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REGULATIONS COMPILER

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

1 (3) If sufficient funds are available, the appointing authority may identify each incumbent
2 employee affected by subsection (2) of this section whose salary is less than five (5)
3 percent above the appointment salary assigned to the new employee. The appointing
4 authority may adjust all affected incumbent employees' salaries to five (5) percent above
5 the new appointee's salary.

6 Section 2. Reentrance to Classified Service. (1) Returning retirees. An employee who
7 was formerly employed under KRS Chapter 18A and who is appointed to a position
8 covered by the provisions of KRS Chapter 18A while receiving retirement payments
9 through the Kentucky Public Pensions Authority or Kentucky Teachers Retirement
10 System shall be appointed in accordance with the provisions for new appointments in this
11 administrative regulation.

12 (2) Other reentering employees.

13 (a) Former classified employees. An appointing authority shall set the salary of a former
14 classified employee, other than a returning retiree, who is being reemployed, reinstated
15 after a break in continuous employment in the classified service, or probationarily
16 appointed in one (1) of the following ways:

17 1. In accordance with the standards used for making new appointments in this
18 administrative regulation;

19 2. Up to the same salary as that paid at the time of separation from the classified service,
20 if that salary does not exceed the midpoint salary plus the difference, in dollars, between
21 the job class entry level salary and the pay grade midpoint salary; or

1 3. The same salary as that paid at the time of separation from the classified service
2 provided the employee is returning to the same pay grade or same job classification held
3 at the time of separation from the classified service.

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

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

- 17 1. In accordance with the standards for making new appointments;
- 18 2. Up to the same salary as that paid at the time of separation from the classified service,
19 if that salary does not exceed the pay grade midpoint salary plus the difference, in dollars,
20 between the job class entry level salary and the pay grade midpoint salary;
- 21 3. At a salary that is the same as the salary the employee last received in the classified
22 service with adjustments for increases that would have been received if the employee
23 had remained in the classified service prior to resignation if the salary does not exceed

1 the pay grade midpoint salary plus the difference, in dollars, between the job class entry
2 level salary and the pay grade midpoint salary; or

3 4. At a salary up to five (5) percent above the pay grade entry level wage for each year of
4 service in the KRS Chapter 18A system, if the salary does not exceed the pay grade
5 midpoint salary plus the difference, in dollars, between the job class entry level salary and
6 the pay grade midpoint salary. Salary shall be calculated using whole percentages.

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

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

- 19 1. In accordance with the standards for making new appointments; or
20 2. At a salary up to five (5) percent above the minimum salary for each year of service in
21 the unclassified service, if the salary does not exceed the pay grade midpoint salary plus
22 the difference, in dollars, between the job class entry level salary and the pay grade
23 midpoint salary. Salary shall be calculated using whole percentages.

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

10 (d) Laid off employees. A former employee, separated from the classified service by layoff
11 and reinstated or reemployed in the same or similar job classification within five (5) years
12 from the date of layoff, may receive the salary the employee was receiving at the time of
13 layoff, even if the salary is above the maximum of the pay grade.

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

17 Section 3. Salary Adjustments. (1) Promotion.

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

21 (b) If sufficient funds are available [~~and except as provided under subsection (2)(b) of this~~

1 Section], an appointing authority may adjust the employee's salary up to the midpoint of
2 the pay grade as long as the increase is greater than the increase specified in subsection
3 (1)(a) of this section.

4 (2) Demotion.

5 (a) If an employee is demoted, the appointing authority shall determine the salary in one
6 (1) of the following ways:

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

9 2. The employee shall retain the salary received prior to demotion. If the employee's
10 salary is not reduced upon demotion, the appointing authority shall explain the reason in
11 writing and place the explanation in the employee's personnel files.

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

19 (c) In the event of a salary schedule adjustment of an entry level wage of a pay grade, if
20 an employee demoted to a lower pay grade, retained his or her salary, and was
21 subsequently promoted and on promotional probation on the effective date of the new
22 salary schedule, if the employee's salary is less than five (5) percent above the new entry
23 level salary of the pay grade assigned to that employee on the effective date, the

1 Personnel Cabinet shall adjust that employee's salary to five (5) percent above the new
2 entry level wage.

3 (3) Reclassification.

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

6 1. The greater of five (5) percent for each grade or the new grade minimum except as
7 provided under subsections (2)(b), (3)(b), and (4)(b) of this section; or

8 2. If sufficient funds are available [~~and except as provided under subsection (2)(b) of this~~
9 ~~Section~~], up to the midpoint of the pay grade as long as the increase is greater than the
10 increase specified in subparagraph 1. of this paragraph.

11 (b) An employee who is placed in a lower pay grade through reclassification shall receive
12 the same salary received prior to reclassification, but shall not be eligible for a salary
13 increase upon promotion, reclassification, detail to special duty, reallocation, pay grade
14 change, or successful completion of promotional probation until the employee is moved to
15 a job classification with a higher pay grade than that from which he was reclassified. If a
16 promotion, reclassification, detail to special duty, reallocation, or pay grade change
17 occurs, it shall be deemed as having been made from the grade from which the employee
18 had been reclassified.

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

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

4 (4) Reallocation.

5 (a) An employee who is advanced to a higher pay grade through reallocation shall receive
6 the greater of five (5) percent for each grade or the new grade minimum except as
7 provided under subsections (2)(b), (3)(b), and (4)(b) of this section.

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

16 (5) Detail to special duty.

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

20 (b) If sufficient funds are available, an appointing authority may adjust the salary of an
21 employee who is placed in the same pay grade or higher pay grade through detail to
22 special duty, up to the midpoint of the pay grade, as long as the increase is greater than
23 the increase specified in subsection (5)(a) of this section.

1 (c) An employee who is approved for detail to the same or lower pay grade shall receive
2 the same salary received prior to detail except as provided under subsection (5)(b) of this
3 section.

4 (6) Reversion.

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

7 1. The salary received prior to the promotion or detail; and

8 2. All salary advancements and adjustments which would have been awarded if the
9 promotion or detail had not occurred.

10 (b) The salary of an employee who is reverted from a position in the unclassified service
11 to a position in the classified service shall be adjusted to:

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

13 2. All salary advancements and adjustments which would have been awarded if the
14 individual had remained in the classified service.

15 (c) The increment date of an employee who is reverted from a position in the unclassified
16 service to a position in the classified service shall be restored to the increment date set
17 prior to leaving the classified service.

18 (7) Pay grade changes.

19 (a) If a job classification is assigned to a higher pay grade, except as provided under
20 subsections (2)(b), (3)(b), and (4)(b) of this section, the appointing authority shall
21 raise the salary of an employee below the new grade minimum to the new grade
22 minimum. If sufficient funds are available, an appointing authority may uniformly adjust
23 the salary of all employees in that agency in that job classification to:

1 1. The greater of the new grade minimum or five (5) percent per pay grade; [or]
2 2. The greater of the new grade minimum or ten (10) percent per pay grade or
3 3. At a percentage determined by the Personnel Cabinet.

4 (b) If a job classification is assigned to a lower pay grade, an employee in that job
5 classification shall retain his current salary.

6 (8) Special entrance rates. If a special entrance rate is established for a job classification,
7 an appointing authority shall adjust the salary of an employee in that job classification
8 who is below the special entrance rate to the new rate. If sufficient funds are available, on
9 the same date as the establishment of the special entrance rate, an appointing authority
10 may uniformly grant to all employees in that job classification, except those employees
11 who are on initial probation, a salary adjustment equal to the difference between the
12 entrance of the pay grade and the new entrance rate.

13 (9) Other salary adjustments.

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

22 (b) If sufficient funds are available, an appointing authority may adjust the salary of one or
23 more employees with status in an office or department due to internal pay equity issues

1 within a job classification or sustained retention issues impacting the mission of the
2 agency.

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

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

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

9 (10) Conversion rule. The salary of an employee whose position changes from a thirty-
10 seven and five-tenths (37.5) hour workweek to a forty (40) hour workweek, or vice versa,
11 shall be converted to accurately reflect the employee's hourly rate of base pay. This
12 conversion shall be applied before applying any other salary adjustment to which the
13 employee is entitled pursuant to this section.

14 Section 4. Salary Advancements. (1) Initial probation increase. A full-time or part-time
15 employee who completes an initial probationary period shall be granted a five (5) percent
16 salary advancement on the first of the month following completion of the probationary
17 period.

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

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

- 1 (4) [~~(3)~~] Annual increment dates shall be established as follows:
- 2 (a) Upon completion of an initial probationary period;
- 3 (b) When a former employee has been probationarily appointed and has received
- 4 compensation in any twelve (12) months without receiving an increment; or
- 5 (c) When an employee returns from leave without pay under the provisions of subsection
- 6 (6) [~~(5)~~] of this section.
- 7 (5) [~~(4)~~] Annual increment dates shall not change if an employee:
- 8 (a) Is in a position which is assigned a new or different pay grade;
- 9 (b) Receives a salary adjustment as a result of a reallocation;
- 10 (c) Is promoted;
- 11 (d) Is transferred;
- 12 (e) Is demoted;
- 13 (f) Is detailed to special duty;
- 14 (g) Receives an educational achievement award;
- 15 (h) Returns from military leave;
- 16 (i) Is reclassified;
- 17 (j) Receives a promotional increase after completion of a promotional probationary period;
- 18 or
- 19 (k) Is reemployed after layoff.
- 20 (6) [~~(5)~~] Return from leave without pay. An employee returning to duty from leave without
- 21 pay shall receive an annual increment on the first of the month after receiving
- 22 compensation in any twelve (12) months since the last increment was received.

1 ~~(7)~~ [(6)] Service computation. Full-time and part-time service shall be counted in
2 computing service for the purpose of determining increment eligibility.

3 ~~(8)~~ [(7)] Order of calculating increments and other salary increases which occur at the
4 same time. If an employee's increment date occurs on the same date that a salary
5 adjustment or advancement is granted, the increment shall be applied before the
6 adjustment or advancement is added to the employee's salary, except if the adjustment is
7 based on a reversion, pay grade change, a salary schedule change, or establishment of a
8 special entrance rate.

9 Section 5. Educational Achievement Award. (1) On the 16th of a month, an appointing
10 authority may grant a five (5) percent increase to an employee's base salary based on
11 educational achievement as specified in this section.

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

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

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

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

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

- 1 1. The employee has obtained the high school diploma, equivalency certificate, or
2 passing score on the GED test:
 - 3 a. Outside of work hours;
 - 4 b. While in state service; and
 - 5 c. After establishing an increment date;
 - 6 2. The employee has not previously attained a high school diploma, equivalency
7 certificate, or passing score on the GED test; and
 - 8 3. The employee has not completed college coursework on the undergraduate or
9 graduate level prior to obtaining the high school diploma, equivalency certificate, or a
10 passing score on the GED test.
- 11 (b) For postsecondary education or training, the qualifying conditions shall be met if:
- 12 1. The employee has completed 260 hours of job-related instruction, or the equivalent;
 - 13 2. The employee began the course work after becoming a state employee and completed
14 the course work after establishing an increment date;
 - 15 3. The employee has completed the course work within five (5) years of the date on which
16 it was begun;
 - 17 4. The course work has not previously been applied toward an educational achievement
18 award;
 - 19 5. The agency has not paid for the course work or costs associated with it, in whole or in
20 part; and
 - 21 6. The employee was not on educational or extended sick leave when the courses were
22 taken.

1 Section 6. Salary Schedule Adjustment. (1) If the secretary authorizes an adjustment of a
2 ~~[the]~~ salary schedule, an appointing authority shall adjust the salaries of all employees
3 below the new schedule entry level wage for the pay grade to the new schedule entry
4 level wage for the pay grade. If sufficient funds are available, the secretary may authorize
5 an appointing authority to grant a salary increase for all employees equal to the difference
6 in the old schedule entry level wage for the grade and the new schedule entry level wage
7 for the grade.

8 (2) After consultation with the state budget director, if sufficient funds are available, and
9 the Secretary of Personnel determines that an increase in the entry level wage of one (1)
10 or more pay grades is warranted, the Personnel Cabinet shall identify each currently
11 active employee in the pay grade(s), other than an interim employee, who is not on initial
12 or promotional probation at the time the revised salary schedule becomes effective. For
13 an employee whose salary is less than five (5) percent above the new entry level wage of
14 the pay grade assigned to that employee on the effective date, the Personnel Cabinet
15 shall adjust that employee's salary to five (5) percent above the new entry level wage.

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

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

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

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

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

8 Section 9. Supplemental Premiums. (1) Locality premium.

9 (a)1. Upon request by an appointing authority, the secretary may authorize and establish
10 the amount of the payment of a locality premium for an employee who is regularly, [er]
11 temporarily, or intermittently assigned to work in a job classification, work county, and
12 organizational unit where the agency can demonstrate sustained recruitment and
13 retention issues impacting the mission of the agency; or

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

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

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

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

1 (b) Once authorized, the premium shall apply to all employees in the specified job
2 classifications in that agency who are regularly assigned to work Saturdays, Sundays, or
3 state holidays as part of their usual work week.

4 (c) An employee shall not receive a weekend premium after reassignment, transfer,
5 promotion, or demotion to a position that is ineligible for weekend premium.

6 (d) The secretary may rescind authorization to pay weekend premium at any time.

7 (e) Weekend premium pay shall not be considered part of the employee's base salary or
8 wages and shall not be applied to any leave time usage.

9 (f) An agency may request, and be authorized for, both shift premium and weekend
10 premium for the same job classifications.

11 (4) Multilingual hourly premium.

12 (a) Upon request by an appointing authority, the secretary may authorize the payment of
13 a supplemental multilingual hourly premium for an employee who is assigned to complete
14 work duties in a specified foreign language. An employee completing work duties in a
15 specified foreign language shall receive a multilingual hourly premium based on the
16 percentage of time multilingual skills are performed. An employee in a job classification
17 that includes interpreting services as a characteristic of the job on the job class
18 specification shall not be eligible for this premium.

19 (b) Language proficiency testing shall be completed prior to an employee receiving the
20 multilingual hourly premium. Testing shall indicate a standard level of multilingual
21 proficiency as required by the appointing authority.

22 (c) An appointing authority shall submit the multilingual premium request to the Personnel
23 Cabinet in writing. The request shall contain, at a minimum:

- 1 1. An explanation of the reason or reasons for granting the multilingual premium;
- 2 2. The percentage of time the employee will use multilingual skills; and
- 3 3. Certification by the appointing authority that the employee has completed multilingual
- 4 testing and received a standard level of multilingual proficiency rating. This certification
- 5 shall include the name of the testing facility or organization, the format of the test taken
- 6 (oral, written, or a combination of oral and written), and the level of proficiency granted in
- 7 the request for the multilingual premium.

8 (d) Once authorized, the multilingual hourly premium shall apply to all employees in that
9 agency who are regularly assigned to complete work in a specified foreign language once
10 the employees are individually approved in accordance with this subsection.

11 (e) An employee shall not receive a multilingual hourly premium after reassignment,
12 reclassification, transfer, promotion, reallocation, or demotion to a position which no
13 longer requires work in a specified foreign language.

14 (f) An employee who ceases to perform work duties in a specified foreign language shall
15 not be eligible to receive a multilingual hourly premium.

16 (g) The secretary may rescind the multilingual hourly premium authorization provided to
17 an agency or individual employee at any time.

18 (h) The multilingual hourly premium shall not be considered a part of base pay or wages
19 and shall not be applied to any leave time usage.

20 (5) Critical position premium.

21 (a) Upon request by an appointing authority, the secretary may authorize the payment of
22 a premium for a position held by an employee who has established an annual increment

1 date and is regularly assigned to perform job duties that are deemed critical to the
2 operation of the agency.

3 (b) A critical position premium may be authorized for at least one (1) full-time filled
4 position in an office or department. The premium may be authorized for additional full-
5 time filled positions if the total number of premiums does not exceed one (1) percent of
6 the total number of full-time filled positions in an office or department.

7 (c) The premium shall not exceed twenty-five (25) percent of the employee's hourly rate.

8 (d) The critical position designation shall expire when the position becomes vacant.

9 (e) An employee shall not receive a critical position premium after transfer,
10 reclassification, reallocation, detail to special duty, promotion, or demotion to a position in
11 a different job classification, organizational unit, or work county, unless the appointing
12 authority submits a new request, for approval by the secretary, to designate the position
13 in the different job classification, organizational unit, or work county as critical prior to the
14 personnel action at issue.

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

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

19 (6) Sign-on bonus.

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

1 1. The positions are in the same job classification, work county, and department or office
2 where the appointing authority can substantiate sustained recruitment and retention
3 issues impacting the mission of the agency;
4 2. The total amount of the sign-on bonus is uniform and does not exceed \$5,000 for the
5 job classification; and
6 3. Eligibility for the sign-on bonus is limited to a probationarily appointed, rehired, or
7 reinstated employee who:
8 a. Has not been employed in a KRS Chapter 18A classified position within ninety (90)
9 calendar days preceding the effective date of appointment, rehire, or reinstatement;
10 b. Has not previously received any amount of sign-on bonus pursuant to this subsection;
11 and
12 c. Is working or on approved leave at the time payment is scheduled to be issued.
13 (b) Once a sign-on bonus is authorized by the secretary, an eligible employee shall
14 receive:
15 1. Twenty-five (25) percent of the total sign-on bonus on the first day of the month after
16 appointment, rehire, or reinstatement;
17 2. Twenty-five (25) percent of the total sign-on bonus on the first day of the month after
18 completion of six (6) months of active service in the position into which the employee was
19 appointed, rehired, or reinstated; and
20 3. Fifty (50) percent of the total sign-on bonus on the first day of the month after
21 completion of twelve (12) months of active service in the position into which the employee
22 was appointed, rehired, or reinstated.

1 (c) An employee shall not receive future payment of any portion of a sign-on bonus after
2 transfer, promotion, or demotion to a position in a job classification, department or office,
3 or work county other than the position into which the employee was appointed, rehired, or
4 reinstated.

5 (d) An employee who is detailed to special duty or whose position is reclassified or
6 reallocated shall remain eligible for future payment of the original sign-on bonus amount.

7 (e) The secretary may rescind authorization to pay a sign-on bonus at any time prior to
8 the effective date of appointment, rehire, or reinstatement.

9 (f) A sign-on bonus shall not be considered a part of base pay or wages and shall not be
10 applied to any leave time usage.

11 Section 10. Employee Recognition Award (ERA). (1) On the 16th day of a month, an
12 appointing authority may grant an employee an ERA in the form of a lump sum payment
13 of any whole percentage from one (1) to ten (10) percent of the grade midpoint under the
14 following conditions:

15 ~~(a) [The employee has established an annual increment date and has worked at least~~
16 ~~twenty-four (24) consecutive months in KRS Chapter 18A state service, twelve (12)~~
17 ~~consecutive months of which is in the department or office granting the award;~~

18 ~~(b)]~~ The employee has not received an ERA in the preceding twenty four (24) months, nor
19 an Adjustment for Continuing Excellence (ACE) award in the preceding twelve (12)
20 months; and

21 ~~(b) [(e)]~~ 1. The appointing authority determines that the employee's acts or ideas have
22 resulted in significant financial savings or improvements in services to the Commonwealth
23 and its citizens;

1 2. The employee has exhibited distinguished performance during participation in special
2 projects that have had a significant beneficial impact on the department, office, or
3 governmental operations; or
4 3. The employee has demonstrated a sustained level of exceptional job performance.

5 (2) An employee shall not be eligible for an ERA under this section for an act or idea that
6 has been approved or submitted for consideration as an Employee Suggestion System
7 Award. An employee who has received an ERA shall not be eligible to be considered for
8 an Employee Suggestion System Award for those acts or ideas upon which the ERA is
9 based.

10 (3) The granting of an ERA shall be within the sole discretion of the appointing authority.

11 (4) If an appointing authority grants an ERA, the justification for the award shall be stated
12 in writing, and placed in the employee's personnel files.

13 (5) ~~An appointing authority shall not grant an ERA to more than twenty-five (25) percent~~
14 ~~of the total number of full-time employees in a department or office in a calendar year.~~

15 (6) An appointing authority shall submit a written justification to the Personnel Cabinet to
16 award an ERA. The justification shall:

17 (a) Explain the reason or reasons for the granting of the award; and
18 (b) Include a certification by the appointing authority that:

19 1. Sufficient funds are available within the department or office; and
20 2. The criteria and limitations established in this section have been met.

21 Section 11. Adjustment for Continuing Excellence (ACE) Award. (1) On the 16th day of a
22 month, an appointing authority may grant a salary adjustment of any whole percentage
23 from one (1) to ten (10) percent of the grade midpoint of the position in which the

1 employee holds status to a full-time employee's base pay as an ACE award under the
2 following conditions:

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

4 (b) The employee has worked at least twenty-four (24) consecutive months in KRS
5 Chapter 18A state service, twelve (12) consecutive months of which shall have been
6 served in the department or office granting the award;

7 (c) The employee has not received an ACE award in the preceding twenty-four (24)
8 months or an ERA in the preceding twelve (12) months; and

9 (d)1. The employee has demonstrated a sustained level of exceptional job performance;

10 2. The employee has assumed a significant level of additional job responsibilities or
11 duties consistent with the assigned job classification, and has performed them in an
12 exceptional manner; or

13 3. The employee has acquired professional or technical skills or knowledge through
14 department or office directed or authorized attainment of a job related licensure,
15 certification, or formal training that will substantially improve job performance.

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

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

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

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

1 ~~(4) [An appointing authority shall not grant an ACE award to more than twenty-five (25)~~
2 ~~percent of the total number of full-time employees in a department or office in a calendar~~
3 ~~year.~~

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

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

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

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

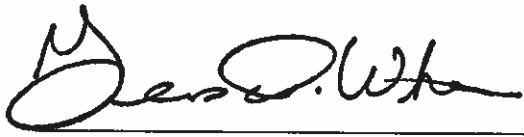
9 2. Sufficient funds are available within the department's or office's current recurring base
10 budget to support the award.

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

14 Section 13. Incorporation by Reference. (1) "Voluntary Transfer/Demotion/Promotion
15 Employee Agreement Form", September 2017, is incorporated by reference.

16 (2) This material may be inspected, copied, or obtained, subject to applicable copyright
17 law, at the Personnel Cabinet, 501 High Street, 3rd Floor, Frankfort, Kentucky 40601,
18 Monday through Friday, 8 a.m. to 4:30 p.m. The material incorporated by reference is
19 also available on the Personnel Cabinet's Web site at:

20 <https://extranet.personnel.ky.gov/Pages/Documentsindemand.aspx>.



Gerina D. Whethers, Secretary, Personnel Cabinet

3/14/2023

Date

PUBLIC HEARING AND PUBLIC COMMENT PERIOD: A public hearing on this administrative regulation shall be held on May 22, 2023, at 10:00 a.m. at 501 High Street, 3rd Floor, Frankfort, Kentucky 40601. Individuals interested in being heard at this hearing shall notify this agency in writing five (5) workdays prior to the hearing, of their intent to attend. If no notification of intent to attend the hearing is received by that date, the hearing may be cancelled. This hearing is open to the public. Any person who wishes to be heard will be given an opportunity to comment on the proposed administrative regulation. A transcript of the public hearing will not be made unless a written request for a transcript is made. If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted until 11:59 p.m. on May 31, 2023. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

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

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

101 KAR 2:034

Contact person: Rosemary Holbrook

Phone: (502) 564-7430

Email: RosemaryG.Holbrook@ky.gov

(1) Provide a brief summary of:

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

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

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

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

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

(a) How the amendment will change this existing administrative regulation: The significant changes are discretionary compensation enhancements, such as providing an appointing authority the ability to adjust incumbent employees' salaries to prevent a new appointee from surpassing the incumbents' salaries after receiving a probationary increase. Another significant compensation enhancement is the addition of a sign-on bonus option. Other changes include authority for salary adjustments due to internal pay equity or retention issues, relaxation of limits on the number of agency employees eligible for recognition awards, and general maintenance edits.

(b) The necessity of the amendment to this administrative regulation: This amendment is necessary to clarify requirements, enhance flexibility, and promote consistency for classified compensation.

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

(d) How the amendment will assist in the effective administration of the statutes: This amendment clarifies requirements, enhances flexibility, and promotes consistency for classified compensation.

(3) List the type and number of individuals, businesses, organizations, or state

and local governments affected by this administrative regulation: All KRS Chapter 18A employees in classified positions and their employing agencies are subject to the provisions of 101 KAR 2:034.

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

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment: No additional action is required.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): Compliance with the regulation itself has no additional cost. The cost to employing agencies utilizing compensation enhancement changes can only be determined upon future application on a case-by-case basis.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): The amendments provide for enhanced employee compensation, subject to budget constraints and discretion of the appointing authority or secretary.

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

(a) Initially: Programming changes to the Kentucky Human Resource Information System (KHRIS) will cost approximately \$52,000.

(b) On a continuing basis: There are minimal additional costs anticipated for continuing administration of this regulation.

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

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: Implementation of the changes does not require an increase in fees or funding. However, discretionary utilization of some changes may lead to requests for agency budget increases.

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

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

FISCAL NOTE

101 KAR 2:034

Contact person: Rosemary Holbrook

Phone: (502) 564-7430

Email: RosemaryG.Holbrook@ky.gov

(1) What units, parts, or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation? All KRS Chapter 18A employees in classified positions and their employing agencies are subject to the provisions of 101 KAR 2:034.

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

(3) Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect.

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year? No revenue will be generated.

(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years? No revenue will be generated.

(c) How much will it cost to administer this program for the first year? The cost to employing agencies utilizing compensation enhancement changes can only be determined upon future application on a case-by-case basis.

(d) How much will it cost to administer this program for subsequent years? The cost to employing agencies utilizing compensation enhancement changes can only be determined upon future application on a case-by-case basis.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Revenues (+/-): \$0

Expenditures (+/-): \$0

Other Explanation: The cost to employing agencies utilizing compensation enhancement changes can only be determined upon future application on a case-by-case basis.

(4) Estimate the effect of this administrative regulation on the expenditures and cost savings of regulated entities for the first full year the administrative regulation is to be in effect.

(a) How much cost savings will this administrative regulation generate for the regulated entities for the first year? There will not be direct cost savings. Indirect cost savings may be recognized through improved recruitment and retention.

(b) How much cost savings will this administrative regulation generate for the regulated entities for subsequent years? There will not be direct cost savings. Indirect cost savings may be recognized through improved recruitment and retention.

(c) How much will it cost the regulated entities for the first year? The cost to employing agencies utilizing compensation enhancement changes can only be determined upon future application on a case-by-case basis.

(d) How much will it cost the regulated entities for subsequent years? The cost to employing agencies utilizing compensation enhancement changes can only be determined upon future application on a case-by-case basis.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Cost Savings (+/-): \$0

Expenditures (+/-): \$0

Other Explanation: The cost to employing agencies utilizing compensation enhancement changes can only be determined upon future application on a case-by-case basis.

(5) Explain whether this administrative regulation will have a major economic impact, as defined below. *"Major economic impact" means an overall negative or adverse economic impact from an administrative regulation of five hundred thousand dollars (\$500,000) or more on state or local government or regulated entities, in aggregate, as determined by the promulgating administrative bodies. [KRS 13A.010(13)]* This administrative regulation is not anticipated to have a major economic impact.



KENTUCKY PERSONNEL BOARD

Andy Beshear
Governor

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Mark A. Sipek
Executive Director and Secretary

Stafford Easterling
General Counsel

March 10, 2023

Ms. Rosemary Holbrook
Personnel Cabinet
501 High Street, 3rd Floor
Frankfort, KY 40601

RE: Approval of amendments to Personnel Cabinet regulations 101 KAR 2:034, 101 KAR 2:095, 101 KAR 2:181 (Repeal of 2:180), and 101 KAR 3:045

Dear Ms. Holbrook:

In accordance with 18A.110(6), the Personnel Board reviewed the proposed changes to the above regulations presented by the Personnel Cabinet. The Board unanimously approved the changes as submitted during its March 2023 Board Meeting.

If there are any questions regarding the Board's actions or if any additional information is needed, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark A. Sipek".

Mark A. Sipek
Executive Director

TEAM
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