

Personnel Cabinet

Annual Report

1995 - 1996

Robert S. Peters, Secretary

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PERSONNEL CABINET

Mission Statement

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

Values

**QUALITY
INNOVATION
SERVICE ORIENTED
INTEGRITY
OBJECTIVITY**

Goals

To facilitate the recruitment and retention of a workforce of the highest quality;

To expand customer focus in all program areas and operations;

To create an environment that promotes job satisfaction for state employees;

To be operationally efficient;

To have an open and comprehensive communications network.

June 30, 1996

Personnel Cabinet
Office of the Secretary
Administrative Services Branch

**Kentucky Public Employees
Deferred Compensation Authority**
Board of Directors

Deferred Compensation Branch

Pr. Assistant III
(Executive Assistant to Secretary)

State EEO Coordinator

Deputy Secretary

Division of Applicant Counseling
& Examinations

Counseling Branch

Exam Construction Branch

Applicant Processing & Testing
Branch

Register Branch

Division of Classification &
Compensation

Classification Branch

Compensation Branch

Division of Benefits
Administration

Kentucky Kare Benefits
Branch

Insurance Analysis
Branch
(Life Insurance Administration)

Workers Compensation
Branch

Division of Administration &
Processing

Payroll Operations Branch

Payroll Production
Section

Data Processing Section

Payroll Audit &
Assistance Section

Health Insurance
Coordinator Section

Administrative Control
Branch

Division of Employee
Services

Employee Assistance
Branch

Employee Incentives
Branch

Employee Safety &
Health Branch

Employee Assistance
Dev & Training
Branch

PERSONNEL CABINET RESPONSIBILITIES

OFFICE OF THE SECRETARY

Provides executive policy and management support to the divisions of the Cabinet; promulgates administrative regulations; advises the Personnel Board on matters pertaining to the classified service; conduct investigations on all matters relating to the personnel laws and rules; prepare 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.

Equal Employment Opportunity Unit

Responsible to the Cabinet Secretary for updating, maintenance, directing and implementing of the State Affirmative Action Program.

Assistant General Counsel/Attorney Manager's Office

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

Administrative Services Branch

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

Kentucky Public Employees Deferred Compensation Authority

The Kentucky Public Employees Deferred Compensation 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).

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; and coordinates the enrollment of all state employees in the various health care plans offered by state government as an employer.

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 information concerning state government employment, administration, grading and processing of examinations, maintain register files, verification of applicant information, and certification of merit registers.

DIVISION OF BENEFITS ADMINISTRATION

This Division is responsible for the administration of the Kentucky Kare Plans, the Life Insurance Program, the Employee Benefit Fund, the state Flexible Benefit Program, and the state employees' Workers' Compensation Program. Many of these programs serve employees of other governmental entities such as local school districts, universities and other local governments.

DIVISION OF CLASSIFICATION AND COMPENSATION

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

DIVISION OF EMPLOYEE SERVICES

This Division assists troubled employees and their families through the services of the Kentucky Employee Assistance Program (KEAP). Also responsible for coordination of the State Safety Program and for assisting the Governor's Office with ADA initiatives. Division staff coordinate all logistics of the annual Governor's EEO Conference, administers the Employee Evaluation System and are responsible for employee recognition programs, including the Employee Suggestion System.

**ACHIEVEMENTS AND
STATISTICAL
HIGHLIGHTS**

**ANNUAL REPORT FY 1995-1996
OFFICE OF THE SECRETARY
EQUAL EMPLOYMENT OPPORTUNITY UNIT**

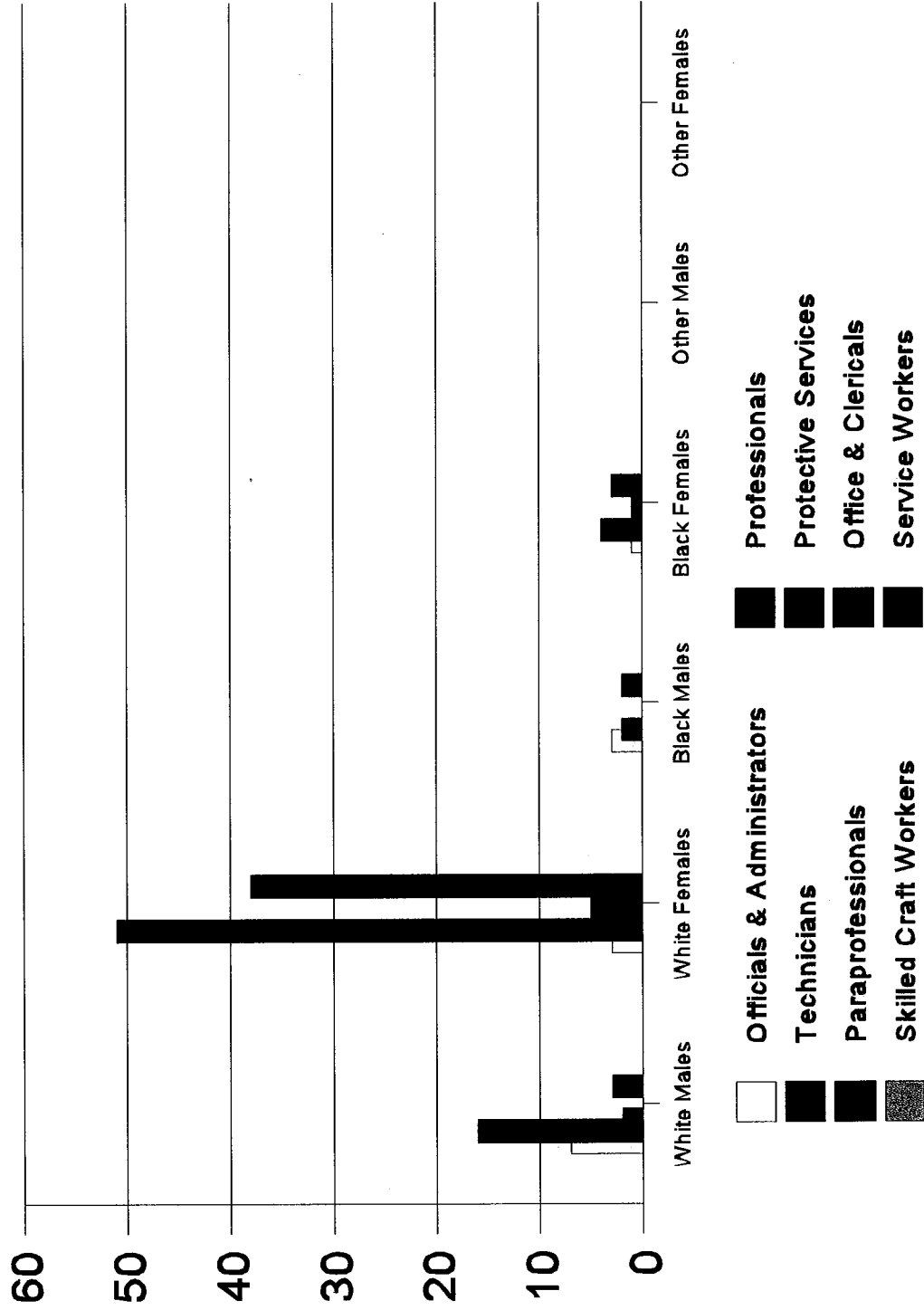
- Responsible to the Cabinet Secretary for updating, maintenance, directing and implementing of the State Affirmative Action Program. Monitored the progress of the State's Affirmative Action Program and report to the Cabinet Secretary semi-annually on that progress. Assisted agencies in their recruiting efforts to meet or surpass the affirmative action goals. As of June 30, 1996, the goal set for minorities is 7.51% and the goal for females is 52.42%, these updated goals are based on persons 16 years and older from the Kentucky 1990 census. Attached is a graph of the Personnel Cabinet's ethnic and gender makeup, and the ethnic and gender personnel report.

**Ethnic & Gender Personnel Report
01-01-96 Through 06-30-96**

Cabinet/Department: Personnel Cabinet

Job Category	Total	White		Black		Hispanic		Asia/Pac		Amer Indian		Other		Total Minority			
		M	F	M	F	M	F	M	F	M	F	M	F	M	F		
Officials & Admin	14	7	3	3	1	0	0	0	0	0	0	0	0	0	4	10	4
Professionals	73	16	51	2	4	0	0	0	0	0	0	0	0	0	6	18	55
Technicians	8	2	5	0	1	0	0	0	0	0	0	0	0	0	1	2	6
Protective Service Workers																	
Para-Professionals	6	0	5	0	1	0	0	0	0	0	0	0	0	0	1	0	6
Office & Clericals	47	3	38	2	3	0	0	0	0	0	0	0	0	1	6	5	42
Skilled Craft Worker																	
Service Workers																	
TOTALS	148	28	102	7	10	0	0	0	0	0	0	0	0	1	18	35	113

Personnel Cabinet



ANNUAL REPORT FY 1995-1996
OFFICE OF THE SECRETARY
ASSISTANT GENERAL COUNSEL/ATTORNEY MANAGER

- Wrote and drafted approximately 93 Opinion letters concerning various personnel topics.
- Reviewed 1,069 disciplinary action letters issued by agencies.
- Reviewed and consulted with agency attorneys and personnel officers regarding 569 appeals filed with the Personnel Board.
- Represented the Personnel Cabinet before the Personnel Board in 141 appeals in which the Cabinet was a party.
- Processed 320 requests submitted under the Kentucky Open Records Act for personnel files and other documents.
- Prepared written comments on approximately 37 Bills that were introduced in the last session of the General Assembly.

**ANNUAL REPORT FY 1995-1996
OFFICE OF THE SECRETARY
ADMINISTRATIVE SERVICES BRANCH**

- The Personnel Cabinet had total expenditures of \$20.9 million in the fiscal year ending June 30, 1996 with 59.5% of the expenditures being for the provision of workers' compensation benefits. The \$20.9 million expenditure total does not include expenditures made outside of the Commonwealth's accounting system such as \$5.3 million for employee and teacher life insurance benefits and \$142 million for Kentucky Kare Health Insurance Plans. At June 30th, participants had \$478.5 million in assets invested through the Kentucky Public Employees Deferred Compensation Authority.

- The cost of salaries and benefits for Cabinet employees totaled \$4,687,000 during fiscal 1996, an increase of less than 1% from fiscal 1995. At year end, the Cabinet employed 125 permanent full-time employees and had 144 total employees. This compares with 122 permanent full-time employees and 150 total employees at the end of fiscal 1995.

**Personnel Cabinet Expenditures
1996 Fiscal Year**

<i>Organizational Unit</i>	<i>Cost of Salaries, Benefits, Personal Services</i>	<i>Operating Costs</i>	<i>Capital Costs</i>
<i>Secretary's Office</i>	\$656,900	\$121,061	\$21,580
<i>Administration & Processing</i>	\$1,008,253	\$897,855	\$17,923
<i>Applicant Counseling & Examinations</i>	\$1,209,514	\$291,007	\$113,066
<i>Classification & Compensation</i>	\$566,863	\$64,592	\$16,079
<i>Deferred Compensation Authority</i>	\$1,507,761	\$90,113	\$41,911
<i>Employee Services</i>	\$527,362	\$137,487	\$2,732
<i>Health Insurance</i>	\$869,703	\$101,322	\$24,358
<i>Life Insurance Administration</i>	\$146,584	\$42,657	\$7,617
<i>Workers' Compensation</i>	\$12,362,084	\$50,833	\$29,864
Total	\$18,855,024	\$1,796,929	\$275,129

**ANNUAL REPORT FY 1995-1996
OFFICE OF THE SECRETARY
KENTUCKY PUBLIC EMPLOYEES' DEFERRED COMPENSATION AUTHORITY**

Kentucky's Deferred Compensation plans continue to rank high among Governmental Deferred Compensation plans.

- Based on survey data provided by the National Association of Government Deferred Compensation Administrators (NAGDCA) for IRS-457 Plans, the Kentucky Authority is twentieth (20) in the nation in terms of 457 Plan Assets and twenty-third (23) in the number of participants. Also, Kentucky ranks fifth (5) in both assets and participants for those states reporting both 457 and 401(k) plans. According to the NAGDCA survey, Kentucky continues to rank ahead of several more populous states.

The Deferred Compensation Authority Board introduced numerous plan enhancements.

Fiscal Year 1995-96 was a very progressive year for the Authority and its participants. During this year of change, the Authority Board implemented the following plan enhancements:

- 24-hour access to the plans through a telephone voice response system
- Daily exchange capabilities
- Quarterly transaction based participant statements
- Retirement planning and investment analysis software was developed and made available to all participants
- Extended office hours

The Authority Board also authorized several other major plan changes which were scheduled for implementation during Fiscal Year 1996-97.

These changes include:

- A significant "reduction" in participant asset fees (expected to save participants more than \$400,000 annually).

- A restructured spectrum of participant investment options (including the addition of a 500 index mutual fund and a series of life cycle funds).
- Conversion of the Nationwide Variable Annuity contract from allocated to unallocated which will increase operational effectiveness and efficiency by eliminating duplication of record keeping efforts.

As a result of all these enhancements, the Authority will be presented with the 1996 Recognition Award at this year's NAGDCA Conference. This award is presented to honor the Authority's achievement in the development and improvement of plan design, which has resulted in measurable improvement for participants and administrators.

The Authority established another record breaking year as participation and assets achieved new highs.

The following graphs represent the combined results from the Kentucky Public Employees' Deferred Compensation Authority's 457 and 401(k) retirement plans through June 30, 1996:

- *Participant Volume* - Graph 1 indicates that although the rate of growth has slowed somewhat the number of plan participants (with account balances) has increased to 33,845.
- *Plan Assets* - Graph 2 shows that 1995 plan assets, on a calendar year basis, have experienced exceptional growth over 1994 (1995 - \$445 million vs. 1994 - \$378 million). Assets, on a fiscal year basis, have increased from \$409 million as of June 30, 1995 to \$477 million on June 30, 1996, representing a \$68 million or 17% increase.
- *Plan Trends* - Several important trends have now become apparent within the Deferred Compensation program.

Investments - Graph 3 indicates for the first time since 1991, quarterly participant investments have increased steadily throughout the fiscal year ending June 30, 1996. Since June 30, 1995 participant investments have grown by approximately \$640,000/quarter or approximately 6%.

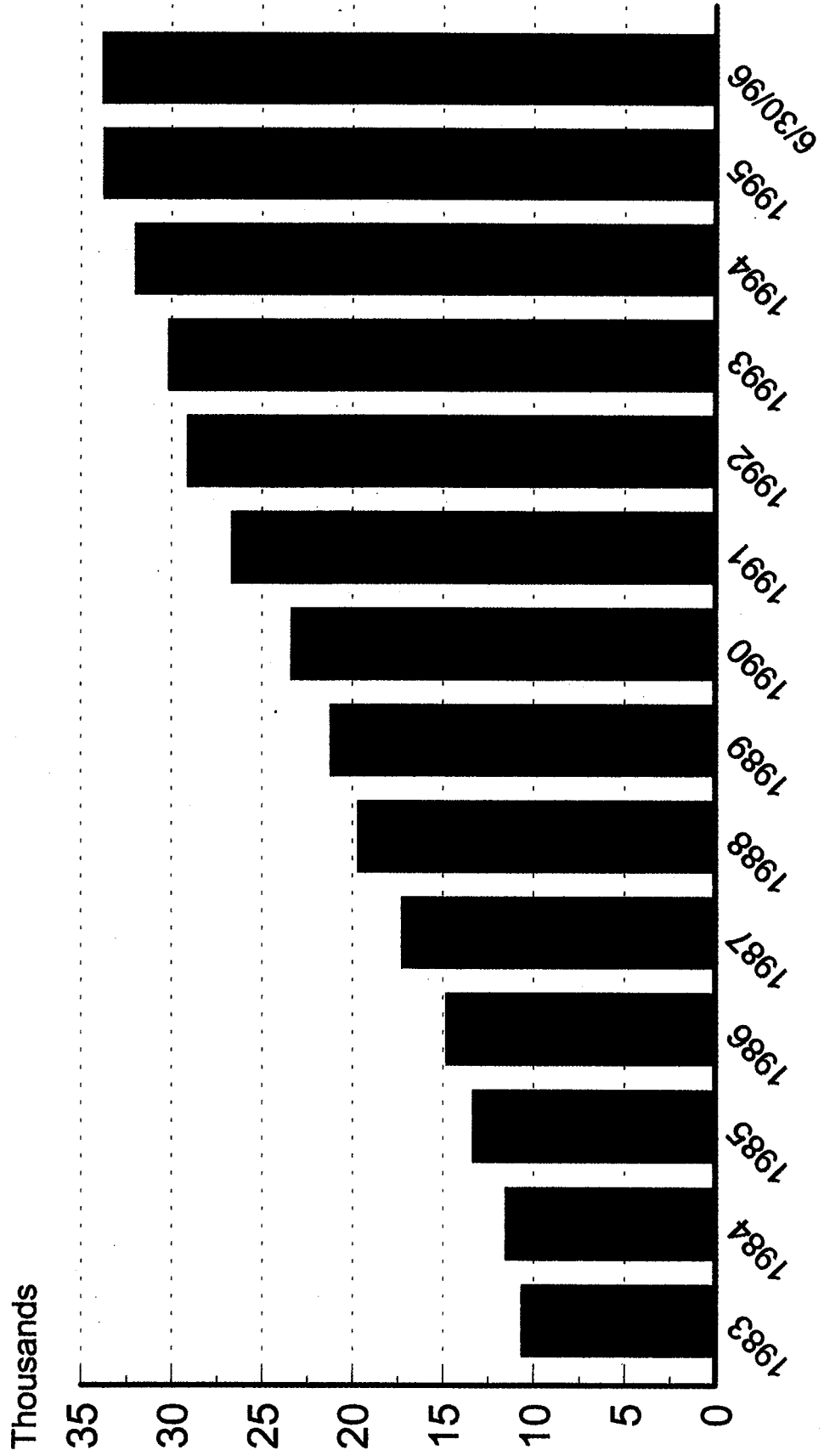
Plan Assets Allocation - Graph 4 demonstrates that for the first time participants are investing more into the mutual funds than in the Fixed Contract Fund. Graph 5 indicates the allocation of assets is now \$243 million (51.1%) in the mutual funds and \$223

million (46.7%) in the Fixed Contract Fund. The remaining 2.2% represents insurance company benefit accounts and loans.

- *Investments* - Graph 6 demonstrates that the percentage of annualized investments going into the 401(k) plan continues to increase. The 401(k) investments represented 58% of the total investments for the fiscal year ended June 30, 1995 and grew to 62% of the total investments for the fiscal year ended June 30, 1996. For the fiscal year ended June 30, 1996 the dollars invested in the 401(k) exceeded the dollars invested in the 457 plan by \$10 million.

The Authority currently offers participants twenty (20) investment options to select from. The investment spectrum ranges from conservative - to - moderate - to - aggressive. This spectrum of investments consists of nineteen (19) mutual funds and one (1) stable value or fixed fund product.

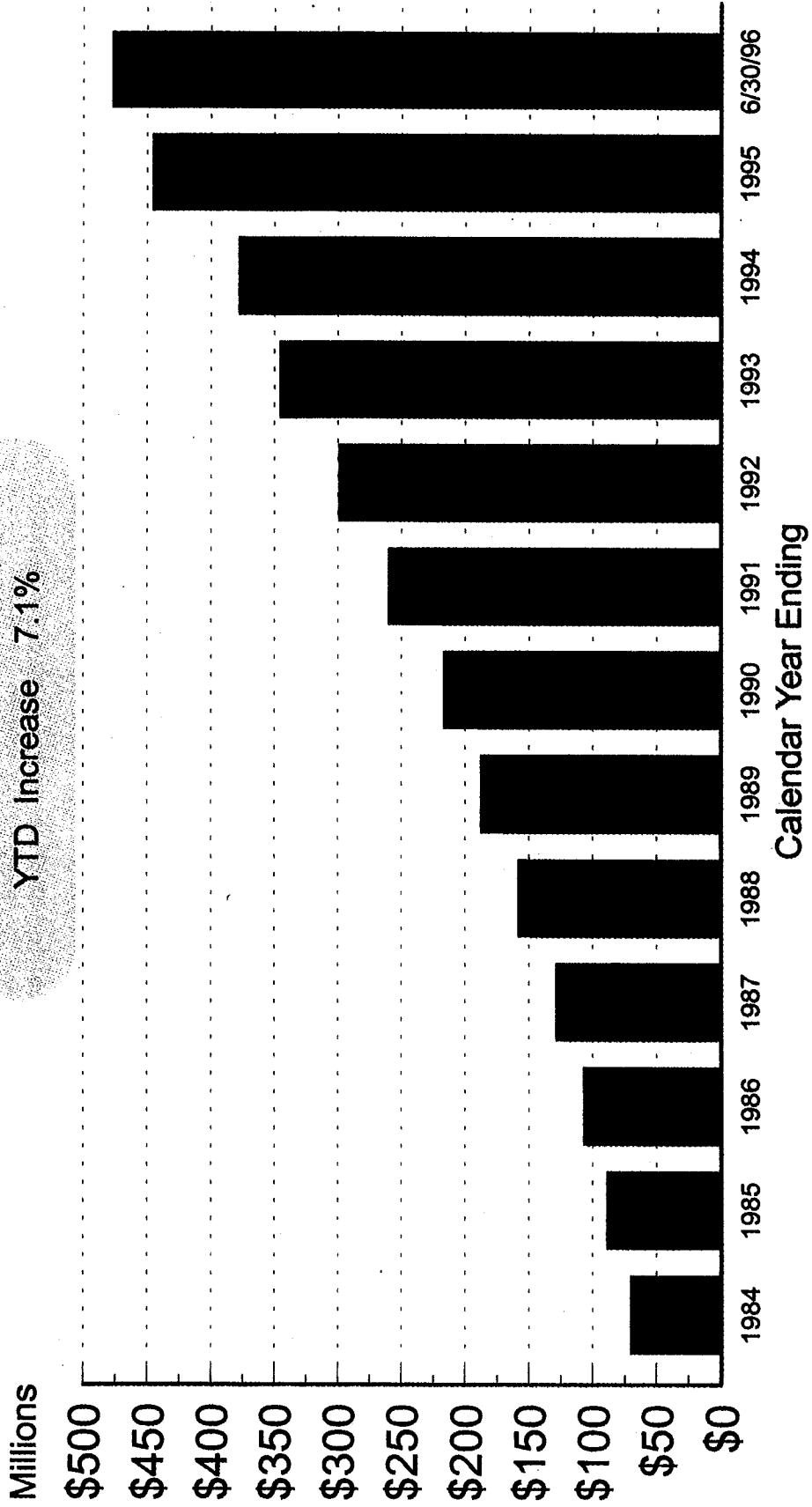
Total Participants by Year (With Account Balances)



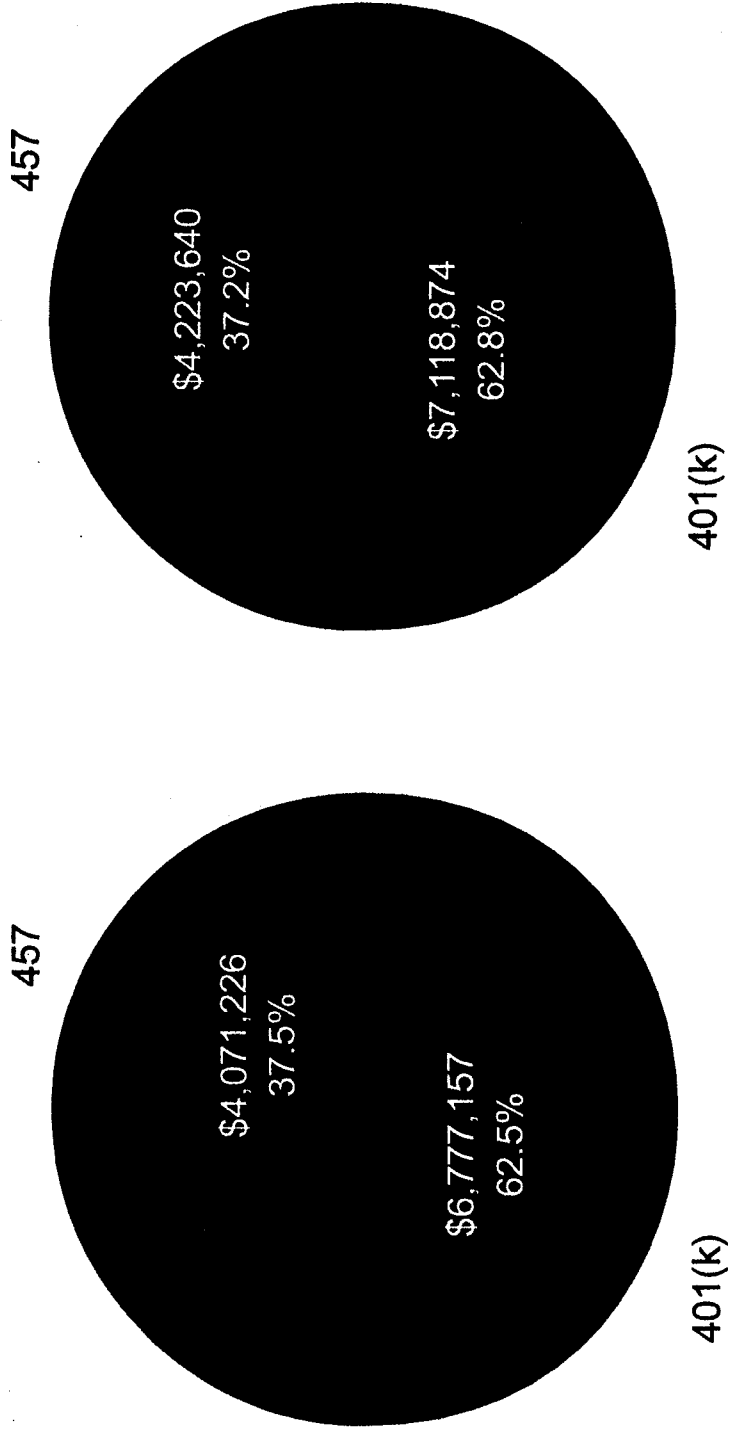
Asset Growth By Year

(Excluding Life Insurance and Uninvested Receipts)

■ 457 (Plan I) ■ 401(k) (Plan II)
YTD Increase 7.1%



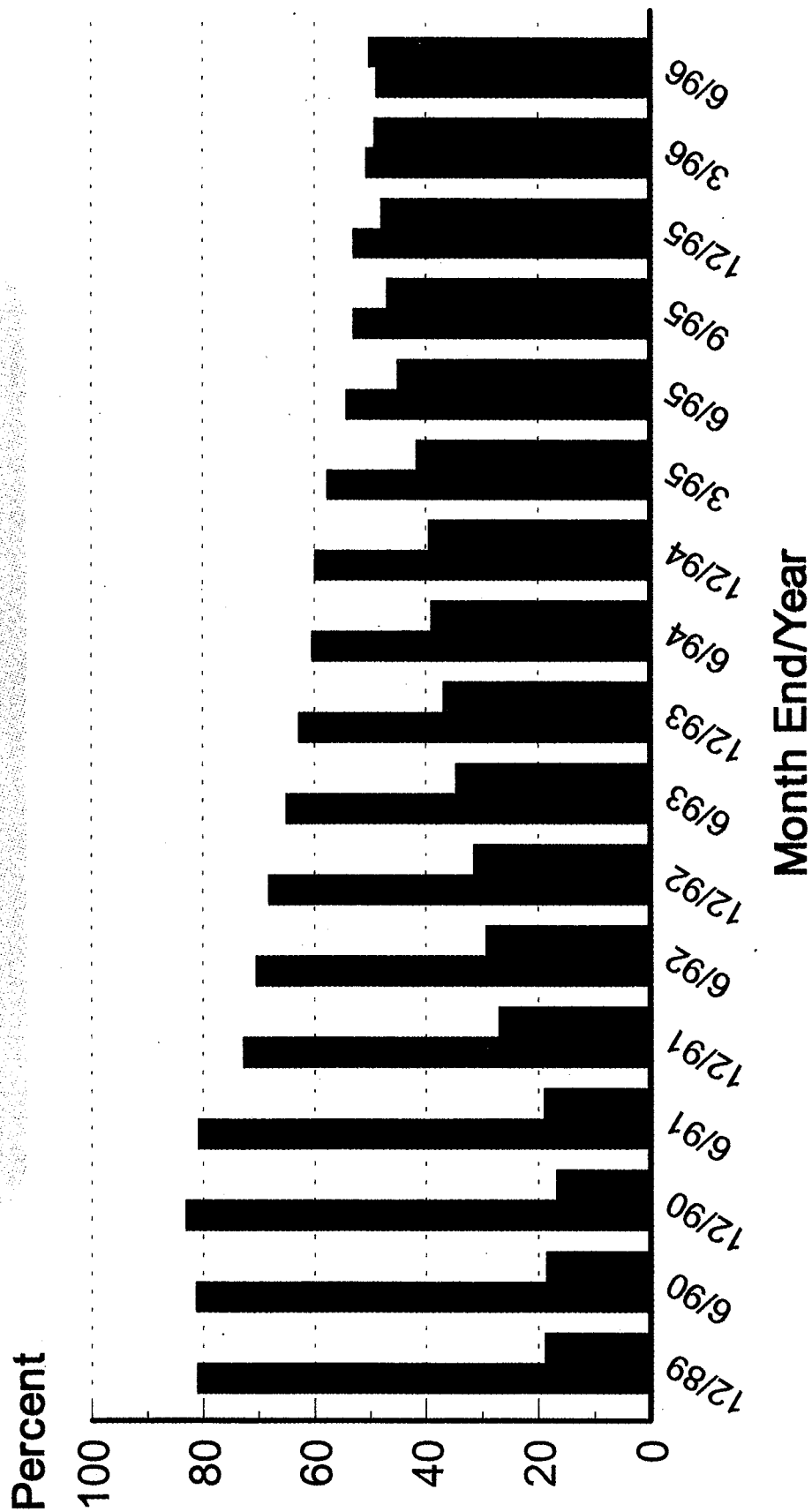
Investments By Quarter (Excluding Life Insurance and Uninvested Receipts)



Percentage Allocation of Assets

(Excluding Life Insurance and Uninvested Receipts)

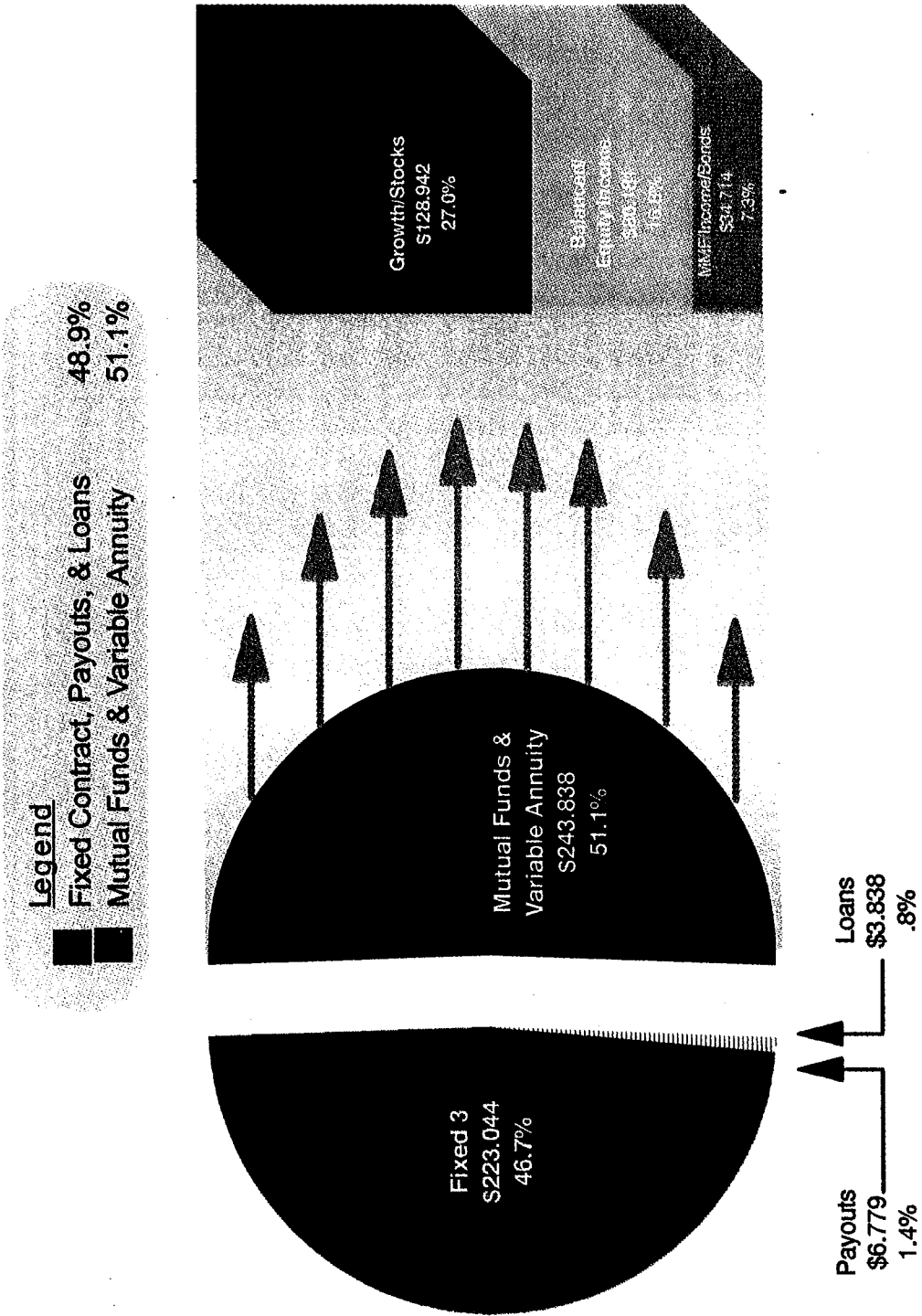
■ Fixed Contract, Payouts, & Loans ■ Mutual Funds & Variable Annuity



Allocation of Plan Assets

As of June 30, 1996

(Excluding Life Insurance and Uninvested Receipts)
(Dollars in Millions)

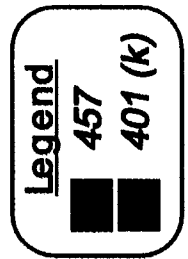
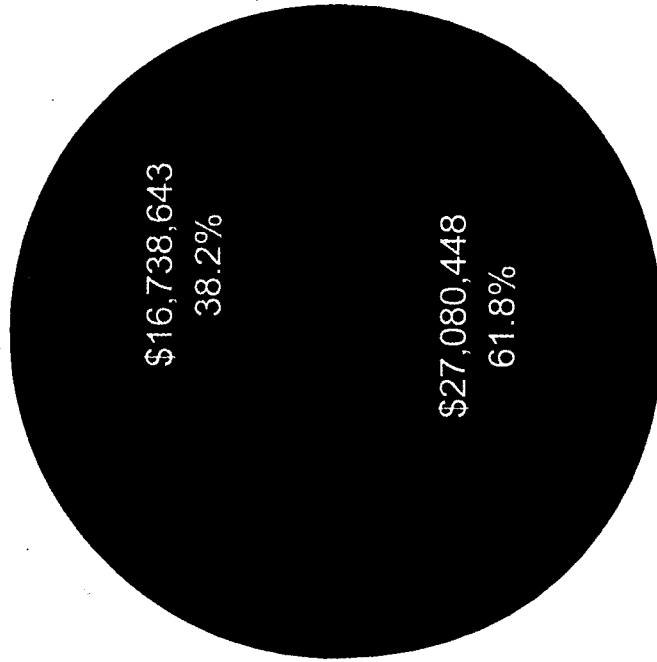
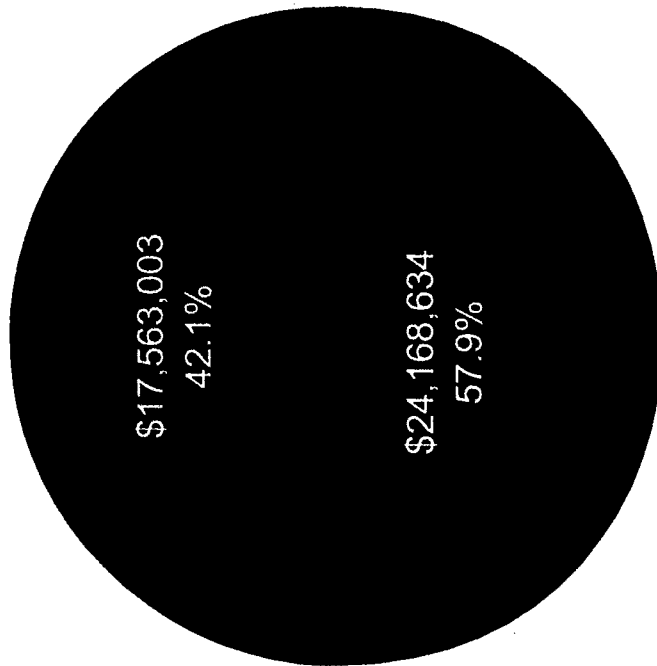


Annual Investments

(Excluding Life Insurance)

Year Ending
June 30, 1995

Year Ending
June 30, 1996



ANNUAL REPORT FY 1995-1996
DIVISION OF ADMINISTRATION & PROCESSING

Administrative Control Branch

- Modified the routing/review process for seasonal appointments and reinstatements so that these actions can process faster without routing them throughout the Personnel Cabinet.
- Implemented new edits for the retirement code based on employee status.
- Modified Personnel System to add Phase II pilot program for Department for the Blind, Phase III pilot program for Jefferson County District Pilot, and Phase IV Revenue.
- Processed and microfiched approximately 225,500 personnel actions. This includes any supporting documentation.
- Modified the on-line CICS files to show shift differential information in conjunction with the Title Code file.

Payroll Operations Branch, Computer Operations

- Includes the Data Entry duties and is responsible for that function.

Payroll Operations Branch, Word Processing

- 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.
- Began maintaining all applications and recording money received for the COBRA Commonwealth Choice program.
- In 1995, maintained all LEA & DOE records. Kept COBRA records up to date and answered all phone calls about COBRA. Discontinued this duty December 31, 1995, when PlanSource took over handling all COBRA, LEA and DOE data.

Payroll Operations Branch, Payroll Audit & Assistance and Payroll Production Sections

- Modified payroll system to handle the reporting of paid leave and Family and Medical leave together.
- Enhanced the system for Manual Pay Adjustments to allow more adjustments to the on-line system.
- Tape management automated system (TMLS) implemented in 1996.
- Implemented automatic Supplication Notification system.
- Scheduler is being implemented which will ultimately save time for personnel Data Controller and automate DIS to save them time. As a byproduct, our jobs are completed in less check time.
- Improved the error resolution program for health insurance arrears and refunds. This gives a more accurate picture. Makes the job easier for Personnel and will shorten error resolution for the agencies.

Health Insurance Branch

- Revamped the Commonwealth Choice Flexible Spending Account Program to give employees an opportunity to receive an employer contribution to the Health Care Spending Account.
- Rewrote Commonwealth Choice materials to include information on the new employer contribution.
- Redesigned the Commonwealth Choice enrollment form to accommodate the new program rules.
- Increased the membership in Commonwealth Choice to approximately 16,000 over 2,800 in 1995.
- Set up system to accept new employees into the Commonwealth Choice program throughout the year.
- Trained over 900 employees across the state on the basics of open enrollment procedures to share with their co-workers at their work site.

- Produced two KET programs that dealt with Health Care Reform and other health insurance issues.
- Answered telephone lines following the two airings of the KET programs. Took a record number of calls each night.
- Organized a large Health Fair in Frankfort that gave employees an opportunity to talk with the individual health insurance carriers and ask questions regarding health care reform. Also made available rider information.
- Worked with members of the Health Policy Board, Health Purchasing Alliance, and Department of Insurance on Health Care Reform legislation, benefits, premiums, enrollment materials, etc.
- Totally updated Health Insurance/Commonwealth Choice Administration Manual.
- Conducted training for agency health insurance coordinators.
- Met with and presented programs to the Employee Advisory Committee for Health Insurance four times throughout the year.

ANNUAL REPORT FY 1995-1996

DIVISION OF APPLICANT COUNSELING & EXAMINATIONS

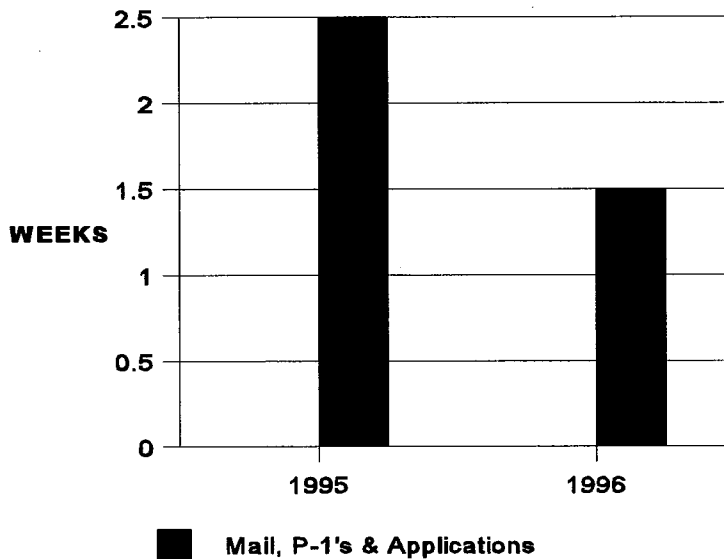
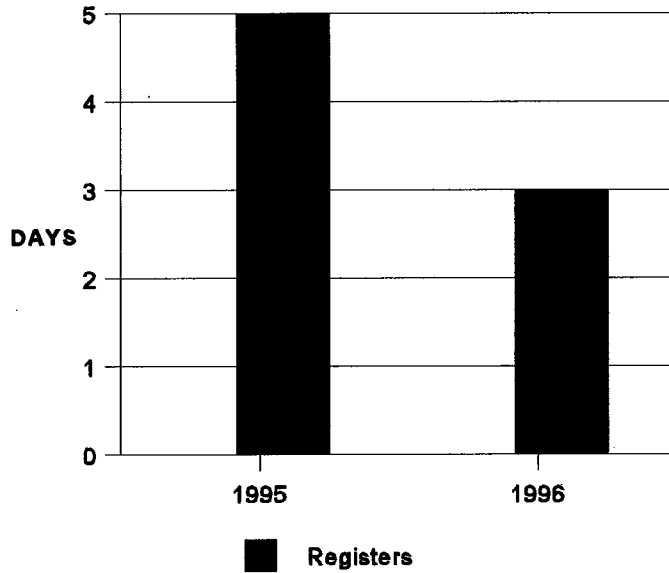
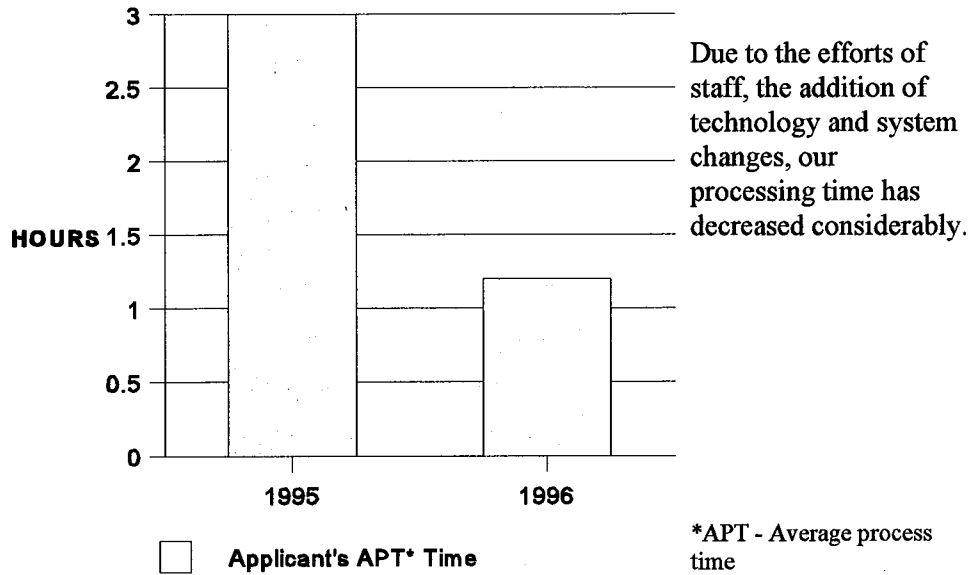
During FY 1995-96, this Division has implemented a number of new initiatives in its assigned areas of responsibility as follows:

- The installation of an electronic imaging system to store and reproduce 971 currently active registers and 96,000 applications as requested by agencies. In most cases, registers and corresponding applications can be retrieved in one hour, eliminating the pulling and copying of same by hand.
- Regularly furnishing the Department for Employment Services with open bulletins, applications, and special information packets on how and where applicants can apply for merit system jobs.
- The revision of the state employment application so it can be placed on the imaging system.
- The installation of a new rank inquiry system which allows applicants to look up their ranking on the register, their counties of availability, and the fifth highest scores for each county via a computer terminal in the applicant reception room at the State Personnel Cabinet. Plans are underway to make this service available to each Cabinet, agency and department, including Employment Services.
- A new rapid process for placing applicants in 23 critical jobs that are 100% Qualifying was installed. Applicants who meet the minimum qualifications for classes such as patient aide, nurses aide, etc. are placed on the system the same day of application and on the register the second day and are available for immediate hire. Educational verification and necessary background checks are conducted by the agencies during their training period.
- The delegation of education verification to agencies during the first 30 days of employment has eliminated the submission of original transcripts, etc. to the State Personnel Cabinet.
- A new system lists all re-employment candidates on a single register in seniority order so that agencies can contact them as required by law to verify interest or non-interest in the vacant position.
- The development of a computer program to list candidates who have declined re-employment opportunities allows their name to be removed from registers on a timely basis so that other applicants who desire to work can be employed immediately.

- The establishment of a rapid-process counseling system for those who apply for three positions or less has reduced processing time for these actions by approximately 60 percent.
- The development of the first process map and participation in training of Empower Kentucky team leaders on the mapping process helped create an atmosphere which resulted in a number of positive suggestions for enhancing the staffing process.
- The issuing of reinstatement certificates to agencies which are attached to the agency's P-1 request for rehiring has eliminated the review of the P-1 and employee's application after the agency interview, and has increased P-1 turnaround time for reinstatements by over 50 percent.
- Initiated open houses for all agency personnel executives and staffs. Briefings were conducted on the new rapid-process procedures and the imaging system. Ideas for enhancing services were solicited and have resulted in a number of refinements to the system, such as eliminating review of P-1's by Staffing Services for seasonals who have previously worked for Kentucky State Government within the past three years, etc. and has increased the processing time for those P-1's by 30 percent.
- A customer service satisfaction survey was developed to obtain feedback on processing times and other service areas which could be improved. Suggestions have resulted in an approximate 50 percent reduction of time required to service applicants.

Phone Calls/Requests for Services	73,436
Applications Pulled and Photocopied	42,377
Tests Administered (Internal Mobility & Competitive).	40,852
Internal Mobilities (No Test Required)	5,929
Applicants Counseled	13,538
Mail-In Applications Reviewed	14,251
P-1 Actions Processed	6,043
Register Certificates Issued	4,064
Appointments Processed	4,026
Walk-in Rank Information Requests	9,029
ADA Testing Accommodations	172
Training & Experience Ratings	1,507
Educational Verifications	1,250
Selection Methods Determined	216
Training & Experience Ratings Constructed	15
Written Examinations Constructed	14
Records Checked	(Approximately) 203

PROCESS TIME COMPARISONS



ANNUAL REPORT FY 1995-1996
DIVISION OF BENEFITS ADMINISTRATION

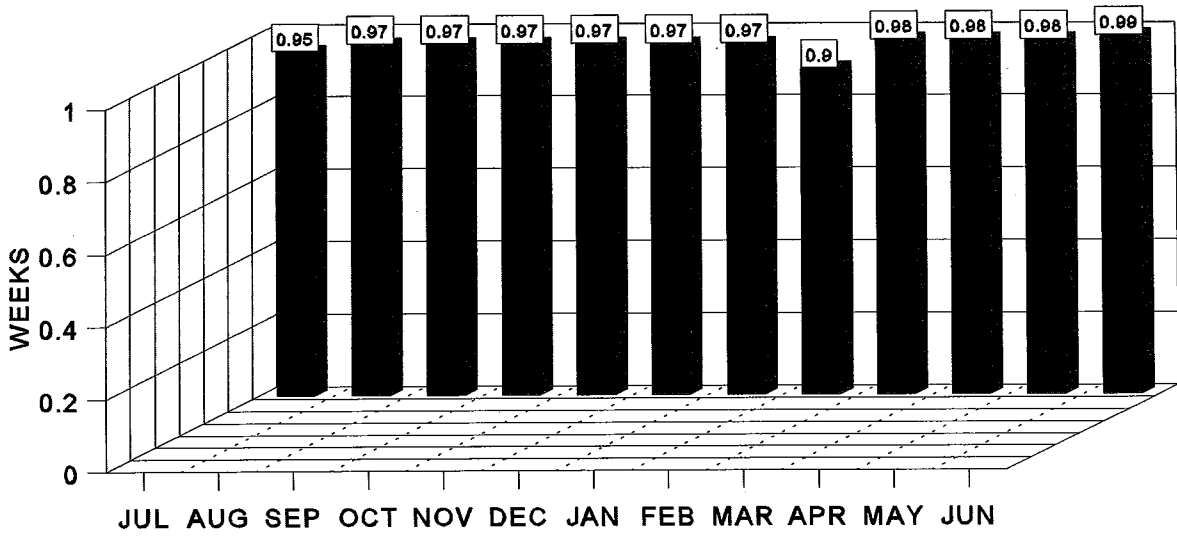
KENTUCKY KARE

The Kentucky Kare office is responsible for the administration of the Kentucky Kare Health Insurance Plans.

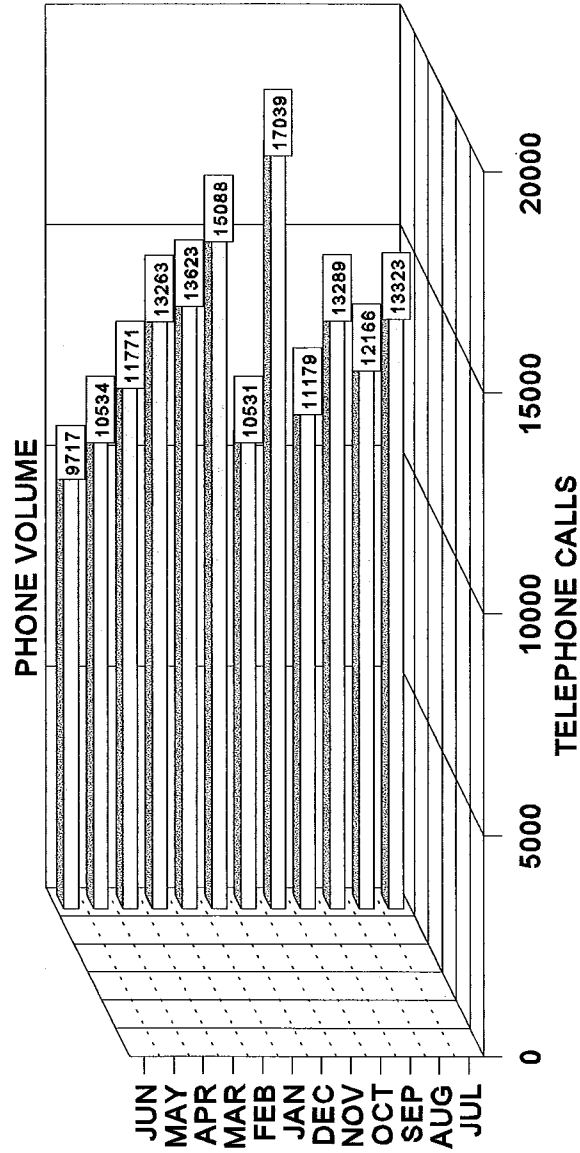
- The Kentucky Kare Plans have been modified to meet all requirements of Health Care Reform legislation. There are now five (5) plan levels offered to participating members of the Kentucky Health Purchasing Alliance. These five (5) plan levels are: Budget High, Economy Low, Standard Low, Standard High, and Enhanced High.
- Kentucky Kare contracts with a Third Party Administrator (Humana, Inc.) to process all claims.
- The Kentucky Kare office works closely with Humana, Inc. in the marketing and customer service sectors striving to increase enrollment and customer satisfaction.
- Claims turnaround time, telecommunications support, and claims processing have all increased in productivity throughout the year.
- Proposals were submitted to the Kentucky Health Purchasing Alliance to maintain Kentucky Kare's status as an accountable health plan.
- As of June 30, 1996 the Kentucky Kare Trust had a reserve balance of \$83,628,115 with outstanding balance of \$16,500,000 in unpaid claims.

KENTUCKY KARE

CLAIMS TURNAROUND TIME

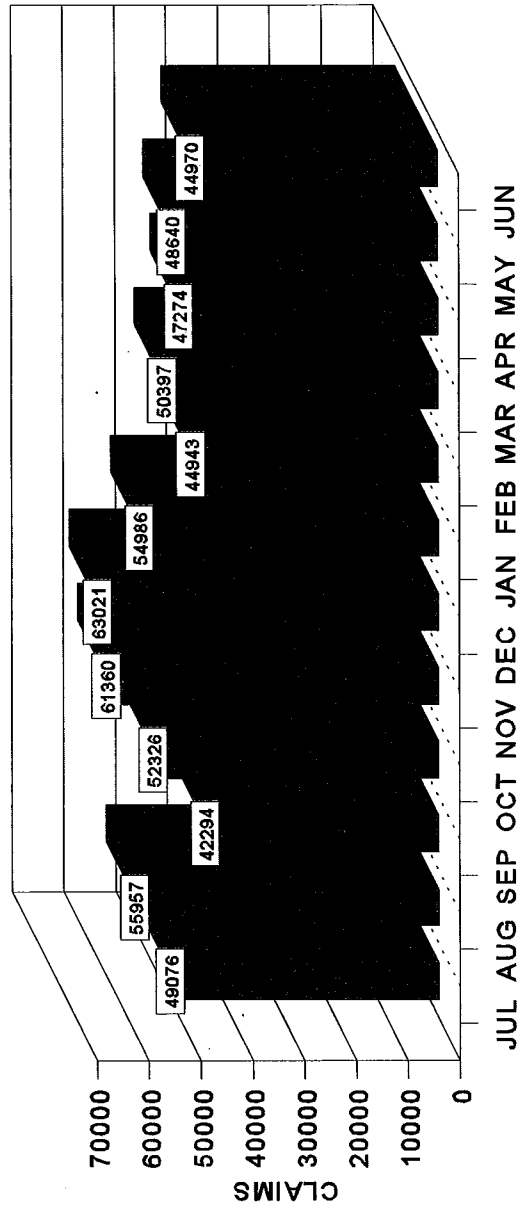


KENTUCKY KARE



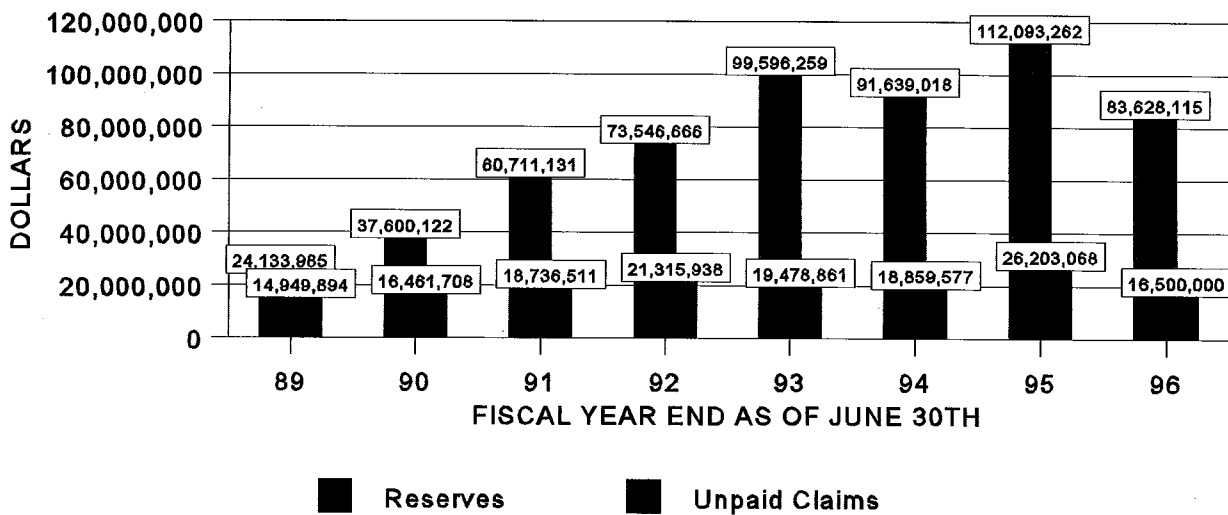
KENTUCKY KARE

CLAIMS PROCESSED



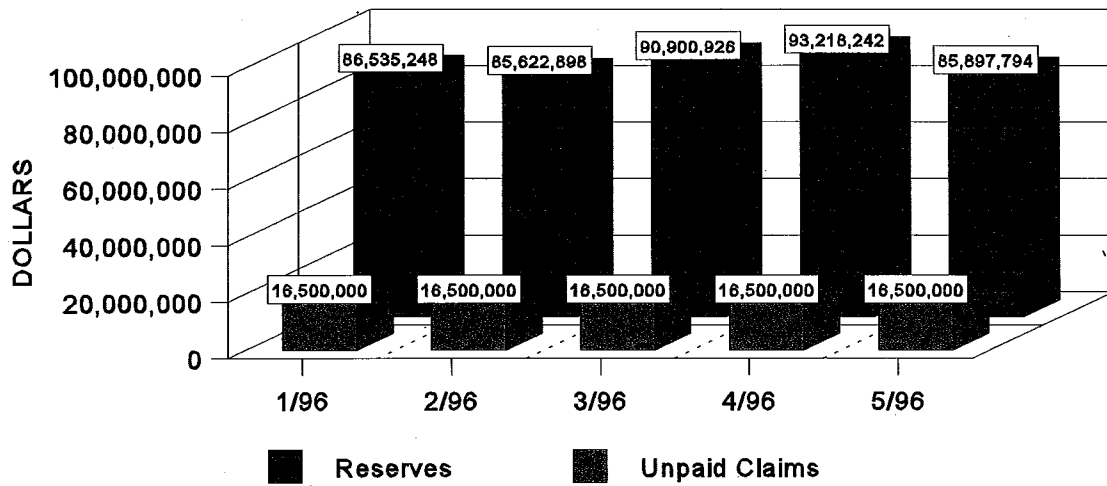
KENTUCKY KARE TRUST

FINANCIAL HISTORY



KENTUCKY KARE TRUST

1996 FINANCIAL SUMMARY



GROUP LIFE INSURANCE ADMINISTRATION

- The life insurance in force exceeds three billion dollars.
- Effective January 1, 1996, the state paid Basic Life Insurance and Accidental Death Benefit was increased to \$20,000 per eligible employee. Since 1988, eligible state and health department employees had a \$6,560 benefit, and board of education employees had a \$3,935 benefit.
- A new life insurance contract was awarded to Aetna for coverage effective January 1. Prudential had underwritten coverage the preceding 37 months.
- The current Basic Insurance an AD&D rate per thousand is \$0.145, a 19.4 percent decrease from the previous rate of \$0.18 per thousand.
- The current Optional Insurance and Dependents Group Life rates are three percent lower than the previous rates.
- The Group Life Insurance Administration Branch carries out all administrative services including: enrollment processing, eligibility data base maintenance, bill generation and payment processing, refunds, customer service, claims processing, and distribution of materials.
- The Branch developed all new materials for the new contract (enrollment forms, beneficiary forms, brochures, and certificate of coverage booklets) and supervised the distribution of these materials to over 130,000 employees.
- The Branch developed a comprehensive new Insurance Administration Manual for use by all insurance coordinators.
- The Branch conducted an open enrollment during April, the first open enrollment since October 1993.

- Open enrollment statistics:
 - Distributed materials to 520 locations for distribution to over 130,000 employees.
 - Processed 10,585 open enrollment applications.
 - 1,156 additional Optional Insurance accounts.
 - \$62 million increase in Optional Insurance volume.
 - \$27,000 monthly premium increase for Optional Insurance.
 - 2,499 additional Dependents Group Life accounts.
 - \$17,300 monthly premium increase for Dependents Group Life.
- The Branch administers group life insurance for eligible employees at 445 locations.

	<u>Locations</u>	<u>Total Monthly Premium</u>
State Agency	206	\$262,352
Board of Education	182	334,171
Health Department	51	21,870
Other	<u>6</u>	<u>2,247</u>
	445	\$620,640

- The Branch collects \$379,418 a month in Basic premiums.

	<u>Employees</u>	<u>Premium</u>
State Agency	40,916	\$118,656
Board of Education	85,846	248,953
Health Department	3,650	10,585
Other	<u>422</u>	<u>1,224</u>
	130,834	\$379,418

- The Branch collects \$241,222 a month in Optional and Dependents premiums.

	<u>Accounts</u>	<u>Premium</u>
State Agency	15,544	\$143,696
Board of Education	9,948	85,218
Health Department	1,395	11,285
Other	<u>109</u>	<u>1,023</u>
	26,996	\$241,222

- The invoicing process includes:
 - Roster billing 213 locations (156 board of education, 51 health department and 6 other) for 14,090 accounts each month.
 - Individually billing 1,434 accounts to employees of 26 boards of education.
 - Roster billing 206 state agency (accounting) locations for 56,460 accounts. The premium is posted through a payroll tape update and the bills are checked for completeness, arrears, and any discrepancies.

- The Branch processed 296 claims.

Prudential Contract (7 - 12/95)

- 89 Basic Insurance and AD&D claims
- \$524,745 Basic benefits
- 27 Optional Insurance and AD&D claims
- \$762,000 Optional benefits
- 31 Dependents Group Life claims
- \$295,000 Dependents benefits

Aetna Contract (1 - 6/96)

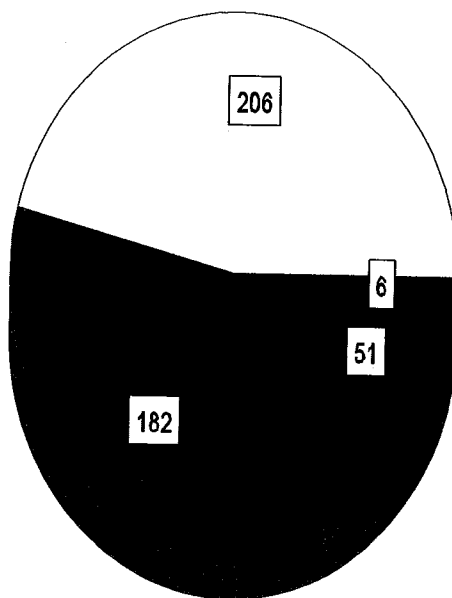
- 88 Basic Insurance and AD&D claims
- \$1,860,000 Basic benefits
- 22 Optional Insurance and AD&D claims
- \$514,500 Optional benefits
- 39 Dependents Group Life claims
- \$349,500 Dependents benefits

- Other Branch activities:

• Checks received and processed	7,992
• Refunds processed and mailed	878
• Applications (not open enrollment)	17,500
• Phone calls received	10,400

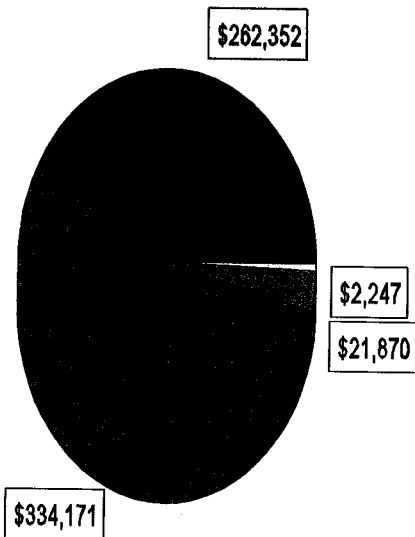
Group Life Insurance Administration

Locations of Eligible Employees



Group Life Insurance Administration

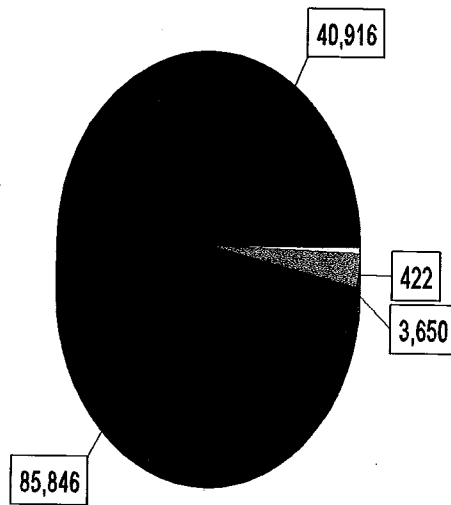
Total Monthly Premiums



- State Agency
- Board of Education
- Health Department
- Other

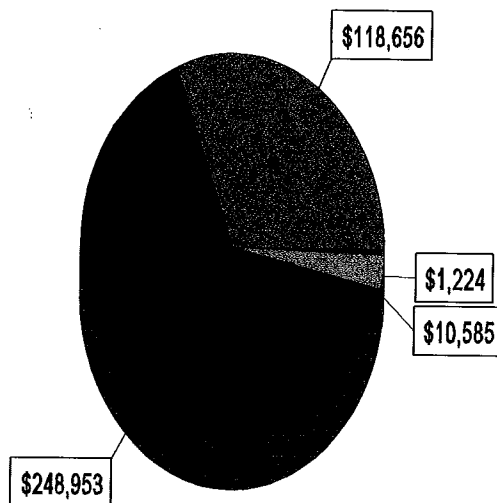
Group Life Insurance Administration

Number of Employees with Basic Coverage



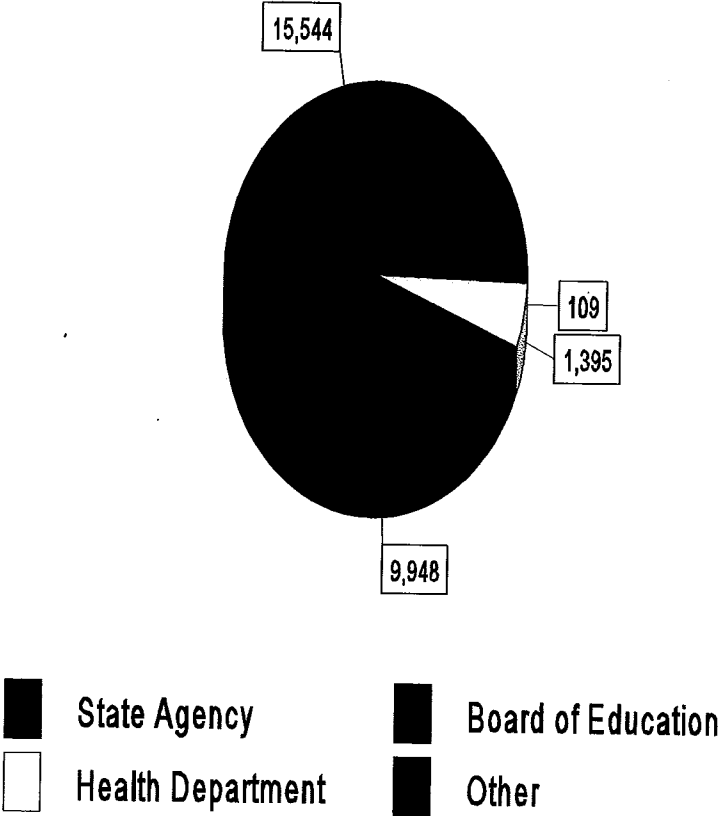
Group Life Insurance Administration

Monthly Premiums Collected for Basic Coverage



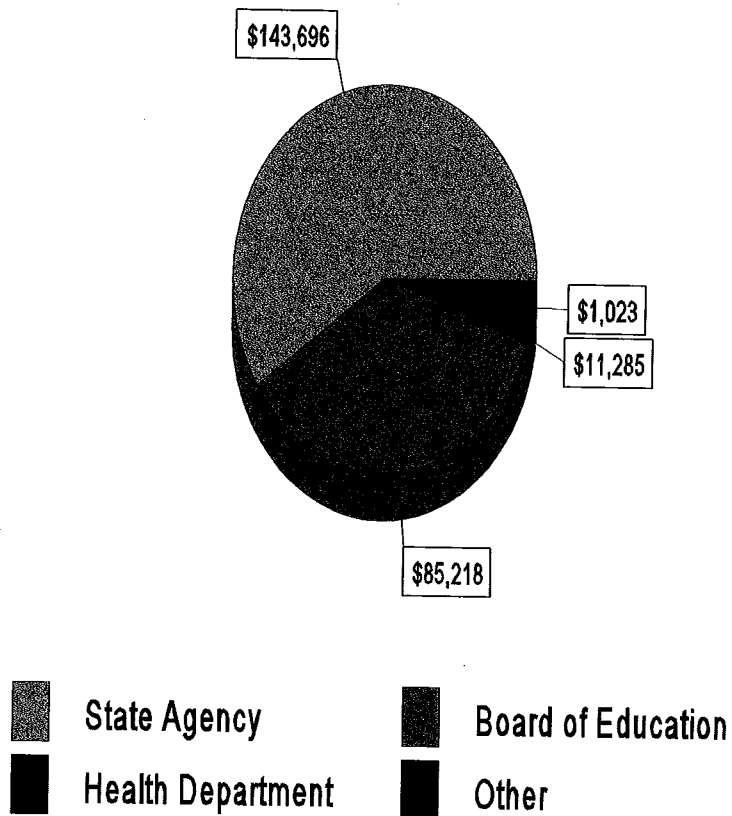
Group Life Insurance Administration

Optional and Dependent Accounts



Group Life Insurance Administration

Monthly Optional and Dependent Premiums Collected



WORKERS' COMPENSATION

As of June 30, 1996 the Workers' Compensation Program has successfully returned ninety-two (92) employees to work by temporarily modifying their position, permanently modifying their position, or by the employee moving into a different job. This has been calculated as a savings of approximately 8 million dollars.

The Commonwealth of Kentucky Workers' Compensation Program has implemented a managed health care program. The Workers' Compensation Board has approved the program for Jefferson County. As of June 30, 1996 we have four (4) agencies utilizing the managed health care program. Other counties will be approved and added to this managed health care program once all of Jefferson County is up and running. This is a new approach to workers' compensation and this office is responsible for the training of all employees.

The Workers' Compensation Program's call-in process for the First Report of Injury (IA-1) has proven to be quite successful. First Report of Injuries (IA-1s) are being reported in a more timely and accurate manner. This office receives on an average of 25 reports per day. Due to the timely and accurate reporting this office is able to process claims in a more expedient manner enabling the employee to receive benefits quicker.

The weekly benefits for 1995 and 1996 injuries are:

- Maximum \$415.94
- Minimum \$83.19

Approximately 90,000 employees are provided coverage under this self-insured program. Job-related injuries for fiscal year 1995-96 to date total 6,800.

**ANNUAL REPORT FY 1995-1996
DIVISION OF CLASSIFICATION AND COMPENSATION**

	<u>94/95</u>	<u>95/96</u>
Job Classes Revised	116	127
New Job Classes Established	95	70
Job Classes Abolished	36	85
Pay Grade Change	17	158
Special Entrance Rates Implemented	101	165*
Class Title Changes		17

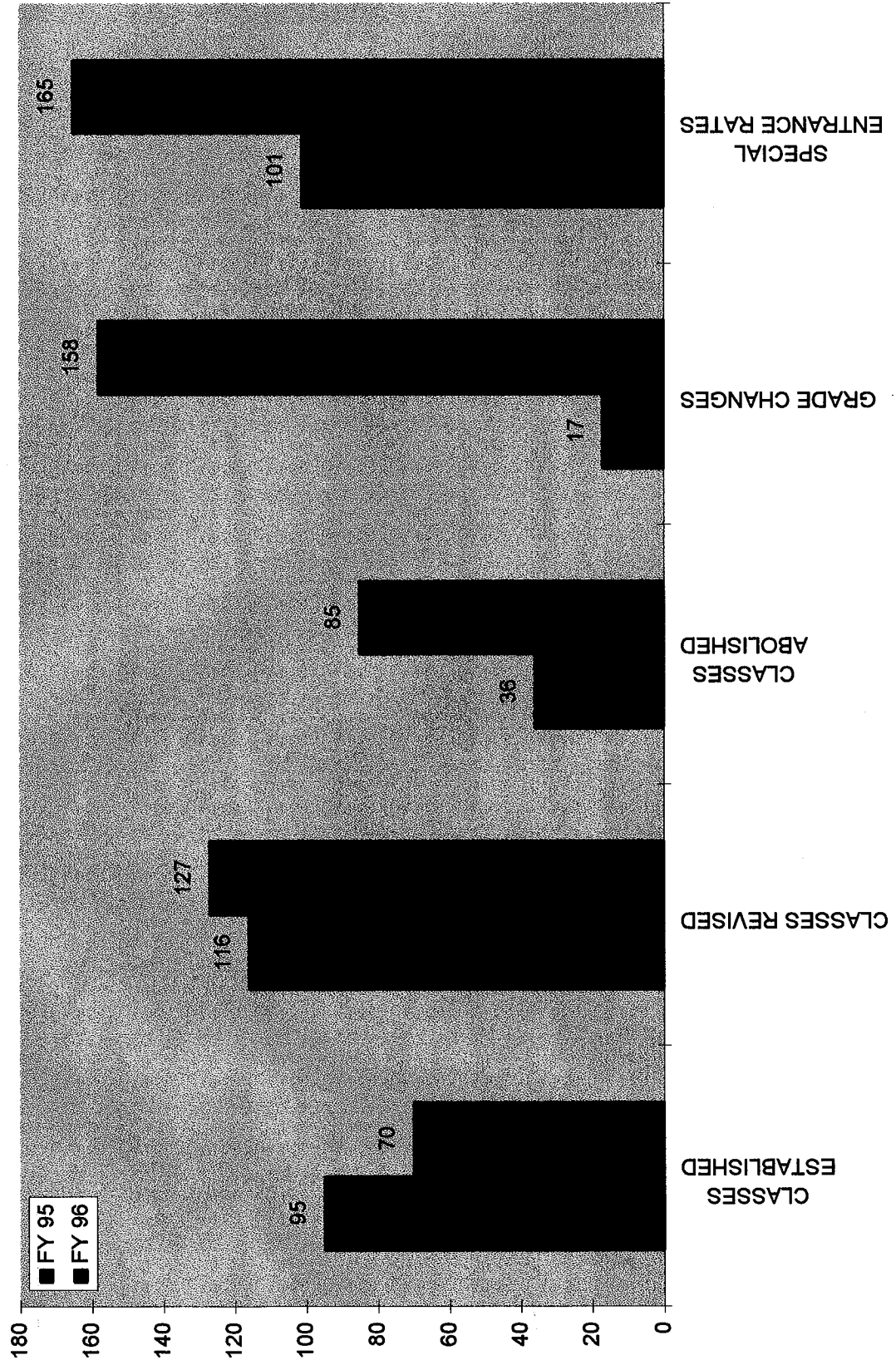
*Many of these SER's were increases to those already established.

- Classification staff reviewed documentation submitted by agencies to establish, abolish, reclassify or reallocate 18,937 (FY 94/95) and 19,206 (FY 95/96) positions in state service.

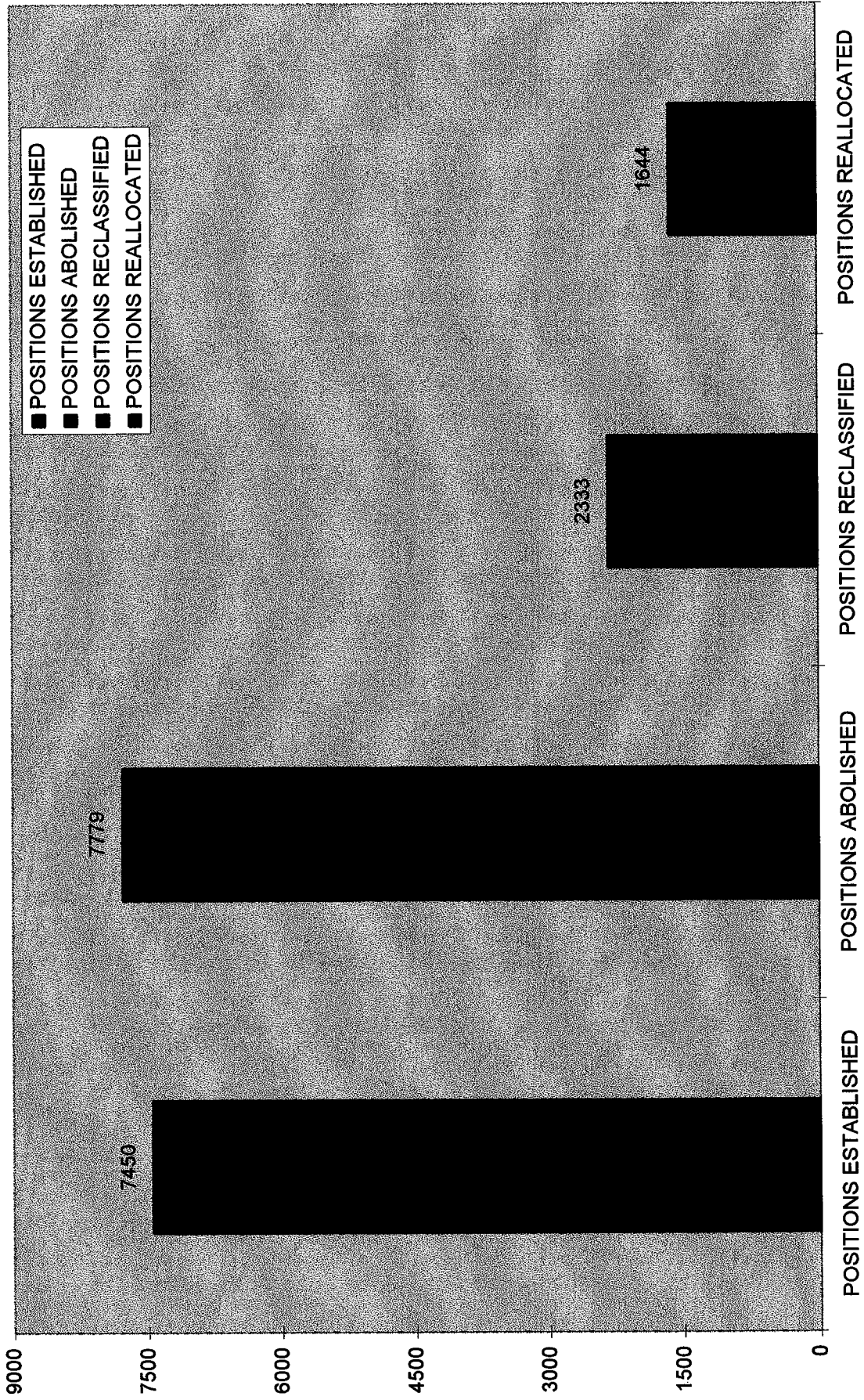
Position Establishments	7,450
Position Abolishments	7,779
Reclassifications	2,333
Reallocations	1,644

This is a total of 19,206 personnel and position actions. These figures do not reflect actions processed by this division such as in-range appointments, reorganizations, position number changes, work county changes, in-grade promotions and transfers.

CLASSIFICATION & COMPENSATION PLAN CHANGES IN FY95 VS FY96



CLASSIFICATION & COMPENSATION POSITION ACTIONS REVIEWED



ANNUAL REPORT FY 1995-1996 DIVISION OF EMPLOYEE SERVICES

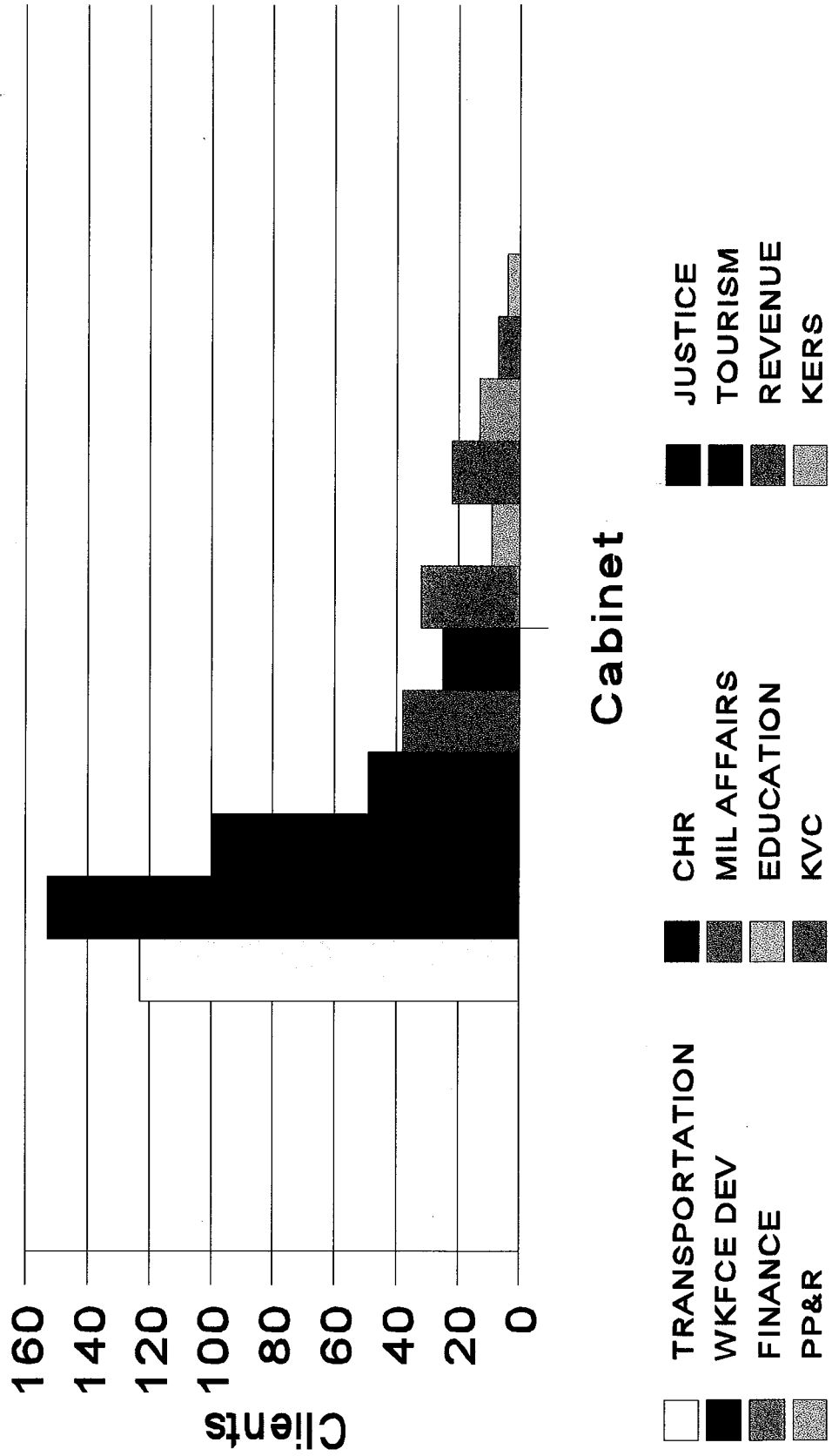
- Coordinated all logistics for the annual Governor's EEO Conference (the major training event for EEO counselors and coordinators, personnel executives and managers) including registration, development and scheduling of over 41 workshops and 2 general sessions for over 453 participants.
- Successfully brought all agencies into compliance with KRS 18A.112 which requires that eligible employees be evaluated on job performance twice each year. Provided training on effective use of the Employee Evaluation System to approximately 760 managers and supervisors in 24 separate training sessions.
- Maintained the employee information office with a "564" and "800" line to answer questions from state workers. This office is part of the branch established to develop a comprehensive employee relations program.
- Presented awards totaling \$38,480.35 to state workers through the Employee Suggestion System. The suggestions recognized represented a first year savings of \$1,208,657.18. (These figures are based on 1995 calendar year.)
- Processed approximately 3,500 Career Service Certificates.
- Processed approximately 200 Educational Achievement Awards.
- Developed and disseminated statewide newsletter which is sent to all employees.
- Conducted 12 training sessions for approximately 420 participants for the Family Medical Leave Act and its implementation in state government.
- Published the semiannual Safety newsletter for over 900 agency representatives. Presented 18 seminars on miscellaneous safety topics for approximately 597 employees, and conducted 4 general OSHA inspections. Provided 56 training videos to safety officers. Obtained 400 successful blood donations from the state government community.

- Assist ADA Special Advisor to the Governor with ADA Coordinator training.
- Fiscal Year 95-96 brought growth for the Kentucky Employee Assistance Program. Comparing the first six months of 1996 to the first six months of 1995 direct client contacts are up 25% to 796. Indirect contacts through supervisory training sessions were 718. KEAP staff did quite a few education sessions on varied topics including Violence in the Workplace, Substance Abuse in the Workplace, Mental Illness, Grief issues, Critical Incident Stress Debriefing and Stress Management. The number of state employees that were exposed to KEAP through these sessions was 982. Conflict resolution exercises to promote a mutually beneficial, healthier work environment involved 70 employees and managers.

The chart included represents the above information, as well as the top three presenting issues and the representation of the various cabinets that utilize KEAP services.

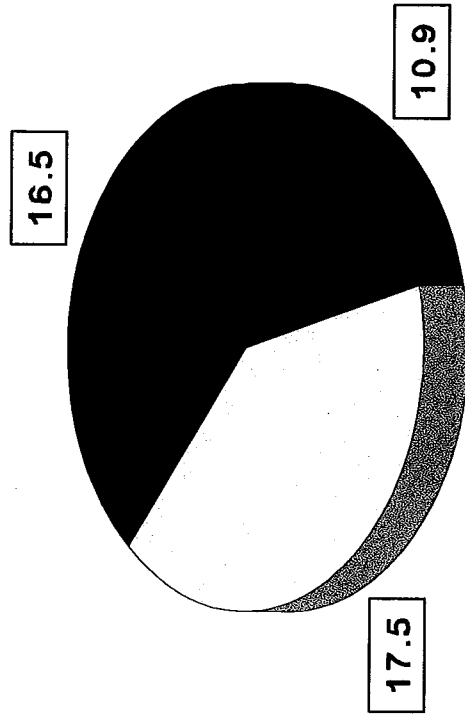
FISCAL YEAR '95-96

CABINET UTILIZATION



FISCAL YEAR '95-96

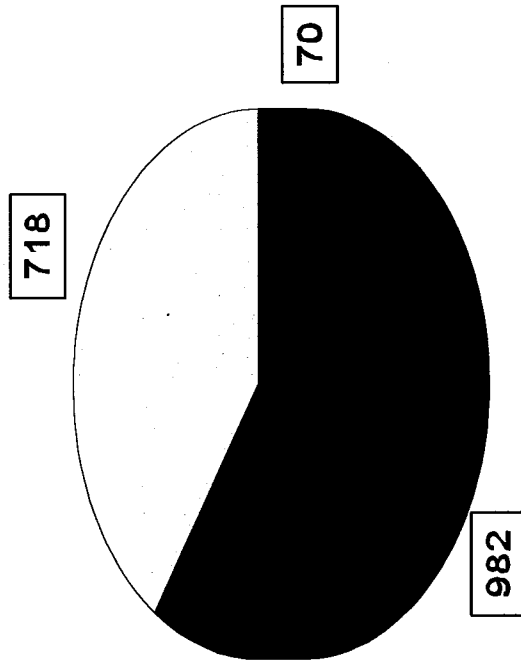
MAIN PRESENTING ISSUES






-  SUPVR CONSULT
-  EMOTIONAL/MENTAL HEALTH
-  MARITAL RELATIONSHIPS

FISCAL YEAR '95-96

INDIRECT CONTACTS



-  SUPERVISORY TRAININGS
-  EDUCATION SESSIONS
-  CONFLICT RESOLUTION

**ANNUAL REPORT FY 1995-1996
PERSONNEL CABINET**

**EMPLOYEE FACTS
(AS OF JUNE 30, 1996)**

Executive Branch*	41,008
Legislative Branch*	387
Judicial Branch*	2,810

* (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:

48.3% are female

7.3% are minority

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

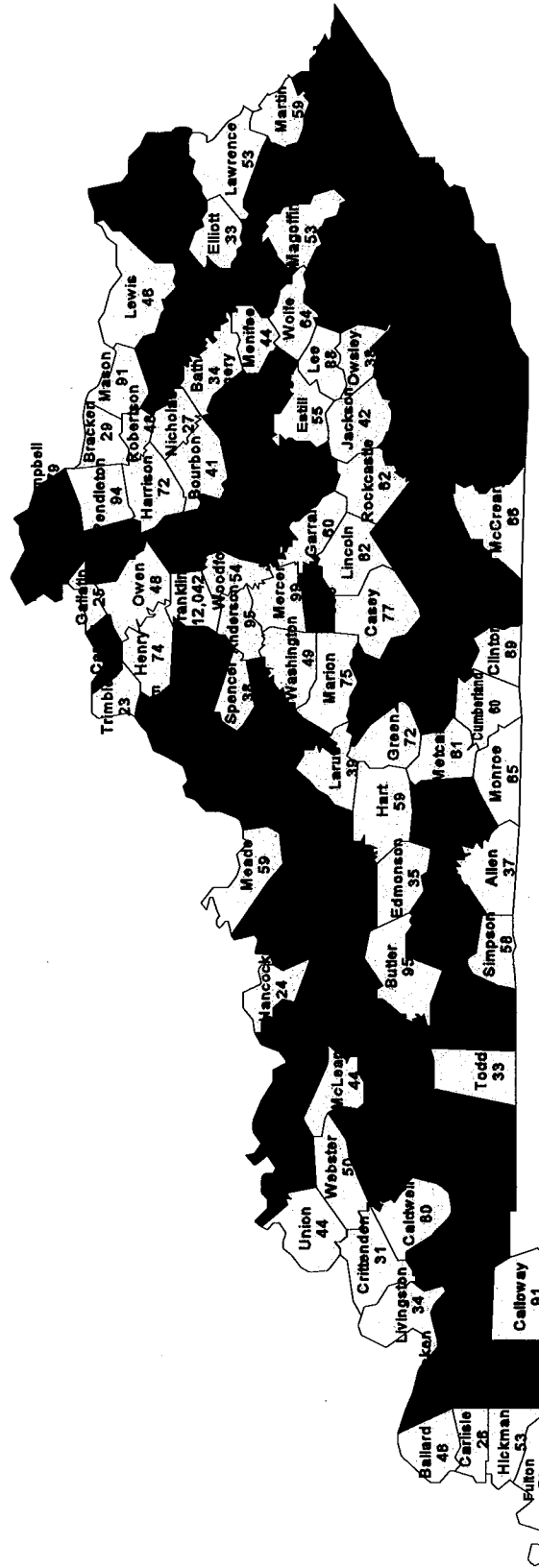
Earns \$27,958 per year salary

Receives \$6,673 in benefits

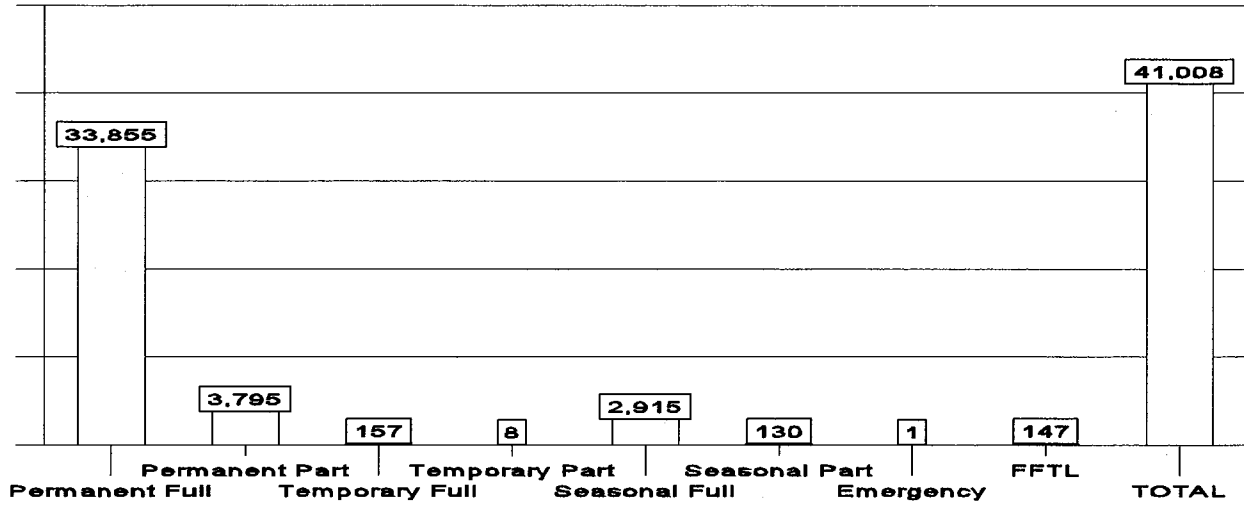
8.56% Employer-paid retirement	\$2,393.20
7.65% Employer-paid FICA	\$2,138.79
12 x \$175.75 Health Insurance	\$2,106.00
12 x \$2.90 Life Insurance	\$34.80

Count of State Employees by Work County June 30, 1996

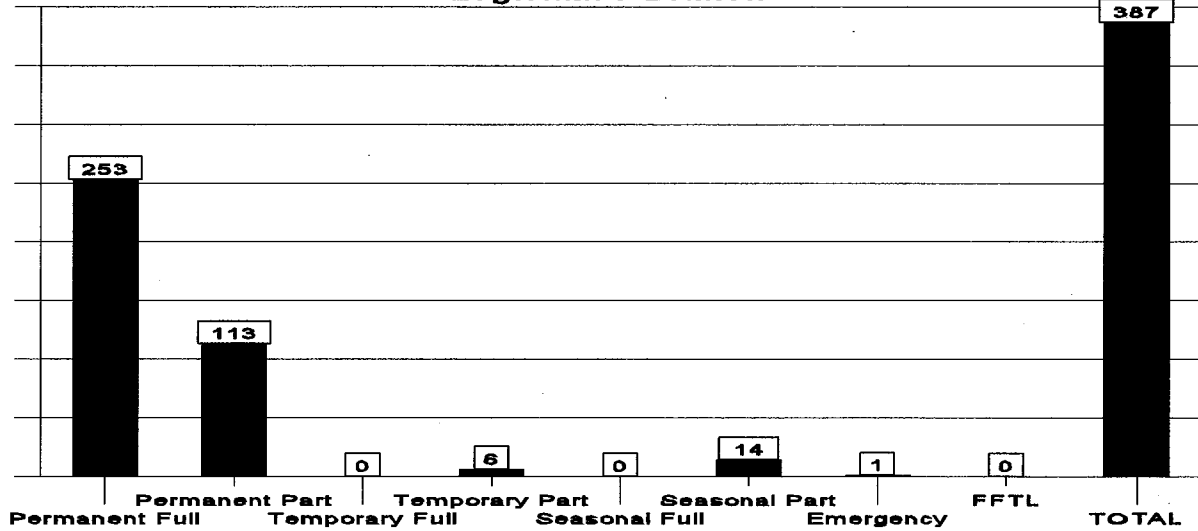
- ≤ 100
- 101-500
- 501-1,000
- 1,001 - 5,000
- > 5,000



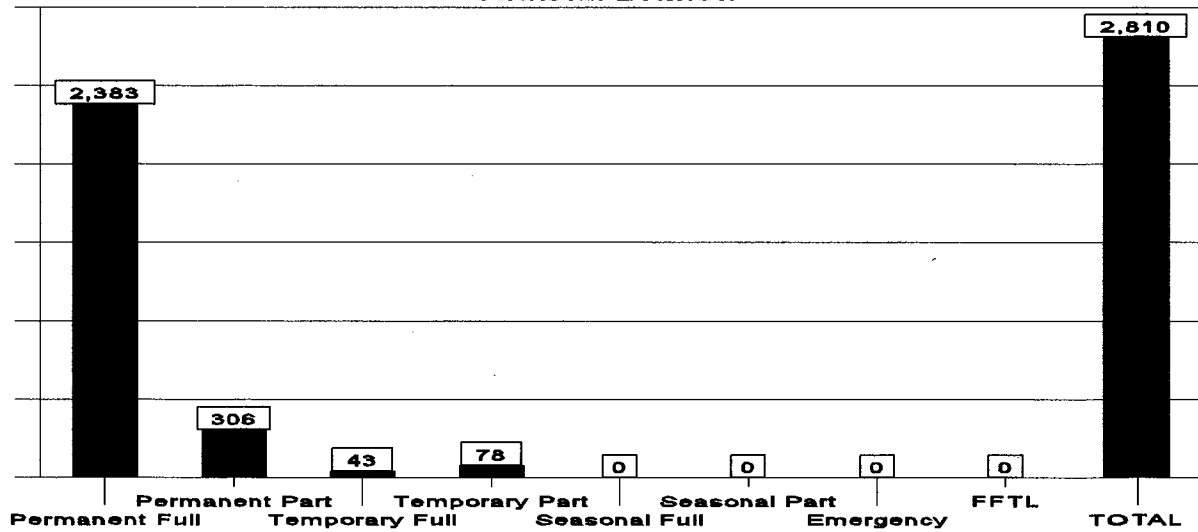
Employee Status Summary as of June 30, 1996
Executive Branch



Legislative Branch

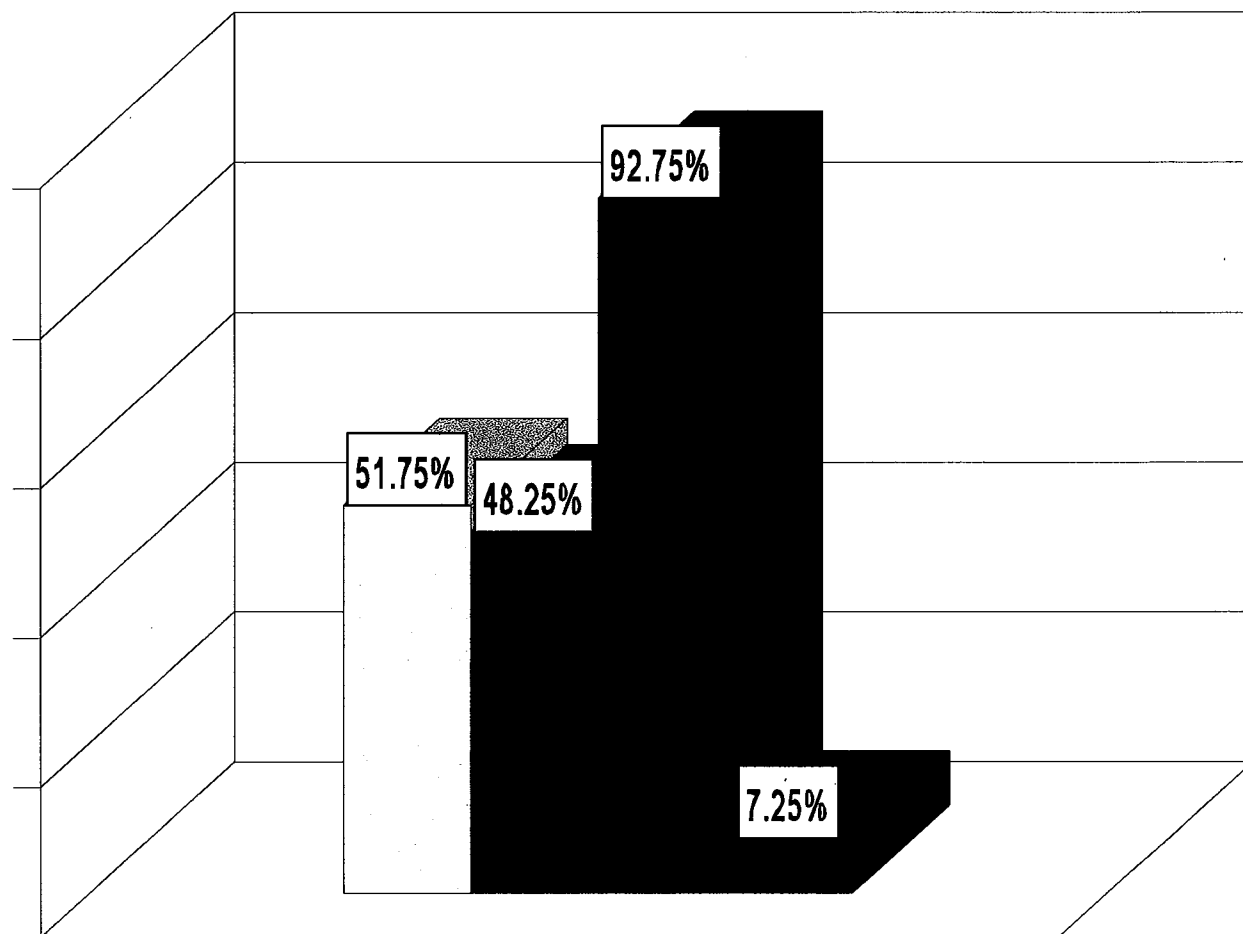


Judicial Branch



% of Employment by Race and Sex

As of June 30, 1996



Executive Branch, Permanent Full-Time



Males



Females



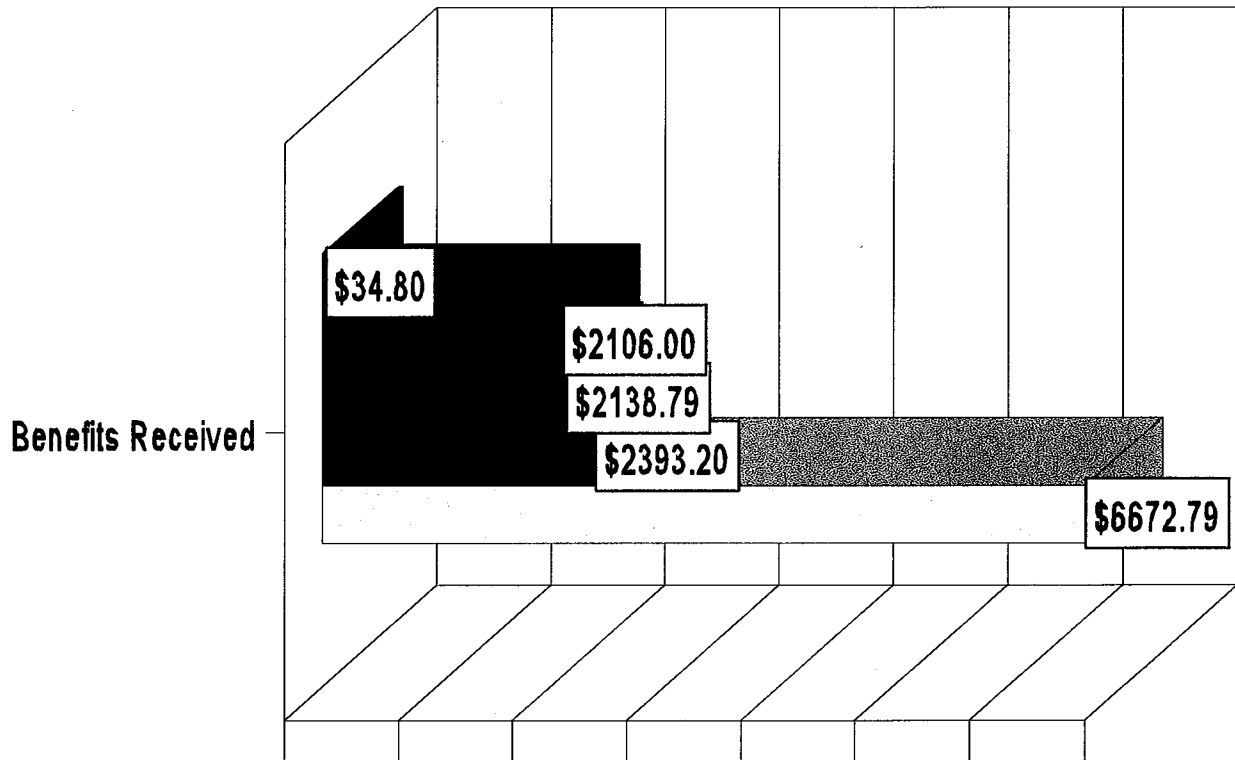
Whites



Minorities

Average Annual Salary \$27,958

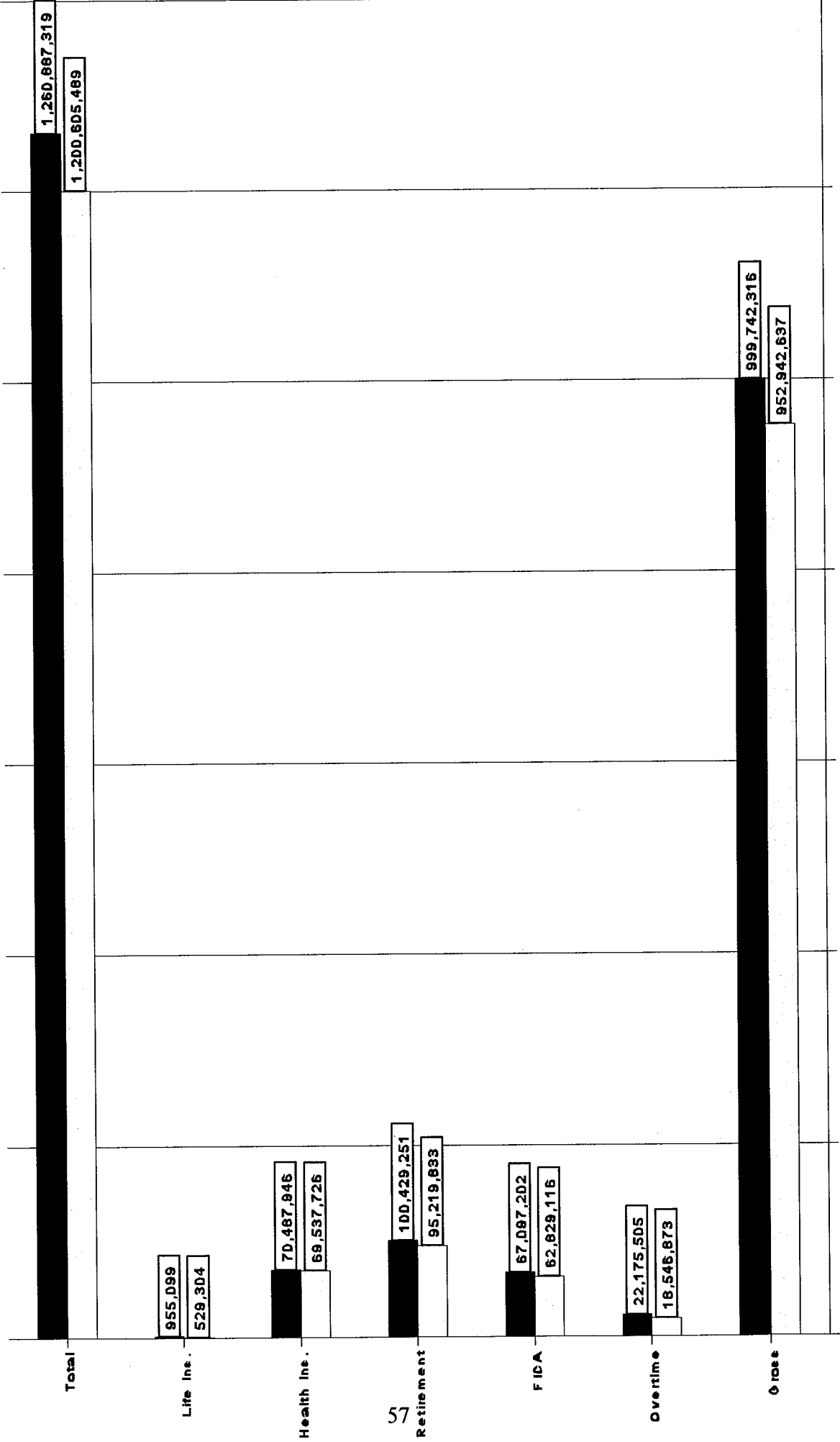
Executive Branch, Permanent Full-Time, As of June 30, 1996



- Life Insurance (2.90 x 12 months)
- Health Insurance (175.50 x 12 months)
- 7.65% Employer-Paid FICA
- 8.56% Employer-Paid Retirement
- Total Benefits Received

Total Payroll Dollar Disbursement

Executive Branch*



■ FY 95-96

□ FY 94-95

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