

PERSONNEL CABINET

ANNUAL REPORT

FY 1996 - 1997



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 orientation
Integrity
Objectivity

GOALS

1. To facilitate the recruitment and retention of a workforce of the highest quality;
2. To expand customer focus in all program areas and operations;
3. To create an environment that promotes job satisfaction for state employees;
4. To be operationally efficient; and,
5. To have an open and comprehensive communications network.

**PERSONNEL CABINET
Office of the Secretary**

- Office of Administrative & Legal Services
- General Counsel
- Administrative Services Br
- State EEO Coordinator
- Systems Management

Kentucky Public Employees
Deferred Compensation Authority

Deferred Comp Br.

Department for Employee Relations

- Div of Employee Benefits**
 - Workers Compensation Br.
 - Life Insurance Br.
 - Health Insurance Br.
 - Employee Assistance Br.
 - Benefits Data Br.
- Div of Communications & Recognition**
 - Communications Br.
 - Workplace Relations Br.
 - Employee Recognition Br.

Department for Personnel Administration

- Div of Employee Records**
 - Processing Br.
 - Payroll Br.
 - Computer Br.
 - Files Br.
- Div of Class & Comp**
 - Classification Br.
 - Compensation Br.
- Div of Staffing Services**
 - Employment Counseling Br.
 - Applicant Processing Br.
 - Register Br.
 - Staffing Analysis Br.
 - Recruitment Br.
- Office of Performance Management**

PERSONNEL CABINET RESPONSIBILITIES

OFFICE OF THE SECRETARY

Provides executive policy and management support to the department/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.

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).

OFFICE OF ADMINISTRATIVE & LEGAL SERVICES

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.

EQUAL EMPLOYMENT OPPORTUNITY UNIT

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

DEPARTMENT FOR EMPLOYEE RELATIONS

The Department for Employee Relations is comprised of:

DIVISION OF COMMUNICATIONS AND RECOGNITION

Responsible for the Employee Suggestion System, the Career Service Program for state employees, Educational Achievement Award Program, the design and distribution of the "Commonwealth Communiqué" newsletter to all state government employees, and also provides ADA technical assistance and training to the Personnel Cabinet and state agencies.

DIVISION OF EMPLOYEE BENEFITS

Responsible for the Life Insurance Program, the state Flexible Benefit Program, the state employees' Workers' Compensation program, the coordination of the State Safety Program, the Employee Assistance Program, and the health insurance program. Many of these programs serve employees of other governmental entities such as local school districts, universities and other local governments.

This department also 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 40 workshops and 3 general sessions for over 450 participants.

DEPARTMENT FOR PERSONNEL ADMINISTRATION

The Department for Personnel Administration consists of the following organizational units:

DIVISION OF EMPLOYEE RECORDS

This division is responsible for maintaining the central personnel files mandated by KRS 18A.020; processing personnel documents and position actions; operating and maintaining a uniform payroll system; implementing layoff plans mandated by KRS 18A.113 to 18A.1132; certifying payrolls as required by KRS 18A.125; and monitoring and assisting state agencies in complying with the provisions of the Federal Fair Labor Standards Act (FLSA).

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 STAFFING SERVICES

This Division 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, maintenance of register files, verification of applicant information, and certification of merit registers.

OFFICE OF PERFORMANCE MANAGEMENT

This division is responsible for coordinating and implementing employment performance evaluation systems through state government.

**ACHIEVEMENTS AND
STATISTICAL
HIGHLIGHTS**

ANNUAL REPORT FY 1996-1997 OFFICE OF THE SECRETARY

KENTUCKY PUBLIC EMPLOYEES' DEFERRED COMPENSATION AUTHORITY

Kentucky's Deferred Compensation plans have maintained their high ranking among Government Deferred Compensation plans. Based on the most recent 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-second (22) in the number of participants. Also, a separate report indicates 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 Authority Board authorized and implemented several major plan changes during Fiscal Year 1996-97. These changes included:

- 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, a series of life cycle funds as well as mid-cap and small-cap funds).
- Conversion of the Nationwide Variable Annuity contract from allocated to unallocated which has increased operational effectiveness and efficiency by eliminating duplication of record keeping efforts.

As a result of all these enhancements, the Authority will, for the second consecutive year, be presented with a Recognition Award from the National Association of Government Deferred Compensation Administrators. This award is being presented to honor the Authority's achievement in the development and improvement of plan design, which has again resulted in measurable improvement for plan participants.

The Authority has again achieved a record breaking year as participation and assets reached 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, 1997:

- *Participant Volume* - Graph 1 and the accompanying table indicates a continuing upward rate of growth resulting in an increase in the number of plan participants (with account balances) from 33,845 last year to 35,502 at June 30, 1997.

- *Plan Assets* - Graph 2 and the accompanying table shows that 1996 plan assets, on a calendar year basis, have experienced phenomenal growth over 1995 (1996 - \$519 million vs. 1995 - \$445 million). Assets, on a fiscal year basis, have increased from \$477 million as of June 30, 1996 to \$578 million on June 30, 1997 representing a \$101 million or 21% increase.
- *Plan Trends* - Several important trends continued during Fiscal Year 1996-1997 within the Deferred Compensation program.

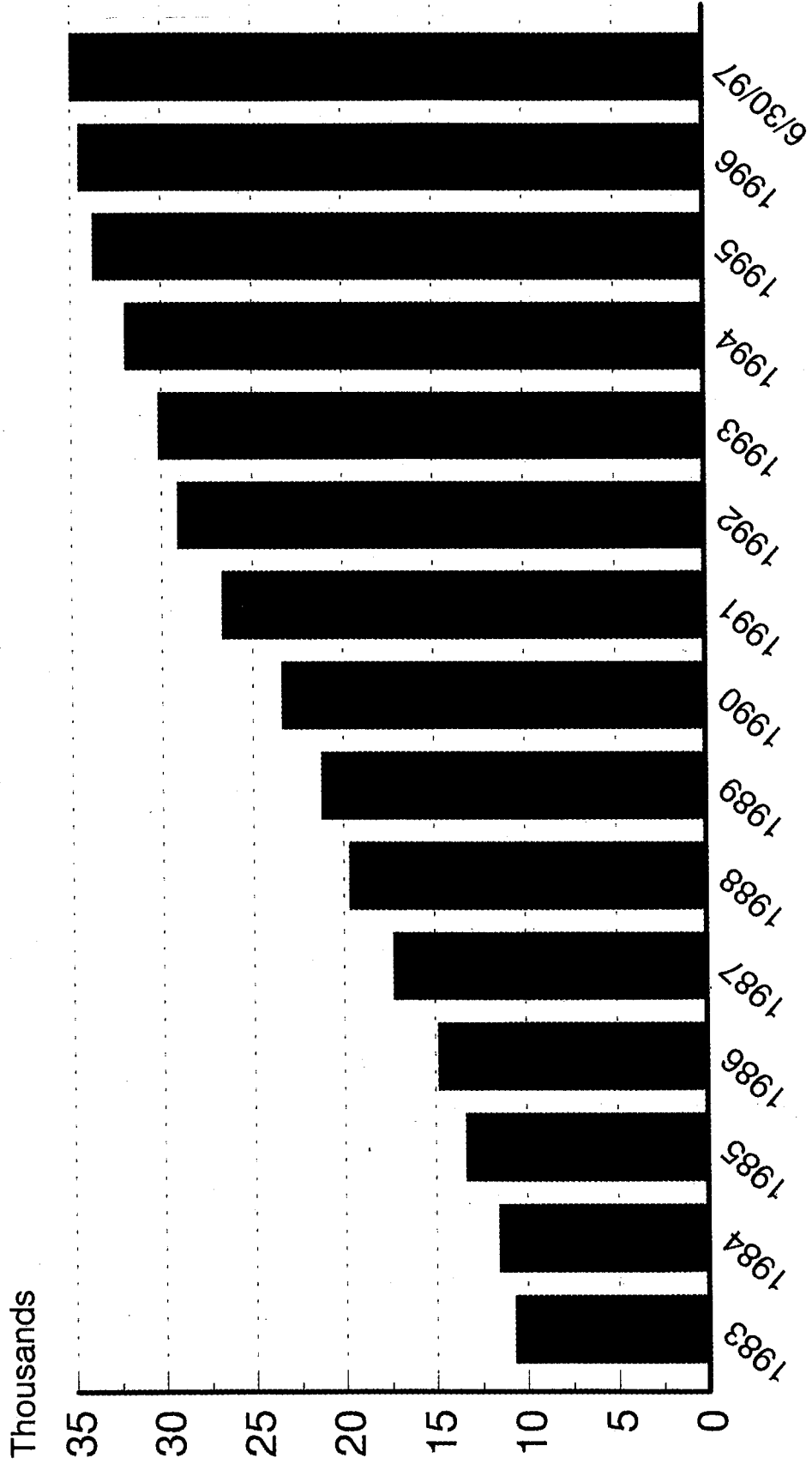
Investments - Graph 3 indicates for the second consecutive year, quarterly participant investments have increased. Quarterly investments have increased from \$11.3 million as of June 30, 1996 to \$12.8 million at June 30, 1997. This is an increase of \$1.5 million or 13.6%.

Plan Assets Allocation - Graph 4 and the accompanying table demonstrates that for the second straight year participants invested (by a widening margin) more into the mutual funds than in the Fixed Contract Fund. This is the first year in which investments into the mutual funds were greater than into the Fixed in "each" quarter of the year. Graph 5 indicates the allocation of assets is now \$334 million (57.9%) in the mutual funds and \$232 million (40.13%) in the Fixed Contract Fund. The remaining 2.2% represents insurance company benefit accounts and loans.

- *Investments* - Graph 6 demonstrates that annual investment increased again this year and totaled \$49.3 million compared to \$43.7 million at June 30, 1996, representing nearly a 13% increase. The percentage of the investments into the 401(k) plan remained at approximately 62%. For the year ended June 30, 1997, the dollars invested in the 401(k) plan exceeded those invested in the 457 plan by in excess of \$11 million.

The Authority currently offers participants twenty-two (22) investment options to select from. The investment spectrum ranges from conservative - to - moderate - to - aggressive. This spectrum of investments consists of twenty-one (21) mutual funds and one (1) stable value or fixed fund product.

Total Participants by Year (With Account Balances)



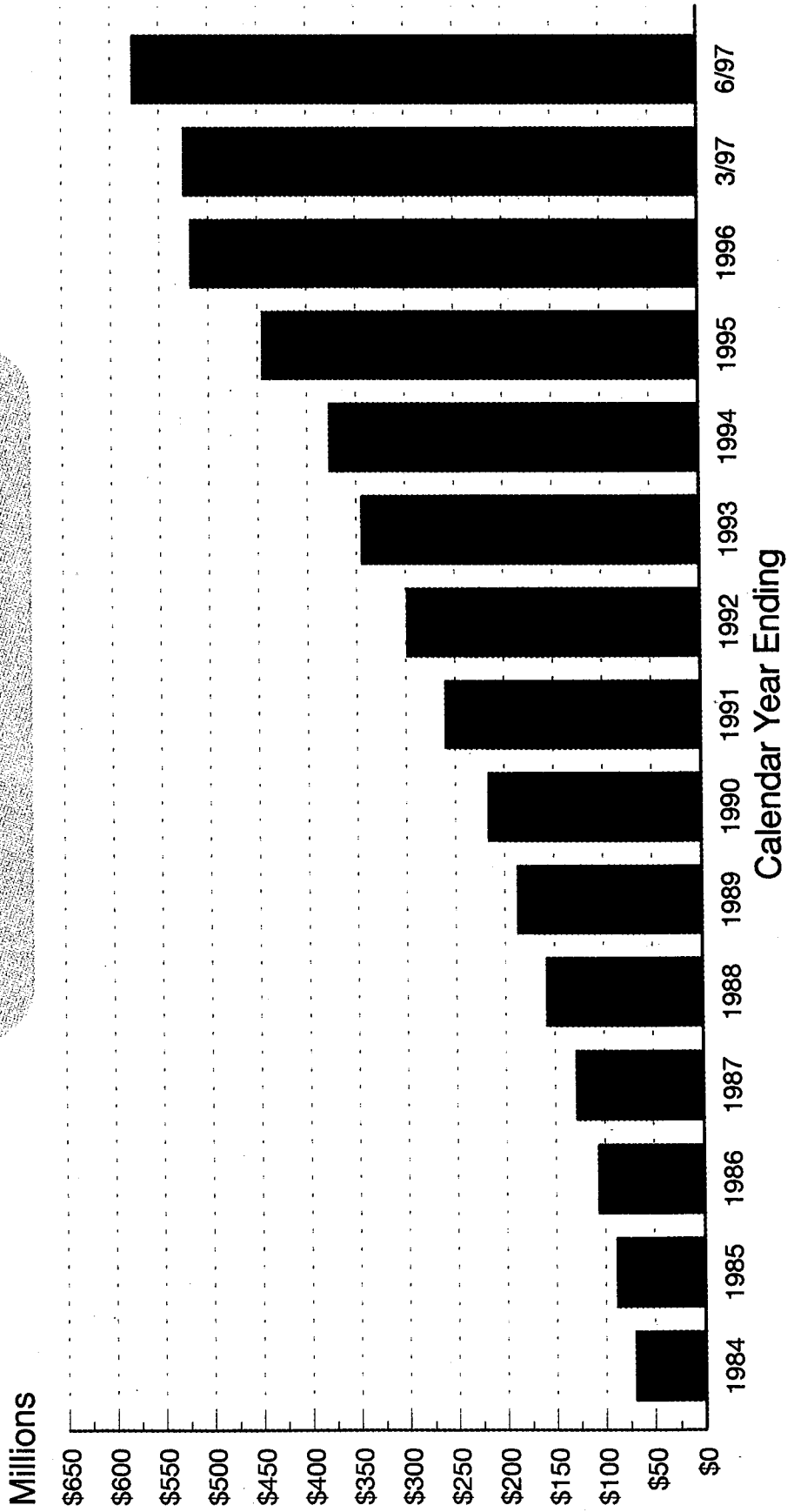
**Total Participants by Year
1990-6/30/97
(With Account Balances)**

Year	Participants
1990	23,384
1991	26,691
1992	29,146
1993	30,188
1994	32,024
1995	33,781
6/30/96	33,845
12/31/96	34,589
6/30/97	35,502

Asset Growth By Year

(Excluding Life Insurance and Uninvested Receipts)

YTD Increase 11.3%
 ■ 457 (Plan I) ■ 401(k) (Plan II)



Asset Growth By Year

(Excluding Life Insurance and Uninvested Receipts)

Year	Assets
12/31/90	\$216,922,484
12/31/91	\$260,551,464
12/31/92	\$299,421,872
12/31/93	\$345,628,472
12/31/94	\$377,971,229
12/31/95	\$445,688,072
12/31/96	\$518,994,025
6/30/97	\$577,898,999

Kentucky
Deferred Compensation
Authority

Investments By Quarter

(Excluding Life Insurance and Uninvested Receipts)

457



401(k)

6/30/96

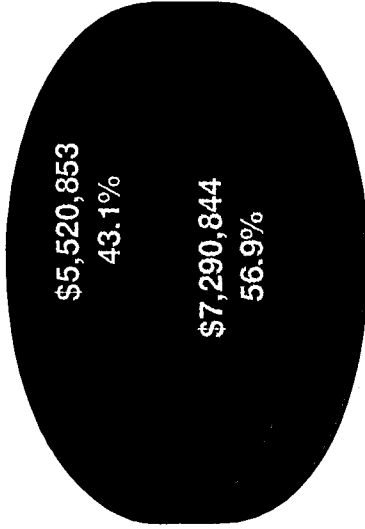
457



401(k)

6/30/97

457



401(k)

9/30/96

457



401(k)

3/31/97

457



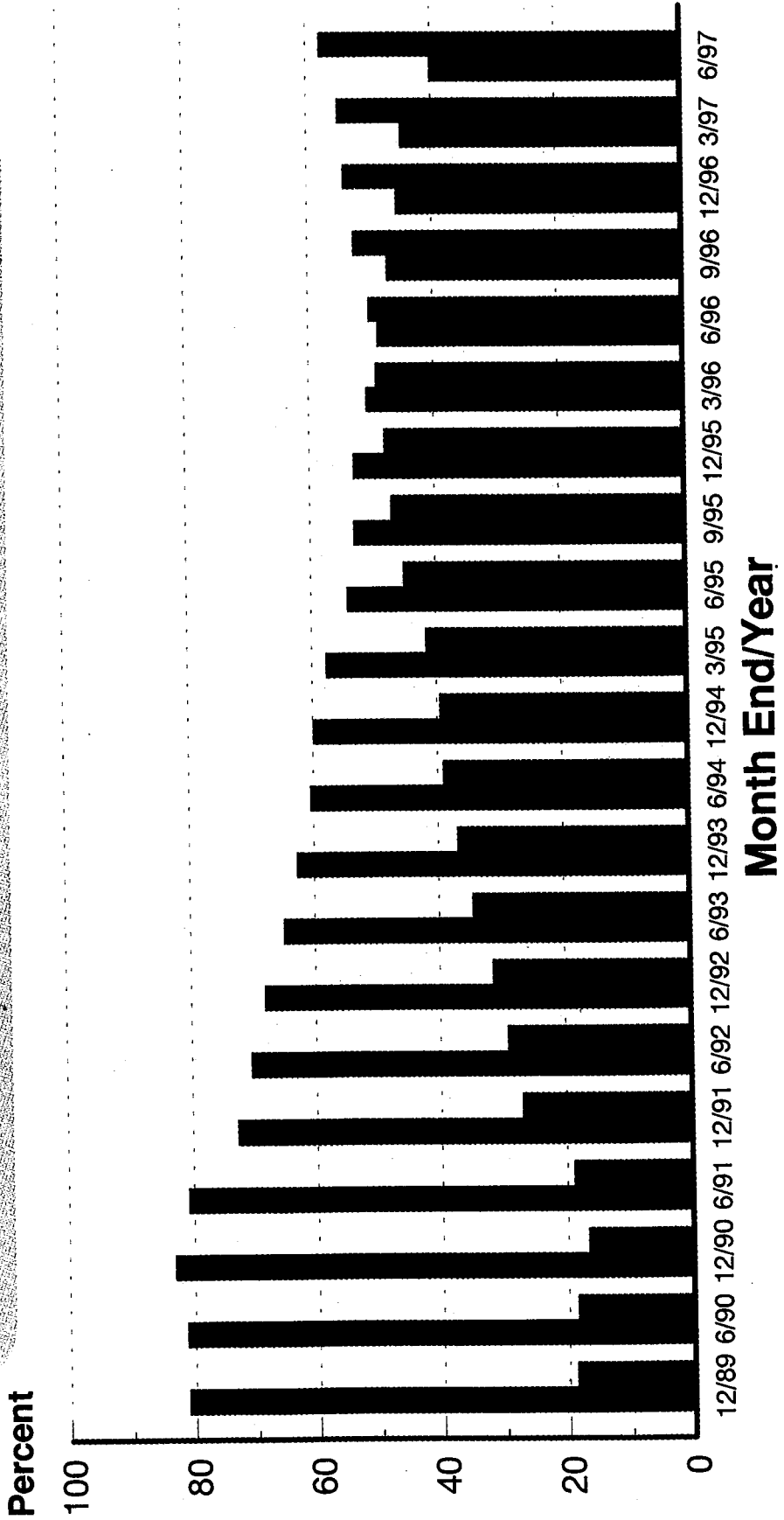
401(k)

12/31/96

Percentage Allocation of Assets

(Excluding Life Insurance and Uninvested Receipts)

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



Assets - Fixed and Variable

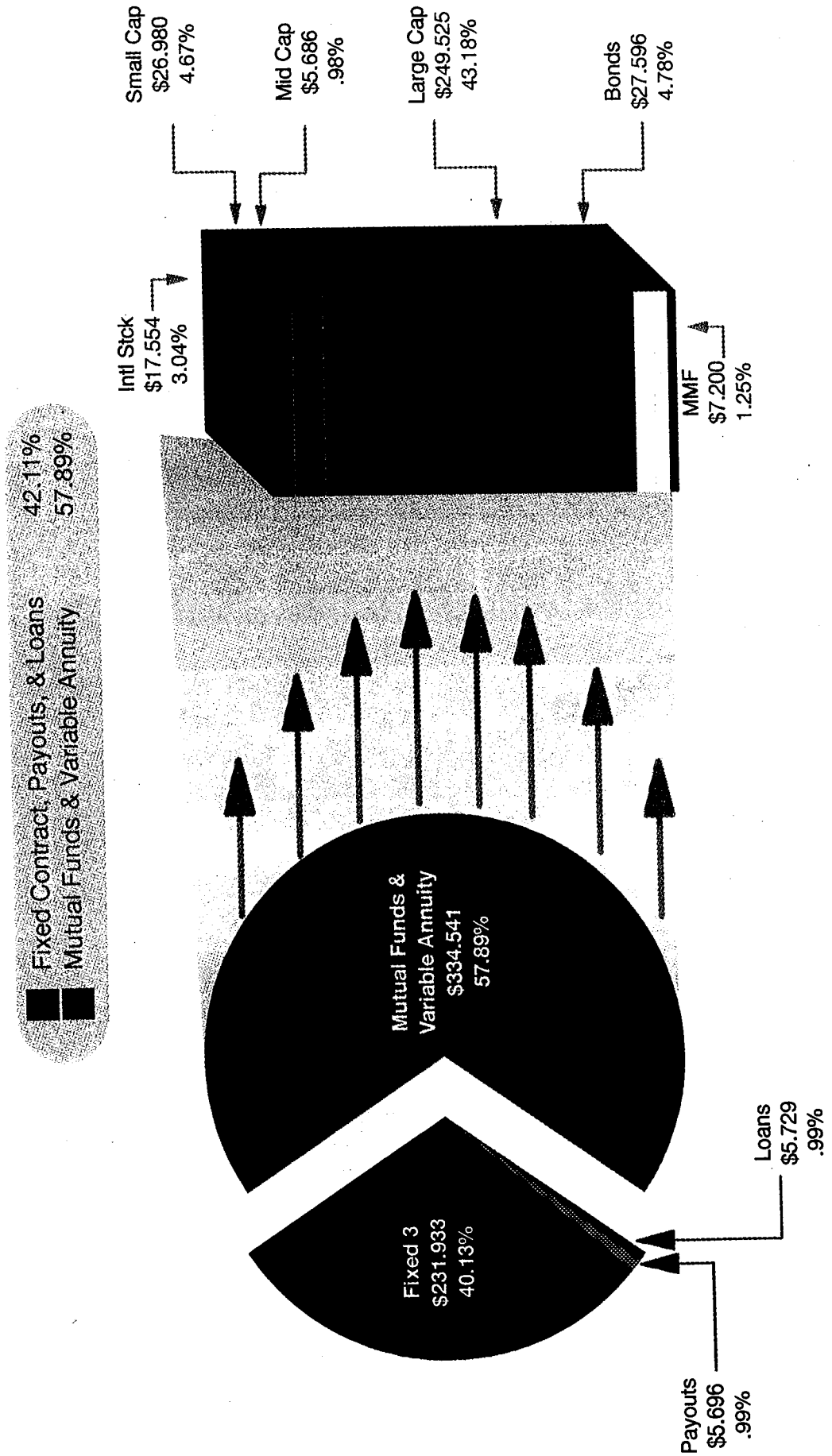
Third Quarter 1996 to Second Quarter 1997

	Fixed	Variable
9/96	\$229,662,450	\$265,089,563
12/96	\$232,748,019	\$286,246,005
3/97	\$231,085,446	\$294,719,578
6/97	\$237,651,296	\$340,247,702

Allocation of Plan Assets

As of June 30, 1997

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



Annual Investments (Excluding Life Insurance)

Year Ending
June 30, 1996



■ 457 ■ 401(k)

Year Ending
June 30, 1997



■ 457 ■ 401(k)

ANNUAL REPORT FY 1996-1997
OFFICE OF ADMINISTRATIVE & LEGAL SERVICES

ASSISTANT GENERAL COUNSEL/ATTORNEY MANAGER

- Wrote or drafted approximately 170 Opinion letters or personnel related documents concerning various personnel topics.
- Reviewed and approved or consulted on 829 disciplinary action letters issued by agencies.
- Reviewed and consulted with agency attorneys and personnel officers regarding 452 appeals filed with the Personnel Board.
- Represented the Personnel Cabinet before the Personnel Board in 131 appeals in which the Cabinet was a party.
- Processed 576 requests submitted under the Kentucky Open Records Act for personnel files and other documents.

ANNUAL REPORT FY 1996-1997
OFFICE OF ADMINISTRATIVE & LEGAL SERVICES

ADMINISTRATIVE SERVICES BRANCH

- The Personnel Cabinet had total expenditures of \$23.2 million in the fiscal year ending June 30, 1997 with 58.6% of the expenditures being for the provision of workers' compensation benefits. The Personnel Cabinet administers such programs as life insurance (\$6.8 million in premiums) and the state payroll (\$1.3 billion per year). The Kentucky Public Employees Deferred Compensation Authority managed \$578 million in assets at June 30, 1997 up \$100 million from the previous year.

- On June 30, 1997, the Cabinet had 117 permanent full-time employees and 18 seasonal or temporary employees. This marked a decrease of eight (8) employees from the previous fiscal year following a reorganization that moved Kentucky Kare Health Insurance Plans to the Finance and Administration Cabinet.

**Personnel Cabinet Expenditures
1996-97 Fiscal Year**

Organizational Unit	Personnel & Personal Services	Operating	Capital	TOTAL
Secretary's Office				
Office of the Secretary	\$367,000	\$73,500	\$16,500	\$457,000
Office of Administrative and Legal Services	\$382,000	\$80,000	\$2,500	\$464,500
Deferred Compensation Authority	\$2,543,000	\$138,500	\$10,000	\$2,691,500
Department for Employee Relations				
Commissioner's Office	\$195,500	\$73,000	\$0	\$268,500
Communications and Recognition	\$151,000	\$90,000	\$6,000	\$247,000
Health Insurance Administration	\$601,000	\$37,500	\$0	\$638,500
Kentucky Employee Assistance Program	\$188,500	\$60,500	\$0	\$249,000
Life Insurance Administration	\$201,500	\$68,000	\$1,000	\$270,500
Workers' Compensation	\$13,358,500	\$219,500	\$1,500	\$13,579,500
Department for Personnel Administration				
Commissioner's Office	\$140,000	\$17,000	\$0	\$157,000
Classification and Compensation	\$664,000	\$109,500	\$0	\$773,500
Employee Records	\$910,500	\$868,500	\$36,500	\$1,815,500
Staffing Services	\$1,144,000	\$389,500	\$10,000	\$1,543,500
TOTAL	\$20,846,500	\$2,225,000	\$84,000	\$23,155,500

**ANNUAL REPORT FY 1996-1997
OFFICE OF ADMINISTRATIVE & LEGAL SERVICES**

EQUAL EMPLOYMENT OPPORTUNITY UNIT

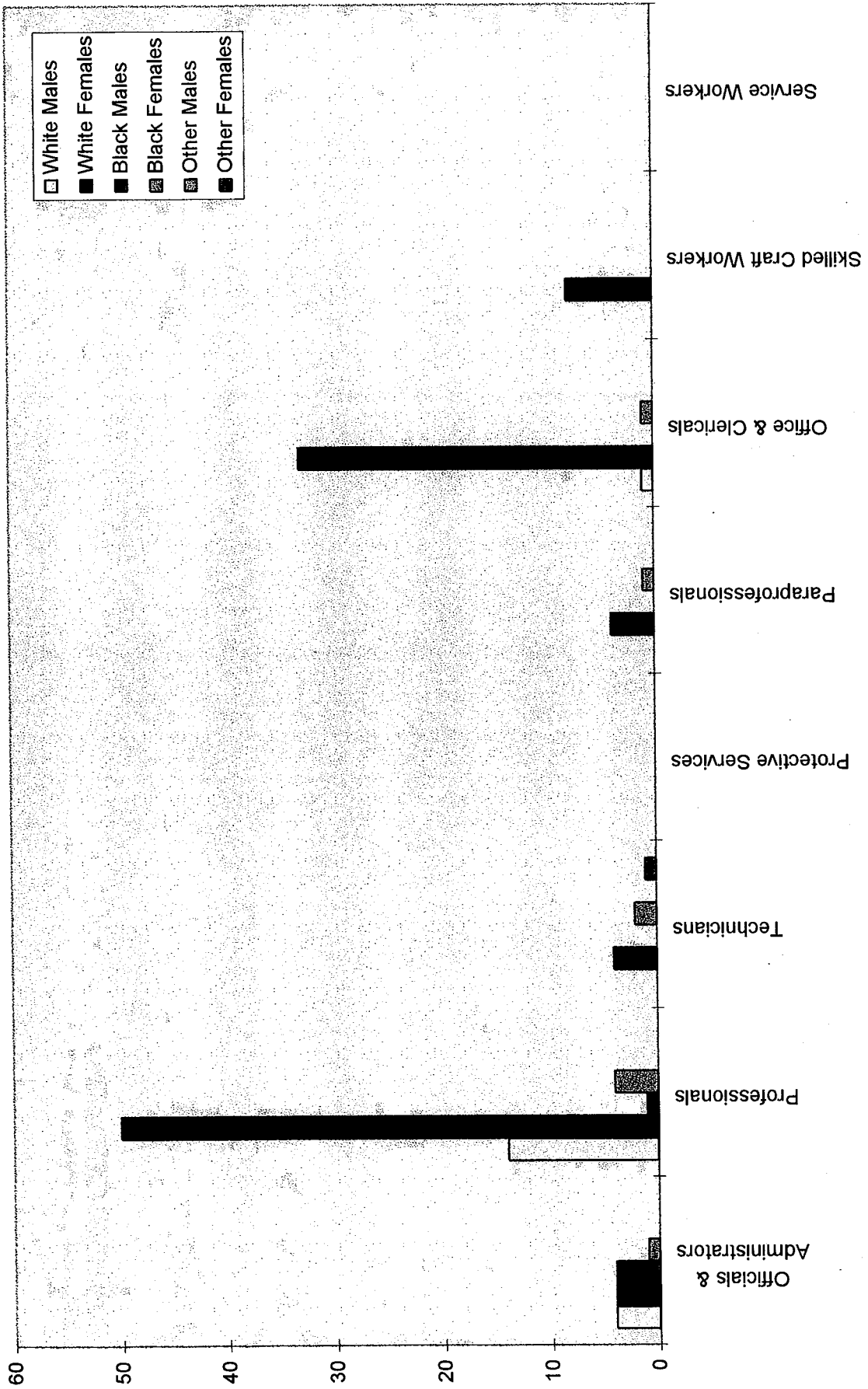
- Monitored the progress of the State's Affirmative Action Program and reported to the Cabinet Secretary semi-annually on that progress. Assisted agencies in their recruiting efforts to meet or surpass the affirmative action goals. As of June 30, 1997, the goal set for minorities is 7.51% and the goal for females is 52.42%. These goals are based on eligible persons 16 years and older from the Kentucky 1990 census. A graph of the Personnel Cabinet's ethnic and gender makeup, and the ethnic and gender personnel report is included.

**Ethnic & Gender Personnel Report
01/01/97 Through 06/30/97**

Cabinet/Department: Personnel Cabinet

Job Category	Total		White		Black		Hispanic		Asia/Pac		Amer Indian		Other		Total Minority	
	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 and Admin	13	4	4	4	1	0	0	0	0	0	0	0	0	0	8	5
Professionals	69	14	50	1	4	0	0	0	0	0	0	0	0	15	54	
Technicians	7	0	4	0	2	0	0	0	0	0	0	0	1	0	7	
Protective Service Workers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Para-Professionals	5	0	4	0	1	0	0	0	0	0	0	0	0	0	5	
Office and Clericals	35	1	33	0	1	0	0	0	0	0	0	0	0	1	34	
Craftsmen	8	0	8	0	0	0	0	0	0	0	0	0	0	0	8	
Service Workers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
TOTALS	137	19	103	5	9	0	0	0	0	0	0	0	1	24	113	

PERSONNEL CABINET



ANNUAL REPORT FY 1996-1997
DEPARTMENT FOR EMPLOYEE RELATIONS

DIVISION OF COMMUNICATIONS AND RECOGNITION

- Continue to provide ADA technical assistance and training to Personnel Cabinet and state agencies.

EMPLOYEE RECOGNITION BRANCH

- Presented awards totaling \$26,754 to state workers through the Employee Suggestion System. These suggestions represented a first-year savings of \$308,255.30 for fiscal year 96-97.
- Processed approximately 3,600 Career Service Certificates.
- Processed approximately 182 Educational Achievement Awards.

COMMUNICATIONS BRANCH

- Designed and distributed the "Commonwealth Communiqué", a quarterly newsletter sent to over 40,000 employees across the Commonwealth.
- Employee Information Line - There are two telephone lines directed into the Communications and Recognition Branch designated as employee information lines. One of the lines is local and the other is an 800 line; both of which are for the purpose of answering questions and/or directing employees to the appropriate resources for assistance. The employee information line is being utilized more all the time due to the fact that the telephone numbers are in the state directory and employees are being made aware of the availability.

Questions received on the employee information lines consist of: personnel records, grievance procedures, sick leave sharing/family medical leave, classification, health insurance, retirement, applying for and testing for positions, how to access the internet for job availability, educational achievement awards and more.

Approximately 1,200 - 1,500 calls per year are answered by the Communications and Recognition Branch on the information lines from employees who are appreciative to have a contact with state government. Employees appreciate the ability to get directions for a problem or situation about which they are concerned.

**ANNUAL REPORT FY 1996-1997
DEPARTMENT FOR EMPLOYEE RELATIONS**

DIVISION OF EMPLOYEE BENEFITS

GROUP LIFE INSURANCE ADMINISTRATION

- The life insurance in force exceeds three billion dollars.
- The current Basic insurance and AD&D rate per thousand is \$0.145.
- The Group Life Insurance Administration Branch carried 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 administers group life insurance for eligible employees at 439 locations.

	<u>Locations</u>	<u>Total Monthly Premium</u>
State Agency	200	\$258,003
Board of Education	182	\$334,649
Health Department	51	\$22,433
Other	<u>6</u>	<u>\$2,508</u>
	439	\$617,593

- The Branch collects \$385,181 a month in Basic premiums.

	<u>Employees</u>	<u>Premium</u>
State Agency	40,870	\$118,523
Board of Education	87,704	\$254,342
Health Department	3,781	\$10,965
Other	<u>466</u>	<u>\$1,351</u>
	132,821	\$385,181

- The Branch collects \$232,412 a month in Optional and Dependents premiums.

	<u>Accounts</u>	<u>Premium</u>
State Agency	15,016	\$139,480
Board of Education	9,437	80,307
Health Department	1,424	11,468
Other	<u>127</u>	<u>1,157</u>
	26,004	\$232,412

- The invoicing process includes:

- * Roster billing 213 locations (156 board of education, 51 health department and 6 other) for 14,035 accounts each month.
- * Individually billing 1,200 accounts to employees of 26 boards of education.
- * Roster billing 200 state agency (accounting) locations for 55,886 accounts.
The premium is posted through a payroll tape update and the bills are checked for completeness, arrears, and any discrepancies.

- The Branch processed 348 claims.

- * 224 Basic Insurance and AD&D Claims
- * \$4,480,000 Basic benefits
- * 49 Optional Insurance and AD&D Claims
- * \$1,423,500 Optional benefits
- * 75 Department Group Life Claims
- * \$682,500 Dependents benefits

- Other Branch activities:

* Checks received and processed	13,422
* Refunds processed and mailed	1,847
* Applications	14,000
* Phone calls received	8,300
* Supply requests	600

WORKERS' COMPENSATION

As of June 30, 1997, the Workers' Compensation Program has successfully returned one hundred thirty-two (132) 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 \$12.5 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, 1997, we have thirty-one (31) 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 40 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 1997 injuries are:

- Maximum \$447.03
- Minimum \$ 89.41

Approximately 90,000 employees are provided coverage under this self-insured program. Job-related injuries for fiscal year 96-97 to date total 6,500.

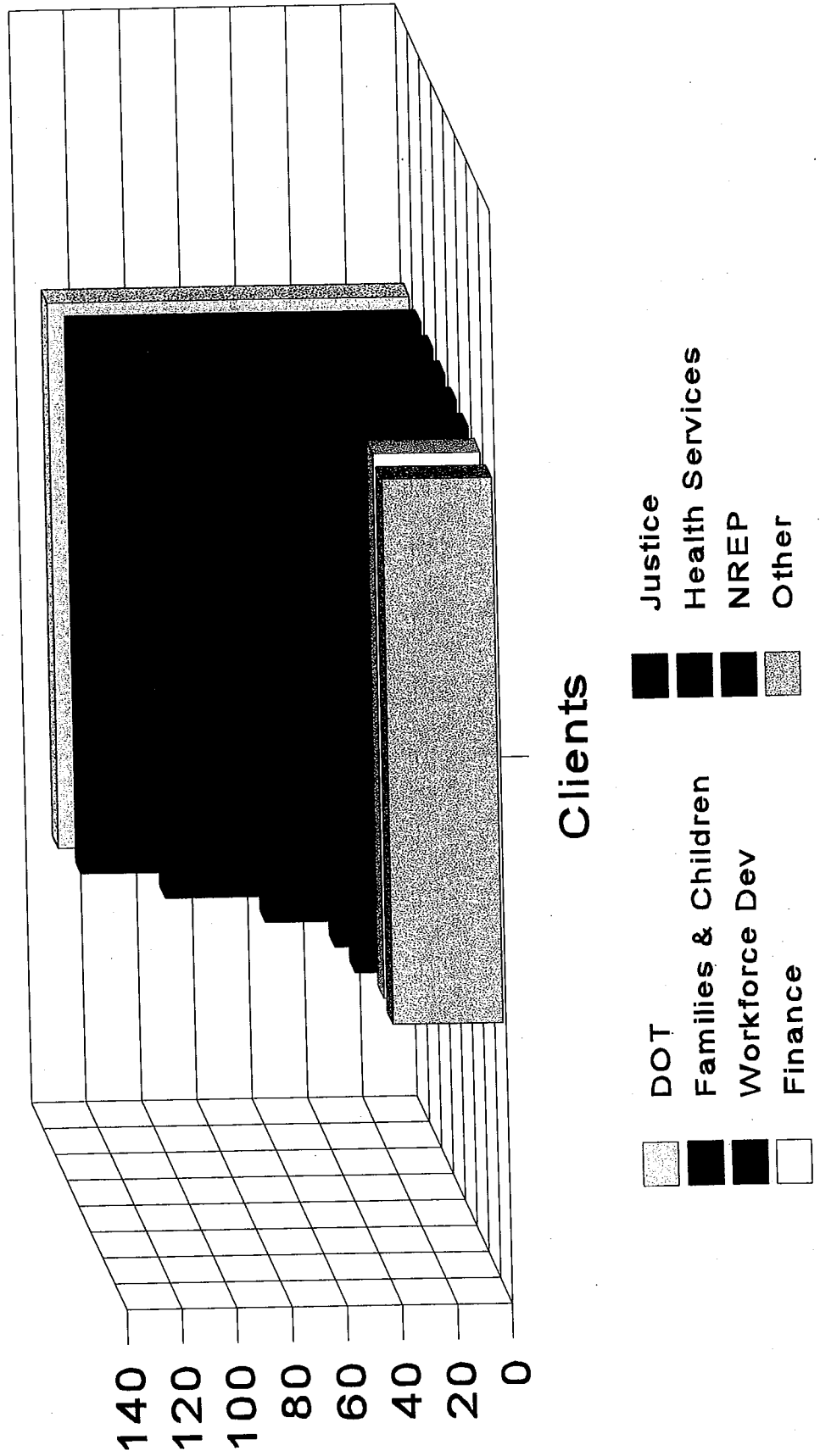
KENTUCKY EMPLOYEE ASSISTANCE PROGRAM

Fiscal Year 96-97 was busy for the Kentucky Employee Assistance Program. While clinical staffing was down for three quarters of the year the number of direct client contacts rose to 817. Indirect contacts grew tremendously to about 1,750. These indirect contacts were more closely monitored this year. They included a monthly presentation at the Governmental Services Center in the Leadership I class, presentations on Mental Illness, Substance Abuse at Work, Critical Incident Stress Debriefings and Violence in the Workplace.

The charts included represent the agency utilization and the main presenting issues.

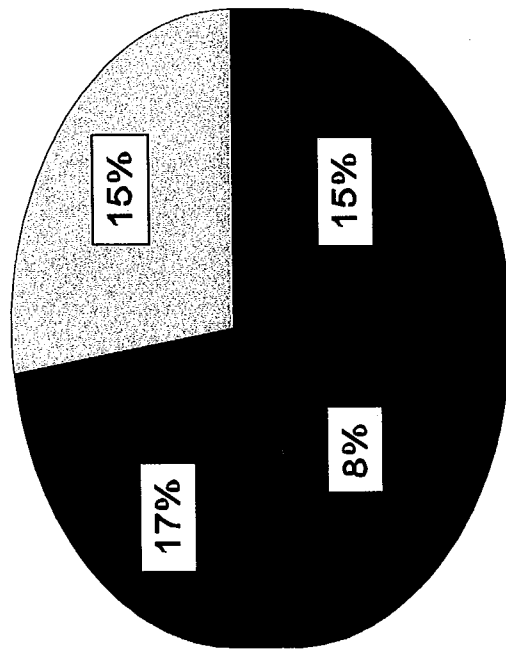
Fiscal Year 96-97

Cabinet Utilization



Fiscal Year 96-97

Main Presenting Issues



- Supv Consult
- Emotional/Mental Health
- Marital/Relationship
- Job Stress

HEALTH INSURANCE BRANCH

- Worked with PlanSource (the Alliance's third party administrator) on design and content of the open enrollment materials for the state group health insurance program.
- Trained approximately 200 Insurance Coordinators prior to open enrollment on changes and updates in the program.
- Trained approximately 900 employees across the state on the basics of open enrollment procedures that we were to share with co-workers at their work site. This training was done via tele-conference and through several live meetings.
- Produced a KET program that dealt with Health Care Reform, the open enrollment process, and other health insurance issues.
- Organized table set-ups in five of the larger state office buildings in Frankfort to give employees access to the health care providers.
- Updated the Health Insurance/Commonwealth Choice Administration Manual and distributed same to all agency Insurance Coordinators.
- Participated in six health insurance training sessions held for Board of Education Benefits Administrators.
- Updated, printed, and distributed Commonwealth Choice enrollment materials (booklets and enrollment forms) to nearly 43,000 state employees.
- Processed approximately 12,000 Commonwealth Choice enrollment forms following open enrollment and approximately 100 per month throughout the year on new employees.
- Worked monthly discrepancy reports on Commonwealth Choice.
- Attended rate hearing meetings on health care premiums.
- Attended Kentucky Health Purchasing Alliance Board meetings.
- Met with carriers and PlanSource on problems experienced with processing open enrollment applications.
- Met with and presented programs to the Employee Advisory Committee for Health Insurance four times throughout the year.

- Signed agreement with the Health Purchasing Alliance to take over Customer Service and the marketing efforts for the State Group health insurance program.
- Purchased and had installed a new complex phone system to accommodate the toll-free customer service phone line.
- Began the interview process to hire additional staff for the health insurance branch in order to handle the influx of phone calls and additional duties brought on by the agreement with the Health Purchasing Alliance.

**ANNUAL REPORT FY 96-97
DEPARTMENT FOR PERSONNEL ADMINISTRATION**

DIVISION OF EMPLOYEE RECORDS

PROCESSING BRANCH

- Modified the routing/review process for reclassifications, and appointments on scholarship students so that these actions can process faster with minimal review.
- Processed 127,000 personnel actions.
- Modified the routing process for all actions so that they are easier to track throughout the Personnel Cabinet.

FILES BRANCH

- Microfiched approximately 260,000 Personnel Actions and supporting documentation.
- Delivered approximately 10,000 files to Staffing Services.

PAYROLL BRANCH

- Scheduler, a software package which automates computer jobs, has been implemented and is being used on all scheduled payroll cycles.
- RDS (an electronic Report Delivery System) has been implemented for all regular payroll reports. We are moving away from microfiche (except for a long term storage). Microfiche will now be available on request but billed to agency.
- Manual pay adjustments for health insurance refunds and arrears have been modified to reflect current policy and regulations.
- Created a disk dataset so that Department of Treasury can receive check, EFT, and ACH from a file instead of reel tapes.
- National Guard data now sent through a data file instead of a cartridge which had to be hand delivered to DIS and then converted with a separate job.

COMPUTER BRANCH

- Includes the data entry duties and main-frame printing duties for this cabinet and those agencies that use the Personnel Cabinet for printing of reports, time sheets, etc.
- Trained new employees in this area.
- Added a new printer and became proficient in its use.

COMPUTER BRANCH, WORD PROCESSING

- Successfully maintained all on-going projects in a timely manner (superbook, director's lists, job specs, tests, career award certificates, etc.).
- Assisted with Division of Classification studies, salary survey and KJAO (Kentucky Job Analysis Questionnaire).

ANNUAL REPORT FY 96-97
DEPARTMENT FOR PERSONNEL ADMINISTRATION
DIVISION OF CLASSIFICATION & COMPENSATION

Nature of Actions	1994/1995	1995/1996	1996/1997
Job Classes Revised	116	127	73
New Classes Established	95	70	22
Job Classes Abolished	36	85	140
Pay Grade Changes	17	158	8
New/Revised Special Entrance Rates	101	165*	56
Class Title Changes	0	17	16

*Many were increases to existing special entrance rates.

Positions Established	8,073
Positions Abolished	7,964
Positions Reclassified	1,991
Positions Reallocated	580

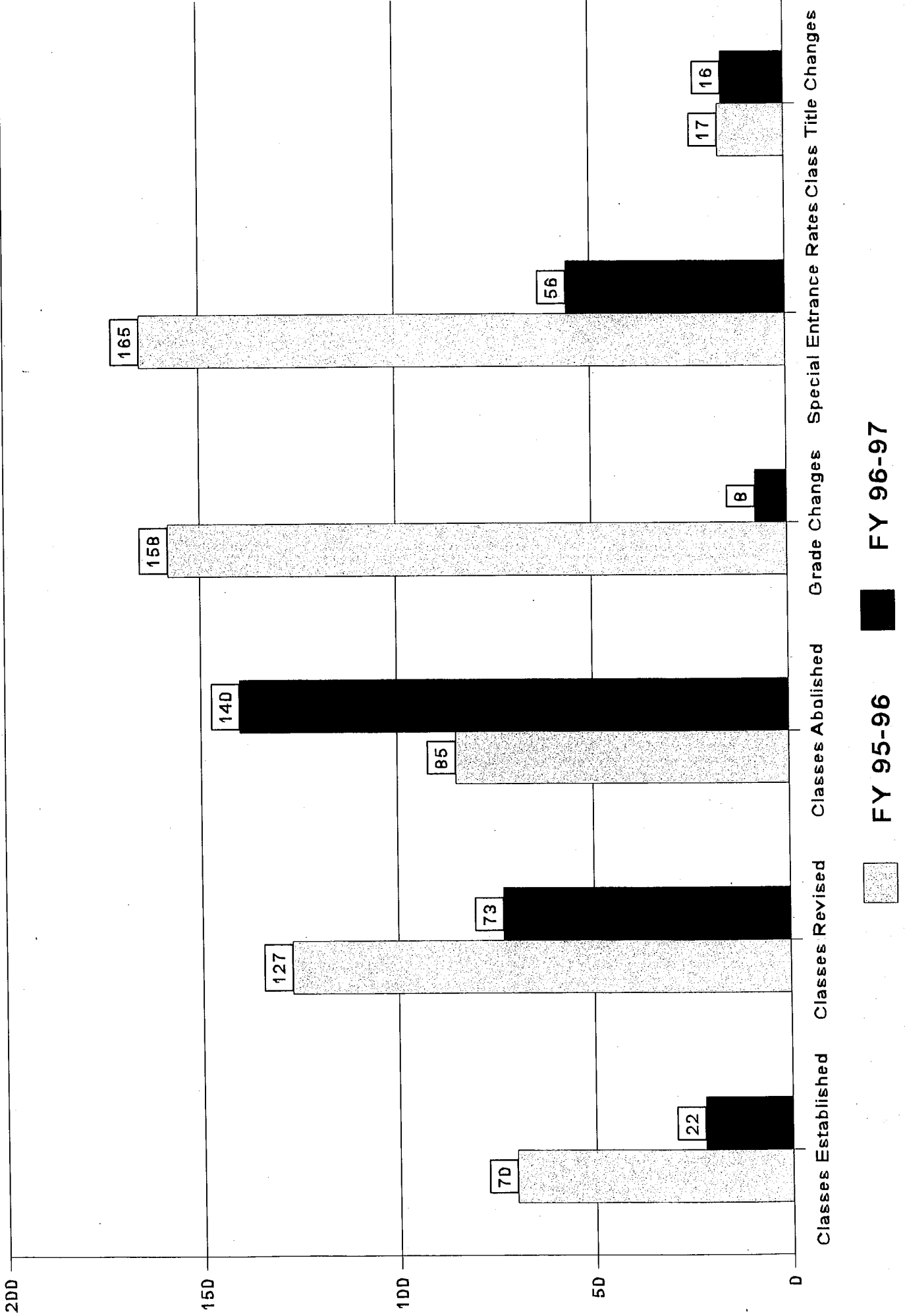
The above total is 18,608 actions taken by the Division of Classification and Compensation. This compares to a total of 19,206 in FY 1995-1996 and 18,937 in FY 1994-1995.

In addition, the Division of Classification and Compensation also reviews and approves agency requests for re-organizations, in-range appointments, position number changes, work county changes, rate changes from full to part-time and part-time to full-time, in-grade promotions and other personnel processes. Staff communicates with citizens, state employees and other personnel jurisdictions throughout the country.

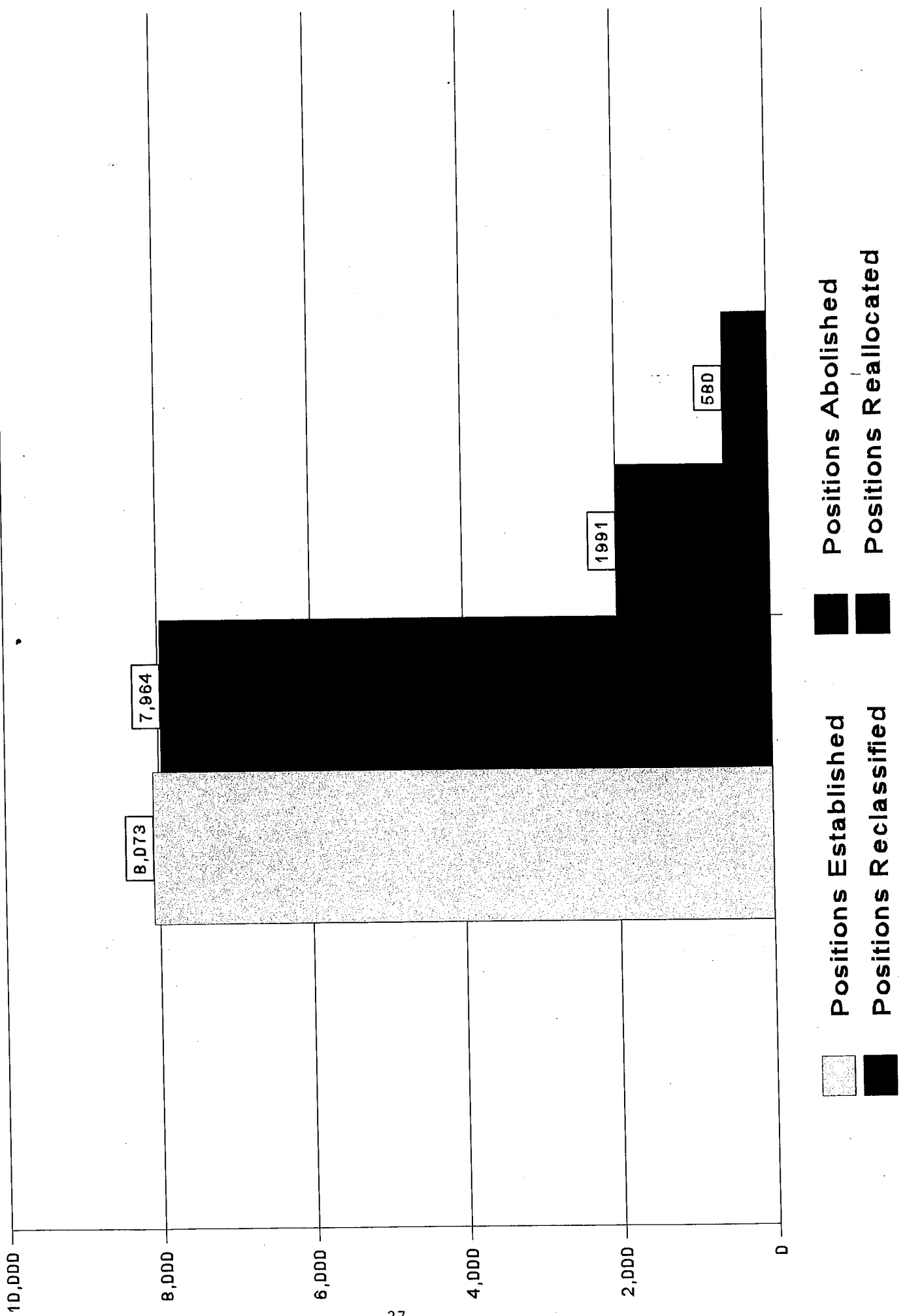
The Division of Classification and Compensation, working closely with the Hay Group Management Consultants, began a comprehensive study of the state's classification

and compensation plan in the Fall of 1996. This study was initiated by Governor Patton and subsequently by the passage of HB 268. The Kentucky Job Analysis Questionnaire (KJAQ) was distributed to a sample of over 5,000 state employees. The results of these surveys were analyzed by Division staff and the Hay Group, and recommendations were developed for potential changes in both plans. For the first time in fifteen years, a thorough and comprehensive review was made of the classification and compensation plan for Chapter 18A employees.

CLASSIFICATION & COMPENSATION PLAN CHANGES IN FY96 VS FY97



CLASSIFICATION & COMPENSATION POSITION ACTIONS REVIEWED



ANNUAL REPORT FY 96-97
DEPARTMENT FOR PERSONNEL ADMINISTRATION

DIVISION OF STAFFING SERVICES

The Division of Staffing Services has experienced a considerable increase in the work assigned, as follows:

- The number of applications issued to agencies has increased by 173.7%. This is due to the installation of a new imaging system with electronic retrieval and printing of the applications.
- The number of Internal Mobilities processed and placed on registers where no test was required increased by 39.7%.
- The number of applicants counseled has increased by 21.4%, with the greatest increase coming since the advertisement of positions on our new web site.
- The number of P-1s/personnel actions reviewed and processed in Employment Counseling has decreased by 45.7%. This decrease was one of the major goals for FY 96-97. This goal was accomplished because seasonal P-1's are now handled by the Processing Branch, thus reducing the processing time by 50%.
- The number of register certificates issued increased by 30.4%.
- The number of appointments processed from registers increased by 26.1%.
- The number of Training and Experience (T&E) ratings of applications for prospective employees has increased by 43.7%.
- The number of classes which have been reviewed to determine the appropriate selection method has increased by 53.2%.
- The number of written examinations that were reviewed, rewritten or constructed has increased by 35.7%.
- The automation of our systems, including the web site and the placement of register information on terminals in the Applicant Processing Waiting Room of the Personnel Cabinet, and the placement of this information on-line to agencies, has resulted in a reduction of the number of walk-in requests for register information by 35.3%. Reducing the number of walk-in applicants in the Register was one of the major objectives for FY 96-97.

- Mail-in Applications reviewed and processed have increased by 13.9%, with the greatest increase coming since the advertisement of jobs on our new web site.

During FY 1996-97, the Division of Staffing Services was assigned the responsibility of implementing a number of new initiatives, including many under the **EMPOWER KENTUCKY** programs, as follows:

1. Installation of an electronic imaging system to store and reproduce 971 currently-active registers and 96,000 applications that were on file. In most cases, registers and corresponding applications can be retrieved in a few hours, eliminating the pulling and copying of same by hand.
2. Regularly furnished the Department for Employment Services with open bulletins, applications, and special information packets on how and where applicants can apply for state merit jobs.
3. Revised the state employment application so it can be placed on the imaging system and the Personnel Cabinet's web site.
4. 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. In addition, this service was made available to each Cabinet, agency and department. ✓
5. Installation of a new rapid process for placing applicants on register for 23 critical jobs that are 100% Qualifying. 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. Educational verification and necessary background checks are conducted by the agencies during their first six weeks on-the-job training period.
6. Delegated to agencies the authority and responsibility for verification of education during the first 30 days of employment eliminated the submission of original transcripts, etc. to the State Personnel Cabinet.
7. A new rapid process system certifying re-employments to agencies by including all re-employment candidates in seniority order on a single register, allows agencies to contact them in that order to verify interest or non-interest in a position. This has eliminated recertification of registers containing names of re-employments by up to 60%.

8. Developed a computer program to list candidates who have declined re-employment opportunities, allowing them to be removed from registers on a timely basis so that other applicants who desire to work can be employed immediately, has eliminated unnecessary recertifications and allowed more competitive candidates to be considered on a timely basis.
9. Established a rapid-process counseling system for those who apply for three positions or less has reduced processing time for these actions by approximately 60%.
10. Developed the first process map and participation in training of team leaders on the mapping process greatly assisted the Empower Kentucky Management Team. Divisional employees also served as members of the Empower Kentucky Process Redesign Team. The results of their work were submitted to the Steering Committee and Governor's Office, and was adopted as one of the major project initiatives under the Empower Kentucky program. Subsequently, divisional staff members were appointed as the Process Owner and members of the Empower Kentucky Personnel Core Implementation Team. This team was charged with implementing 20 major initiatives requiring redesign of various Personnel processes, including the adding of a wide variety of technological improvements, which have enhanced and will continue to enhance the employment process.
11. Issuance of reinstatement certificates to agencies to be attached to the P-1 has eliminated the review of the P-1 and the employee's application by Staffing Services, which has increased P-1 turnaround time for reinstatements by more than 50%.
12. Initiated open houses for all agency personnel executives and staffs to update them on the new rapid-process procedures, imaging system, and to solicit ideas for enhancing services, resulting in numerous refinements to the system. An example is eliminating the review of P-1's by Staffing Services for seasonals who worked for Kentucky State Government in the past three years. This has increased the processing time for those seasonal P-1's by 30%. Another example is having the Division of Classification and Compensation review applications and approve all minimums on employees who are reclassified, which has reduced processing time for these P-1's up to 50%.
13. Developed and introduced a survey to be completed by customers to determine processing times and areas of customer service improvements has resulted in an approximate 50% reduction of time required to service applicants.
14. Developed a comprehensive Personnel Cabinet web site which can be accessed at www.state.ky.us/agencies/personnel/pershome.htm, which consists of 10 categories of information as follows:

- ▶ Message from the Secretary of the Personnel Cabinet
- ▶ Personnel Cabinet Structure and Responsibilities, Including Listing of Phone Numbers, etc.
- ▶ Employee Benefits Information
- ▶ Kentucky Job Bank Information through Employment Services
- ▶ Open Enrollment Information Relative to Employee Insurance
- ▶ Personnel News, Including Updates and Other Information of Which Managers and Employees Need to be Aware
- ▶ Listing of Competitive Job Vacancies for 10 Days
- ▶ Listing of Internal Mobility/Promotional Job Vacancies for 10 Days
- ▶ Listing of Employment Information, Including How to Apply for a Job, Most Frequently Asked Questions, and
- ▶ An On-Line Application, Which Can Be Printed From the Web Site, Completed and Returned to the Personnel Cabinet

15. In conjunction with the Workforce Development Cabinet and the Finance & Administration Cabinet, developed and implemented a state-wide outplacement/inplacement program to accommodate the employees whose jobs would be phased out and replaced by technological initiatives under the Empower Kentucky program. The outplacement program consists of four phases, including the identification phase, the counseling and testing phase, the register phase, and the placement phase. Thus far, of the 35 referred for placement, all but seven have been placed with no reduction in salary, and feedback from the Outplacement Committee indicates job satisfaction is high.

Listed below is a number count indicating the frequency of various activities within the five organizational entities of the Division of Staffing Services, i.e., the Director's Office, Applicant Processing and Testing, Counseling, Register, and Staffing Analysis, which includes the development of tests and other selection methods, and the evaluation of applicants' Training and Experience (T&E).

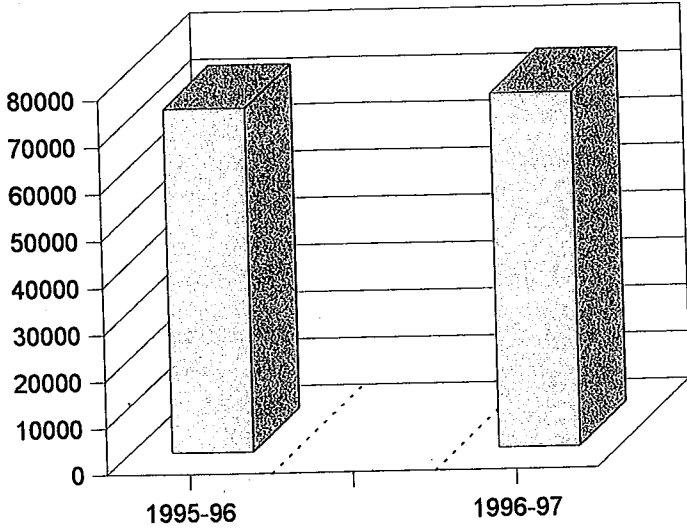
■ Phone Calls/Requests for Services	75,631
■ Applications Issued	116,000
■ Tests Administered (Internal Mobility & Competitive)	43,510
■ Internal Mobilities Processed and Placed on Registers (No Test Required)	8,281
■ Applicants Counseled	16,430
■ Mail-in Applications Reviewed	16,229
■ P-1 Actions Processed	4,148
■ Register Certificates Issued	5,300
■ Appointments Processed	5,077
■ Walk-in Rank Information Requests	6,673
■ ADA Testing Accommodations	180
■ Training & Experience Ratings	2,165
■ Educational Verifications	1,324
■ Selection Methods Determined	331

- Training & Experience Ratings Constructed 17
- Written Examinations Constructed 33
- Records Checked 190

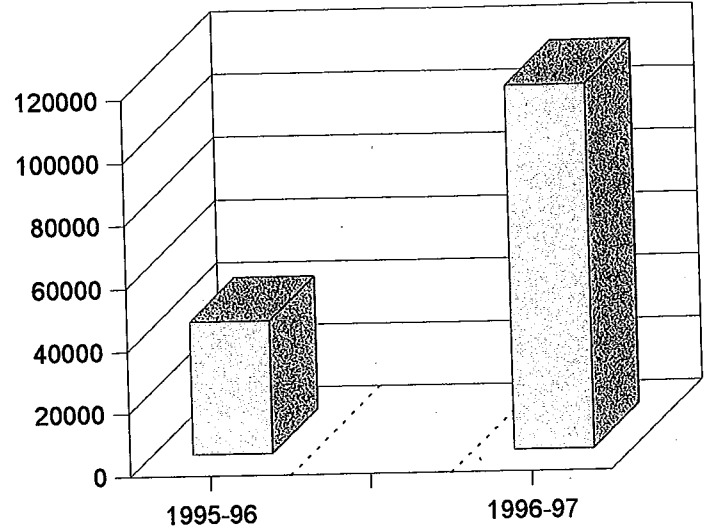
In summary, the work of the Division has increased in various categories from approximately 13% to 173%. Overall, considering the increase in the routine duties and responsibilities, as well as new and additional initiatives under the Empower Kentucky programs, the workload has doubled.

COMPARISONS ---- 1995-97 & 1996-97

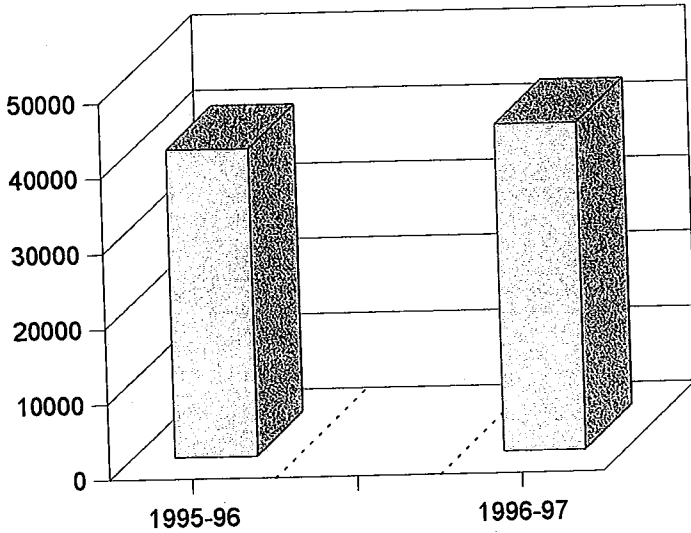
1. Phone Calls/Requests for Services



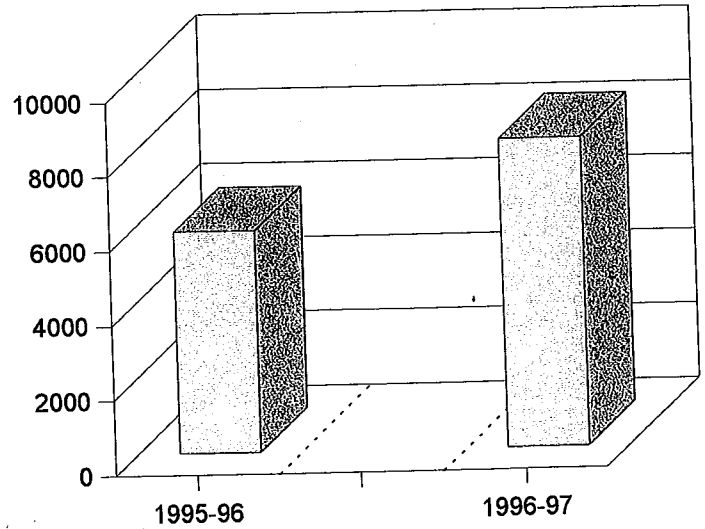
2. Applications Issued



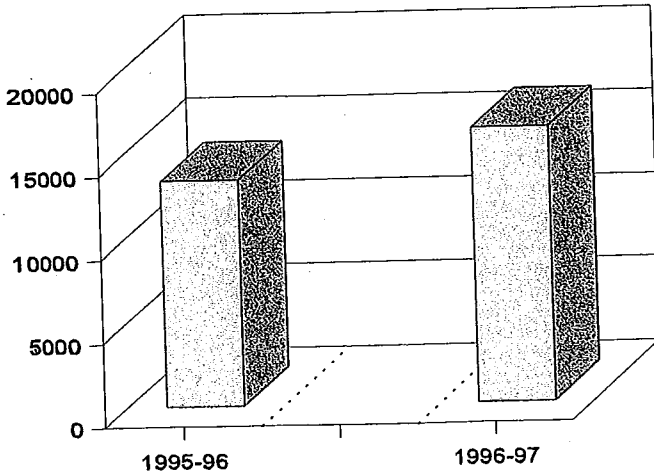
3. Tests Administered (IM & Competitive)



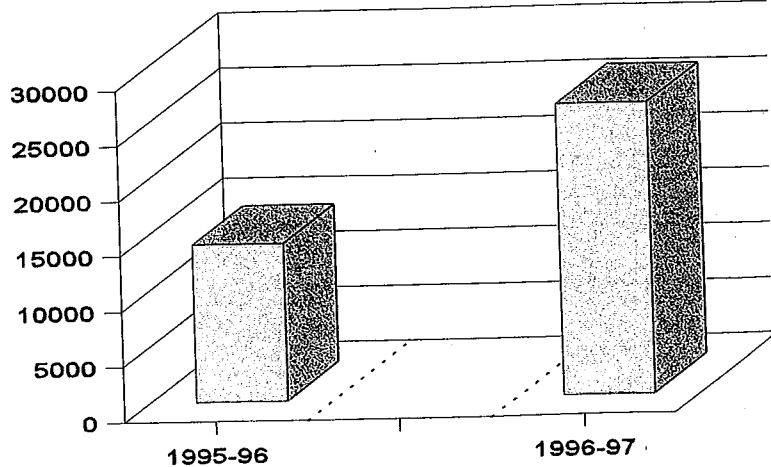
4. Internal Mobilities (No Test Required)



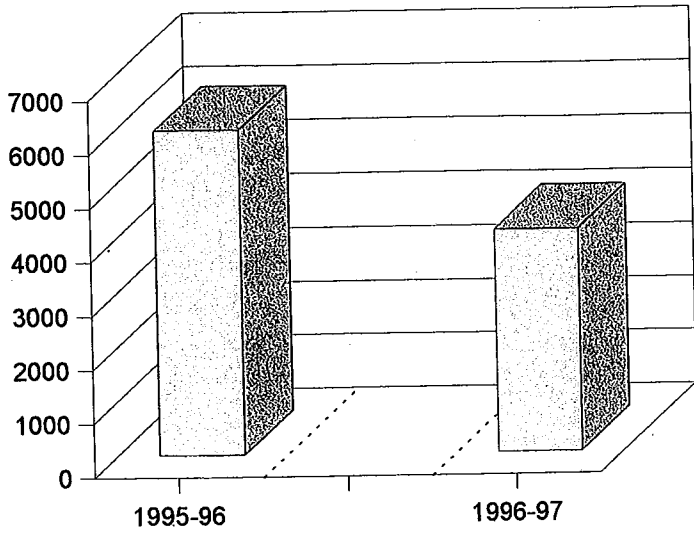
5. Applicants Counseled



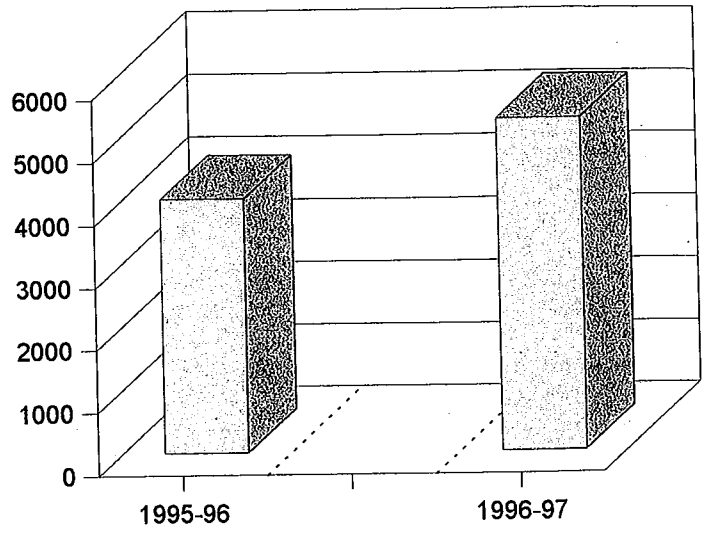
6. Mail-in Applications Reviewed



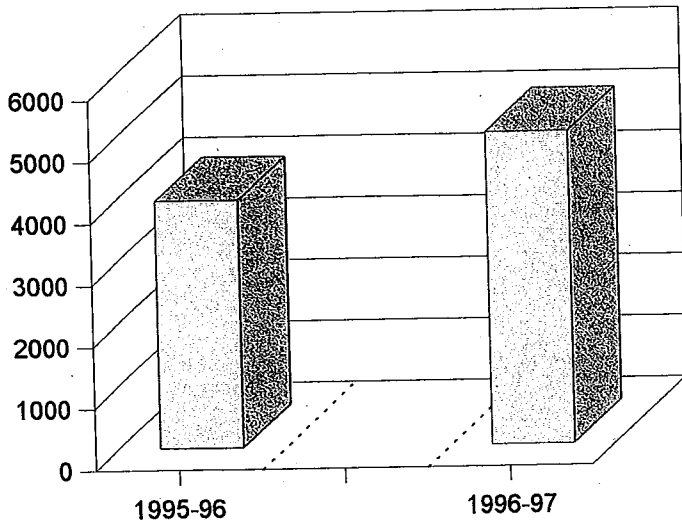
7. P-1 Actions Processed



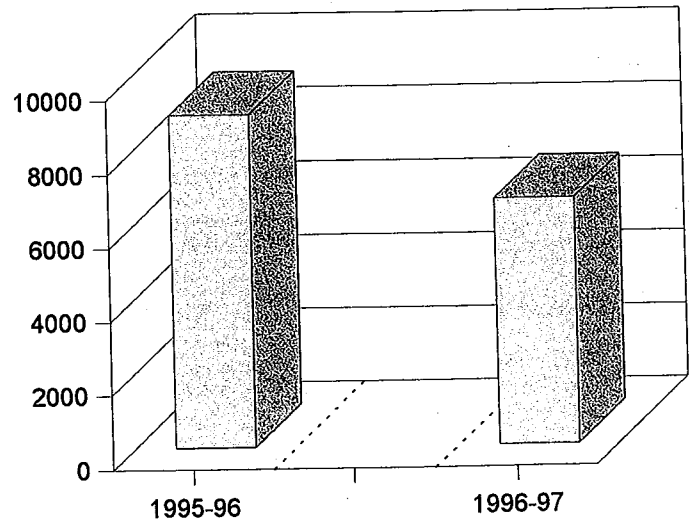
8. Register Certificates Issued



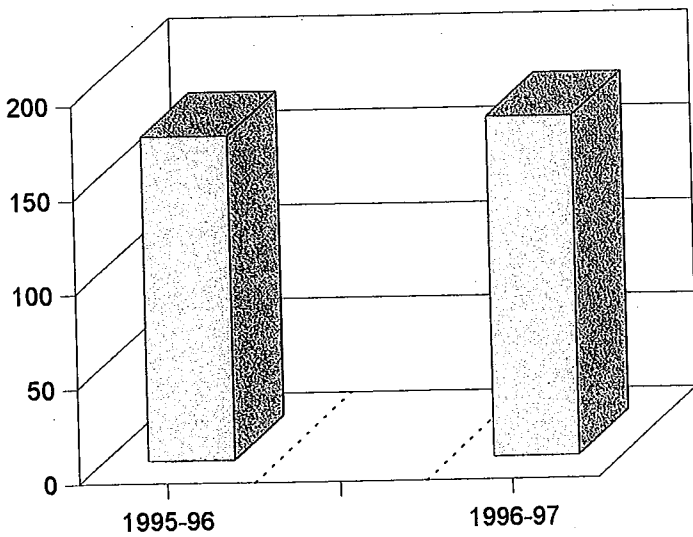
9. Appointments Processed



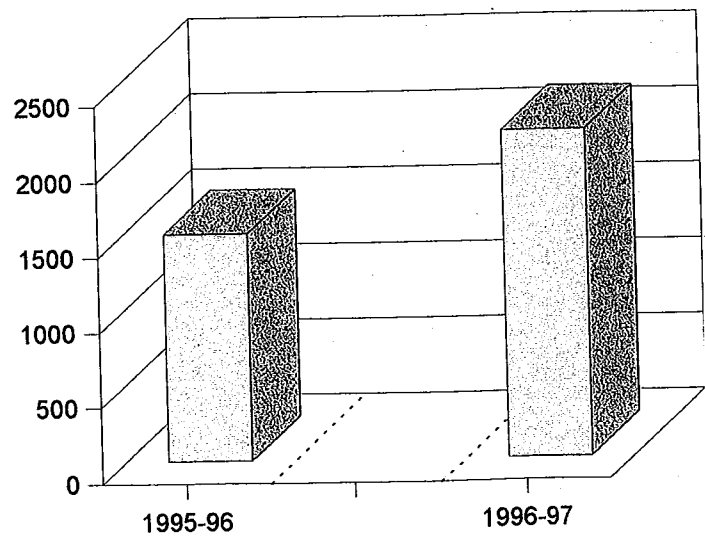
10. Walk-in Rank Information Requests



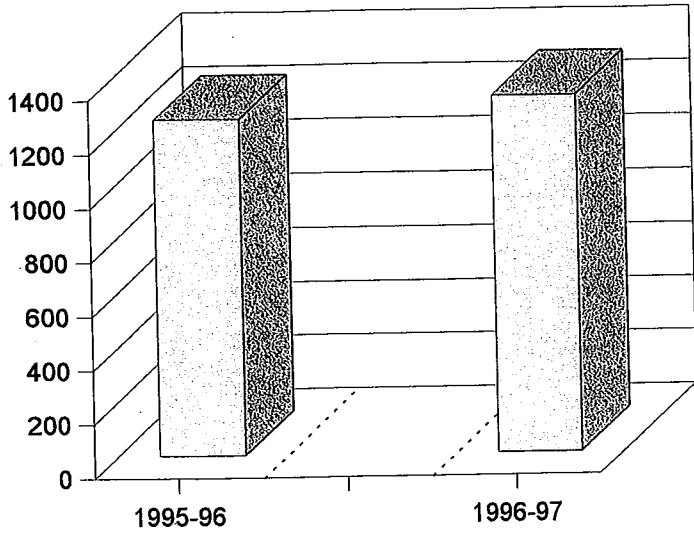
11. ADA Testing Accommodations



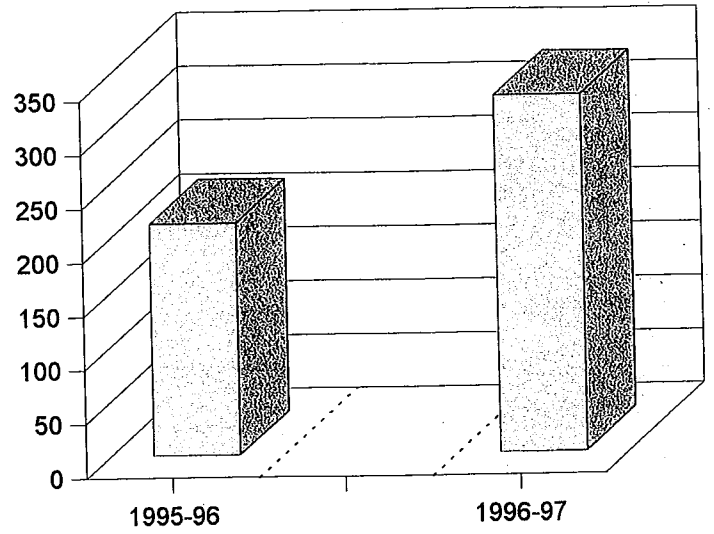
12. Training & Experience (T & E) Ratings



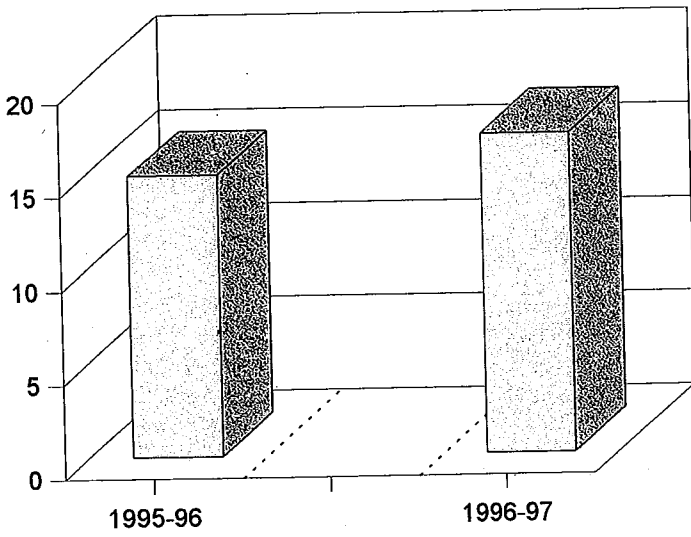
13. Educational Verifications



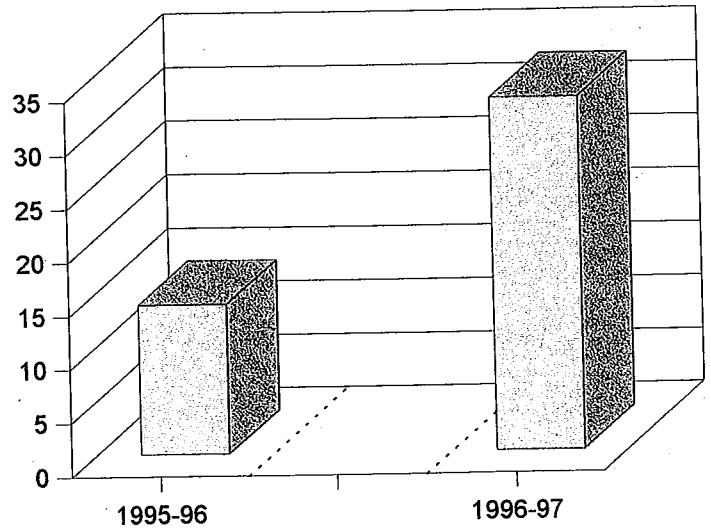
14. Selection Methods Determined



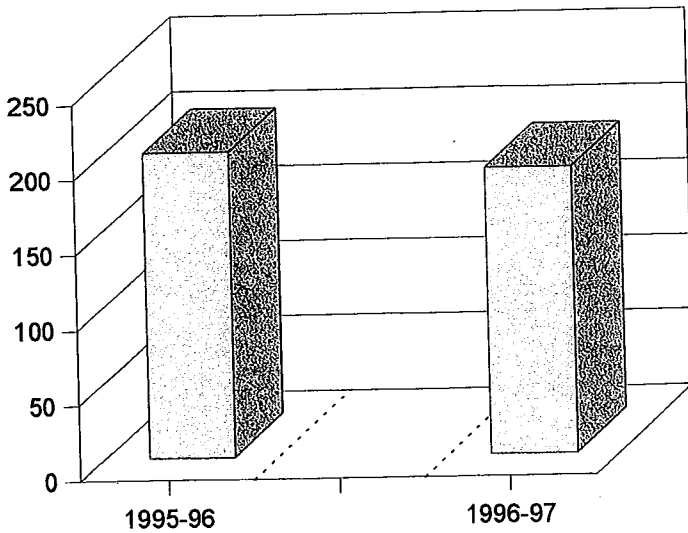
15. Training & Experience Ratings Constructed



16. Written Examinations Constructed



17. Records Checked



**ANNUAL REPORT FY 96-97
DEPARTMENT FOR PERSONNEL ADMINISTRATION**

OFFICE OF PERFORMANCE MANAGEMENT

This office was created within the Department for Personnel Administration by Executive Order **96-909** on July 11, 1996. This office has the overall responsibility of coordinating, implementing and administering employee performance evaluation systems throughout state government. Specific tasks include the following:

- Providing support to agencies in the development and delivery of performance review training and informational seminars.
- Continuously monitoring the systems effectiveness and identifying process improvements.
- Consultation with agencies to assist them in complying with evaluation statutes and/or regulations/procedures.

ACCOMPLISHMENTS

- Provided performance management training to approximately **953** supervisors and managers throughout state government.
- In conjunction with the Personnel Pilot Project Steering Committee initiated a study of employee performance review systems. A performance review committee consisting of cabinet representatives participated in the study and developed recommendations for a new employee performance review system.
- The Revenue Cabinet was approved to enter performance evaluation ratings electronically effective Midyear 1997. Now both Revenue and CHR enter ratings electronically.
- **92.1%** of eligible employees statewide were reported as rated for the Midyear 1996 performance period.
- **93.5%** of eligible employees statewide were reported as rated for the Year end 1996 performance period.

OPPORTUNITIES

- Repeal current employee performance evaluation system as set forth by statute (18A.112) and allow Personnel Cabinet to put forth regulations for an improved system.

- Staff Office of Performance Management to provide necessary administrative guidance and support of agency performance management responsibilities.
- Allow all agencies to enter performance ratings electronically and increase monitoring of the performance evaluation process.

ANNUAL REPORT FY 96-97

PERSONNEL CABINET

EMPLOYEE FACTS (AS OF JUNE 30, 1997)

Executive Branch*	40,807
Legislative Branch*	433
Judicial Branch*	2,920

* (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:

48.6% are female

7.3% are minority

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

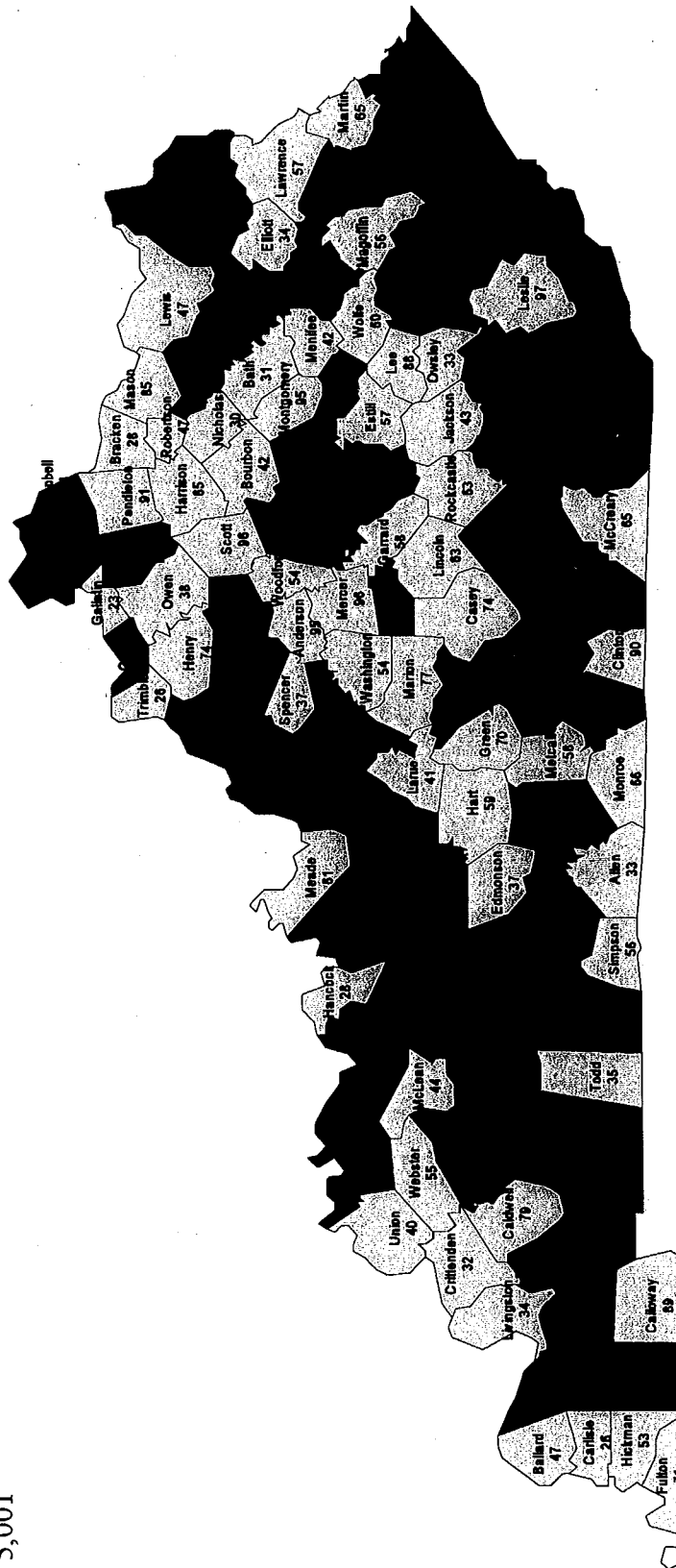
Earns \$29,299 per year salary

Receives \$7,101 in benefits

8.89% Employer-paid retirement	\$2,604.68
7.65% Employer-paid FICA	\$2,241.37
12 x \$185.00 Health Insurance	\$2,220.00
12 x \$2.90 Life Insurance	\$34.80

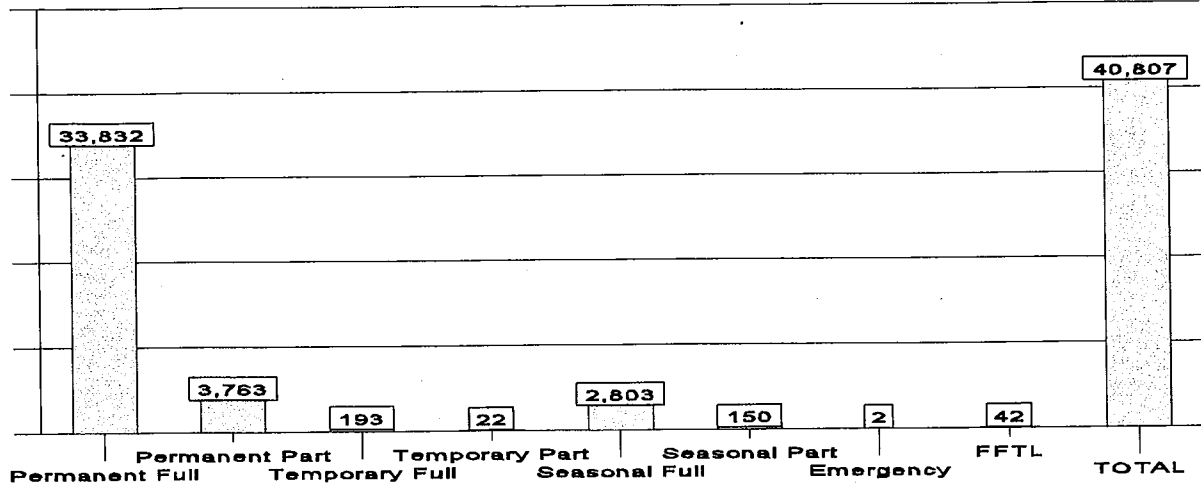
Count of State Employees by Work County June 30, 1997

- ☐ ≤ 100
- ▨ 101-500
- ▣ 501-1,000
- ▤ 1,001 - 5,000
- ≥ 5,001

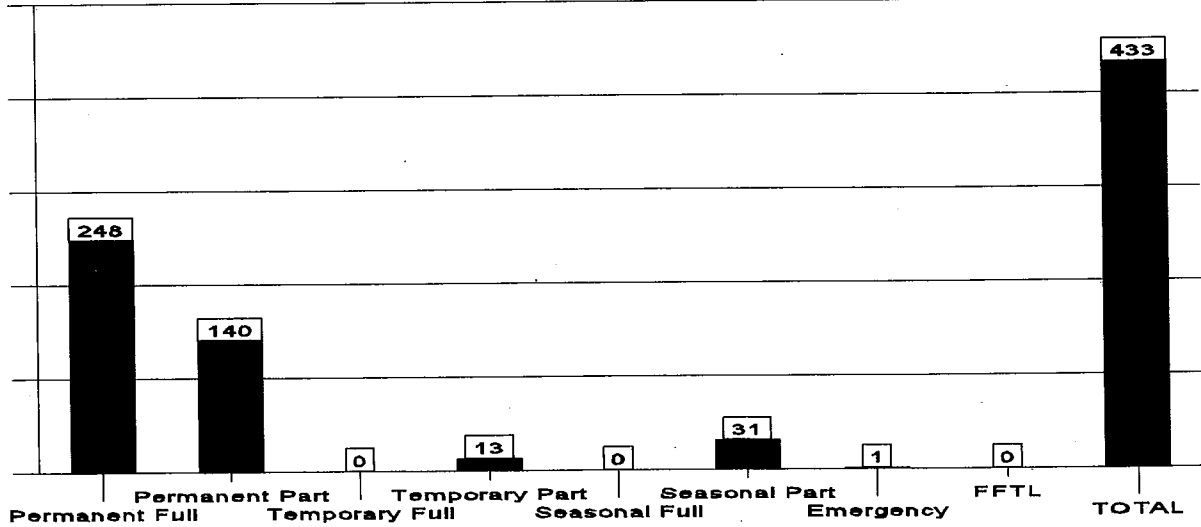


Employee Status Summary as of June 30, 1997

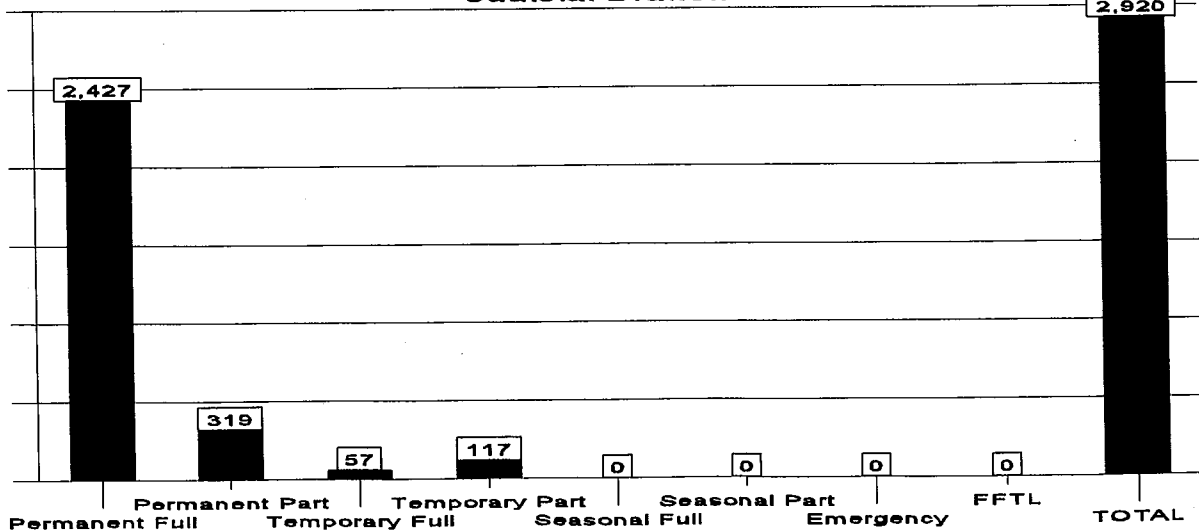
Executive Branch



Legislative Branch

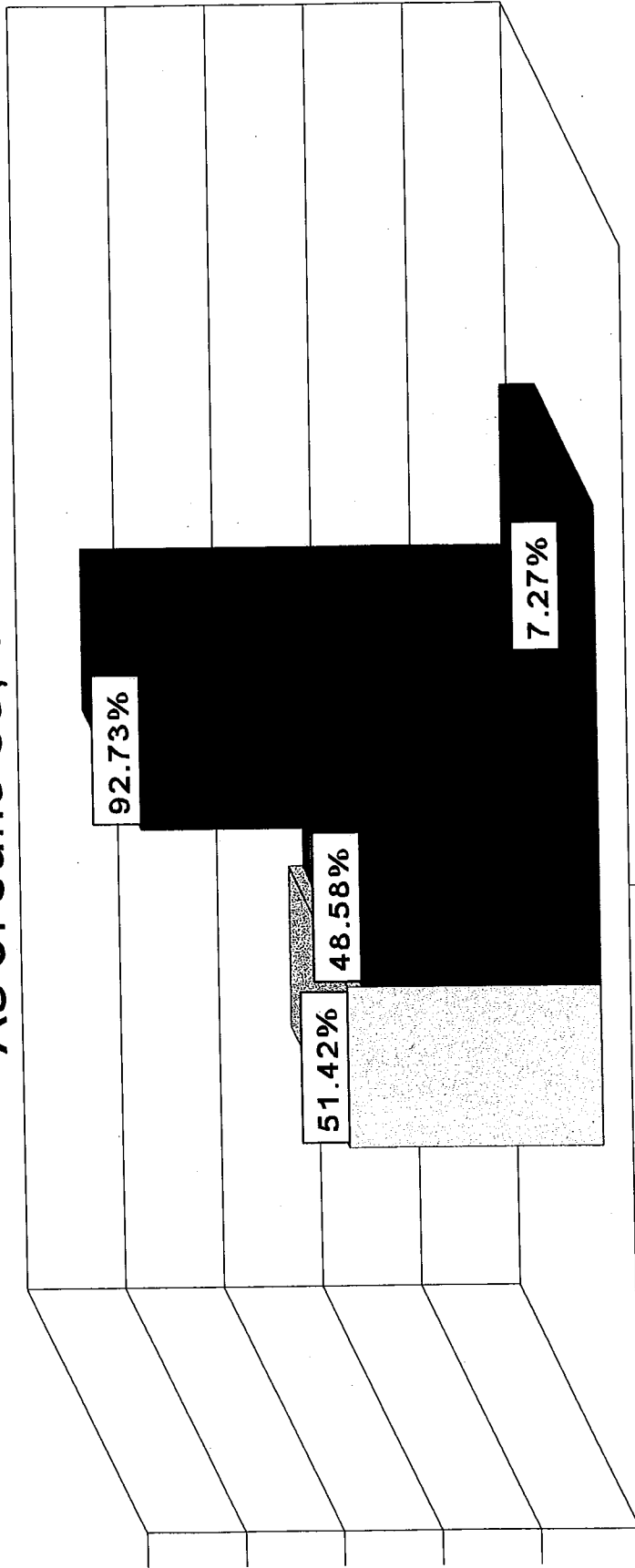


Judicial Branch



% of Employment by Race and Sex

As of June 30, 1997

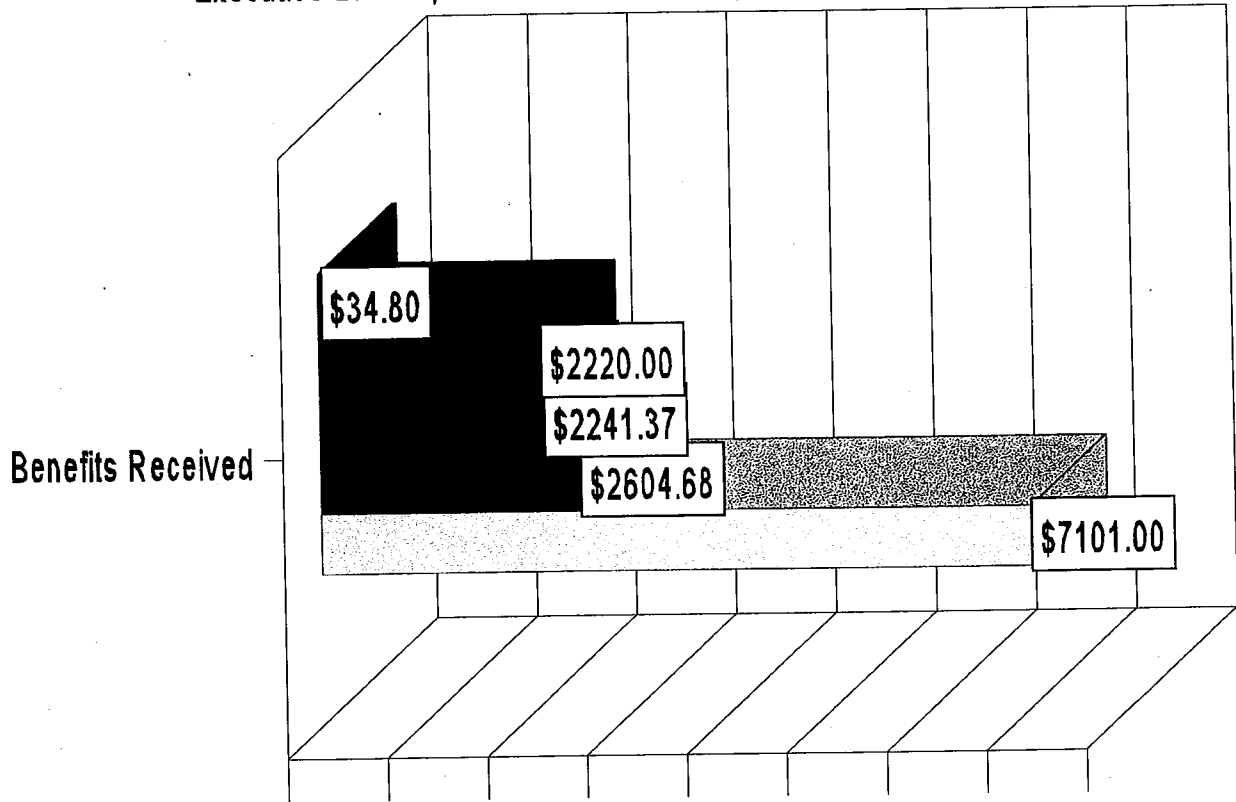


Executive Branch, Permanent Full-Time



Average Annual Salary \$29,299

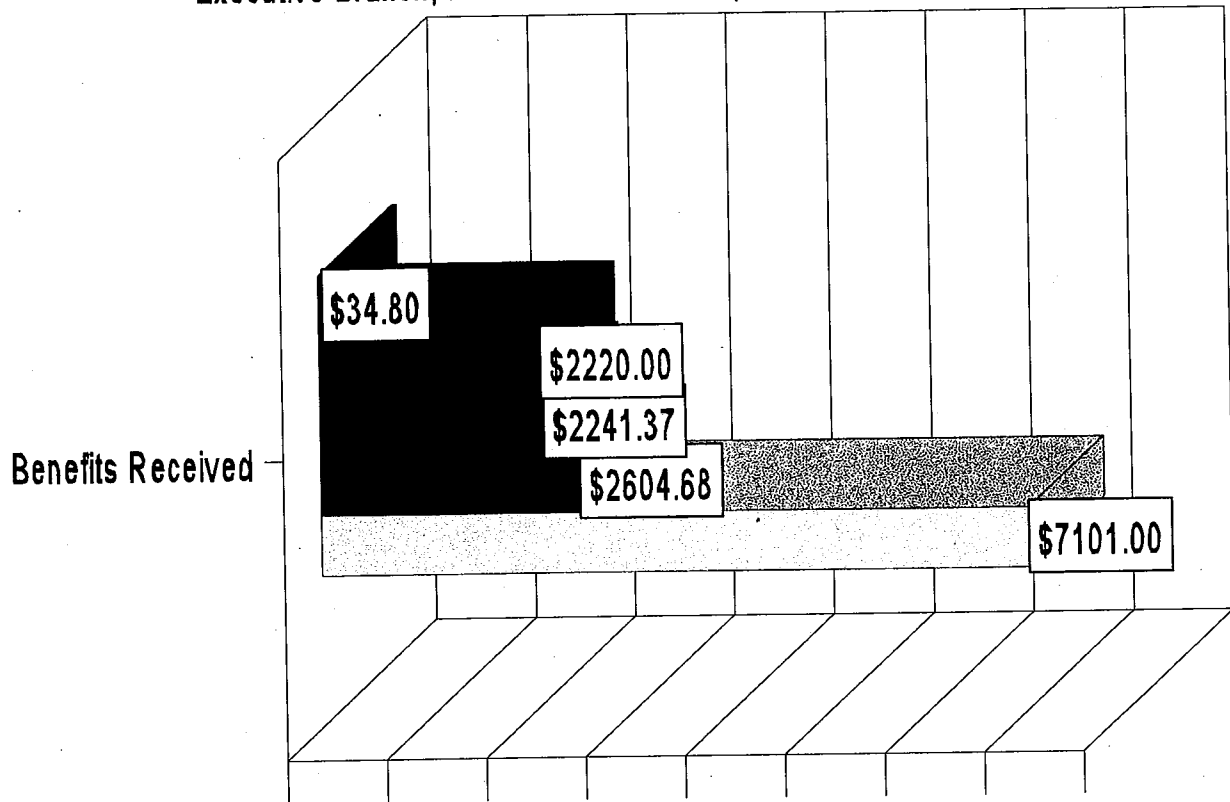
Executive Branch, Permanent Full-Time, As of June 30, 1997



- Life Insurance (2.90 x 12 months)
- Health Insurance (185.00 x 12 months)
- 7.65% Employer-Paid FICA
- 8.89% Employer-Paid Retirement
- Total Benefits Received

Average Annual Salary \$29,299

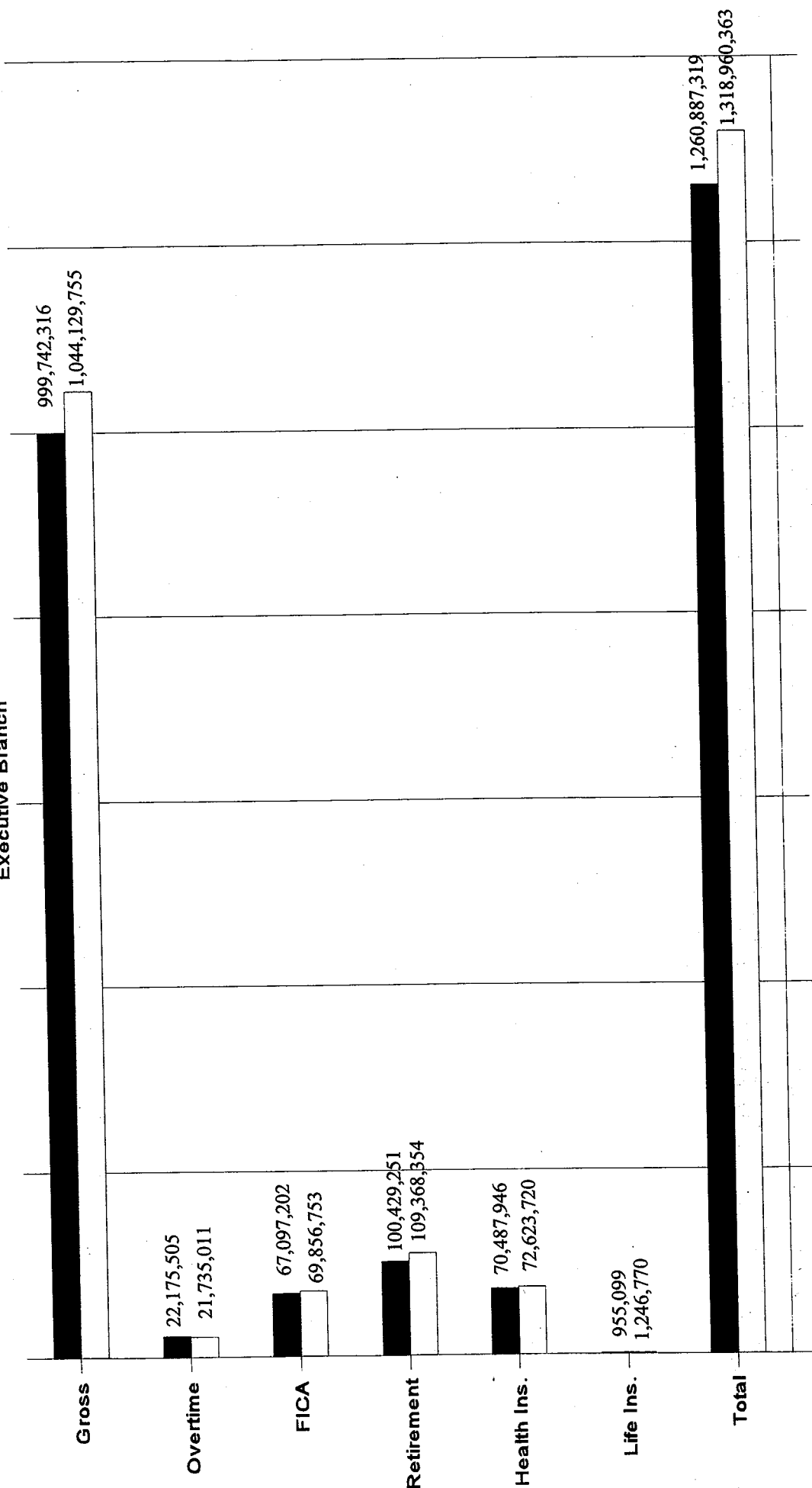
Executive Branch, Permanent Full-Time, As of June 30, 1997



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- 7.65% Employer-Paid FICA
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- Total Benefits Received

Total Payroll Dollar Disbursement

Executive Branch*



FY 95-96 FY 96-97

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