | 7,800 | 99.20% | |
| Rent | 0 | 4,129 | 0 | 4,129 | 0 | 0 | 4,129 | 0 | 0 | 4,129 | 0 | 0 | 16,517 | 16,600 | 99.50% | |
| Other Rent | 88 | 0 | 165 | 88 | 120 | 33 | 35 | 0 | 44 | 0 | 152 | 0 | 726 | 1,400 | 51.86% | |
| Maintenance | 16 | 0 | 18 | 121 | 13 | 0 | 2,587 | 1,738 | 0 | 1,362 | 64 | 168 | 6,086 | 8,400 | 72.45% | |
| Postage | 0 | 36 | 56 | 59 | 14 | 547 | -482 | 0 | 39 | 31 | 10 | 303 | 613 | 1,100 | 55.73% | |
| Misc. Services | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3 | 3 | 100 | 2.64% | |
| Telecommunications | 2 | 422 | 299 | 315 | 320 | 610 | 312 | 305 | 315 | 319 | 269 | 380 | 3,867 | 4,000 | 96.68% | |
| Computer Services | 0 | 166 | 166 | 166 | 452 | 165 | 308 | 165 | 165 | 308 | 165 | 330 | 2,556 | 2,900 | 91.29% | |
| Supplies | 0 | 470 | 0 | 571 | 0 | 386 | 0 | 546 | 193 | 257 | 881 | 377 | 3,681 | 3,700 | 99.48% | |
| Commodities | 130 | 0 | 0 | 0 | 0 | 0 | 0 | 488 | 0 | 350 | 0 | 199 | 1,167 | 1,300 | 89.77% | |
| Travel | 0 | 0 | 35 | 645 | 42 | 228 | 0 | 0 | 0 | 800 | 0 | 152 | 1,902 | 2,400 | 79.24% | |
| Dues, Subscriptions, Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,042 | 5,042 | 800 | 630.25% | |
| Subtotal | 236 | 7,158 | 739 | 8,030 | 960 | 1,969 | 8,824 | 3,241 | 756 | 9,491 | 1,541 | 6,953 | 49,897 | 50,400 | 99.00% | |
| Capital Outlay | 0 | 400 | 0.00% | |
| Total | 1,737,816 | 1,942,124 | 1,388,080 | 2,102,196 | 1,908,090 | 1,425,018 | 1,625,567 | 1,922,328 | 1,763,422 | 1,990,908 | 1,573,810 | 1,485,089 | 20,864,449 | 26,191,900 | 79.66% | |

Office of Diversity & Equality



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

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

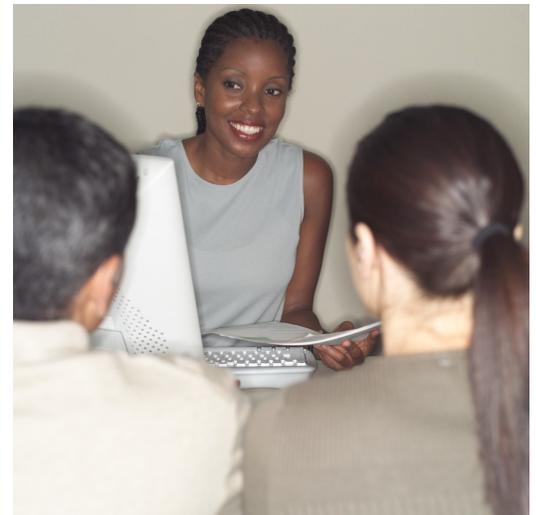
cabinet minority and female employment.

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

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

Equal Employment Opportunity

- **Consultation:** ODE staff has continued to provide one-on-one consultation to cabinet/agency EEO and Human Resources professionals in complaint resolution, investigations (and participation therein), training and employment procedures.
- **Counseling:** ODE staff has continued to counsel potential EEO complainants via the telephone, one-on-one meetings and email on employee rights and complaint procedures.
- **Anti-Harassment Training:** In the past fiscal year, ODE staff has conducted anti-harassment training for over 892 state employees at monthly scheduled trainings, onsite trainings and online trainings.
- **Education:** ODE has also continued its commitment to EEO education through the production of *The Evolution*, an informational newsletter distributed to EEO Coordinators, Counselors and HR Practitioners on EEO and diversity topics.



- **Conference:** ODE staff planned and implemented the 26th Annual Governor’s Equal Employment Opportunity Conference. This year’s conference was a sold-out event held at the University of Louisville Shelby Campus Conference Center. Training topics included: Workplace Bullying, Dispelling Misconceptions of Hiring People with Disabilities, Equal Employment Opportunity Commission (EEOC) Legal Updates— Understanding National Origin in the Workplace, Building Employee Resilience, Developing Cultural Competence, and Avoiding Pitfalls and Discrimination in Interviewing, Evaluating and Disciplining Employees. On behalf of the Personnel Cabinet, ODE also awarded the Charles W. Anderson Laureate Award to Priscilla Johnson at this year’s conference.
- **Staff Development:** ODE has committed to furthering staff education and development through various webinars and other EEO related trainings.

Diversity

- **Diversity Training:** ODE has trained 396 state employees on diversity and inclusion at monthly scheduled trainings and onsite agency requested trainings. This training, “Moving Kentucky Forward: Embracing Diversity & Inclusion in the Workplace,” explores various topics concerning our changing workforce and work environments. Through an interactive format, trainees discuss diversity topics, including: the definition of diversity, the business case for diversity & inclusion, the changing demographics of America, the personal barriers to inclusion (prejudice, bias, stereotypes, etc.), the organizational barriers to inclusion (communication, generation gap, policies & procedures, etc.), the impact of self-awareness and perception on inclusion, and the strategies for raising diversity awareness and cultural competency. This training is offered in a classroom format.



In addition to the monthly scheduled training for state employees at the Governmental Services Center, ODE staff has also conducted diversity and inclusion training for the Kentucky State Chapter of the International Public Managers Association, Kentucky Educational Television, Kentucky Housing Corporation and the Department of Public Advocacy.

- **Generations Training:** ODE has developed and placed in the regular monthly training rotation a new diversity training titled “Bridging the Generation Gap in the Workplace.” This training addresses the growing concerns over generational conflict in our work environments. For the first time in American history, there are four distinct generations in the workplace. In this interactive training, participants identify the four generations and discuss the experiences/events that shaped the group characteristics of each, identify the problems associated with the generation gap, compare and contrast the value and potential outcomes of generational interaction, and develop strategies for effective cross generational communication. This training is offered in a classroom format.
- **Governor’s Minority Management Trainee Program (GMMTP):** ODE continued to provide leadership, management and educational programming for the Governor’s Minority Management Trainee Program (GMMTP). GMMTP, is a two year program focused on developing minority managers within state government. Opening Ceremony & Orientation for the GMMTP Class of 2014 was held on August 15, 2012.

- **Collaboration:** ODE staff attended training events with the Kentucky Diversity Business Network, Sullivan University and the Disabilities Expo (hosted by the Lexington-Fayette Urban County Government). Also during this year, Executive Director Arthur Lucas has served on the Council on Post Secondary Committee on Equal Opportunities. Additionally, ODE staff member Colene Elridge continued her participation as a mediator in the Kentucky Employee Mediation Program (KEMP).
- **Education:** ODE has included diversity related information in *The Evolution*, including educational articles, diversity awareness/heritage month information and promotion of diversity events throughout state government and the Commonwealth.

Affirmative Action

- Personnel Cabinet Secretary and ODE meet with the following Cabinet Secretaries: Kentucky Transportation Cabinet, Education Cabinet, Labor Cabinet and Tourism, Arts & Heritage Cabinet, to discuss “Minority Recruitment and Retainment.”



- **Reporting:** ODE continues to monitor employment trends within state government. Along with producing July-December 2011 and January – June 2012 Semi Annual Reports on Female & Minority Employment, ODE has continued to work with the Division of Employee Management to develop reporting structures within the Kentucky Human Resource Information System (KHRIS) that more accurately represents the race and gender hiring data for the Executive Branch. ODE staff has also consulted the Class & Compensation Branch on designating proper EEO Classifications for newly created job specifications. Issued Personnel Memo; reinstating applicant’s race, national origin and gender on certified registers.

- **Affirmative Action Plan:** In order to maintain an up-to-date approach with Affirmative Action, Equal Employment Opportunity and Diversity initiatives, ODE completed and submitted a new Kentucky State Government Affirmative Action Plan for review by the Governor’s Office.

- **Title VI Plan:** ODE has maintained the Personnel Cabinet’s Title VI Plan, regarding the prohibition of discrimination based on race, sex and national origin in federally funded programs, in accordance with state statute.

- **Diversity Day:** ODE hosted the 15th Annual Governor’s Diversity Day in December, providing resources to schools across the Commonwealth in developing diversity related programs and curriculum. Additionally, ODE sponsored the annual Governor’s Diversity Day Video Contest and awarded a plaque to the creators of the winning entry “First Impressions” by the Atherton High School (Louisville) Speech & Debate Class.



Miscellaneous

Training: In addition to providing the monthly classroom trainings, ODE staff provided additional Anti-Harassment and Diversity trainings for the Department of Local Government, the Property Valuation Administrators, the Kentucky Deferred Compensation Authority and the Kentucky State University Department of Agriculture, GMMTP participants, Department of Juvenile Justice Central Office, Auditor of Public Accounts, Kentucky Educational Television (KET), Green River Correctional Complex, Kentucky Housing Corporation, Kentucky Employee Mediation Program (KEMP), Department of Treasury, KSP Advance Commanders, Kentucky State Police new Sargent's Training.

Education: Members of the ODE staff have attended trainings at the Kentucky Association of Blacks in Higher Education Annual Conference, the Kentucky International Public Managers Association fall conference, Sullivan University, the Lexington DisAbilities Expo, EEOC's Annual Technical Assistance Program (TAPS) training, the KCHR's "African American and Latino Relations Summit, the Emotional Intelligence Quotient E (IQ) Workshop and the Kentucky Business Diversity Network third quarter meeting.

Partnerships: ODE staff has partnered, in various capacities, with the following organizations: Lexington-Fayette Urban County Government, USASkills, from the University of Kentucky International Public Policy and Management Institute's Korean student exchange program, the Kentucky Employee Mediation Program and the Kentucky Future Business Leaders of America, Governmental Service Center (GSC), Kentucky's FFA Convention and Frankfort's Own Program.



Additionally, ODE staff Clinton Morris began service as a Commissioner on the Kentucky Martin Luther King, Jr. State Commission. And State EEO Coordinator Singer Buchanan has represented the Personnel Cabinet on the Kentucky Governor's Re-entry Task Force.

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

Executive Branch Female Utilization (as of June 30, 2013)*

| JOB CATEGORY | TOT EMPS | FEMALE EMPS | % FEMALE | FEMALE PROJ % | # FEMALE NEEDED |
|-----------------------------------|---------------|---------------|---------------|---------------|-----------------|
| EEO GRP 1: OFFICIALS & ADMIN | 2,900 | 1,227 | 42.31% | 50.8% | 246.2 |
| EEO GRP 2: PROFESSIONAL | 18,097 | 10,255 | 56.67% | 50.8% | 0.0 |
| EEO GRP 3: TECHNICIANS | 1,748 | 606 | 34.67% | 50.8% | 282 |
| EEO GRP 4: PROTECT SERV WRKR | 3,642 | 686 | 18.84% | 50.8% | 1,164.2 |
| EEO GRP 5: PARA PROFESSIONAL | 2,460 | 1,883 | 76.54% | 50.8% | 0.0 |
| EEO GRP 6: OFFICE & CLERICAL | 2,051 | 1,676 | 81.72% | 50.8% | 0.0 |
| EEO GRP 7: SKILLED WORKER | 2,523 | 146 | 5.79% | 50.8% | 1,135.7 |
| EEO GRP 8: SERVICE MAINTENANCE | 1,804 | 809 | 44.84% | 50.8% | 107.5 |
| EEO GRP 9: OTHER | 1 | 1 | 100% | 50.8% | 0.0 |
| JUNE 2013 TOTAL | 35,226 | 17,289 | 49.08% | 50.8% | 605.9 |

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

Executive Branch Minority Utilization (as of June 30, 2013)*

| JOB CATEGORY | TOT EMPS | MIN | % MIN | MIN PROJ % GOAL | # MIN NEEDED |
|-----------------------------------|---------------|--------------|--------------|-----------------|--------------|
| EEO GRP 1: OFFICIALS & ADMIN | 2,900 | 202 | 6.97% | 10.5% | 102.5 |
| EEO GRP 2: PROFESSIONAL | 18,097 | 1,606 | 8.87% | 10.5% | 294.2 |
| EEO GRP 3: TECHNICIANS | 1,748 | 119 | 6.81% | 10.5% | 64.6 |
| EEO GRP 4: PROTECT SERV WRKR | 3,642 | 253 | 6.95% | 10.5% | 129.5 |
| EEO GRP 5: PARA PROFESSIONAL | 2,460 | 330 | 13.41% | 10.5% | 0.0 |
| EEO GRP 6: OFFICE & CLERICAL | 2,501 | 174 | 8.48% | 10.5% | 88.7 |
| EEO GRP 7: SKILLED WORKER | 2,523 | 114 | 4.52% | 10.5% | 151 |
| EEO GRP 8: SERVICE MAINTENANCE | 1,804 | 249 | 13.80% | 10.5% | 0.0 |
| EEO GRP 9: OTHER | 1 | 0 | 0.0% | 10.5% | 0.2 |
| JUNE 2013 TOTAL | 35,226 | 3,047 | 8.65% | 10.5% | 651.8 |

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

Personnel Cabinet Female Utilization (as of June 30, 2013)

| JOB CATEGORY | TOT EMPS | FEMALE EMPS | % FEMALE | FEMALE PROJ % | # FEMALE NEEDED |
|-----------------------------------|------------|-------------|---------------|---------------|-----------------|
| EEO GRP 1: OFFICIALS & ADMIN | 34 | 18 | 52.94% | 50.8% | 0.0 |
| EEO GRP 2: PROFESSIONAL | 166 | 133 | 80.12% | 50.8% | 0.0 |
| EEO GRP 3: TECHNICIANS | 14 | 9 | 64.29% | 50.8% | 0.0 |
| EEO GRP 4: PROTECT SERV WRKR | -- | -- | -- | -- | -- |
| EEO GRP 5: PARA PROFESSIONAL | -- | -- | -- | -- | -- |
| EEO GRP 6: OFFICE & CLERICAL | 4 | 3 | 75.00% | 50.8% | 0.0 |
| EEO GRP 7: SKILLED WORKER | -- | -- | -- | -- | -- |
| EEO GRP 8: SERVICE MAINTENANCE | -- | -- | -- | -- | -- |
| EEO GRP 9: OTHER | -- | -- | -- | -- | -- |
| JUNE 2013 TOTAL | 218 | 163 | 74.77% | 50.8% | 0.0 |

Personnel Cabinet Minority Utilization (as of June 30, 2013)

| JOB CATEGORY | TOT EMPS | MIN | % MIN | MIN PROJ % | # MIN NEEDED |
|-----------------------------------|------------|-----------|---------------|--------------|--------------|
| EEO GRP 1: OFFICIALS & ADMIN | 34 | 3 | 8.82% | 10.5% | 0.6 |
| EEO GRP 2: PROFESSIONAL | 166 | 20 | 12.05% | 10.5% | 0.0 |
| EEO GRP 3: TECHNICIANS | 14 | 2 | 14.29% | 10.5% | 0.0 |
| EEO GRP 4: PROTECT SERV WRKR | -- | -- | -- | -- | -- |
| EEO GRP 5: PARA PROFESSIONAL | -- | -- | -- | -- | -- |
| EEO GRP 6: OFFICE & CLERICAL | 4 | 0 | 0% | 10.5% | 0.5 |
| EEO GRP 7: SKILLED WORKER | -- | -- | -- | -- | -- |
| EEO GRP 8: SERVICE MAINTENANCE | -- | -- | -- | -- | -- |
| EEO GRP 9: OTHER | -- | -- | -- | -- | -- |
| JUNE 2013 TOTAL | 218 | 25 | 11.47% | 10.5% | 0.0 |

Office of Employee Relations



The Office of Employee Relations values and strengthens the investment we have in each other.

This office consists of the following:

Workers' Compensation Branch is designed to compensate employees for loss of earning power due to injuries or illness arising out of, and in the course of, their employment.

Return to Work Branch works to provide temporary modified duty work plans for injured employees. Work areas, as requested by a supervisor, can be evaluated for ergonomic correctness.

Life Insurance Branch administers Basic Life and Accidental Death and Dismemberment coverage to eligible state employees and other special classes.

Workplace Relations Branch administers the KY Employee Mediation Program (KEMP) and the Workplace Resolutions Program.

Employee Recognition Branch directs the KY Employee Suggestion System, the Governor's Ambassador Award, Public Employee Recognition Week, and employee certificate distribution.

KY Employee Assistance Program (KEAP) is dedicated to helping employees find solutions to personal problems that may hinder effectiveness at work.

Other programs housed in the Office of Employee Relations include the State Safety Program and Executive Safety Advisory Committee, administration of Sick Leave and Annual Leave Sharing Programs, Family Medical Leave, Adoption Benefit Program and Kentucky Employees Charitable Campaign. Workplace Violence Prevention training, available on-line through Governmental Services Center, offers training for both employees and supervisors. The Workplace Violence Prevention Guide may be found on both the KEAP and Safety Program websites. Its purpose was to establish a common framework for managing and preventing violence-related issues in the workplace. The guide supports the Commonwealth interagency effort to consolidate resources and training, promote workplace wellness and safety, and suggest workplace violence prevention strategies for Commonwealth of Kentucky employees.

Employee Recognition Branch Employee Suggestion System

State government employees use an Internet-based system to submit improvement suggestions on-line. This efficient process helps to identify the Commonwealth as a leader in recognizing and managing employee ideas. The form is simple, user-friendly, and fast. Employees receive immediate confirmation of their suggestion and are able to track it throughout the process. During FY12-13, employees submitted 397 suggestions. Awards totaling \$9,584.20 were presented to 25 state employees through the Employee Suggestion System. Implemented suggestions represented a first-year savings of \$136,189.00.





Governor's Ambassador Award

The third Kentucky Governor's Ambassador Awards program was held October 17, 2012. Five individuals and a team of public service employees were recognized in six categories: customer service, courage, leadership, professional achievement, teamwork, and community service and volunteerism.

Nominations were accepted throughout the year. Ninety-nine (99) nominations were submitted. All nominations were reviewed by a selection committee and three finalists were chosen in each category. Governor Beshear selected the six overall winners in each category. Nominees were invited to attend the awards ceremony. Award recipients were honored by having a personalized engraved brick placed along Ambassador Avenue outside the Thomas D. Clark Center for Kentucky History.

Public Employee Recognition Week

Each year, during Kentucky Public Service Recognition Week we honor those who serve Kentucky as state and local government employees. The Employee Recognition Branch coordinates this effort within the Personnel Cabinet, and provides an on-line toolkit of ideas for use by other agencies. Governor Beshear proclaimed Monday, October 1 through Sunday, October 7 as KY Public Employee Recognition Week. The Personnel Cabinet sponsored the fifth statewide poster contest for school age children to increase awareness of the achievements and contributions made by state employees. The theme for the poster contest was "State Employees--Making a Difference Every Day in Every Way." Banners proclaiming this special week were on display outside the Capitol, State Office Building, Transportation Cabinet, and the Cabinet for Health and Family Services.

Employee Recognition Certificates

KRS Chapter 18A employees received service certificates in honor of their dedicated completion of 5, 10, 20, 30 and 40 years of service from the Personnel Cabinet. The career service certificate and pin acknowledgement for 16 years of service was discontinued in August 2012.



Kentucky Employee Assistance Program (KEAP)

During FY 12-13, the Kentucky Employee Assistance Program provided direct employee assistance services to 856 state employees and/or their family members presenting as new clients. The cabinets in which employees most utilized services were the Cabinet for Health and Family Services (24%) and the Justice and Public Safety Cabinet (19%). Issues most frequently presented include mental/emotional health (29%) and job stress (20%).

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

KEAP “New Client” Totals

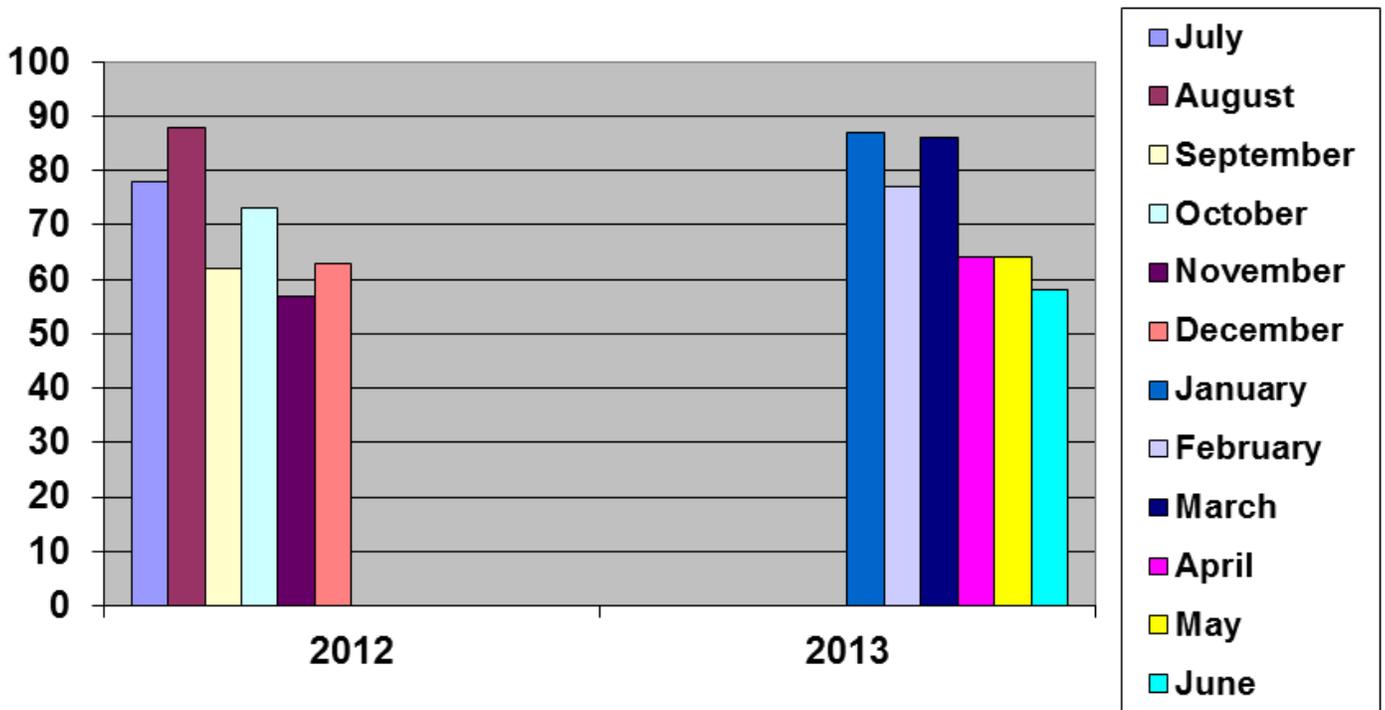
2012

| | |
|-----------|----|
| July | 78 |
| August | 88 |
| September | 61 |
| October | 73 |
| November | 57 |
| December | 63 |

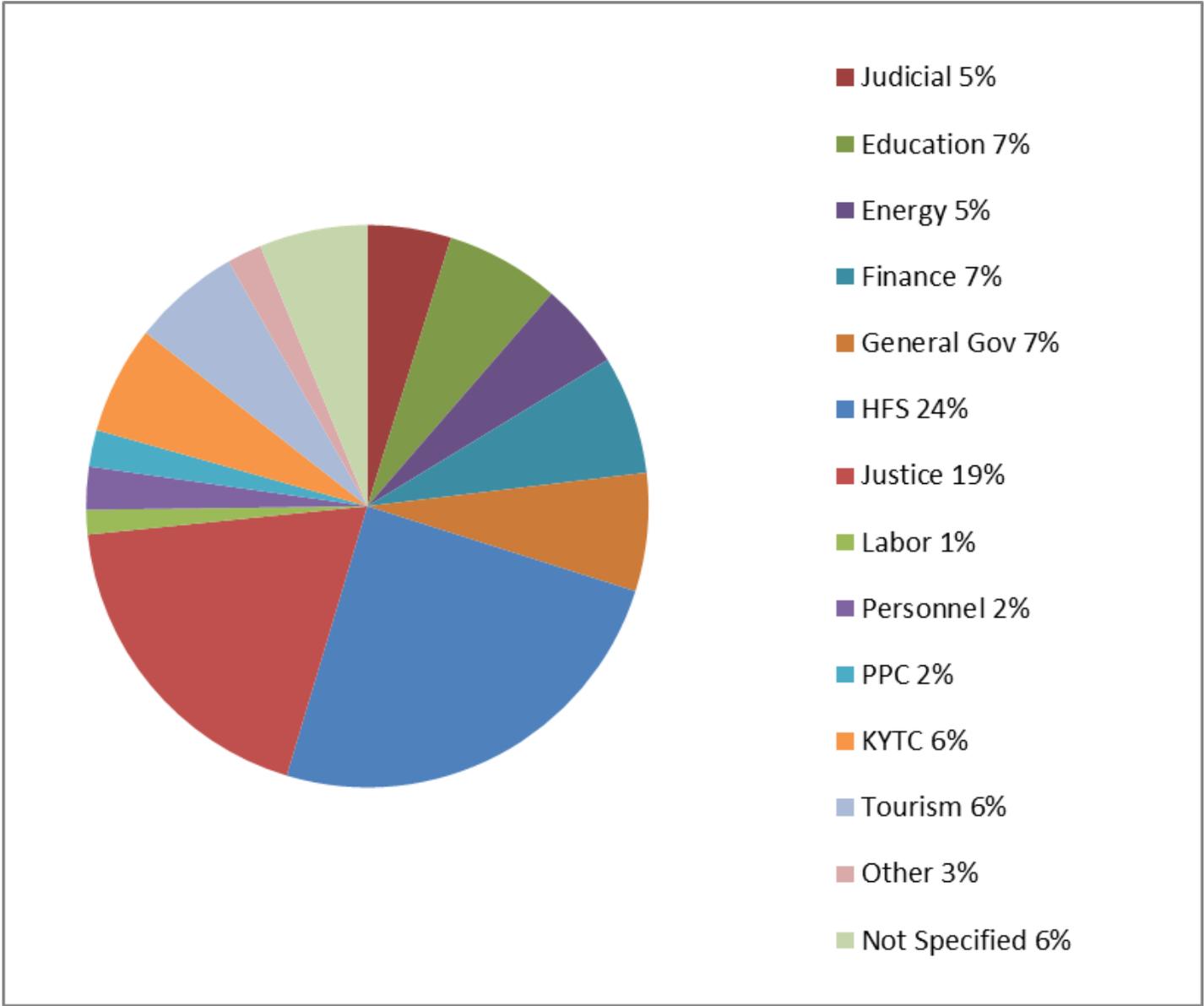
2013

| | |
|----------|----|
| January | 87 |
| February | 77 |
| March | 86 |
| April | 64 |
| May | 64 |
| June | 58 |

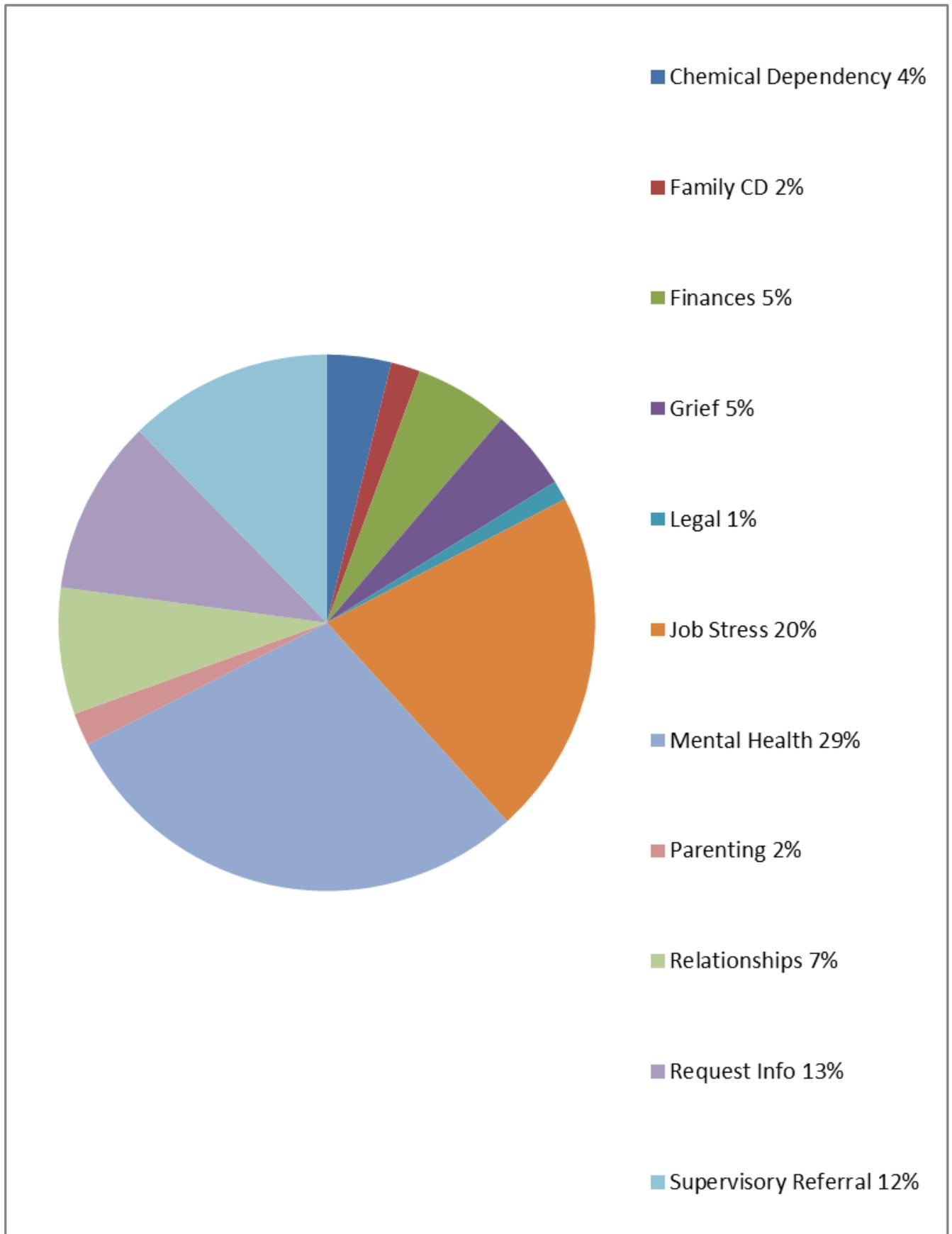
Total 856



Agency Utilization



Presenting Issues



Adoption Benefit Program

Supporting our team members who wish to adopt, we provide assistance up to \$3,000 and more in certain instances.

- During FY 2012-2013, 27 applications were approved, totaling \$77,878.79. This represents an increase of 16 applications from FY 2011-2012. Since its inception in 1999, this program has provided \$847,523.79 in assistance to 289 employees.
- Winner of the Dave Thomas Foundation for Adoption – Best Adoption Friendly Workplaces 2012.



Kentucky Employees Charitable Campaign (KECC)

Each year the Personnel Cabinet administers the Kentucky Employees Charitable Campaign (KECC) to all employees who receive their paychecks through the Commonwealth.

The purpose of the campaign is to raise funds through a single source for a number of state-approved charities including: Christian Appalachian Project, Easter Seals Kentucky, United Way of Kentucky, Community Health Charities, Prevent Child Abuse Kentucky, and WHAS Crusade for Children. This eliminates the need for multiple charities to solicit donations year-round and allows employees, who wish to participate, the ability to do so through payroll deduction or through a one-time cash donation.

We strive to create a culture in which our employees go one step beyond and extend a helping hand to our communities. Last year, state employees raised more than \$1.2 million to help build a better Kentucky!

Kentucky Group Life Insurance Branch

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

Eligible employees receive \$20,000 of Basic insurance coverage and Accidental Death and Dismemberment coverage free of charge. Employees may choose to purchase dependent and optional plans. Coverage is contracted through Nationwide Insurance Company.



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

The branch administers group life insurance for 140,667 eligible employees at 476 locations. Of this number 20,152 employees have elected additional coverage under the optional policies and 17,042 employees have elected to cover family members with a dependent plan.



Kentucky Safety Program

The goal of the State Safety Program is to promote a safe and healthy workplace for state employees and others in the state workers' compensation fund by providing training, education, information, coordination, and assistance in the areas of workplace health and safety, loss prevention, and risk management. These improvements help to reduce costs associated with losses. Emphasis in FY 12-13 was development and implementation of strategies to increase awareness of the importance of safety among state employees. Included in these strategies were chairing the Executive Safety Advisory Committee (ESAC) and providing "Fundamentals of Safety and Health" training to state supervisors.

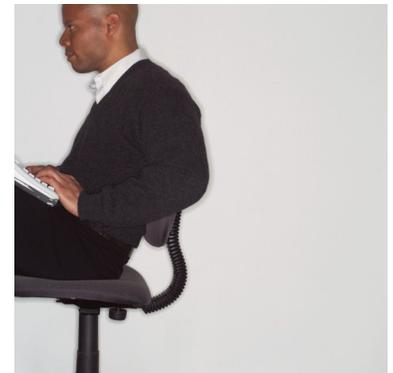
Executive Safety Advisory Committee

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

The annual ESAC Safety Awards were presented at the June meeting in celebration of National Safety Month. These awards recognize cabinets with departments, divisions or offices with "no lost time injuries." Ten agencies received plaques and 157 departments, divisions or offices received safety certificates for their accomplishments in calendar year 2012.

National Safety Month

In addition to working with other cabinets, the Safety Program works within the Personnel Cabinet to help ensure the health and safety of its employees. In June, the Cabinet participated in National Safety Month activities. Safety information relating to the designated weekly theme was shared with employees. Themes included Slips, Trips & Falls, Employee Wellness, Emergency Preparedness and Ergonomics. A wide variety of free safety educational information is available to employees in the KY State Office Building on an on-going basis.



Safety Training

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

Other highlights:

- Coordinated 6 blood drives alternating between American Red Cross and Kentucky Blood Center. Registered 684 donors, collected 571 units of blood. Recognized by American Red Cross, River Valley Blood Services Region for support of their mission and commitment to service;
- 21 employees currently certified in First-Aid, CPR, and AED;
- Personnel Cabinet received the ESAC Safety Award and certificates for 15 areas within the cabinet for "no lost time" injuries;

- Worked in conjunction with KYTC to improve High Street pedestrian crosswalk.



Return-to-Work Branch

The Return-to-Work (RTW) Branch works directly with the Safety Program and the Workers' Compensation Branch to increase the oversight of workers' compensation claims and reduce costs. The RTW Branch is staffed with three employees; a manager who is a Certified Rehabilitation Counselor and Certified Case Manager, and two support staff members. The RTW Branch works directly with employers to consult and assist them in developing Temporary Modified Duty Programs. These programs allow injured employees to return to work as soon as medically released by their physicians. Research shows that an injured employee recovers more quickly when returned to work as soon as possible.

Data for this previous fiscal year demonstrates the savings the Return-to-Work Branch has produced:

- Number of participating employers: 79
- Total number of employees returning to full duty work: 658
- Total savings in temporary total disability benefits: \$782,100.00

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

The Return-to-Work Branch continues efforts to educate employers and employees on the proper ergonomic set-up for work station areas. It is best to conduct ergonomic reviews prior to an employee sustaining an injury or illness. This leads to issue awareness and increases injury prevention. However, the ergonomic review process can occur anytime during an employee's recuperation period in order to assist with return to work. During FY 12-13, the Return-to-Work Branch conducted 48 ergonomic reviews. Staff continues to provide training related to the Americans with Disabilities Act (ADA) and Americans with Disabilities Act Amendment Act (ADAAA). The RTW manager serves as the ADA coordinator for the Personnel Cabinet, Family Medical Leave Administrator, and Sick Leave Sharing/Annual Leave Sharing Administrator.

Workplace Relations Branch

The Kentucky Employee Mediation Program (KEMP) provides dispute resolution for Executive Branch employees. Either employees or managers may request this service. During FY 12-13, 33 mediations took place, involving 88 participants. Fifty-two percent were referrals from the Personnel Board.

Seven Workplace Resolutions were completed with 95 participants. A manager or above may request this process when an entire group is conflicted. A pair of facilitators talks with each member of the group separately and develops recommended solutions.



In addition to the program manager, there are 19 certified part-time KEMP mediators. These volunteer mediators are state employees who work in various Cabinets and agencies.

Presentations and trainings were given to 169 people via Kentucky Department of Libraries and Archives

webinars, to KDLA librarians, to Cabinet for Health and Family Services supervisors and managers, and to American Bar Association Dispute Resolute Section conference attendees in Chicago.

There were 1,517 contacts in the form of phone calls, emails, and personal visits. These were requests for information and for services.

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

It is estimated that using these free services for dispute resolution saves the Commonwealth hundreds of thousands of dollars that would have otherwise been spent in Personnel Board appeals, investigations, or litigation.



Workers' Compensation Branch

Employees in the Worker's Compensation Branch (WCB) focus on cost containment and meeting customer individual needs. Program employees work well with agencies and injured employees and has not received a complaint about the payment of due benefits this FY year.

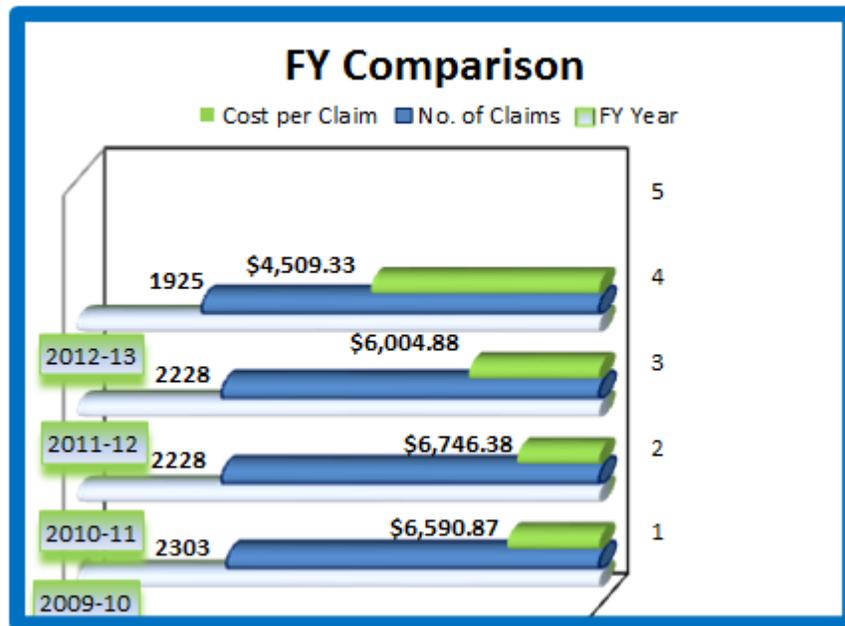
First Report of Injury forms are submitted electronically, however, employees take emergent or catastrophic injuries by telephone during business hours so that immediate management of benefits can begin. To further extend services, contact information was listed on our website for serious injuries that may occur after hours or weekends. During the severe weather and any emergency, the WCB employees are proactive with the emergency response centers to assist injure employees.

Over the past fiscal year, WCB was focused on saving money and increasing efficiency, while continuing to provide expert customer service to injured employees. Program financials are documented by independent program audits. Return-to-Work and Safety Programs combined with Managed Care and claims handling expertise continue to provide positive influences on spending despite the rising cost of medical services. The cost per claim does not show a steady increase as is typical. Agencies were assisted with safety program development, on-site safety training review and other requested loss control resources as requested.

Cost containment measures, pharmacy benefit reductions and creative claim settlement practices have kept the Commonwealth's program somewhat below national trending. The claim numbers are actual numbers with no IBNR expectation. Two fiscal years were at 2,228 reported claims which show how consistent program injury reporting is for the Commonwealth Program. The *cost per claim* is usually not an accurate indicator until after the second year when permanency is known.



Kentucky has lifetime medical benefits on claims with some permanent disability unless a voluntary settlement is approved which waives specific benefits. The program is responsible for workers' compensation claims that occurred in the 1970's. The program also provides workers' compensation coverage for volunteer firefighters through the Kentucky Fire Commission.



Program highlights for FY 12-13 include:

- Received and processed 3,273 First Report of Injuries
 - Report Only: 1,368
 - Medical Only: 1,905
- Provided coverage for approximately 85,000 employees in 120 counties throughout the Commonwealth;
- Provided coverage for approximately 22,000 volunteer ambulance workers and firefighters in 118 counties;
- Received and processed 2,085 temporary total disability benefit checks for accumulated leave reimbursement;
- Total Recoveries \$242,438.78
- Subrogation Recoveries: \$174,268.12
 - Special Fund: \$68,170.66
- Pharmacy Benefit Program provided \$696,600 in savings
- Rx rejection savings total of \$755,910 in savings
- Legal Assignments: 87 claims went into litigation and were assigned to defense attorneys
 - Attorney referrals
- 101 filed by plaintiff: 57
- Med fee dispute: 17
- Misc. attorney assignments: 13
- Duplicate charges that were billed and not paid \$1,121,786
- PPO Reductions - \$397,015
- Total adjuster savings \$2,007,262

Office of Legal Services



The Office of Legal Services' (OLS) primary mission is to oversee the administration of legal services for the Personnel Cabinet. In performing this mission, the office performs various tasks including drafting legal pleadings, memoranda, proposed legislation, proposed regulations and legal opinions.

Members of the OLS represent the Cabinet in administrative hearings and trials before state and federal administrative agencies and courts, and also serve as expert witnesses for other agencies regarding the state merit system. The Executive Director of OLS is the Cabinet's Custodian of Records for purposes of the Kentucky Open Records Act and is responsible for responding to all open records requests and subpoenas in a timely manner.

Additionally, the attorneys within the OLS testify before legislative committees on all matters addressing state government employment upon request. OLS assists the Personnel Secretary in his or her appointed role on the Government Employee Advisory Council (GEAC), and also participates in GEAC unit negotiation sessions. In addition to these roles, OLS conducts training on personnel issues impacting the Commonwealth and makes presentations on key personnel issues.

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

OLS also serves as legal counsel for all departments and branches within the Personnel Cabinet responsible for administering employee benefits such as health insurance, life insurance, workers' compensation insurance, and employee assistance programs. In this role, OLS provides guidance on state and federal mandates (such as the Internal Revenue Code, HIPAA, COBRA, and most recently the Patient Protection & Affordable Care Act), which are associated with sponsoring and administering the Kentucky Employees Health Plan, a self-funded IRC 125 cafeteria plan.

During the fiscal year of 2012-2013, the Office of Legal Services:

Personnel Board-Related Matters

- Reviewed and consulted with agency attorneys and administrators with respect to 290 appeals filed with the Personnel Board during the fiscal year.
- Reviewed and approved all Personnel Board settlement agreements of personnel actions involving executive branch agencies, as well as settlements which occur in other legal forums such as the Human Rights Commission
- Provided legal support and guidance with respect to multiple Personnel Board-Ordered Desk Audits.



- Attended monthly Personnel Board meetings and provided a summary of the Cabinet’s activities, suggested regulation amendments and trends throughout the HR enterprise.
- Provided assistance and documentation when requested with respect to Personnel Board investigations.

Litigation

- Represented the Personnel Cabinet in 28 Personnel Board appeals filed this fiscal year, among others. Reviewed total of 290 Appeals received from the Personnel Board during fiscal year of 2012-2013.
- Represented the Personnel Cabinet and other agencies in 1 case before the Franklin Circuit Court and Kentucky Court of Appeals.
- Served as counsel for other agencies in the event of an internal conflict within the outside agencies.

Requests for Information

- Served as the Records Custodian for the Personnel Cabinet.
- Processed 190 requests submitted under the Kentucky Open Records Act and notified agencies and employees in appropriate cases.
- Reviewed and responded to 162 Employee Request for Inspection of Records.
- Responded to 473 Investigative Requests for Employment for U.S. Office of Personnel Management.



Personnel Actions

- Reviewed and either approved, denied or requested further information on hundreds of background check files.
- Reviewed and either approved, or requested additional documentation regarding the following personnel actions:
 - Reclassifications – 1,523
 - Position Number Changes – 4,041
 - Suspensions— 685
 - Leave with Pay actions – 216
 - Leave without Pay actions – 146
 - Return from Leave With Pay – 31
 - Return from Leave Without Pay – 74
 - Return from Suspension— 670
 - Separations – 1,058 of 4,818
 - Work County Changes – 181
 - Retirements – 21 of 1,176

- Reviewed, requested further information when necessary, and recommended for approval by the Secretary of the Personnel Cabinet the temporary reassignment of other agency employees, special investigative leave actions, and petitions for written reprimand removals.



General Guidance/ Legal Assistance

- Fielded numerous telephone calls from state employees regarding issues relating to personnel matters, human resources, benefit information, open records and background checks.
- Provided legal guidance to state agency representatives with respect to personnel-related matters.
- Attended and briefed the Personnel Council and the Human Resource Leadership Council regularly on HR updates, trends, and developments.
- Assisted with internal personnel disputes and disciplinary actions by providing legal guidance and conducting investigations.
- Met regularly with the Personnel Cabinet Division of Career Opportunities to provide ongoing legal assistance.
- Met regularly with the Personnel Cabinet Division of Employee Management to provide ongoing legal assistance with respect to multiple issues, including the implementation and operation of KHRIS, the delayed July 1st pay date, local tax issues, and the placement of 45 Division of Forestry employees in lieu of layoff.
- Assisted the Office of Employee Relations in response to multiple inquiries with respect to compliance with the Family and Medical Leave Act (FMLA), Americans with Disabilities Act, and Personnel Cabinet leave regulations, among other things.
- Reviewed and approved Governmental Services Center training and workshop materials.

Legislative and Regulatory Matters

- Assisted with legislation during the 2013 regular session
- Attended Legislative Committee hearings and provided testimony regarding key issues facing the Commonwealth HR enterprise.
- Revised the Disciplinary and Personnel Actions Guide to ensure consistency with recent Personnel Board rulings regarding notice of appeal rights. Updated the website with all information.
- Provided support to revamping of Personnel Cabinet's website.

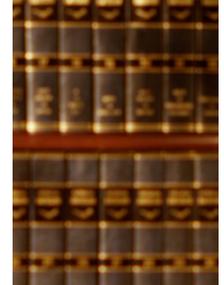


Governor's Employee Advisory Council

- Actively engaged with the Governor's Employee Advisory Council (GEAC), and provided guidance to all agencies outlining the scope of employee steward engagement.
- Created and implemented a new mandatory policy regarding the assignment of planned overtime based upon seniority to classified employees not serving in a supervisory or management.

Additional Roles

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



Kentucky Employees' Health Plan

- Provided daily legal advice to Department of Employee Insurance (DEI) as administrator of the Kentucky Employees' Health Plan (KEHP).
- Attended the Kentucky Group Health Insurance Board, Advisory Committee, and Kentucky Retirement System's board meetings.
- Assisted in developing administration rules and amending the Administration Manual for use by Insurance Coordinators and Human Resource Administrators.
- Drafted and reviewed RFP's, MOAs, and various other agreements between DEI and third parties.
- Drafted a new contract for use with quasi-groups wishing to participate in KEHP.
- Negotiated and renewed KEHP vendor contracts and business associate agreements with Humana, Inc., Express Scripts, Inc., First Onsite, LLC and other vendors.
- Assisted with preparation for 2013 and 2014 Open Enrollment. Drafted new policies and forms for use during Open Enrollment.
- Filed Kentucky Employees' Health Plan Summary Plan Descriptions for 2013 with LRC following review by the Cabinet for Health & Family Services.
- Counseled DEI on annual audits.
- Researched, provided legal analysis, drafted compliance documents, and participated in the federal audit of the Early Retiree Reinsurance Program.
- Conducted legal analysis of various guidance and regulations produced by the U.S. Department of Labor, the IRS, and HHS implementing the Patient Protection and Affordable Care Act (H.R. 3590) (the "Reform Act") as amended by the Health Care & Education Affordability Reconciliation Act of 2010 (H.R. 4872) (the "Reconciliation Act").

- Presented information regarding federal health care reform to interested parties. Drafted FAQs and other guidance regarding health care reform for employers participating in KEHP.
- Provided legal advice and assistance regarding compliance with federal laws, including IRS and the Department of Labor rulings affecting KEHP.
- Drafted new HIPAA Notice of Privacy Practices and 6 related forms to comply with new HIPAA regulations. Drafting, for 2014, revised HIPAA Business Associate Agreements to comply with new HIPAA regulations.
- Acted as the Privacy Officer for DEI. Conducting a procedural, administrative, and technical review of internal processes to ensure HIPAA compliance for DEI and KEHP.
- Participated in meetings with COT to discuss HIPAA privacy and security requirements and develop procedures for compliance with HIPAA.

Other Employee Benefits

- Researched various issues and provided legal advice regarding life insurance, workers' compensation insurance, and the Kentucky Employees Assistance Program (KEAP) administered by the Office of Employee Relations within the Personnel Cabinet.
- Provided legal advice to KEAP regarding the application of HIPAA to the employee assistance program. Drafted new HIPAA Notice of Privacy Practices and 6 related forms for KEAP to comply with new HIPAA regulations.

Department of Employee Insurance



Responsibilities

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

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

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

DEI's objectives are to:

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

Commissioner's Office

The Commissioner's Office includes the Commissioner of DEI and the Commissioner's staff. The Commissioner reports directly to the Secretary of the Personnel Cabinet. The Commissioner's Office is charged with overseeing the Department and its daily operations. The Commissioner's Office also includes the State Wellness Office.

Division of Insurance Administration

The Division of Insurance Administration consists of two branches, the Member Services Branch (MSB) and the Enrollment Information Branch (EIB).

Member Services Branch

The Member Services Branch (MSB) is chiefly responsible for providing customer service to KEHP members, leading open enrollment, and educating KEHP members on health insurance issues. Other functions include

assisting KEHP members with claims and other inquiries; maintaining KEHP's Smoking Cessation Program; serving as a liaison between members and KEHP's COBRA administrator; acting as a liaison between Medicare, third party administrators, and members; processing member eligibility grievances; maintaining grievance information and statistics; obtaining contracts for all new groups joining KEHP; conducting benefit fairs for open enrollment; providing training for Insurance Coordinators (ICs), Human Resource Generalists (HRGs) and assisting other departments as needed.

Enrollment Information Branch

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



Division of Financial & Data Services

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

Financial Management Branch



The Financial Management Branch (FMB) is comprised of the financial staff who provide services to KEHP and oversee the Commonwealth's Health Insurance Trust Fund. The financial staff reimburses KEHP's third party administrators for claims and administrative fees, along with reconciling any discrepancies to meet contractual obligations. The financial staff also produces statutory and ad hoc reports for the Governor, the General Assembly, the KGHIB, the ACSHIS, various advocacy groups, and other interested parties.

Premium Billing Branch

The Premium Billing Branch (PBB) is responsible for collecting health insurance and life insurance premiums, administrative fees, and flexible benefit contributions that agencies participating in KEHP submit through the Kentucky Human Resource Information System (KHRIS) by each agency participating in KEHP. This is accomplished by creating monthly invoices for participating agencies, contacting insurance coordinators on a monthly basis to help resolve discrepancies, reconciling accounts, providing training and serving as a liaison to ensure the agencies' needs are met.



Data Analysis Branch

The Data Analysis Branch (DAB) analyzes, evaluates and interprets health insurance data from all available sources and prepares reports for distribution to appropriate individuals within and outside the Personnel Cabinet. DAB assesses the impact of proposed legislation on KEHP; provides input to the Commonwealth's budget process with respect to KEHP; and, collects, maintains and analyzes enrollment and claims payment data from KEHP's third party administrators through a consolidated database. DAB procures data analysis services to establish and maintain a comprehensive database of eligibility and claims utilization data necessary to manage KEHP; provides reports to the KGHIB and the ACSHIS; and provides information on

requests from other agencies or individuals. DAB also provides systems research, analysis, design and testing support and basic production support for KHRIS. This includes the online Benefits Administration and Benefits Accounting modules used by Health Departments, Boards of Education, Quasi-Governmental Agencies and various KY Retirement Systems who participate in KEHP. The system and “how to” user-based support provided by DAB is available to DEI staff and KHRIS project staff, as well as external ICs, HRGs, Billing Contacts and HR Administrators around the Commonwealth.

Accomplishments

DEI continues to be a customer-focused organization which provides efficient, effective and responsive service to its members. DEI has been instrumental in enabling the Personnel Cabinet to meet its statutory duties and responsibilities in the area of health insurance, as well as the needs of nearly 300,000 members and dependents enrolled in health insurance and flexible benefit plans.

KEHP provides a variety of health insurance plan options to choose from which include the: Commonwealth Optimum PPO plan; Commonwealth Capitol Choice plan; Commonwealth Maximum Choice plan; and the Commonwealth Standard PPO plan. For employees who choose to waive their health insurance coverage, KEHP offers either the Waiver Health Reimbursement Account (HRA) or the Waiver Dental/Vision ONLY HRA in which the employer contributes \$175 per month for a total annual contribution of \$2,100. The Waiver HRA is used to pay for copayments, deductibles, coinsurance, medical supplies and certain dental and vision services, and the Waiver Dental/Vision ONLY HRA is used to cover dental and vision services.

KEHP also has a Flexible Spending Account (FSA) program and offers a Healthcare FSA and a Dependent Care FSA. A Healthcare FSA is available to pay for healthcare services such as copayments, deductibles, coinsurance, medical supplies, and dental and vision services with pre-tax dollars. A Dependent Care FSA is for day-care services for a child or an adult being paid with pre-tax dollars. There are limits on the amount a member may contribute into a Flexible Spending Account.

KEHP works with several partners in providing benefits. Humana and Express Scripts, Inc. assist with the administration of KEHP’s business and provide specialized services to our members. Other partners include:

- HumanaVitality® is a rewards-based wellness program designed to empower members of KEHP to live healthier lives.
- Compass ChoiceRewards is a program that uses financial incentives to motivate and redirect members to lower-cost, high-quality provider facility locations.
- Ceridian administers COBRA continuation services for KEHP Members.
- LifeSynch partners with Humana to provide mental health and substance abuse services, as well as certain wellness benefits such as health coaching.

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

2012 Enrollment Data

| AGENCY | Employees | Dependents | Total |
|--------------|----------------|----------------|----------------|
| BOE | 98,838 | 63,798 | 162,636 |
| HD | 3,190 | 2,043 | 5,233 |
| QUASI | 8,813 | 6,000 | 14,813 |
| RETIRE1 | 183 | 139 | 322 |
| KRS | 28,688 | 13,003 | 41,691 |
| KTRS | 15,764 | 4,317 | 20,081 |
| STATE | 37,536 | 23,942 | 61,478 |
| Total | 193,012 | 113,242 | 306,254 |

| Plan | FSA Plans |
|--------------------|-----------|
| Dependent Care FSA | 863 |
| Healthcare FSA | 10,352 |

| Plan | Xref Plans |
|-------------------------|--------------|
| CW Capitol Choice Prime | 717 |
| CW Maximum Choice Prime | 545 |
| CW Optimum PPO Prime | 7,089 |
| CW Standard PPO Prime | 99 |
| Total | 8,450 |

| Plan | Plan Holders |
|-------------------------------|----------------|
| CW Capitol Choice | 30,862 |
| CW Maximum Choice | 12,266 |
| CW Optimum PPO | 92,810 |
| CW Standard PPO | 12,570 |
| Forced Waiver NO HRA | 1,770 |
| Waive Coverage with HRA | 22,625 |
| Waive Coverage without HRA | 2,978 |
| Waiver Dental/Vision Only HRA | 233 |
| Total | 176,114 |

| Coverage Level | Plan Holders |
|----------------|--------------|
| Single | 99,805 |
| Couple | 11,204 |
| Parent Plus | 25,853 |
| Family | 20,096 |

2013 Enrollment Data

| AGENCY | Employees | Dependents | Total |
|---------|-----------|------------|---------|
| BOE | 93,775 | 64,002 | 157,777 |
| HD | 2,744 | 1,774 | 4,518 |
| QUASI | 8,713 | 6,065 | 14,778 |
| RETIRE1 | 185 | 125 | 310 |
| KRS | 26,974 | 11,594 | 38,568 |
| KTRS | 16,853 | 4,495 | 21,348 |
| STATE | 37,026 | 24,048 | 61,074 |
| | 186,270 | 112,103 | 298,373 |

| Plan | FSA Plans |
|--------------------|-----------|
| Dependent Care FSA | 929 |
| Healthcare FSA | 9,956 |

| Plan | Xref Plans |
|-------------------------|--------------|
| CW Capitol Choice Prime | 704 |
| CW Maximum Choice Prime | 533 |
| CW Optimum PPO Prime | 6,711 |
| CW Standard PPO Prime | 142 |
| Total | 8,090 |

| Plan | Plan Holders |
|-------------------------------|--------------|
| Capitol Choice | 30,520 |
| Maximum Choice | 12,369 |
| Optimum PPO | 93,184 |
| Standard PPO | 14,816 |
| Forced Waiver NO HRA | 3,091 |
| Waive Coverage with HRA | 20,909 |
| Waive Coverage without HRA | 3,011 |
| Waiver Dental/Vision Only HRA | 281 |

| Coverage Level | Plan Holders |
|----------------|--------------|
| Single | 95,133 |
| Couple | 9,801 |
| Parent Plus | 26,177 |
| Family | 19,648 |

KEHP Members by HumanaVitality Participation Level

| HumanaVitality Participation Level | 3Q12 | 4Q12 | 1Q13 | 2Q13 |
|------------------------------------|---------|---------|---------|---------|
| Health Assessment | 12,340 | 16,768 | 9,312 | 12,812 |
| HumanaVitality Blue Level | 237,202 | 234,213 | 248,643 | 247,048 |
| HumanaVitality Bronze Level | 25,239 | 30,835 | 17,630 | 22,041 |
| HumanaVitality Silver Level | 1,074 | 1,193 | 474 | 765 |
| HumanaVitality Gold Level | 132 | 171 | 49 | 183 |
| HumanaVitality Platinum Level | 181 | 204 | 37 | 134 |
| Health Coaching New Member | 1302 | 1189 | 37 | 47 |
| Health Coaching Active | 26 | 24 | 1,226 | 1,278 |
| Biometric Screenings | 2,637 | 3612 | 739 | 1,895 |

Highlights of DEI's key accomplishments:

- Conducted 8 Benefit Fairs across the Commonwealth; offered computer kiosks at 7 locations to assist members with online enrollment.
- Included Health Fairs at 4 Benefit Fair locations and provided free flu shots for members.
- Offered Open Enrollment data assistance to Insurance Coordinators and Human Resource Generalists.
- Developed a new two-day orientation training for new ICs/HRGs that included both KEHP policy and procedures and KHRIS processing training.
- Completed a successful Open Enrollment for Plan Year 2012 while also supporting testing for KHRIS fixes and functional design improvement implementation.
- Provided one-on-one KHRIS coaching to over 200 Commonwealth Paid HRGs and Non-Commonwealth Paid ICs.
- Participated in both the fall and spring KASBO conferences.
- Created Non-Commonwealth Paid KHRIS User groups for Boards of Education and other groups in order to clarify ongoing KHRIS issues.
- Created KHRIS Benefits Administration and Benefits Accounting User Guides for Non-Commonwealth ICs.
- Provided subject matter experts for Commonwealth Paid KHRIS training.
- Ensured the fiscal responsibility of KEHP through large substantiation recovery efforts.
- Supported Wellness activities through Journey to Wellness programs and the new LivingWell and HumanaVitality programs.
- LivingWell initiatives and accomplishments include:
 - More than 16,768 members had taken the HumanaVitality Health Assessment and 1,821 members had received their biometric screening through the 4th quarter of 2012. More than 12,800 members had taken the Assessment and over 1,800 members had received their biometric screening through the 2nd quarter of 2013.
 - Free Flu Shot campaign: September 15 through November 30, 2012. Flu shots were available at a variety of participating provider locations including: doctors' offices, health clinics, retail pharmacies, local health departments and other medical providers.
 - October Breast Cancer Awareness Month and promotion of "Wear Pink Day" on October 28, 2012
 - November Promotion of the ACS Great American Smokeout Day
 - The HumanaVitality biometric screening bus tour
 - Colorectal Cancer Awareness Month and Dress in Blue Day

Department of Human Resources Administration

Responsibilities

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

Division of Employee Management

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

The Division of Employee Management consists of the following branches:

Personnel Administration Branch

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



Payroll Branch

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

Classification and Compensation Branch

The Classification and Compensation Branch is responsible for assisting agencies in the creation or modification of job classifications, the salary schedule, and the review and approval of agency reorganizations. This branch works closely with the Governor's Office for Policy and Management (GOPM) to assist in "cap" issues and budget impact for legislative decisions, such as the state employee annual increment.

Organizational Management Branch

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

2012 – 2013 Highlights:

- Successful preparation and dissemination of 49,662 Wage and Tax Statements (W-2).
- Processed \$1,627,413,707.26 in payroll for an average of 42,832 employees.
- Successfully implemented a mandatory direct deposit and electronic salary statement policy for all new hires and rehires effective January 1, 2013.
- Received and completed approximately 1,805 service records requests
- Performance Management audits were performed on 3-10% of each cabinet's Employee Performance Evaluations for a total of 835.
- Completed 15 classification desk audits, 2 of which were board ordered
- Participated in 61 salary surveys from states within the National Compensation Association of State Governments as well as the AFT Survey and the Book of the States Survey from the Council on State Governments
- Reviewed and executed multiple House and Senate bills
- Processed 60,680 personnel actions (27,890 increments)
- Abolished 4 classifications
- Revised 42 classifications
- Established 3 classifications
- Reviewed and implemented 25 reorganizations
- Managed agency advertising on employee paycheck stubs
- Created and distributed 7 issues of the KHRIS newsletter "Personnel Issues and You" to agency HR staff
- Maintained statewide agency organizational charts



- Training is provided for all agency staff required to perform HR functions within the Kentucky Human Resource Information System (KHRIS). Many division staff members are involved in these classes as subject matter experts for the monthly trainings which are offered to new employees in addition to current employees wishing to re-take the course(s) as a refresher. Counts of employees trained per course, for the reporting period, are:
 - Human Resource Generalist- 32
 - Time Keeper- 134
 - Time Administrator- 30
 - Advanced Payroll- 91
 - County Fees- 15
- “Performance Matters” training on the Employee Performance Evaluation System was conducted for 330 evaluators and interested employees. *In addition-Feb 2013 Performance Management released a mandatory evaluation system online course for all merit employees to complete on, or prior to, Dec 31, 2013.
- “Position Description” training was conducted for 146 employees.



Division of Career Opportunities

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

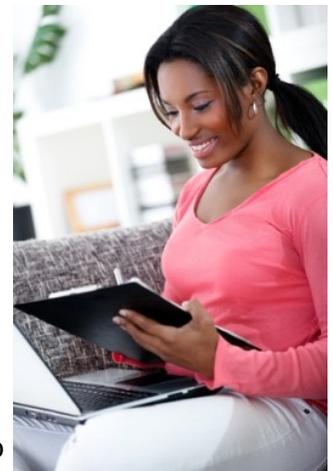
Merit Employment: The merit employment function of Kentucky State Government, including the recruitment, and placement of competitive (new) employees and the promotion of existing employees under KRS 18A.005-18A.200 and 101 KAR and all related statutes and regulations which relate to the merit staffing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

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

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

HR Certification Branch

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



Applicant Services and Recruitment Branch

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

Register Branch

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



Career Opportunities System (COS)

The Career Opportunities System (COS) is the Commonwealth of Kentucky's Applicant Tracking System. The system, powered by Kenexa 2x BrassRing™ and implemented in 2007, provides a single online source for all merit position vacancies to be posted and for applicants to apply to vacant and Immediate Fill postings. The system allows applicants to apply anywhere in the world where they have an Internet connection which has greatly improved the accessibility for employment opportunities with the Commonwealth. There are currently over 190,887 unique applicant profiles in the system.

2012 – 2013 Highlights:

- Designed and supported implementation of a new website for job applicants, <https://Careers.ky.gov>, utilizing SharePoint software allowing specific focus on providing information and access to COS for applicants seeking merit employment.
- Revised evaluation and recognition of applicant high school graduation to provide for more efficiency and improved oversight.
- Continued agency customer outreach with COS training and presentations, DCO liaison consultations and COS User Group meetings.
- Participated in Cabinet "Innovation Champions" teams with staff members serving on Recognition and Morale, Community Action and Green Teams. Staff also participated as members of the Safety Committee and *Step Out*, the Personnel Cabinet's Walking Club.
- Continued to participate in a Kenexa user group for phone conferences to share experiences and compare service from the vendor.
- Responded to an information request from the government of Nova Scotia, Canada concerning our recruitment system vendor, Kenexa, which was under consideration for selection as an applicant tracking system.

- Continued to participate in recruiting events and career fairs to address specific recruiting needs of hiring agencies. Additional consideration and effort was given to attending events focused on providing veterans employment assistance.
- Received an ESAC Award during the annual Employee Safety Awards Ceremony for no lost work time due to work-related injuries.
- Performed audits of education verification on applicants' approved for Immediate Fill job classifications.

| 2013 Business Statistics | 2013 |
|--|-------------|
| Walk-Ins (Applicants Utilizing Computer Lab) | 290 |
| Previous Applications Copied/Provided from Legacy System | 63 |
| COS Helpdesk E-mails | 5,031 |
| Phone Calls Applicant Processing | 13,045 |
| Total Number of Applicants in COS | 190,887 |
| New Applicants | 31,301 |
| Job Submissions | 361,292 |
| QA Reviews (Performed on selected candidates prior to appointment) | 7,518 |
| Applications Reviewed for Minimum Qualifications (MQR) | 45,952 |
| Applications Reviewed for Immediate Fill Registers | 20,892 |
| Rejections: 10 Day Postings (MQR) | 3,137 |
| Registers Certified: 10-Day Postings | 4,658 |
| Registers Certified: Immediate Fills | 1,164 |
| Merged Accounts Identified | 179 |
| Veterans Assisted | 1,273 |
| Veteran's Preference Assigned | 1,405 |
| Veterans Outreach Emails Sent | 3066 |
| Veteran's Job Fairs Attended | 7 |
| Regular Job Fairs Attended | 8 |

Division of Technology Services

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

The Division consists of the following organizational units:

- Director's Office
- Access Control Branch
- Application Development Branch
- System Analysis Branch
- Systems Integration Branch



The Director's Office is responsible for input, direction and oversight of technology in the Cabinet and oversees the work and responsibilities of the branches within the Division to include HR responsibilities and staff development. The office is final approver of all technology changes introduced to the Cabinet. The office serves as chair of the Cabinet's Change Control Committee (CCC) where

technology changes are recommended and reviewed to ensure standards, software integrity, integration points, long-term cost impact and strategic vision for IT in the Cabinet is factored in all technology. The office also directly oversees technical audits of the Cabinet and works closely with the Cabinet's internal audit office. In addition, the office manages the IT budget of the Cabinet, IT procurement and the administrative staff provides assistance to the office and all branches as needed.

The Access Control Branch is responsible for the design, implementation and support of application security in Personnel Cabinet systems as well as access control of users in those systems. The branch trains and oversees a network of Agency Security Contact (ASCs) across the Enterprise to ensure controls for access to the Cabinet's HR systems are in place.



The Application Development Branch is responsible for technical solutions to systems within the Cabinet. This includes KHRIS and all other systems interfacing with KHRIS such as COS, Pathlore, Image Connect (FileNet), and several systems across the Enterprise in partnership with other Agencies in the Commonwealth. The branch supports all other systems, applications and databases for the Cabinet's business areas as well. In addition to application development, the branch is also home to the Business Warehouse/Business Objects

Team with is a part of the total KHRIS landscape providing additional reporting options for the Cabinet's business areas.

The System Analysis Branch is responsible for the functional understanding, design and configuration for all modules in KHRIS and all HR systems and applications in the Cabinet which includes the Career Opportunities System (COS), Image Connect (FileNet) and Pathlore that all integrate with KHRIS. They work as analysts/liasons between business owners and developers in the system design of the Cabinet's technology solutions. The branch is also home to the DTS Project Management Office (PMO) that manages and oversees all work of the Division such as every day base support as well as many special projects and systems changes approved through the CCC.



The Systems Integration Branch was a merger of several teams within the Division in June, 2013. The branch was instrumental in the design and launch of the Cabinet's new websites via SharePoint 2013 that also introduced the Systems Support Portal powered by Team Foundation Server (TFS) and is responsible for the technical and administrative support for it. The new online source allows users to request systems support and assistance with business questions, request access to systems as well as request/recommend system changes. This initiative is an ongoing project in DTS and the branch in partnership with the Cabinet's Center for Strategic Innovation (CSI). In addition, the branch is also charged with integration management of the Cabinet's technology which includes change control for all DTS supported systems ensuring thorough testing and documentation of system changes before approving and introducing into production systems. The Basis Team is responsible for infrastructure/software administration and direct interaction with the hosting vendor, Commonwealth's Office for Technology (COT), for KHRIS and the Business Warehouse/Business Objects systems. The Production Support Team is responsible for monitoring, scheduling, and running production jobs which include some payroll tasks. The team also provides Redwood Scheduler administration and supports the sftp server for the secure transfer of data between the Personnel Cabinet and its partners requesting data.

Accomplishments

- Attended KASBO Fall and Spring Conferences and Benefits' and HR KHRIS Users groups providing support to the business areas
- Continued QA reviews for consistent DTS Development Standards for all development work
- DTS Project Management Office led and tracked the project for Personnel and Finance who successfully completed the second June 30th payroll deferral
- All DTS staff renewed HIPAA training
- Enhanced and continued delivery of the DTS IT/KHRIS (SAP) Jumpstart/Entry Training courses to several new team members and refreshers for other DTS staff
- Completed system processes, jobs and all subsequent steps for 119 regular, off-cycle and adjustment payroll runs
- Completed the second year-end project in KHRIS to include producing 49,662 W2s
- Approved 208 KHRIS/System Change Requests (KCR/SCRs)
- Managed IT project for a successful Open Enrollment 2013 which included KHRIS ESS changes to support the second passive enrollment in KHRIS for nearly 20,000 users
- Successfully completed a migration from ePay to KY Interactive's The Payment Engine (TPE) with integration to KHRIS for online premium payments for the Benefits' programs
- Established a web browser testing lab fitted with a combination of operating systems and web browsers to ensure compatibility with those most popular
- Implemented SharePoint 2013 and migrated existing document repositories
- Worked with CSI to migrate CMS web presence to SharePoint 2013 updating all Personnel Cabinet websites
- Implemented Team Foundation Server with the SharePoint project as a new self-service ticketing system allowing for the eventual sunset of HP Quality Center and FrontRange
- The KHRIS Service Center was presented a total of 14,254 phone calls and 21,418 emails, created 9,709



systems related tickets for support requests and provided 928 W2 reprints before officially closing in June with the implementation of the Cabinet's new website using SharePoint 2013 and Team Foundation Server for online requests and notifications for systems support by end users

- Worked closely with DEI staff to develop a new confidential share access control policy to ensure inherited permissions were not propagated inappropriately
- Conducted two Agency Security Contact (ASC) training sessions in the Fall of 2012 and Spring of 2013
- Refined Firefighter ID and non-productive system access policies
- Successfully completed annual SAP user license audit and developed business rules to automate the process going forward
- Began work with and support of the consolidation of some IT services to COT, provided detailed IT infrastructure documentation and participation in the Technology Advisory Council as a part of this initiative
- Successfully migrated legacy mainframe users to a new secure emulation client
- Reorganized the Production Support, Basis, Systems Security and Client services branches into the Access Control and Systems Integration Branches
- Participated in a successful recovery of production KHRIS (SAP), Redwood and NWDI in May as part of the COT Calendar 2013 Disaster Recovery exercise
- Completed stress testing of KHRIS for Open Enrollment 2013 and formed a new Performance/Volume/ Stress Testing Team and Plan to broaden skill, knowledge and expertise in this area as part of the Open Enrollment 2014 project to ensure success for the first full open enrollment and included as part of all testing scope
- Completed the first substantial upgrade of SAP software in KHRIS from HR Enhancement Pack 4 SPS11 to SAP HR Enhancement Pack 6.04 and SAP NetWeaver Portal 7.01 to 7.03
- Introduced new KHRIS ESS welcome screen navigation which leverages icons and implemented self-service ID retrieval functionality which enhanced the existing self-service password administration feature
- Migrated to new pseries 740 servers which power application servers for KHRIS offering horizontal expandability as additional need is encountered after preliminary sizing steps for Open Enrollment 2014
- Began Open Enrollment 2014 IT project January 2013 and finalized KHRIS ESS design for Open Enrollment 2014 in June for the first full, active enrollment in KHRIS for a population of over 200,000 users and dependents
- Completed sizing exercises with COT in prep for Open Enrollment 2014 which included migrating to new z114 mainframe for added database performance to ensure system performance for this endeavor

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

To further emphasize the magnitude of the Kentucky program's size and level of acceptance by eligible employees, in the February 4, 2013 issue of *Pension & Investments* magazine a survey of the top 1,000 pension plans (including defined benefit as well as defined contribution – both public and private) of which there are over 50,000 plans the Kentucky Deferred Compensation program ranked 581st in the nation.

During fiscal year 2012-2013, the Authority Board of Trustees (Board):

- 1) Considered the need to take an action regarding participant asset fees and determined no changes should be made. Based on the Board's latest decision and prior years fee reduction actions, the Board has now reduced participant asset fees in 9 of the previous 17 years, resulting in 'recurring' annual asset fee savings to participants of approximately \$4.3 million. The total accumulated annual participant asset fee savings has now reached approximately \$47 million.
- 2) Received notice from NAGDCA the Authority has been awarded a 1st place 2013 Leadership Recognition Award. This winning award is in recognition of the Authority's outstanding achievement in the technology and social media category for its introduction of an Authority Mobile Application for participants use, during calendar year 2012. This is the 16th time Kentucky has been recognized in the past 18 years for outstanding achievement in the overall administration of the Authority program. It is again noteworthy to point out, no other NAGDCA member has received this prestigious award as many times as the Commonwealth of Kentucky.
- 3) Issued a Request for Proposal (RFP) to provide record keeping, marketing and communications services. These are the largest contracts which the Board negotiates. It was the decision of the Board, based upon the recommendations of the RFP Committee, to engage Nationwide Retirement Solutions, Inc. (NRS) to provide all three services for an initial contract period of three years. Through pricing negotiations the Board was able to negotiate an \$180,000 fee reduction for the initial contract period.
- 4) Directed the transition of the record keeping system from ING Institutional Plan Services, LLC to NRS which has been an eight month long process which culminated in a successful live date conversion on July 1, 2013.



- 5) Continued to pursue with the Personnel Cabinet implementation of the strategic planning recommendations made by Mercer Consulting, the strategic planning consultant, engaged by the Board for this purpose.

In addition, the Authority has for the first time in 3 years experienced an increase in participation in the plans. Participation in the Authority program the prior 2 years decreased by 1,464 participants. Further, participation has once again surpassed 75,000 as of June 30, 2013. We are also pleased to inform assets at June 30, 2013 once again increased. Assets grew from \$2.0 billion to nearly \$2.2 billion and were approximately \$130 million greater than the amount reported at the end of fiscal year 2012, reflective of the improvement in market conditions throughout the 2013 fiscal year.



The following graphs, charts and tables represent the combined results from the Authority's 457 and 401(k) supplemental retirement plans through June 30, 2013:

- *Participant Volume* – Bar Graph 1 and accompanying table, as indicated above, reflects a reversal of the downward spiral in the number of participants in the Authority program. Therefore, this year we are pleased to point out, participation in the Authority's plans has increased. The number of plan participants (with account balances) increased from 74,211 as of June 30, 2012 to 75,170 at June 30, 2013. This represents an increase of 959 participants or a 1.29% increase as of the 2013 fiscal year end. The primary reasons for this occurrence were that during fiscal year 2013 the Authority introduced a vigorous enrollment campaign program as well as an aggressive asset retention initiative and improved financial market conditions.
- *Plan Assets* – Bar Graph 2 and accompanying table shows 2012 plan assets, on a calendar year basis, were greater than for 2011 (2012 - \$2.058 billion vs. 2011 - \$1.856 billion). Assets, on a fiscal year basis, have also increased significantly from \$1.961 billion as of June 30, 2012 to \$2.187 billion on June 30, 2013, representing a \$226 million or approximately an 11.52% increase. Assets in both the 401(k) and 457 Plans advanced nicely from the 2012 fiscal year. Assets in the 401(k) Plan increased from \$1.209 billion at June 30, 2012 to \$1.364 billion at June 30, 2013. Similarly, the 457 Plan assets increased from \$733.45 million at June 30, 2012 to \$799.13 million at June 30, 2013.
- *Plan Trends* – Several other important trends continued or reversed during fiscal year 2012-2013 within the deferred compensation program.

Investments – Graph 3 indicates for only the 5th time in the past 17 years, quarterly participant investments have decreased. This negative trend is directly the result of continued uncertainty of economic conditions and the fact many participants have not experienced a salary increase for a number of years. Quarterly participant investments decreased substantially from \$32.4 million as of June 30, 2012 to \$29.86 million as of June 30, 2013. This represents a decrease of \$2.5 million or approximately 8%.

Plan Assets Allocation – Graph 4 and accompanying table demonstrate that for an 18th consecutive year, participants invested more into the mutual funds than into the Fixed Contract Fund (FCF). This is also the 17th 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 \$1.436 billion (59.98%) in the stock mutual funds, \$138.1 million (6.32%) in the

bond mutual funds/money market fund and \$698 million (31.96%) in the FCF. The remaining 1.74% or \$38.1 million represents insurance company benefit accounts and participant loans.

- Investments* – Graph 6 indicates annual deferral investments increase as of June 30, 2013, reversing the negative trend from last year. Annual deferral investments totaled \$134.9 million as of June 30, 2013 compared to \$132.6 million at June 30, 2012, representing a \$2.3 million or 1.7% increase. The percentage of the annual deferral investments into the 401(k) Plan (excluding IRA contributions) versus the 457 Plan decreased by 0.64% to 61.90%. For the fiscal year ended June 30, 2013, annual deferrals into the 401 (k) Plan exceeded those invested in the 457 Plan by \$36.84 million. This year participant annual deferrals into the IRAs equated to approximately \$4.7 million an increase of \$0.9 million from the prior fiscal year. These numbers are exclusive of rollovers into the program which are not considered as annual deferrals but continue to represent a considerable portion of the Authority’s IRA assets which continues to grow at a fairly rapid pace.

As of June 2013, the Authority offered participants 36 investment options from which to select. The investment spectrum ranges from target date – to – passively managed index – to – actively managed – to specialty funds. This spectrum of investments consists of 23 mutual funds, 11 target date lifecycle funds, 1 money market fund and 1 stable value or fixed fund product.

GRAPH I

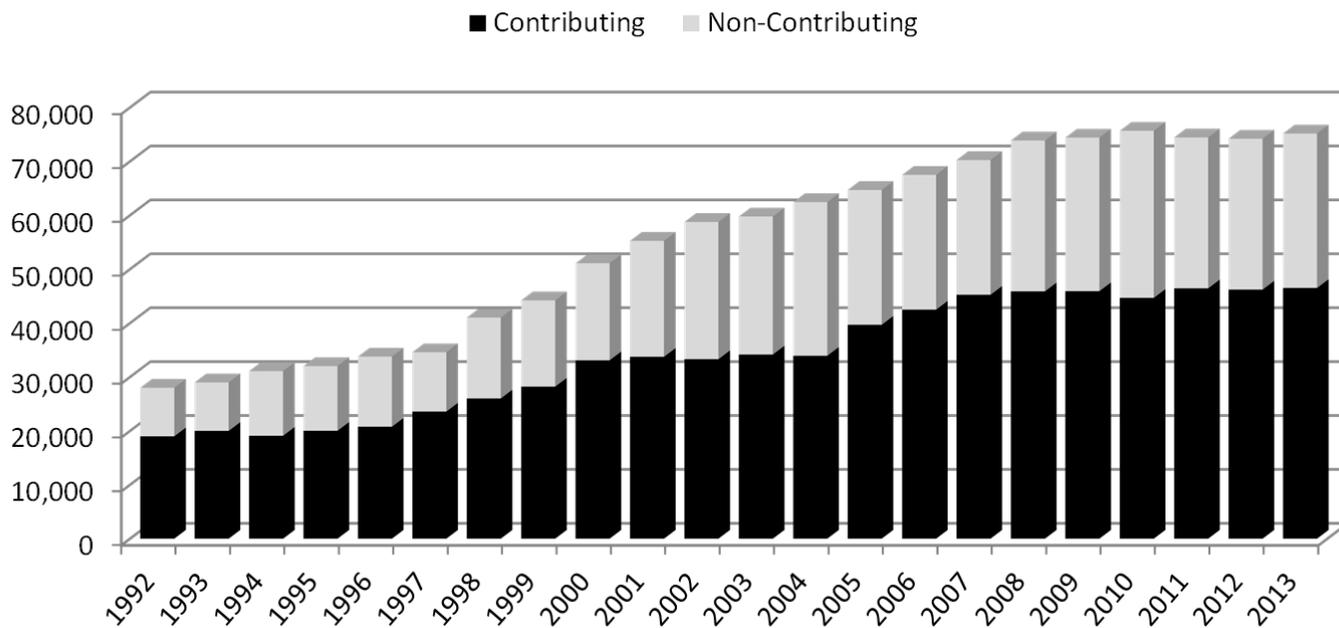


TABLE I

Total Participants by Year (with Account Balances)

06/30/1994 – 06/30/2013

| Year | Participants |
|-------------|---------------------|
| 06/30/1994 | 32,024 |
| 06/30/1995 | 33,781 |
| 06/30/1996 | 34,589 |
| 06/30/1997 | 37,330 |
| 06/30/1998 | 41,016 |
| 06/30/1999 | 46,187 |
| 06/30/2000 | 51,099 |
| 06/30/2001 | 55,749 |
| 06/30/2002 | 58,756 |
| 06/30/2003 | 59,773 |
| 06/30/2004 | 62,437 |
| 06/30/2005 | 64,689 |
| 06/30/2006 | 67,490 |
| 06/30/2007 | 70,247 |
| 06/30/2008 | 73,884 |
| 06/30/2009 | 74,417 |
| 06/30/2010 | 75,675 |
| 06/30/2011 | 74,443 |
| 06/30/2012 | 74,211 |
| 06/30/2013 | 75,170 |

GRAPH II

Asset Growth by Year

(Excluding Life Insurance and Uninvested Receipts)

| Participant Accounts | | Plan Year Increase | Assets (\$ millions) | |
|----------------------|--------|--------------------|----------------------|-------------|
| | | 11.5 % | | |
| Roth IRA | 3,176 | | Roth IRA | \$ 14.09 |
| Traditional IRA | 435 | | Traditional IRA | \$ 9.37 |
| 401(k) Plan | 53,462 | | 401(k) Plan | \$ 1,364.28 |
| 457 Plan | 33,462 | | 457 Plan | \$ 799.13 |

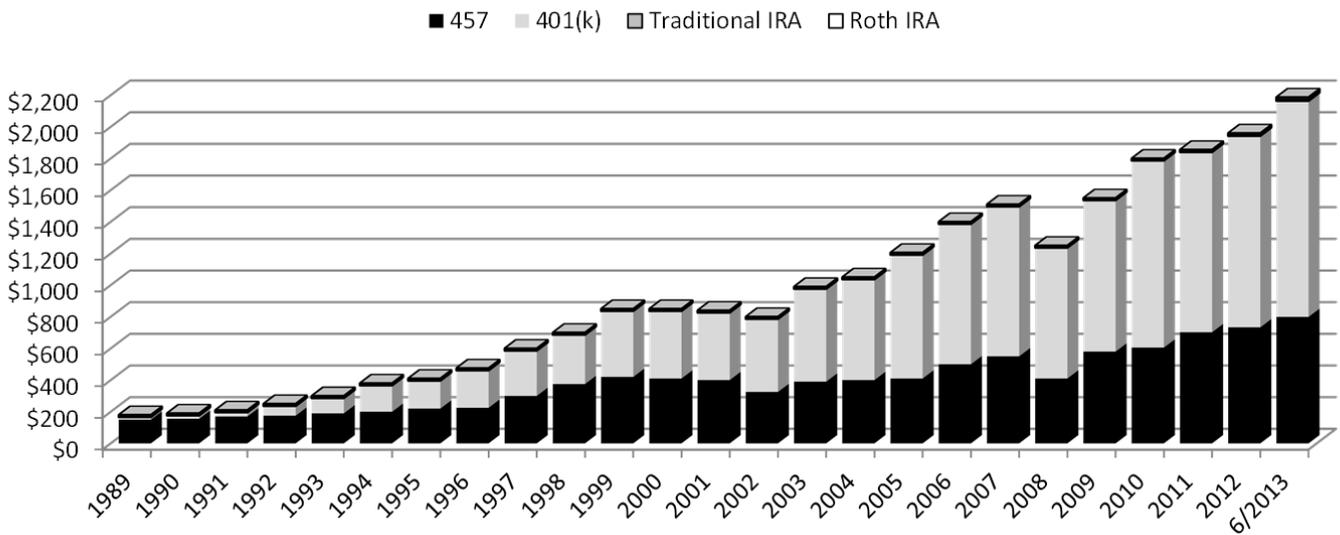


TABLE II

Asset Growth by Year

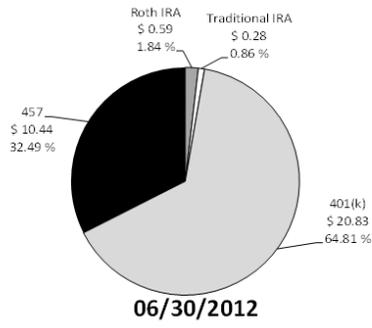
(Excluding Life Insurance and Uninvested Receipts)

| Year | Assets |
|------------|------------------|
| 12/31/1995 | \$ 445,688,072 |
| 12/31/1996 | \$ 518,994,025 |
| 12/31/1997 | \$ 631,499,204 |
| 12/31/1998 | \$ 755,721,008 |
| 12/31/1999 | \$ 897,692,891 |
| 12/31/2000 | \$ 899,064,718 |
| 12/31/2001 | \$ 892,252,657 |
| 12/31/2002 | \$ 827,735,663 |
| 12/31/2003 | \$ 1,002,971,334 |
| 12/31/2004 | \$ 1,118,341,380 |
| 12/31/2005 | \$ 1,248,596,528 |
| 12/31/2006 | \$ 1,420,204,161 |
| 12/31/2007 | \$ 1,591,275,093 |
| 12/31/2008 | \$ 1,306,613,331 |
| 12/31/2009 | \$ 1,605,287,634 |
| 12/31/2010 | \$ 1,819,314,700 |
| 12/31/2011 | \$ 1,855,891,203 |
| 12/31/2012 | \$ 2,057,942,991 |
| 06/30/2013 | \$ 2,186,876,791 |

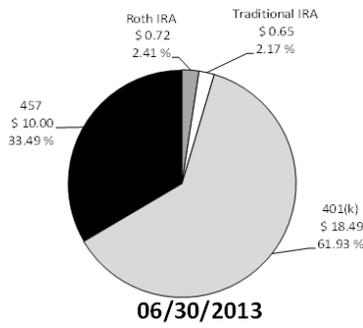
GRAPH III

Deferral Investments by Quarter

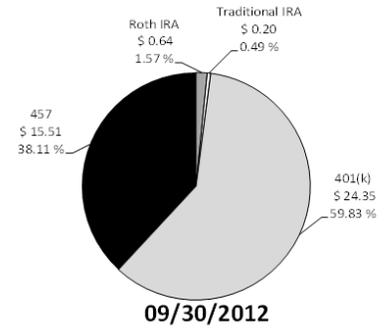
(Excluding Life Insurance and Uninvested Receipts)



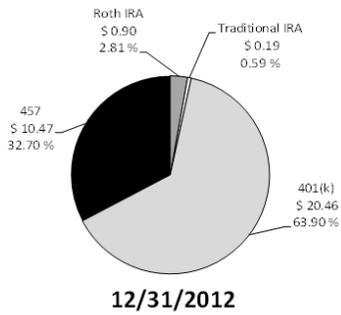
In Millions \$



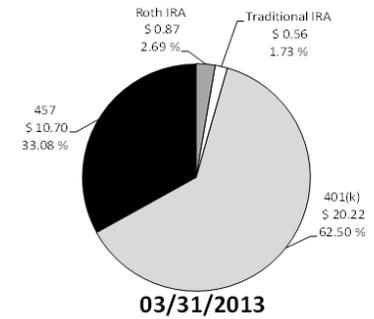
In Millions \$



In Millions \$



In Millions \$



In Millions \$

GRAPH IV

Percentage Allocation of Assets

(Excluding Life Insurance and Uninvested Receipts)

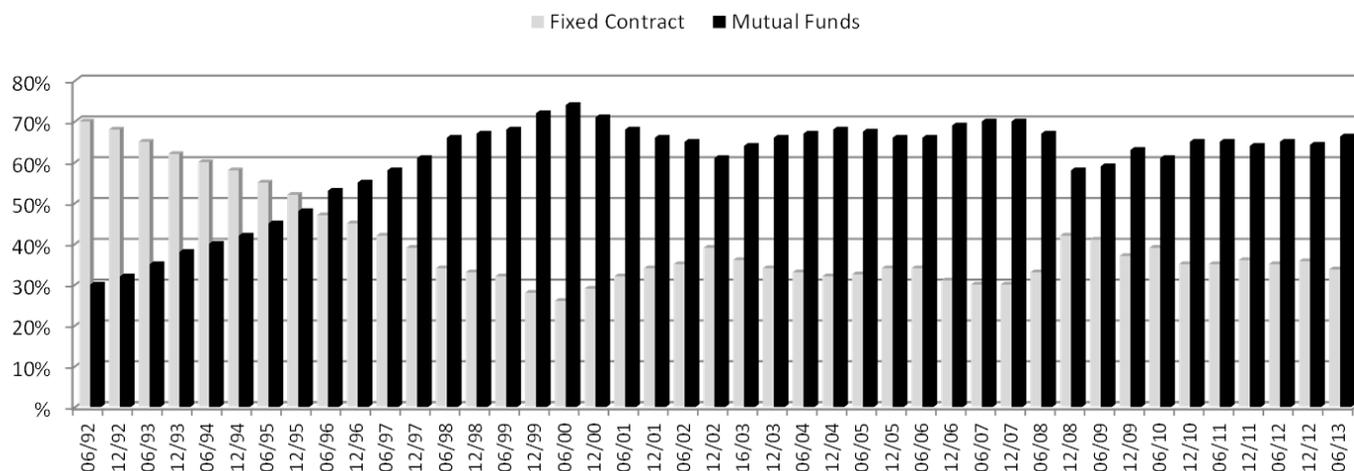


TABLE IV

Assets – Fixed & Variable

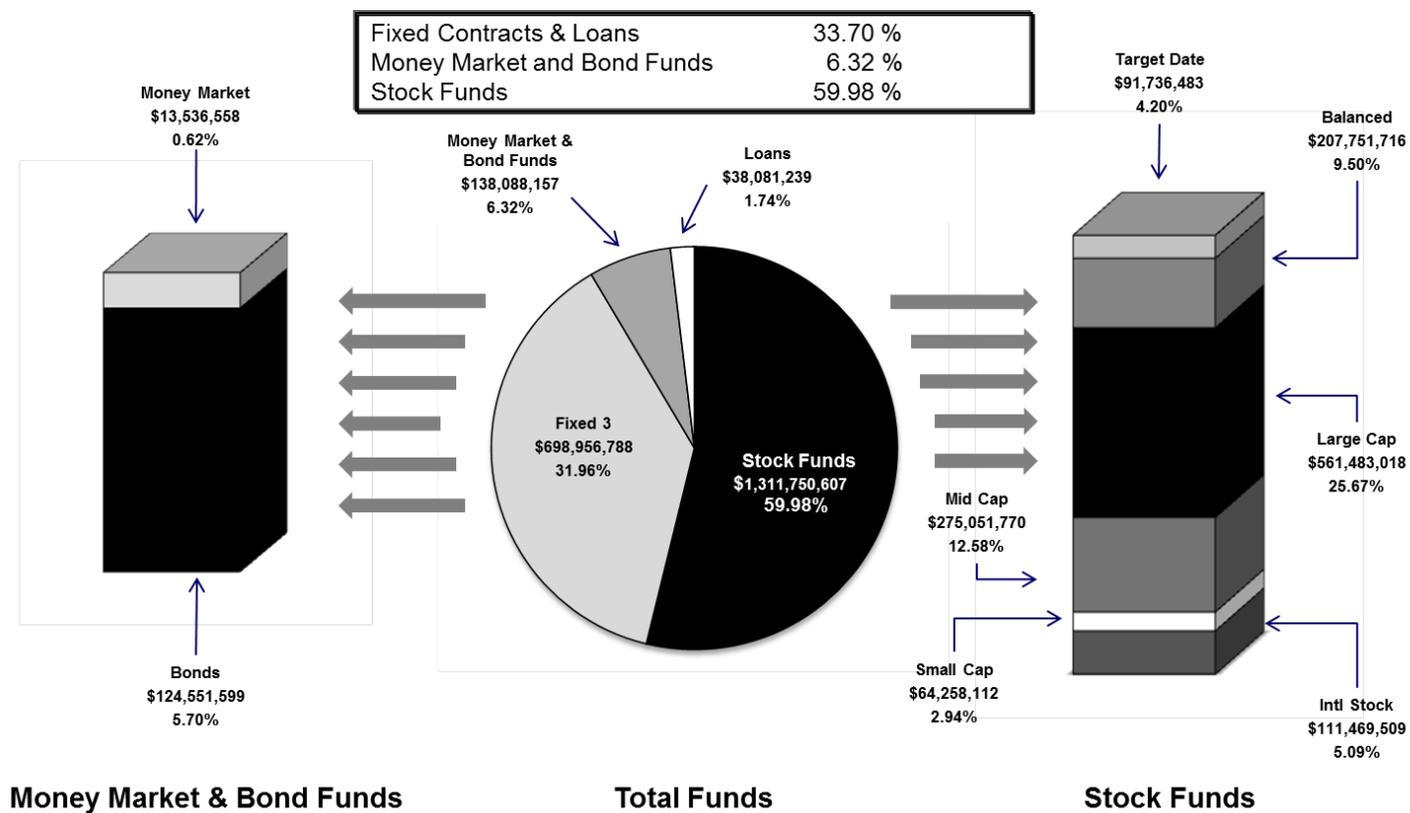
(Second Quarter 2003 to Second Quarter 2013)

| Mo/Year | Fixed | Variable |
|---------|----------------|------------------|
| 06/03 | \$ 330,321,165 | \$ 565,503,670 |
| 12/03 | \$ 346,607,857 | \$ 656,227,878 |
| 06/04 | \$ 356,360,773 | \$ 688,354,792 |
| 12/04 | \$ 372,453,803 | \$ 745,887,577 |
| 06/05 | \$ 387,788,869 | \$ 764,858,495 |
| 12/05 | \$ 436,204,265 | \$ 812,170,473 |
| 06/06 | \$ 453,729,486 | \$ 850,997,401 |
| 12/06 | \$ 463,034,505 | \$ 957,169,656 |
| 06/07 | \$ 478,003,505 | \$ 1,056,393,856 |
| 12/07 | \$ 491,385,778 | \$ 1,099,889,315 |
| 06/08 | \$ 523,844,082 | \$ 1,029,854,002 |
| 12/08 | \$ 564,180,361 | \$ 742,432,970 |
| 06/09 | \$ 589,515,421 | \$ 811,419,200 |
| 12/09 | \$ 611,979,421 | \$ 993,121,416 |
| 06/10 | \$ 632,901,611 | \$ 966,957,318 |
| 12/10 | \$ 655,000,766 | \$ 1,164,313,936 |
| 06/11 | \$ 673,926,559 | \$ 1,226,971,617 |
| 12/11 | \$ 669,627,828 | \$ 1,152,761,861 |
| 06/12 | \$ 713,233,411 | \$ 1,248,095,059 |
| 12/12 | \$ 735,289,619 | \$ 1,322,653,372 |
| 06/13 | \$ 737,038,027 | \$ 1,449,838,764 |

GRAPH V

Allocation of Plan Assets

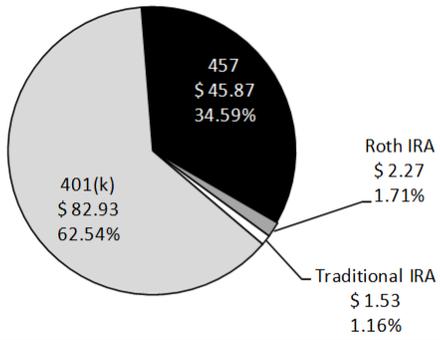
(Excluding Life Insurance) As of June 30, 2013



GRAPH VI

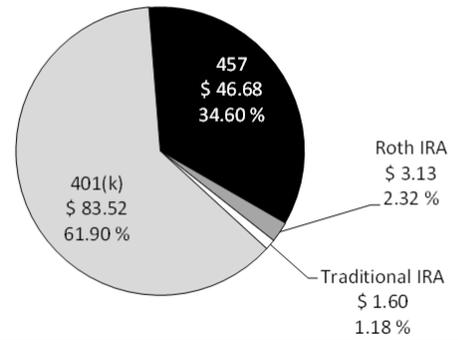
Annual Deferral Investments (Excluding Life Insurance)

Year Ending June 30, 2012



In Millions \$

Year Ending June 30, 2013



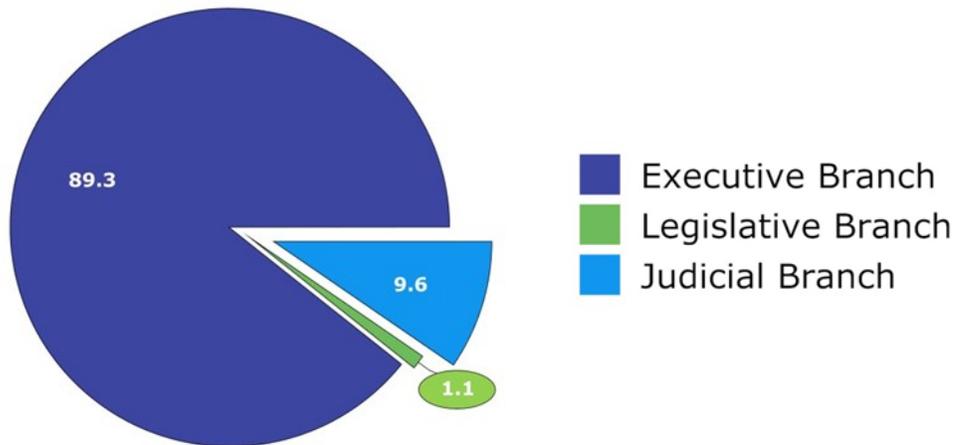
In Millions \$

Employee Statistics

State Government Employee Count

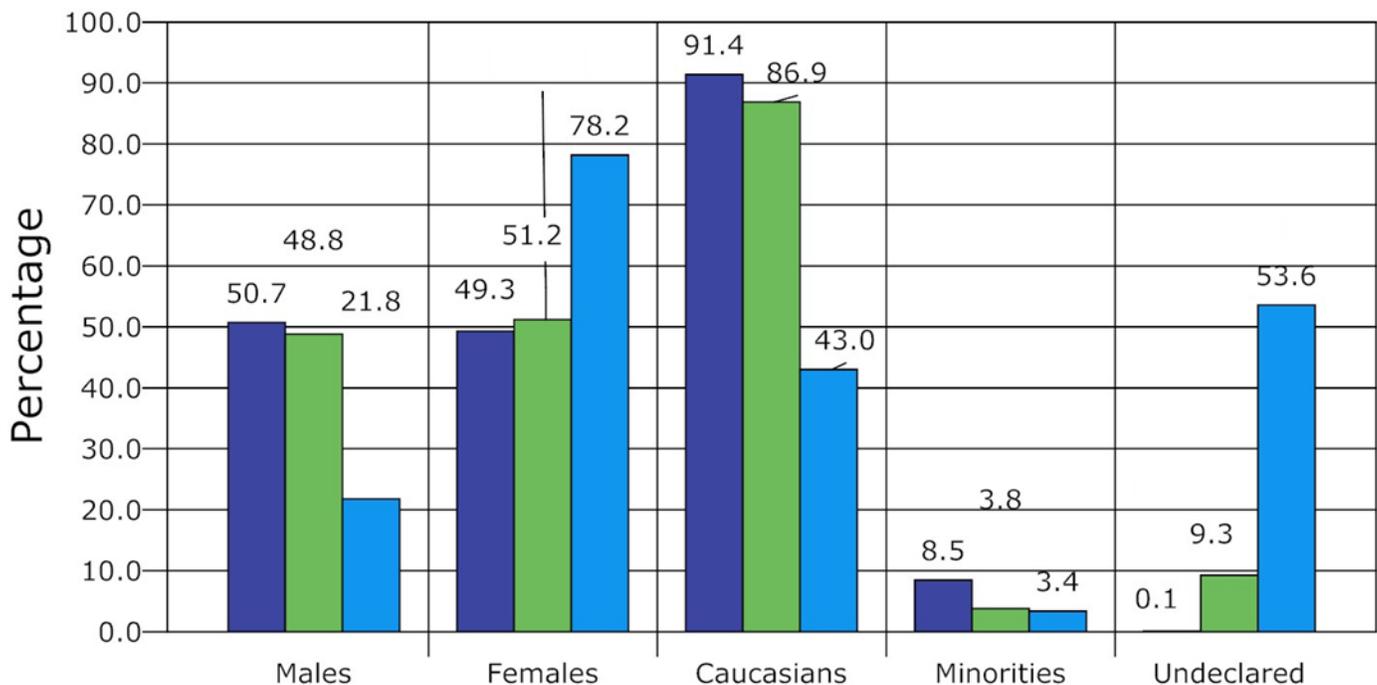
(as of June 30, 2013)

| | |
|--------------------------|--------|
| Executive Branch | 33,055 |
| Legislative Branch | 394 |
| Judicial Branch | 3,561 |



Employee Status by Race and Sex

(as of June 30, 2013)



Employee Compensation Executive Branch

(Excludes interims, as of June 30, 2013)

Average Gross Annual Salary **\$40,326.06**

Average Employer Paid Annual Benefits

Retirement **\$8,144.10**

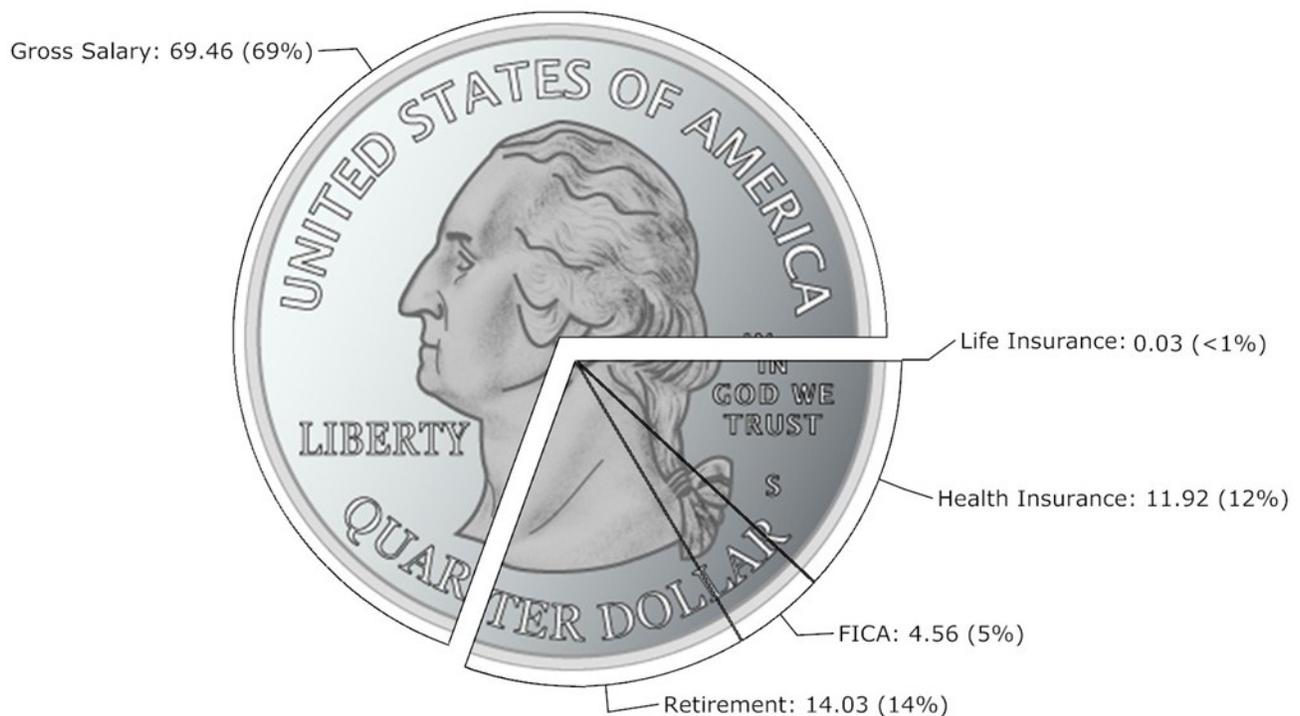
FICA **\$2,645.22**

Health Insurance **\$6,925.10**

Life Insurance **\$ 15.38**

TOTAL Benefits **\$17,729.80**

Average Annual Employee Compensation **\$58,055.86**



Kentucky Personnel Cabinet

3rd Floor State Office Building

501 High Street

Frankfort, KY 40601

502-564-7430

personnel.ky.gov

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