



COMMONWEALTH OF KENTUCKY
DEPARTMENT OF PERSONNEL
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5TH FLOOR
FRANKFORT, KENTUCKY 40601

LOWELL W. CLARK
COMMISSIONER

BRERETON C. JONES
GOVERNOR

October 26, 1994

The Honorable Brereton C. Jones
Governor, Commonwealth of Kentucky

Ms. Terri King Schoborg
Chairwoman, Kentucky Personnel Board

In accordance with KRS 18A.030 (12), I am submitting this Annual Report of the Department of Personnel for Fiscal Year 1993-1994.

Sincerely,

A handwritten signature in black ink, appearing to read "Lowell W. Clark".

Lowell W. Clark
Commissioner

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DEPARTMENT OF PERSONNEL

MISSION STATEMENTS

OFFICE OF THE COMMISSIONER

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

As a result of the 1994 law enacted by Senate Bill 221 (Pilot Personnel Programs), The Office of the Commissioner of Personnel has significant mandated responsibilities to the Pilot Programs Steering Committee to provide technical assistance and support services; provide consultation prior to final approval of a pilot program; and take any administrative action deemed necessary to accomplish the implementation of the selected programs.

During the later part of this fiscal year reporting period, the Department, in cooperation with the Governmental Services Center, initiated a multi-stage process of developing a strategic plan to clarify its mission and establish core values and vision toward becoming a more service orientated agency to its customers.

DIVISION OF APPLICANT COUNSELING AND EXAMINATIONS

The Division of Applicant Counseling and Examinations has four broad areas of responsibility. These are applicant processing, applicant counseling, examination construction and register maintenance. Within these areas are the duties of examination research and development, review of personnel actions for minimum requirements, providing to applicants and employees concerning state government employment, administration, grading and processing of examinations, maintain register files, verification of applicant information, and certification of merit registers.

DIVISION OF CLASSIFICATION AND COMPENSATION

Prepares and maintains job classification and compensation plans for state employees, including the review of all personnel position actions, job audits, revision of class specifications and salary surveys.

DIVISION OF BENEFITS ADMINISTRATION

The Division is responsible for the administration of state employee Health and Life Insurance Programs, the Employee Benefit Fund, the state Flexible Benefit Program, the state employees Workers' Compensation Program and, provides the administrative and staff support required by the Board of Trustees for the Kentucky State Public Employees Deferred Compensation System.

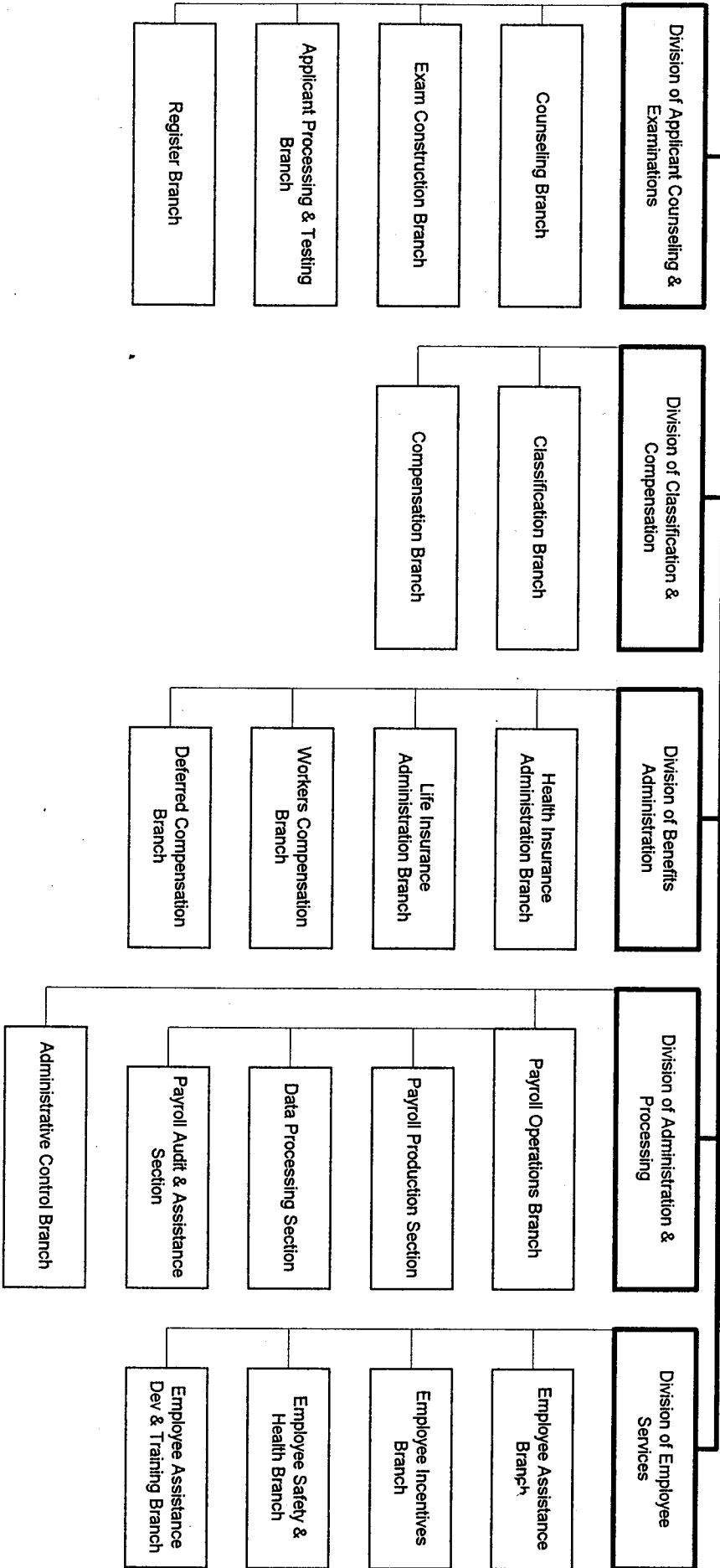
DIVISION OF ADMINISTRATION AND PROCESSING

Pursuant to the duties outlined in 18A.025, this division audits and certifies all state payrolls; prepares and maintains all employee personnel and payroll records; maintains agency data bases; operates and maintains agency electronic systems. Additionally, the division handles the receipt and depositing of all premiums for the Kentucky Kare Insurance program, and the maintenance of an enrollment system for tracking all state employees in the Kentucky Kare plans.

DIVISION OF EMPLOYEE SERVICES

Assists troubled employees and their families through the Kentucky Employee Assistance Program; coordinates the State Safety Program; assists the Governor's Office with ADA initiative; administers the Employee Evaluation System and the Employee Suggestion System.

Department of Personnel Office of the Commissioner



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DIVISION OF APPLICANT COUNSELING AND EXAMINATIONS

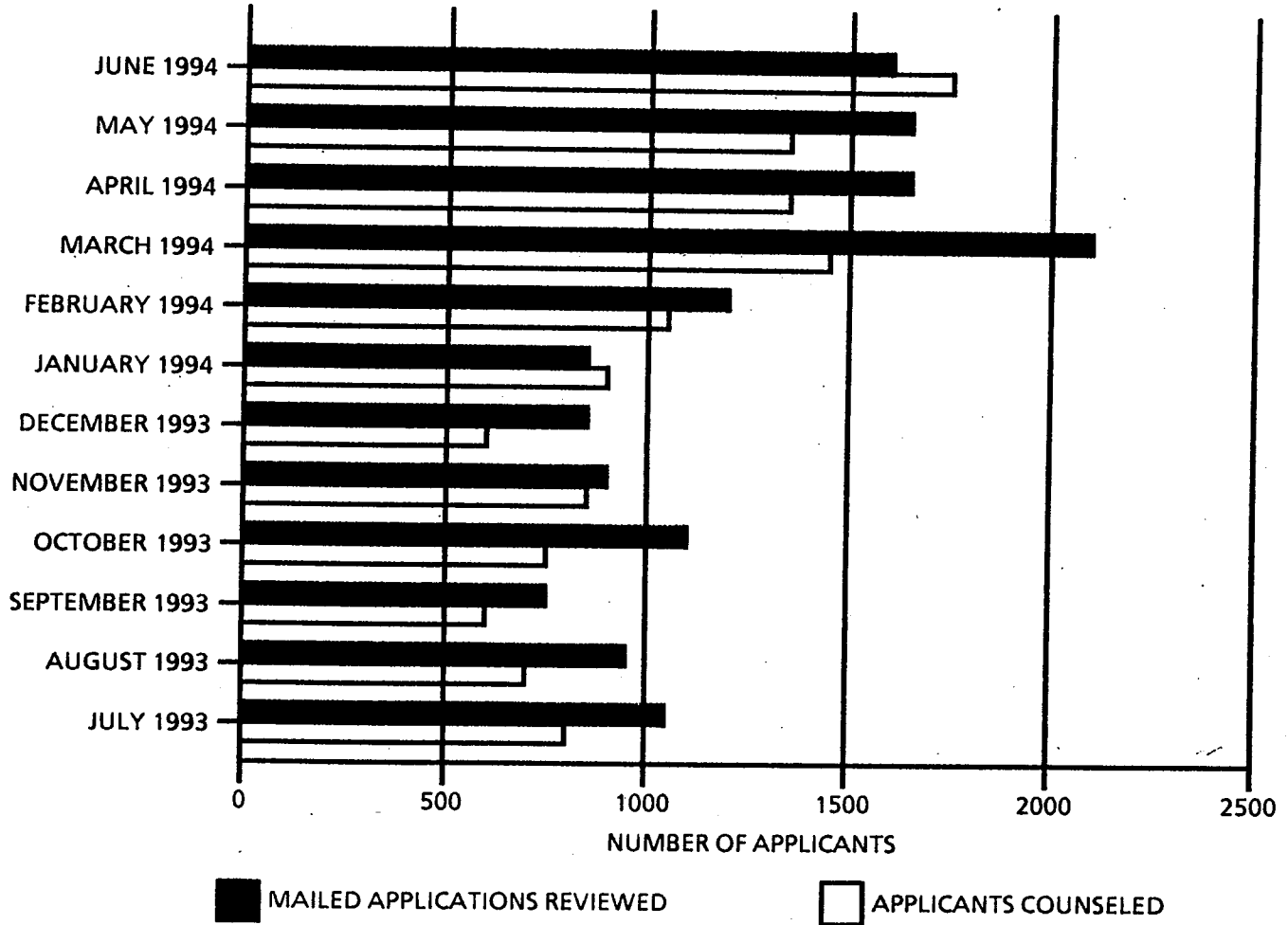
Written Examinations Constructed	21
Training and Experience Ratings Constructed	24
Selection Methods Determined	131
Applicants Counseled	12,231
Mail-In Applicants Reviewed	14,624
P-1 Actions Processed	7,605
Register Certificates Issued	3,198
Appointments Processed	2,949
Verifications	2,573

SPECIAL PROJECTS

In order to provide assistance to merit employees who are interested in career changes the Department of Personnel established the Internal Mobility Program. Interested employees will be counseled and tested for possible job changes. All promotions must be made from those employees in the Internal Mobility Program.

The work load has increased due to the Internal Mobility Program. The following chart shows the increase of work load after March when the program began.

1993-94 FISCAL YEAR INTERVIEWED VS. MAILED-IN APPLICANTS



To help serve applicants more efficiently and eliminate waiting, the Department of Personnel instituted a procedure which allows advance examination scheduling.

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DIVISION OF CLASSIFICATION AND COMPENSATION

New Job Classes Established	59
Job Classes Revised	68
Job Classes Abolished	10
Pay Grade Change	0
Special Entrance Rates Implemented	7

Documentation Reviewed

- Classification staff reviewed the substance of documentation submitted by agencies to establish, abolish, reclassify or reallocate 17,292 positions in state service.
- Compensation staff analyzed and issued the state government salary survey, a comprehensive study of nearly 600 job classifications as mandated by the 1992 General Assembly, and began the 1994 Benchmark Survey of 86 job classifications in both public and private employment sectors.
- Based on survey data of state government's market position, the Department recommended and the legislature approved funding to adjust the salary schedule minimums upward by 5% in FY 94-95 and an additional 3% in FY 95-96. These schedule adjustments will raise the range midpoints and maximums, thus reducing the number of employees beyond range maximums.

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DIVISION OF BENEFITS ADMINISTRATION

Group Life Insurance

- The employees' group life insurance plan is managed by the Division of Benefits Administration, Insurance Analysis Branch.

Implementation of In-House Administration

- Created a million plus record data on all enrollee eligibility and premium history.
- Implemented a monthly an annual billing system for the Board of Education and health department enrollees.
- Developed and distributed all forms, brochures, certificates and booklets.
- Installed a LAN with 7 PC's.
- Wrote and distributed an Administration Manual that outlines the basic instructions, general rules, and procedures for group life insurance.

Open Enrollment

- Conducted the first open enrollment since 1988.
- Reviewed and processed 12,000 applications.
- Produced and distributed information/application packets to over 125,000 employees.
- Significantly increased the optional/dependent participation to 25,348 accounts with January 1994 effective coverage (previously, 13,548 accounts).

Activity Summary

Basic Accounts	127,387
Optional Accounts	16,517
Dependent Accounts	8,612
Monthly Bills Mailed	2,448
Annual Bills Mailed (initial and follow-up)	6,800
Checks Received and Processed	5,876
Refunds Processed and Mailed	609
Phone Calls Received	10,400
Applications (not open enrollment)	19,500
Basic Death Claims	170
Basic Death Benefits Paid	\$966,845
Optional Death Claims	45
Optional Death Benefits Paid	\$756,000
Dependent Death Claims	48
Dependent Death Claims Paid	\$459,000

Workers' Compensation

The Workers' Compensation Program is administered by the Division of Benefits Administration, Workers' Compensation Branch. This program currently covers all Commonwealth of Kentucky employees, including state and university employees, with the exception of employees in the Transportation Cabinet and University of Kentucky. Additionally, all Volunteer Firefighters and Volunteer Ambulance Personnel are included for coverage in the program. One county Health Department, Lexington-Fayette County and eight (8) County Clerk and Sheriff's Offices are included.

The Workers' Compensation Law (KRS 342) is designed to compensate employees for loss of earning power due to work-related injuries or disease arising out of and in the course of their employment. This coverage includes:

- Medical
- Temporary Total Disability
- Permanent Partial Disability
- Permanent Total Disability
- Rehabilitation Services
- Death and Burial Services

The weekly benefits for 1994 injury are:

- Maximum \$415.95
- Minimum \$ 83.19

Approximately 87,668 employees are provided coverage under this self-insured program. Job-related injuries for fiscal year 1993-94 to date total 6,282.

Health Insurance

- Expanded Kentucky Kare Premier to 13 Eastern Kentucky counties and two additional Western Kentucky counties. Increased membership by 120%. Added another HMO, Lexington Health Advantage, to state employees' plan. Continued existing HMO contracts for second year at same rates.
- Lowered parent plus and family premium rates for employees in July.
- Produced and distributed open enrollment materials for over 130,000 employees eligible for health insurance benefits.
- Increased enrollment by 100% in the Flexible Benefit Spending Accounts for Dependent Day Care and Health Care expenses.
- Changed hospital contracts from flat discount to the Workers' Compensation fee schedule based on cost to charges, saving an additional million dollars for the Kentucky Kare Plans.
- Met with and presented programs to the Employee Advisory Committee for Health Insurance four times throughout the year.
- Trained over 900 employees across the state on the basis of open enrollment procedures to share with their co-workers at their work site.
- Continued to assist with research and analysis for Health Care Reform as needed for the 1994 Legislative session.

CommonHealth of Ky Group Health Insurance for All Kentuckians

- House Bill 250 the Health Care Reform Act of 1994 authorized health coverage for all Kentuckians effective 7-16-94.
- Over 400,000 men, women and children are without health insurance due to some were dropped due to severe illness when insurance was needed the most. Some were considered uninsurable due to pre-existing conditions.
- CommonHealth plans cannot and will not turn down or cancel coverage due to medical reasons. Persons even with high-risk medical conditions cannot be turned down or cancelled.
- Only qualifiers are:
 - 1) U.S. Citizen
 - 2) Kentucky resident 12 months prior to applying
- The benefits available are the same as those offered to state employees and board of education employees. Initially, you pay 1st three months; premiums (qtr) before coverage begins - afterwards you can pay monthly.
- To initiate the process of obtaining information:
 - 1) A request for application must be completed
 - A. This helps determine **standard or high risk rates**
 - B. These are available in the different counties at:
 1. Cabinet for Human Resources offices
 2. Health departments
 3. Libraries
 - 2) Once requests are received, a booklet, rates and application will be sent to the person.
- As of 9/30/94, we had:
 - 1) Received over 5,600 telephone calls
 - 2) Mailed over 5,800 packets
 - 3) Processed 550 applications with effective dates 10/1; 11/1

Kentucky's Deferred Compensation Plan Continues To Rank in Nation's Top 20

- Based on survey data provided by the National Association of Government Deferred Compensation Administrators for IRS-457 Plans, the Kentucky System is the fifteenth in the nation in terms of 457 Plan Assets and nineteenth in the number of participants. According to NAGDCA, Kentucky ranks ahead of more populous states such as Texas, New Jersey, and Pennsylvania.

System Investment Options Restructuring and System Credibility Help Deferred Compensation Achieve All-time Records

- The Kentucky Public Employees Deferred Compensation System for the combined 457 and 401(k) Plans achieved all-time highs with the June 30, 1994 Statement of Account:

Participant Volume - All time record number of statements prepared - 31,348 (a 5% increase of 1,350 over the June 30, 1993 numbers).

Plan Assets - All time combined 457 and 401(k) system account value high - \$356 million compared to \$321 million a year earlier; and 11% increase of \$35 million.

- Investment Options Review and Restructuring - As part of the ongoing effort to strengthen the system's investment options, an extensive review of the top mutual fund families was conducted. Fidelity Investments was chosen resulting in seven Fidelity Mutual Funds added as new participant options. As part of the system restructuring, eight previous funds were closed out; and three funds walled-off to new or additional investments.

Activity Summary

- For Fiscal Year 93-94 the Kentucky System processed the following number of actions:

New Participants	2,353
Increases of Deferral Amounts	4,156
Decreases of Deferral Amounts	730
Cancellation of Participant	3,219
Fund Exchanges	24*
Participant Loans	452
Participant Service	41,947

*Due to the investment options restructuring and reallocation of participant accounts, the number of Fund Exchanges were more than double the volume of the preceding fiscal year. This was extremely heavy during the third and fourth quarters when 24,240 of the total exchanges were processed (8,555 more than all of FY-93 combined).

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DIVISION OF ADMINISTRATION AND PROCESSING

Administrative Control Branch

- Added certain void actions to the computerized Express System.
- Added positions by work county to the CICS menu for agencies.
- Processed and filed 100,350 personnel actions.
- Per agency requests, we have enhanced the Master Position Listing by showing the pending actions and actions that may be in error. This new system will be entitled the "Working Position Listing and Summary". We are also in the process of putting this version on-line in our CICS files. The official version -- without the pending actions -- will continue to be maintained in this Department.
- Identification of Exempt Status is now possible via on-line Detail Title Code Listing (#2 of the Detail Menu). This enhancement for FLSA Status was made as a result of popular demand from agencies.

Payroll Operations Branch, Computer Operations

- Includes the Data Entry duties and is responsible for that function.
- Personnel has successfully installed the latest IBM software release 2.3.0 to the AS/400 system without any problems of delaying daily operations.

Payroll Operations Branch, Word Processing & Computer Staff

- The Word Processing staff is maintaining the Career Award Certificates.
- Successfully maintaining all ongoing projects in a timely manner (Superbook, Director's Lists, Specs., Tests, etc.). Assisted with Salary Survey conducted by the Division of Classification & Compensation, also getting the Health Choice Booklet out. Maintains all LEA & DOE records. Keep COBRA records up to date and answer all phone calls about COBRA. Help set up Buy-In Program and provide backup.

Payroll Operations Branch, Payroll Audit & Payroll Production Sections

- A new CICS sub-system has been implemented for on-line entry of manual pay transactions by selecting "A" from the payroll menu screen. The on-line entry has been designed to accommodate the eight different options from the manual pay option screen.
- A new feature has been added to the CICS Payroll Menu. It is "The News" and is accessed by entering "?" in the selection field. The "News" will be used to provide information to payroll officers that needs to be distributed quickly.
- In response to suggestions for improvement to the Payroll User's Manual, we have made significant changes to Chapter 8 and 10 to show the relationship between the UPPS Transactions and the On-Line POPY Screens. We also alphabetized the Reference Number lists and Local Tax Code lists. We made some changes to two UPPS Transactions and created a new Transaction. In order to accommodate for Grant Accounting, we created UPPS 19-W, Labor Distribution Information. We moved the 260 Transaction from UPPS 7-W to UPPS 19-W. The Status Codes for FIT, SIT & LOCAL on the UPPS 6-W were revised to include Option 7 & 8 (Calculations based on EIC) and the additional overtime status code.
- Beginning with the February 1-15, 1994 pay period schedule we began doing less updating with payroll. On days where there is no updating, the file will remain up until 7:00 p.m. to expand customer access. We feel this will be an advantage to most agencies and will also free our staff of being on call to run the jobs.

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DIVISION OF EMPLOYEE SERVICES

- All agencies have been brought into substantial compliance with KRS 18A.112 which requires that eligible employees be evaluated on job performance twice each year.
- Training on the employee evaluation system was provided for approximately 500 supervisors.
- Trained approximately 250 new managers on the employee evaluation system during management workshops.
- Awarded approximately 3,000 Career Service Certificates.
- Auto Liability Reimbursements totaled approximately \$141,407.72 for the fiscal year.
- Presented 38 cash awards to state workers through the Employee Suggestion System. The suggestions represent a first year savings of \$1,668,075.70.
- Drafted and edited ADA Newsletter which goes to all agency ADA Coordinators.
- Assist ADA Special Advisor to the Governor with ADA Coordinator training.
- Co-authored and edited ADA Consumer Booklet to be distributed statewide.
- Presented the Governor's 8th Annual EEO Conference, with 34 workshops and 3 plenary sessions, to 336 registrants.
- Presented award at the Governor's Safety and Health Conference to the Revenue Cabinet for greatest percentage reduction in the number of work place injuries.
- Conducted 7 general OSHA inspections.
- Presented 4 seminars on miscellaneous safety topics.
- Trained 136 state workers in First Aid/CPR.
- Provided 201 safety video tapes to safety officers.

- Obtained 487 successful blood donations for vital state government community.
- Published quarterly newsletter for 900 Agency Safety Representatives.
- Provided direct employee assistance services to approximately 640 state employees and/or their family members.
- Conducted 43 informational workshops to increase the understanding of the available services of the Kentucky Employee Assistance Program.

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DEPARTMENT OF PERSONNEL

**EMPLOYEE FACTS
(AS OF JUNE 30, 1994)**

Executive Branch*	41,205
Legislative Branch*	383
Judicial Branch*	2,716

* (Includes all permanent full & part-time, temporary full & part-time, seasonal full & part-time, all emergency and all FFTL employees.)

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

48.54% are female

7.37% are minority

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

Earns \$25,132 per year salary

Receives \$5,764 in benefits

7.65% Employer-paid retirement	\$1,922.60
7.65% Employer-paid FICA	\$1,922.60
12 x \$158.78 Health Insurance	\$1,905.36
12 x \$1.15 Life Insurance	\$ 13.80