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**Personnel Cabinet
Annual Report
2001-2002**

Paul E. Patton

Governor

Carol M. Palmore

Secretary

2001- 2002
Annual Report
Personnel Cabinet

All information contained in this report is as of
June 30, 2002.

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Core Values, Vision and Mission

CORE VALUES

- Customer Focused - We are committed to providing quality customer service. We strive to demonstrate responsiveness, sensitivity, and respect to those we serve.
- Equal Opportunity - We are committed to providing full and equal access to employment and other human resource services.
- Innovation - We are committed to promoting the proactive use of human resources, technology, and progressive thinking.
- Openness - We are committed to fostering an environment in which all people have access to the Commonwealth's human resources programs and information.
- Integrity - We are committed to maintaining the highest ethical and legal standards that promote competence, accountability, and public trust.

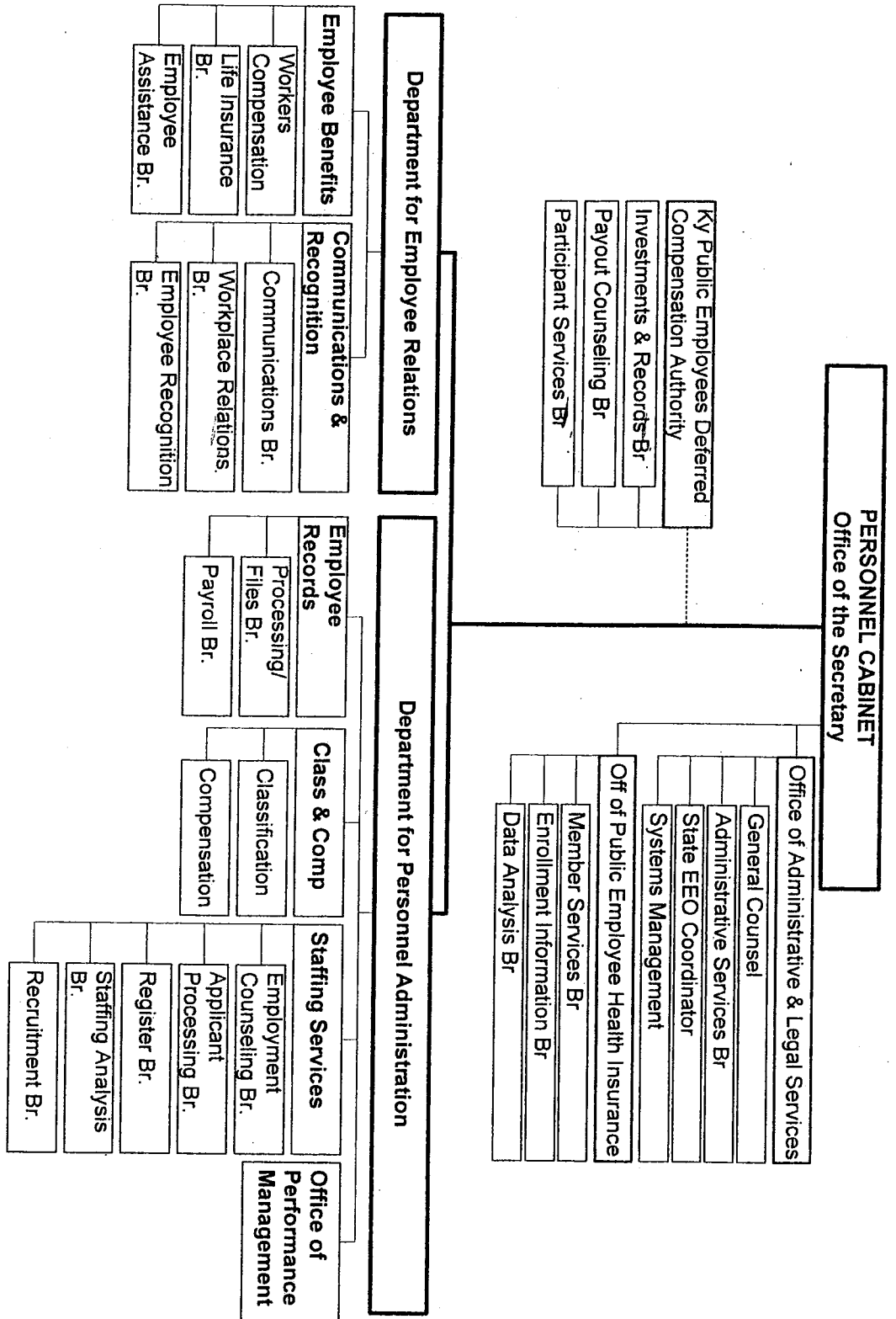
VISION

To serve as a national model for innovative, accessible, and responsive human resources services.

MISSION STATEMENT

The Personnel Cabinet is dedicated to providing exceptional services and leadership for effective, efficient, and proactive human resources management systems.

Organizational Chart



Responsibilities

Office of the Secretary

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

Kentucky Public Employees' Deferred Compensation Authority

The Kentucky Public Employees' Deferred Compensation Authority (Authority) is a "voluntary" supplemental retirement benefits program available to Kentucky public employees (this includes employees of state government agencies, public school systems, state universities, and local government entities).

Office of Public Employee Health Insurance

The Office of Public Employee Health Insurance (OPEHI) has been instrumental in enabling the Personnel Cabinet to meet its statutory duties and responsibilities in the area of health insurance, as well as the needs of approximately 226,000 health insurance participants and 15,000 state employees with flexible spending account coverage. The OPEHI is comprised of the Data Analysis Branch, Enrollment Information Branch and the Member Services Branch. The Office of Public Employee Health Insurance has created a more customer-focused organization, which will provide a more efficient, effective, and responsive service to its members.

Office of Administrative and Legal Services

The Office of Administrative and Legal Services is responsible for overseeing the internal operations, personnel management, and all legal related services for the Cabinet. In addition to coordinating the efforts at the cabinet level, the Executive Director serves as the Cabinet's Chief Information Officer (CIO) and represents the Cabinet in this capacity at the statewide level.

General Counsel

In addition to providing legal services to the Personnel Cabinet, including drafting legal pleadings, memoranda, statutes, regulations, and legal opinions, the General Counsel represents the Personnel Cabinet and its employees in administrative hearings and trials; serves as Custodian of Records for the purpose of the Open

Responsibilities

Records Act; consults with other agency officials and employees on the enforcement and application of state and federal laws and regulations governing employment; testifies before legislative committees; conducts training; 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 and payroll administration.

Systems Management Branch

The Systems Management Branch is responsible for overseeing the computerization of the Personnel Cabinet as well as providing the technical support required to keep the IT solutions operational.

Equal Employment Opportunity Unit

The Equal Employment Opportunity Unit monitors the progress of the State's Affirmative Action Plan and reports to the Cabinet Secretary semi-annually on that progress; assists agencies in their recruiting efforts to meet or surpass the affirmative action goals; provides technical assistance to state agencies in the investigation of discrimination complaints; and provides training on EEO and Sexual Harassment Prevention.

Department for Employee Relations

In addition to regular responsibilities, this department coordinates 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 30 workshops and 2 general sessions for 588 participants.

Division of Communications and Recognition

This division is responsible for the Kentucky Employee Mediation Program (KEMP), the Employee Suggestion System, the Career Service Program for state employees, the Employee Information Line, and the Educational Achievement Award Program. In addition, the division publishes and distributes the *Commonwealth Communique* newsletter which is sent quarterly to all state government employees as well as the *Personnel Perspective* newsletter which is sent monthly to all Personnel Cabinet employees. Staff also provides ADA technical assistance and

Responsibilities

training to the Personnel Cabinet and upon request to other state agencies.

Division of Employee Benefits

This division is responsible for the Life Insurance Program, the state employees' Workers' Compensation program, the coordination of the State Safety Program, the Employee Assistance Program, and the administration of the Sick Leave and Annual Leave Sharing Programs and the Family and Medical Leave Act. Many of these programs serve employees of other governmental entities such as local school districts, universities, and other local governments.

The Division of Employee Benefits also administers the Adoption Benefits Program. This program assists Executive Branch state employees in the reimbursement of expenses incurred in the adoption of a child. During fiscal year ending June 30, 2002, this division approved 13 employees for reimbursement of expenses that totaled \$42,892.97. This brings the program total of 55 approvals, totaling \$168,197.82.

Department for Personnel Administration

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 lay-off 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

This division 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 five broad areas of responsibility. These are: applicant processing, applicant counseling, recruiting, examination construction, and register maintenance. Within these areas are the duties of examination research and development; review of personnel actions for minimum requirements; provision of information concerning state government employment; administration, grading and processing of examinations to applicants and employees; maintenance of register

Responsibilities

files; verification of applicant information; and certification of merit registers.

Office of Performance Management

This office is responsible for coordinating and implementing the employee performance evaluation system throughout state government.

Deferred Compensation Authority

Office of the Secretary

The Kentucky Public Employees' Deferred Compensation Authority (Authority) is a "voluntary" supplemental retirement benefits program available to Kentucky public employees (this includes employees of state government agencies, public school systems, state universities and local government entities).

Kentucky's Deferred Compensation plans have again this fiscal year maintained their high ranking among Government Deferred Compensation plans. Based on the most recent survey data provided by the National Association of Government Defined Contribution Administrators (NAGDCA) for IRS-457 Plans, the Kentucky Authority is 21st in the nation both in terms of 457 Plan assets and the number of participants and 8th with respect to the 401(k) Plan. Also, a separate report indicates Kentucky ranks 9th in assets and 8th in 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.

During fiscal year 2001-2002 the Authority Board:

- For a 6th consecutive year authorized a significant "reduction" in participant fees (expected to save participants approximately \$320,000 per year). This represents a combined 6-year fee reduction totaling approximately \$3,100,000 on a recurring annual basis.
- Completed the 2nd year of 3-year record keeping, mutual fund investment consulting, marketing agent and communication services contracts with National Deferred Compensation and Nationwide Retirement Solutions. The Authority has experienced for 2 consecutive contract years third party administrator cost reductions of approximately \$500,000.
- Introduced into the 457 Plan a participant loan feature. Recent changes in the Internal Revenue Code have enabled the Authority to offer 457 Plan participants the opportunity to borrow from their plan on the same basis as 401(k) Plan participants have for many years.
- Implemented all of the sweeping defined contribution legislative enhancements created by the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA). EGTRRA was the most comprehensive federal retirement plan legislation in more than 20 years.
- Further enhanced the *Spectrum of Investment Options (Spectrum)* to offer participants a more diversified and comprehensive investment vehicle. These components will enable participants to utilize asset allocation on either an active or passive basis (index funds are now available in all major asset classes).

Deferred Compensation Authority

- Received for a 6th consecutive year an outstanding achievement award from NAGDCA. Kentucky is the only state to receive this prestigious national recognition award for 6 consecutive years. Kentucky was a nominee for a 7th year and recently received notice it is again an award winner.

In addition, the Authority has achieved yet another record-breaking year in participation while assets for a second consecutive year have decreased. The decrease in assets experienced by the Authority is a common occurrence with retirement plans nationwide. Actually, the decrease in value sustained by the Authority was on a percentage basis not as great as many plans have experienced. This is in part due to the success the Authority has experienced with the Fixed Contract Fund (FCF) which was totally restructured by the Board of Trustees in 2000.

The following graphs, charts and tables represent the combined results from the Authority's 457 and 401(k) supplemental retirement plans through June 30, 2002:

- *Participant Volume* - Graph 1 and the accompanying table indicates the phenomenal growth rate the Authority continues to experience. The number of plan participants (with account balances) increased from 53,776 as of June 30, 2001 to 57,339 at June 30, 2002. This represents an increase of 3,563 participants or a 6.6% increase as of the 2002 fiscal year end.
- *Plan Assets* - Graph 2 and the accompanying table shows that 2001 plan assets, on a calendar year basis, were less than 2000 (2001 - \$892 million vs. 2000 - \$899 million). Assets, on a fiscal year basis, have decreased from \$892 million as of June 30, 2001 to \$846 million on June 30, 2002, representing a \$46 million or approximately a 5% decrease. This is the 2nd consecutive year plan assets have experienced a decrease in market value.
- *Plan Trends* - Several important trends continued during Fiscal Year 2000-2001 within the Deferred Compensation program.

Investments - Graph 3 indicates for the 1st time in 7 years, quarterly participant investments have decreased. This is misleading because last year a \$7.6 million one-time contribution was received from a major new employer. This significantly inflated participant contributions for the June 30, 2001 quarter. When the one-time addition is subtracted, quarterly investments for a 7th consecutive year actually increased from \$20.4 million as of June 30, 2001 to \$24.9 million. This is an increase of \$4.5 million or approximately 22%.

Plan Assets Allocation - Graph 4 and the accompanying table demonstrates that for a 7th consecutive year, participants invested more (but at a rapidly

Deferred Compensation Authority

decreasing rate) into the mutual funds than into the FCF. This is also the 6th consecutive year in which investments into the mutual funds were greater than into the FCF in 'each' quarter of the year. Graph 5 indicates the allocation of assets is now \$541 million (64.0%) in the mutual funds and \$292 million (34.6%) in the FCF. The remaining 1.4% represents insurance company benefit accounts and loans.

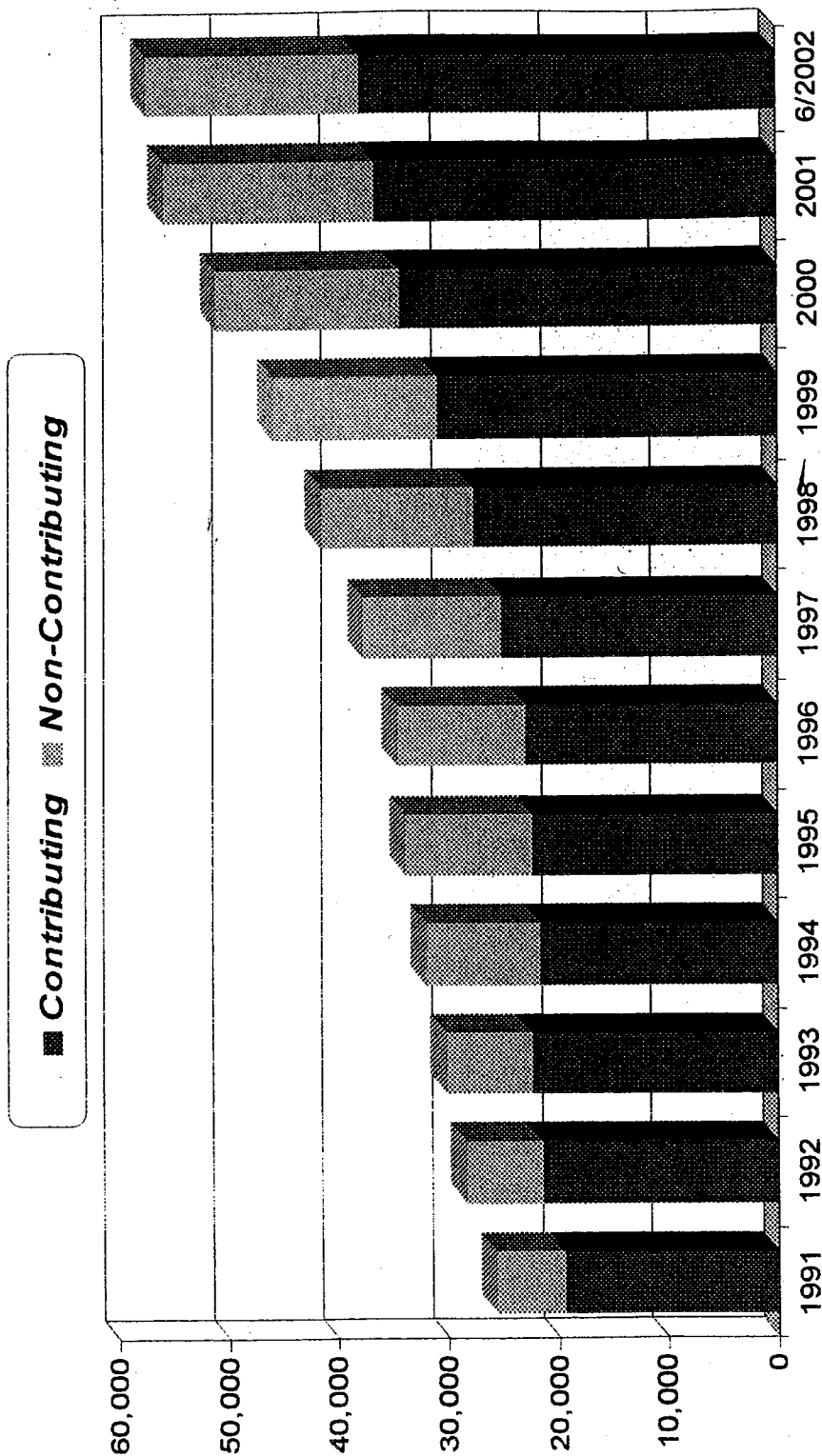
- *Investments* - Graph 6 demonstrates annual investments increased again this fiscal year and totaled \$96.1 million compared to \$95.3 million at June 30, 2001, representing a 1% increase. The percentage of the investments into the 401(k) Plan decreased approximately 7% to approximately 71%. For the fiscal year ended June 30, 2002, the dollars invested in the 401(k) Plan exceeded those invested in the 457 Plan by nearly \$41 million. This disparity has begun to shrink as a result of the passage of the EGTRRA. This act made the 457 and 401(k) Plans look essentially the same.

The Authority currently offers participants 34 investment options from which they may select. The investment spectrum ranges from conservative - to - moderate - to - aggressive. This spectrum of investments consists of 32 mutual funds, 1 money market fund and 1 stable value or fixed fund product.

Deferred Compensation Authority

Kentucky
Deferred Compensation
Authority

Total Participants by Year (With Account Balances) As of June 30, 2002



National Deferred

Deferred Compensation Authority

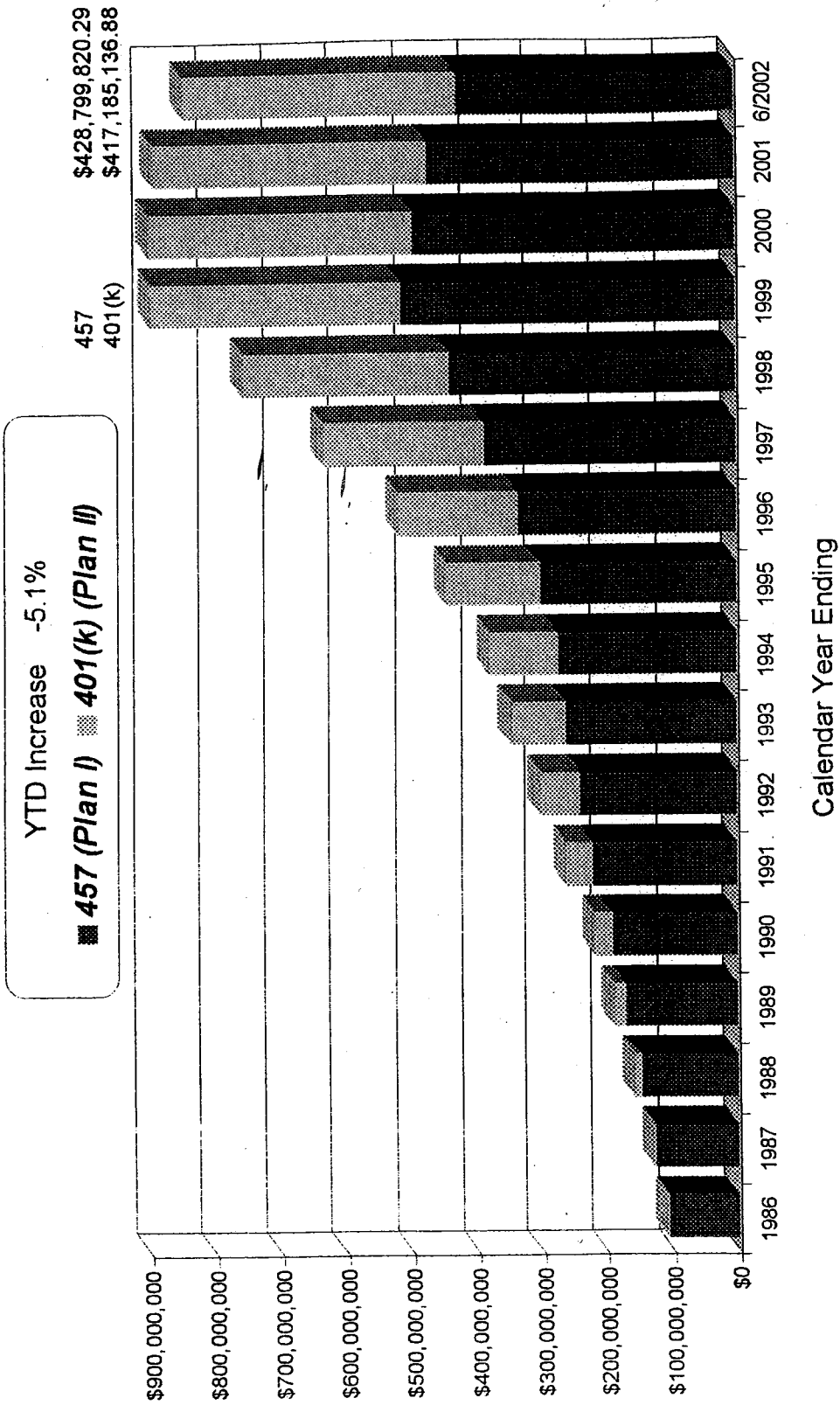
Total Participants by Year (With Account Balances) 1991 - 6/30/2002

1991	26,691
1992	29,146
1993	30,188
1994	32,024
1995	33,781
1996	34,589
1997	37,330
1998	41,016
1999	46,187
2000	51,099
2001	55,749
06/30/2002	57,339

**Kentucky
Deferred Compensation
Authority**

Asset Growth by Year

(Excluding Life Insurance and Uninvested Receipts)



National Deferred

Asset Growth by Year

(Excluding Life Insurance and Uninvested Receipts)

Year	Assets
12/31/1991	\$260,551,464
12/31/1992	\$299,421,872
12/31/1993	\$345,628,472
12/31/1994	\$377,971,229
12/31/1995	\$445,688,072
12/31/1996	\$518,994,025
12/31/1997	\$631,499,204
12/31/1998	\$755,721,008
12/31/1999	\$897,692,891
12/31/2000	\$899,064,718
12/31/2001	\$892,252,657
06/30/2002	\$845,984,957

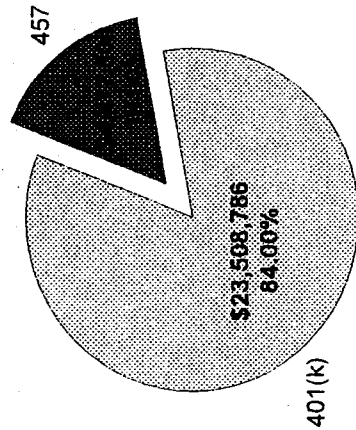
National Deferred

Deferred Compensation Authority

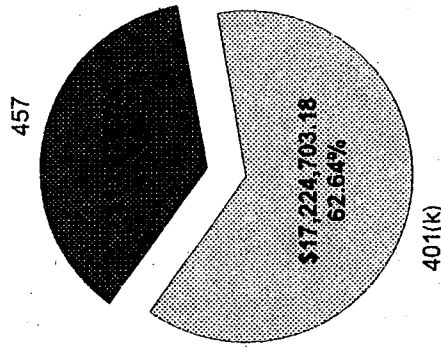
Deferral Investments By Quarter

(Excluding Life Insurance and Uninvested Receipts)

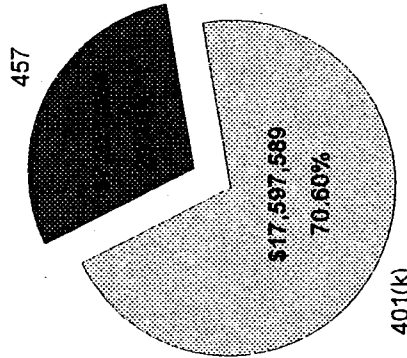
Kentucky
Deferred Compensation
Authority



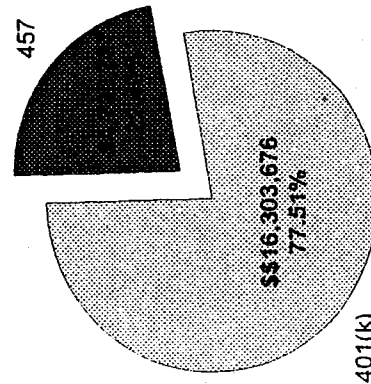
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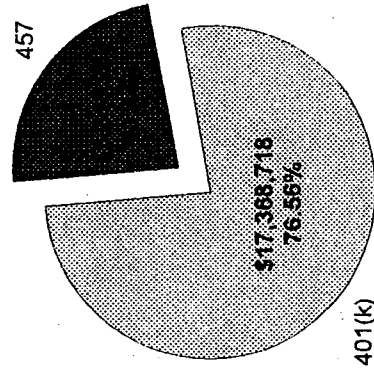
9/30/01



6/30/02



12/31/01



3/31/02

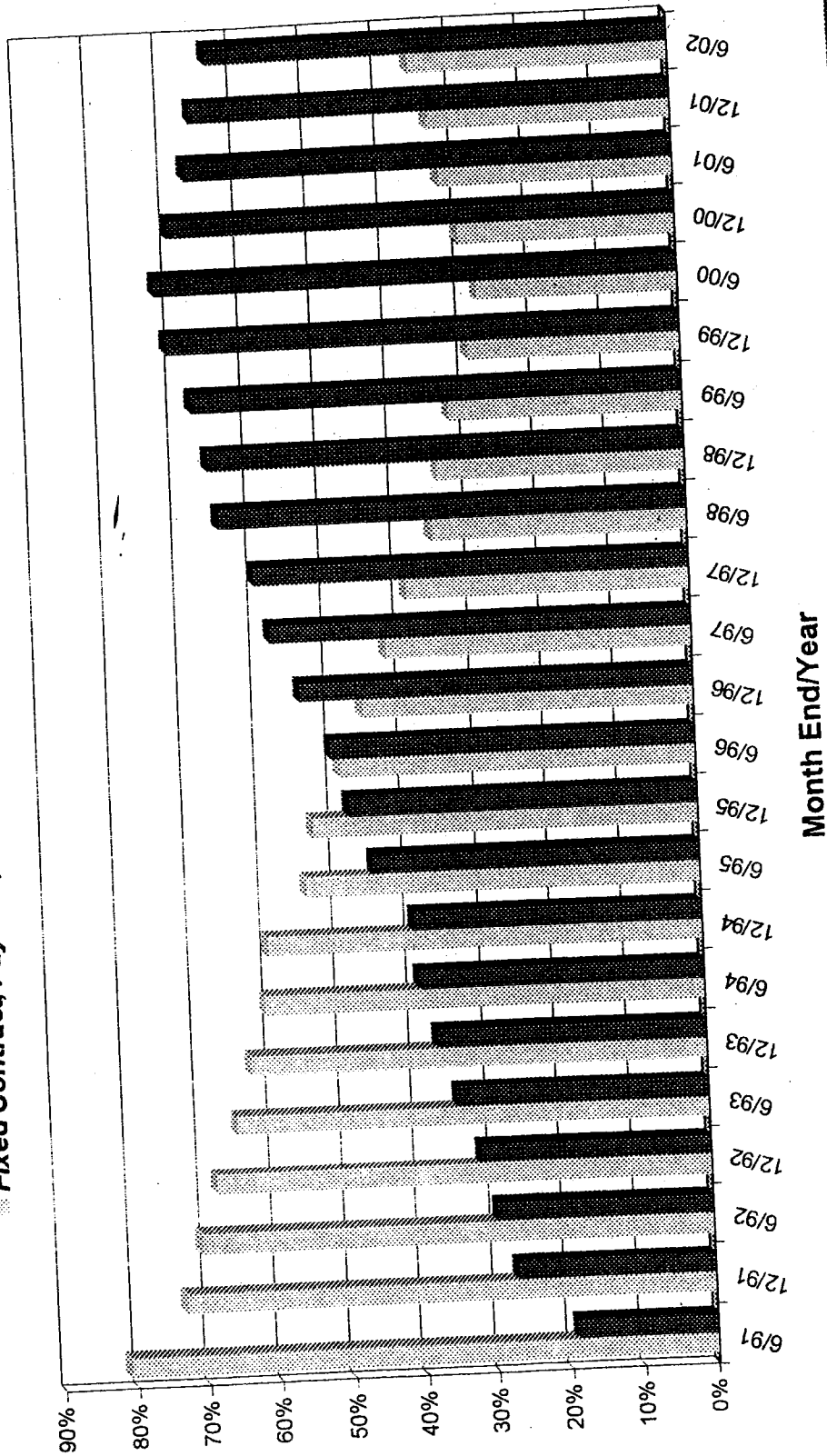
National Deferred

Deferred Compensation Authority

Kentucky
Deferred Compensation
Authority

Percentage Allocation of Assets (Excluding Life Insurance and Uninvested Receipts)

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



National Deferred

Deferred Compensation Authority

Assets - Fixed and Variable Second Quarter 1998 to Second Quarter 2002

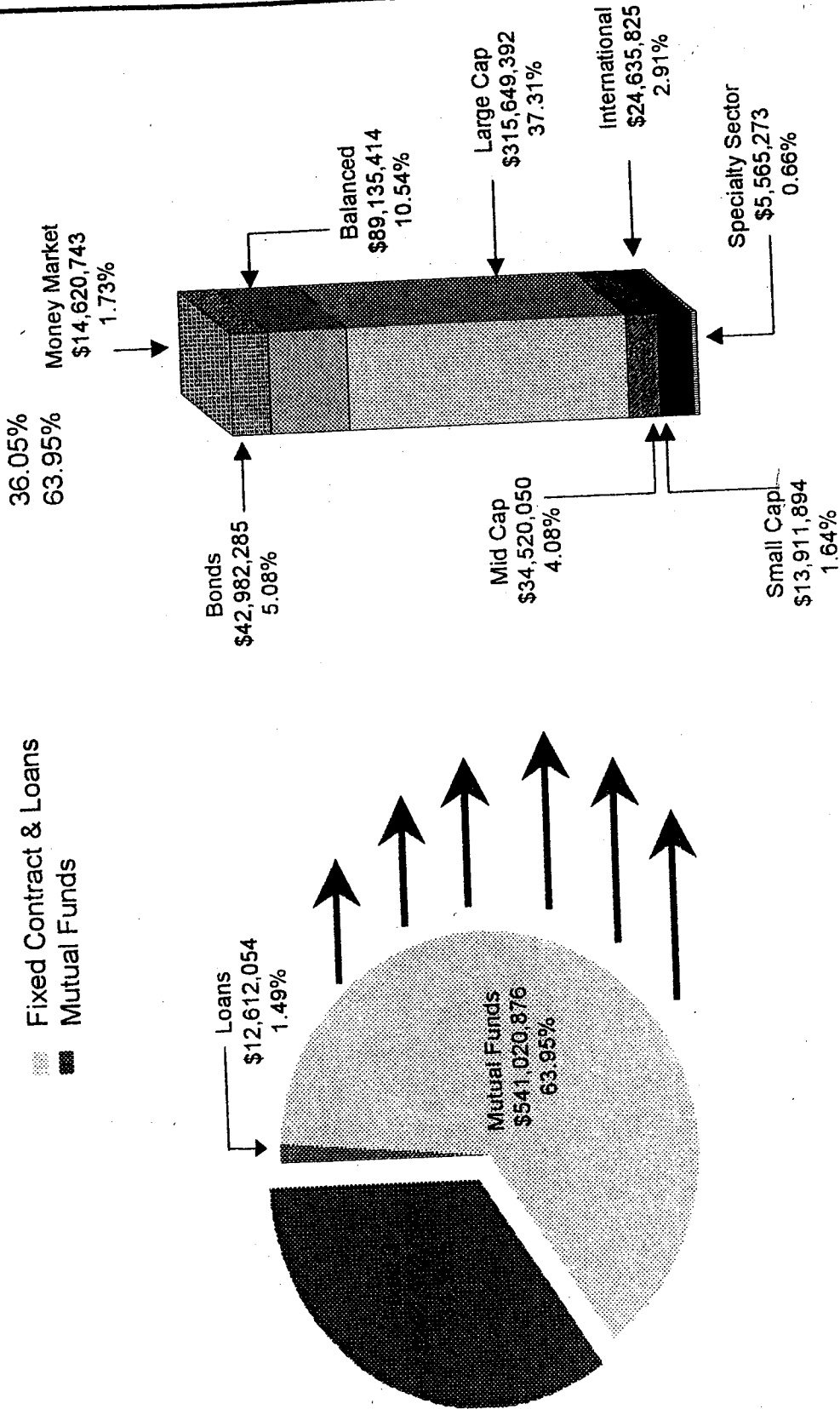
Year	Fixed	Variable
6/98	\$241,314,310	\$460,551,898
12/98	\$251,352,384	\$503,980,246
6/99	\$256,551,756	\$561,120,867
12/99	\$274,967,238	\$622,725,653
6/00	\$268,524,880	\$651,705,621
12/00	\$259,967,624	\$639,097,095
6/01	\$277,977,742	\$639,097,095
12/01	\$289,017,828	\$592,069,637
6/02	\$292,352,027	\$541,020,876

Allocation of Plan Assets

As of June 30, 2002

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

- Fixed Contract & Loans
- Mutual Funds

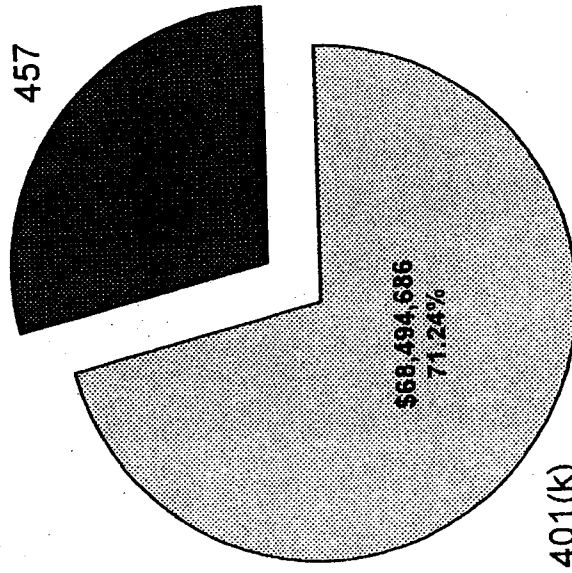


National Deferred

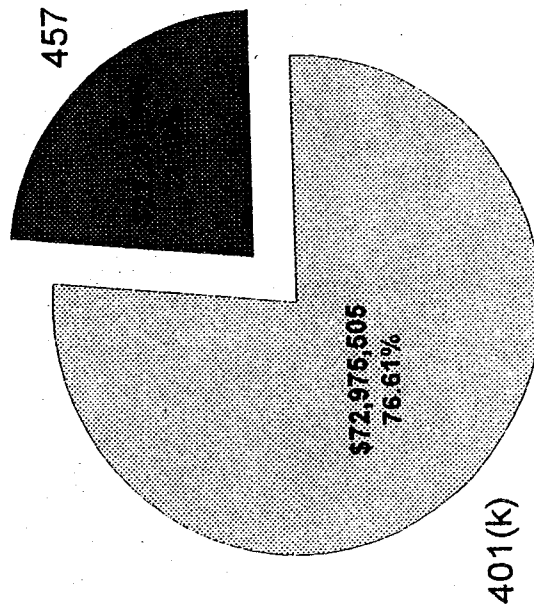
Kentucky
Deferred Compensation
Authority

Annual Deferral Investments
(Excluding Life Insurance)

Year Ending
June 30, 2002



Year Ending
June 30, 2001



National Deferred

Office of the Secretary

Cooperative Education and Internship Program

- The Office of the Secretary's Kentucky State Government Cooperative Education and Internship Program completed a successful year with the placement of 300 students. The actual number of placements decreased last year with an increase of over 50 students who were hired full-time. There was an increase in the number of agencies utilizing students across semesters and the number of agencies transferring students to other locations. The program serves as a recruiting tool for agencies that cannot find potential employees with appropriate skills in order to fill their vacant positions. The program helps agencies meet their short-term staffing needs in critical skill areas. This year, approximately 1,000 applications are active in the database.
- Approximately 65% of the participants represent students from colleges and universities, 15% of the participants represent students from high schools, a decrease of 10% from last year, and 20% of the participants represent students from vocational/technical schools, an increase of 10% from last year. Increased recruitment activities for computer science and office and business majors helped promote participation. The location of Kentucky State University continues to serve us well in immediate and special recruitment efforts in the number of students available and critical skill areas, such as engineering, pre-engineering, biology, chemistry, computer science, accounting, criminal justice, and others.
- It also serves as a mechanism for Kentucky students to obtain practical on-the-job experience and academic credit as part of their educational experience. The geographic location continues to increase along with the number of participating agencies and special agency requests.

Office of Public Employee Health Insurance

Office of Public Employee Health Insurance

The Personnel Cabinet, Office of Public Employee Health Insurance, is dedicated solely to:

- Procuring health insurance on behalf of the Commonwealth's employees and retirees;
- Establishing performance standards for the health insurance carriers with whom the Commonwealth contracts for employee health insurance and monitors their performance;
- Establish and maintain an eligibility database of individuals participating in the Commonwealth's health insurance program either through an insured health option or the Commonwealth's flexible spending account option (for state employees);
- Educate health insurance coordinators of participating groups and eligible employees and retirees about the Commonwealth's group health insurance program;
- Provide customer service to individuals who participate in the Commonwealth group health insurance program;
- Address issues raised by legislators regarding the Commonwealth's group health insurance program;
- Assess the impact of proposed legislation on the Commonwealth's healthcare program;
- Provide input to the Commonwealth's budget process with respect to the Commonwealth group health insurance program;
- Collect, maintain, and analyze enrollment and claims payment data from the Commonwealth's health insurance carriers through a consolidated database.
- Procure data analysis services to establish and maintain a comprehensive database of eligibility, claims, and utilization data necessary to manage the Commonwealth's group health insurance program; and
- Facilitate the monthly meetings of the Kentucky Group Health Insurance Board and provide information to the Board at its request.
- Facilitate the quarterly meetings of the Employee Advisory Committee and provide information to the Committee at its request.

What comprises the Public Employee Health Insurance Group?

	# Insured	% Of Total
State Employees	60,218	26.7%
School Boards	118,501	52.5%
Health Depts.	4,127	1.8%
KERS	22,313	9.9%
KTRS	16,028	7.1%
KCTCS	2,968	1.3%
COBRA	1,466	0.6%
Total	225,621	

Office of Public Employee Health Insurance

OPEHI consists of:

Executive Director's Office - consists of the Executive Director, Deputy Executive Director and counsel who report directly to the Secretary of the Personnel Cabinet. The Executive Director's office is charged with overseeing the mission of the program and the daily operations of OPEHI.

Member Services Branch - is responsible for (a) providing customer service to the Personnel Cabinet's various constituencies, i.e., the citizens of the Commonwealth of Kentucky and the employees of state government, local boards of education, health departments, and certain quasi-agencies, (b) working with the open enrollment process to improve its administration, (c) furnishing member education with regard to the state health insurance plan, and (d) performing other related health insurance functions, by means of a dedicated staff of individuals.

Enrollment Information Branch - develops and maintains a current database of employee health insurance information on all participants in the state health insurance program, as well as for other related health insurance services.

Data Analysis Branch - analyzes, evaluates, and interprets health insurance data from all available sources and prepares reports based on the data for distribution to appropriate individuals within and outside the Personnel Cabinet.

During 2001, OPEHI

- Procured, with assistance from the Finance and Administration Cabinet, health insurance for 226,000 Commonwealth employees, retirees and their families for Plan Year 2002. This process takes in excess of six months beginning with compiling the Request for Proposal, soliciting bids from health insurance carriers, evaluating and scoring bids, negotiating with carriers and signing of the contracts with the health insurance carriers.
- Conducted 3 training sessions throughout Kentucky training over 600 Health Insurance Coordinators on changes and updates to our health insurance program.
- Produced a health insurance video to be used in the training of employees and which aired on KET.
- Processed approximately 125,000 health insurance applications for members of the Commonwealth Group. Of that, approximately 90,000 were processed in a two and a half month period.
- Electronically transmitted daily transaction files and monthly synch files to participating health insurance carriers.

Office of Public Employee Health Insurance

- Handled over 46,471 customer service calls from our members.
- Processed approximately 14,000 Commonwealth Choice enrollment forms.
- Processed monthly discrepancy reports on Commonwealth Choice.
- Conducted quarterly meetings with the Employee Advisory Committee for Health Insurance.
- Conducted monthly meetings with the Kentucky Group Health Insurance Board.
- Initiated premium reconciliation efforts for state agencies, school boards and the State Retirement Systems (KRS and KTRS).
- Assumed responsibility for billing and administration of Commonwealth Choice program for those agencies who are not paid through the State Payroll System (UPPS).
- Developed data warehouse of insurance program's data in conjunction with Health Insurance Information Management System vendor, the MEDSTAT Group
- Developed analysis of health insurance program's performance using above data warehouse
- Assumed responsibility for resolution of issues with data transfer to/from insurance vendors and participating agencies

Administrative & Legal Services

Office of Administrative and Legal Services

- Finished the feasibility study for the Integrated Personnel/Payroll System (IPPS) but due to revenue shortfall funding for implementation was not available this budget cycle.
- Played a major role in developing the Cabinet's Strategic Plan. Both the Internal Consultant and the Logistics Coordinator assigned to this project are assigned to this Office. Additionally, all the professional staff assigned to this Office served as members of the Strategic Planning Full Team.
- Implemented and maintain ClickHR, an employee self-service system. This system received over 2 million page hits the first six months it was implemented in FY '02.
- Assisted the Governor's Office for Technology (GOT) in writing and reviewing several IT contracts.
- Security of electronic data remains a major focus for this office. Worked with the Auditor's Office and GOT in FY '02 to identify potential problem areas and made necessary modifications to secure all data.
- The Deputy Secretary of the Cabinet continued to perform the duties of the State EEO Coordinator.
- This Office monitored both the budget and staffing patterns for the Cabinet.
- Worked with GOT in maintaining their KY Employee Direct Intranet site.

Office of the General Counsel

- Wrote approximately 213 Opinion Letters, memoranda or other personnel-related documents (not including case pleadings) and responded to numerous other questions and inquiries by e-mail and phone calls.
- Reviewed, approved or consulted on approximately 845 disciplinary action letters including 480 suspensions, 294 dismissals for cause and 71 special leave investigations.
- Reviewed and consulted with agency attorneys and administrators with respect to 501 appeals filed with the Personnel Board.
- Represented the Personnel Cabinet in 163 appeals filed with the Personnel Board.
- Processed 315 requests submitted under the Kentucky Open Records Act and notified agencies or employees in appropriate cases.
- Made presentations to the International Personnel Management Association, the Governor's EEO Conference, the General Counsels for the Public Protection Cabinet and a training session conducted by the Personnel Cabinet for personnel administrators.
- Was appointed to the Management Support Team, which provides oversight for the activities of the Governor's Employee Advisory Council, and negotiated Master and Unit Agreements with elected employee organizations.
- Analyzed and wrote comments on approximately 80 House and Senate Bills introduced during the 2002 Session of the General Assembly that impacted personnel issues.

Administrative & Legal Services

Administrative Services Branch

Fiscal Management

The Personnel Cabinet recommended changes in budget policy for health insurance benefits that resulted in a significant savings for State Government. The Cabinet recommended that the Commonwealth cap the amount budgeted for employees who historically waive health coverage and recommended that budgeting be by county of employment rather than statewide. The result was a statewide appropriation increase of only 4% in this \$1/2 billion program in fiscal 2003, a savings of approximately \$35 million. Similar savings will occur in fiscal 2004 because of the lower base from 2003 and increased savings from waivers.

The Administrative Branch successfully implemented the MARS travel module and the electronic ordering of supplies throughout the Cabinet in fiscal 2002 and developed the Cabinet's budget request for FY 2002-2004. The Governor's Office for Policy and Management and the Kentucky General Assembly only made minor changes in the budget request prior to the implementation of the Executive Branch Spending Plan on July 1, 2002. Administrative Services staff successfully trained Cabinet employees in the proper use of the MARS financial system.

The Cabinet equipped, funded, and opened a new facility at 801 Teton Trail for the Classification and Compensation Division, the Office of Performance Management, and the State EEO Program and did so in the face of statewide budget reductions and an overall shortfall. Cabinet expenditures totaled \$35 million in the fiscal year ending June 30, 2002, and Administrative Services collected or helped collect budgeted revenue to fund the operations of the Cabinet.

Personnel Management

On June 30, 2002, the Personnel Cabinet had 207 employees including 198 permanent full-time, 2 part-time, 3 interim, and 4 co-op. The number of employees increased 4% from the total one year before.

Systems Management Branch

The Systems Management Branch consists of ten (10) full time staff members who are responsible for overseeing the computerization of the Personnel Cabinet as well as providing the technical support to keep IT solutions operational.

- Technologies currently being utilized include the Internet, Intranet; SANS (Storage Area Network System), Web enabled Register application, Imaging applications in the Register Branch, Employee Files, Deferred Compensation, Web enabled Employee Suggestion System, Health Insurance Call Tracking System, Firewall, Life
-

Administrative & Legal Services

Insurance and a major focus on Health Insurance (including OCR/ICR technology to enhance forms processing).

- Technologies currently in the development stage include on-line testing, Mediation Database Application, Performance Evaluation System Audit Checklist, Proxy Server, FileNet Disaster Recovery System and a SQL Database Disaster Recovery System.
- Other technologies currently on the drawing board include implementation of a web server, FileNet Document Services, and a Telephone Paging System for emergency notification.
- The Systems Management Branch monitors and maintains twenty-six (26) NT servers, five (5) Unix servers, five (5) optical storage and retrieval devices, and over 200 workstations in 4 locations. This branch also provides support for the Web Register application and the Employee Suggestion System at the agency level. The Systems Management Branch maintains several databases including Health, Life, EEO, CO-op/Intern and Inventory.
- The Systems Management Branch interacts with other agencies and vendors to ensure the Cabinet is current regarding implementation of the latest technology available at the state level and in the private sector.

Equal Employment Opportunity Unit

- The Commonwealth of Kentucky reached its minority employment goal for the 6th consecutive reporting period, which is a continuing record for state government. The current percentage of minority employees (excluding Constitutional Offices) is 7.87%. The goal is 7.51%
- Agencies which have reached the minority employment goal as of 6/30/02 are Education, Arts and Humanities, Families and Children, Office of the Governor, Office of the Lt. Governor, Department of Local Government, Health Services, Justice Cabinet, Labor and the Personnel Cabinet.
- The female employment percentage for state government (excluding Constitutional Offices) is 50.21%. The goal is 52.42%.
- Agencies which have reached the female employment goal as of 6/30/02 are Economic Development; Education, Arts and Humanities; Families and Children; General Government; Office of the Governor; Office of the Lt. Governor; Veterans Affairs; Health Services; Labor; Workforce Development; and the Personnel Cabinet.

Administrative & Legal Services

- The State EEO office is also very active in recruiting applicants for all positions in state government, and the Minority Job Bank is fully operational and is constantly working with applicants and agencies for purposes of job placement.

Administrative & Legal Services

Personnel Cabinet Expenditures 2001-2002 Fiscal Year

Organizational Unit	Personnel & Contracts	Operating	Capital	TOTAL
<i>Secretary's Office</i>				
Office of the Secretary	\$ 459,517	\$ 82,081	\$ 2,906	\$ 544,504
Office of Administrative and Legal Services	\$ 1,280,850	\$ 243,691	\$ 9,687	\$ 1,534,228
Deferred Compensation Authority	\$ 3,508,792	\$ 287,090	\$ 50,638	\$ 3,846,520
Health Insurance Administration	\$ 3,009,618	\$ 869,322	\$ 12,593	\$ 3,891,534
Commonwealth Choice	\$ 370,934	\$ 1,624	-	\$ 372,557
Subtotal	\$ 8,629,710	\$ 1,483,808	\$ 75,824	\$ 10,189,342
<i>Department for Employee Relations</i>				
Commissioner's Office	\$ 178,359	\$ 91,178	\$ 1,937	\$ 271,474
Communications and Recognition	\$ 360,339	\$ 132,035	\$ 2,906	\$ 495,280
Kentucky Employee Assistance Program	\$ 256,000	\$ 35,633	\$ 2,906	\$ 294,540
Life Insurance Administration	\$ 239,306	\$ 133,690	\$ 4,844	\$ 377,839
Workers' Compensation	\$ 15,260,563	\$ 2,135,946	\$ 4,844	\$ 17,401,352
Subtotal	\$ 16,294,566	\$ 2,528,482	\$ 17,437	\$ 18,840,485
<i>Department for Personnel Administration</i>				
Commissioner's Office	\$ 408,006	\$ 49,238	\$ 2,906	\$ 460,150
Classification and Compensation	\$ 803,994	\$ 175,694	\$ 6,781	\$ 984,469
Employee Records	\$ 928,461	\$ 1,288,000	\$ 12,593	\$ 2,229,054
Staffing Services	\$ 1,515,277	\$ 598,424	\$ 31,289	\$ 2,144,990
Subtotal	\$ 3,655,738	\$ 2,109,356	\$ 53,569	\$ 5,818,664
Empower Kentucky	\$ -	\$ 141,486	\$ 9,000	\$ 150,486
<i>Capital Construction</i>				
Health Ins Database/Image Sys	\$ -	\$ -	-	\$ -
On-line Access to Emp Records	\$ -	\$ -	\$ 16,000	\$ 16,000
New Personnel Payroll System	\$ -	\$ -	\$ 20,000	\$ 20,000
Subtotal	\$ -	\$ -	\$ 36,000	\$ 36,000
TOTAL	\$ 28,580,015	\$ 6,263,132	\$ 191,830	\$ 35,034,977

09/27/2002

Administrative & Legal Services

EQUAL EMPLOYMENT OPPORTUNITY DATA BY: CABINET/AGENCY As of June 30, 2002

CABINET/AGENCY	MINORITY GOAL	FEMALE GOAL
	7.51%	52.42%
ECONOMIC DEVELOPMENT	6.82	55.30
EDUCATION, ARTS & HUMANITIES	9.88	63.49
Department of Education	11.77	69.25
FAMILIES & CHILDREN	11.76	82.32
FINANCE & ADMINISTRATION	7.25	44.08
GENERAL GOVERNMENT	5.33	54.86
Office of the Governor	11.88	64.36
Office of the Lieutenant Governor	12.50	75.0
Department of Local Government	11.94	47.76
Department of Military Affairs	5.33	24.76
Department of Veterans Affairs	7.14	79.05
Governor's Office for Technology	5.71	41.54
HEALTH SERVICES	12.12	70.68
JUSTICE	7.71	34.10
LABOR	7.17	57.59
NATURAL RESOURCES & ENV. PROT	3.64	36.55
PERSONNEL	12.56	75.85
PUBLIC PROTECTION & REG.	4.88	44.18
REVENUE	5.84	63.22
TOURISM DEVELOPMENT	4.14	45.82
TRANSPORTATION	6.84	20.15
WORKFORCE DEVELOPMENT	5.07	58.72
STATEWIDE	7.87	50.21

Administrative & Legal Services

MINORITY HIRING - PROJECTED GOALS STATEWIDE AS OF JUNE 30, 2002

JOB CATEGORIES	TOTAL INCUMBENTS	MINORITY INCUMBENTS	% MINORITY	UNDER UTILIZED	PROJECTED % GOAL	FEMALE INCUMBENTS	% FEMALE	UNDER UTILIZED	PROJECTED % GOAL	NUMBER MINORITIES NEEDED	NUMBER FEMALES NEEDED
OFFICIALS AND ADMINISTRATORS	3202	194	6.06	YES	7.51	1291	40.32	YES	52.42	46.5	387.5
PROFESSIONALS	16533	1286	7.78	NO	7.51	9387	56.78	NO	52.42	0.0	0.0
TECHNICIANS	2041	122	5.98	YES	7.51	859	42.09	YES	52.42	31.3	210.9
PROTECTIVE SERVICE WORKERS	3279	201	6.13	YES	7.51	433	13.21	YES	52.42	45.3	1285.9
PARA-PROFESSIONALS	2732	359	13.14	NO	7.51	2073	75.88	NO	52.42	0.0	0.0
OFFICE AND CLERICAL	3595	304	8.46	NO	7.51	3050	84.84	NO	52.42	0.0	0.0
CRAFTSMEN	2798	174	6.22	YES	7.51	215	7.68	YES	52.42	36.1	1251.7
SERVICE/ MAINTENANCE	4383	393	8.97	NO	7.51	2054	46.86	YES	52.42	0.0	243.6
TOTALS	38563	3033	7.87			19362	50.21				

Administrative & Legal Services

Ethnic & Gender Personnel Report Statewide As of June 30, 2002

Job Category	Total		White		Black		Hispanic		Asia/Pac		Amer. Indian		Other		Total Minority	Total	
	M	F	M	F	M	F	M	F	M	F	M	F	M	F		M	F
Officials and Admin	1814	1194	87	89	5	2	2	2	2	2	0	3	3	1	194	1911	1291
Professionals	6639	8608	432	704	16	17	25	28	7	7	0	2	27	23	1286	7146	9387
Technicians	1135	784	38	65	2	1	4	2	0	2	0	2	3	5	122	1182	859
Protective Service Workers	2691	387	126	40	14	2	7	1	3	3	3	3	5	0	201	2846	433
Para-Professionals	593	1780	59	269	4	6	1	3	1	1	1	4	1	11	359	659	2073
Office and Clericals	484	2807	53	229	4	6	1	2	0	4	4	4	3	2	304	545	3050
Craftsmen Worker	2426	198	150	15	2	0	1	0	2	1	2	1	2	1	174	2583	215
Service Workers	2096	1894	221	145	4	0	2	7	1	2	1	2	5	6	393	2329	2054
TOTALS	17878	17652	1166	1556	51	34	43	45	14	26	49	49	49	3033	19201	19362	

Administrative & Legal Services

MINORITY HIRING PROJECTED GOALS 01-01-02 THROUGH 06-30-02

CABINET/DEPARTMENT: PERSONNEL

JOB CATEGORIES	TOTAL INCUMBENTS	MINORITY INCUMBENTS	% MINORITY	UNDER UTILIZED	PROJECTED % GOAL	FEMALE INCUMBENTS	% FEMALE	UNDER UTILIZED	PROJECTED % GOAL	NUMBER MINORITIES NEEDED	NUMBER FEMALES NEEDED
OFFICIALS AND ADMINISTRATORS	27	4	14.81	NO	7.51	14	51.85	YES	52.42	0.0	0.2
PROFESSIONALS	134	16	11.94	NO	7.51	105	78.36	NO	52.42	0.0	0.0
TECHNICIANS	12	3	25.00	NO	7.51	8	66.67	NO	52.42	0.0	0.0
PROTECTIVE SERVICE WORKERS					7.51				52.42		
PARA-PROFESSIONALS	6	0	0.00	YES	7.51	6	100.00	NO	52.42	0.5	0.00
OFFICE AND CLERICAL	28	3	10.71	NO	7.51	24	85.71	NO	52.42	0.0	0.0
CRAFTSMEN					7.51				52.42		
SERVICE/ MAINTENANCE					7.51				52.42		
TOTALS	207	26	12.56			157	75.85				

Administrative & Legal Services

Ethnic & Gender Personnel Report Personnel Cabinet As of June 30, 2002

Job Category	Total		White		Black		Hispanic		Asia/Pac		American Indian		Other		Total Minority	Total	
	M	F	M	F	M	F	M	F	M	F	M	F	M	F		M	F
	Officials and Admin.	10	13	2	1	1	0	0	0	0	0	0	0	0	0	4	13
Professionals	26	92	3	10	0	1	0	0	0	0	1	0	0	1	16	29	105
Technicians	3	6	1	2	0	0	0	0	0	0	0	0	0	0	3	4	8
Protective Service Workers																	
Para-Professionals	0	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6
Office and Clericals	3	22	1	2	0	0	0	0	0	0	0	0	0	0	3	4	24
Craftsmen Worker																	
Service Workers																	
TOTALS	42	139	7	15	1	1	1	1	0	0	1	0	0	1	26	50	157

Communications & Recognition

Department for Employee Relations

Division of Communications and Recognition

- Provides ADA technical assistance and training to the Personnel Cabinet and to other state agencies upon request.

Workplace Relations Branch

- The Kentucky Employee Mediation Program (KEMP) rolled out the employee mediation program to all employees statewide. Personnel Mediators developed a training and certification program and trained 7 peer mediators. Personnel Mediators conducted educational sessions for over 1,500 employees and managers.

Communications Branch

- Published and distributed the *Commonwealth Communiqué*, a quarterly newsletter sent to over 40,000 employees across the Commonwealth.
- Published and distributed the *Personnel Perspective*, a monthly newsletter sent to all Personnel Cabinet employees.
- Researched and compiled information and completed layout and design for the 2000-2001 Personnel Cabinet Annual Report.

Employee Recognition Branch

- Employee Information Line - There are two telephone lines directed into the Division designated as employee information lines. One of the lines is local and the other is a toll-free line; both of which are for the purpose of answering questions and/or directing employees to the appropriate resources for assistance. Approximately 900 - 1100 calls are answered per year.
- The Employee Suggestion System has completed the development/installation of the new computerized ESS system. A new brochure promoting the ESS program has been distributed to all employees. During the awards ceremony, 36 cash awards were presented to state employees at the 2001 Employee Suggestion System Awards Ceremony for a total of \$29,541.24. The suggestions represent first-year savings of \$8,524,188.53. The first-year savings for this program since its beginning in 1981 is \$26,151,467.79.
- Processed 2,752 Career Service Certificates.
- Revised the Employee Handbook and made it available to employees on the

Employee Benefits

Intranet.

- Updated the Bereavement Package and made it available to employees on the Intranet.

Division of Employee Benefits

Group Life Insurance Administration Branch

- The current Basic Insurance and AD&D rate per thousand is \$ 0.098.
- 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 current life insurance carrier is Standard Insurance Company located in Portland, Oregon. This contract will expire on June 30, 2003. The contract does provide for two one-year renewal options with Standard.
- An open enrollment was held at the start of the contract allowing all members to make changes to their current coverage.
- Effective with this contract, the Branch was required to send all eligible employees, a summary of coverage detailing the amount of coverage and effective date that an individual has with the Standard contract. This has been a huge task for this Branch due to outdated information for the employee's home address in our system, but it has been well worth the effort with the positive feedback that has been received from the employees.
- The Life Insurance Branch administers group life insurance for eligible employees at 435 locations.

➤ State Agency	180
➤ Board of Education (roster)	161
➤ Board of Education (individual)	21
➤ Health Department	53
➤ Quasi Agencies	20
- The Life Insurance Branch provides Basic Insurance and AD&D coverage for 139,791 employees. In addition to the Basic coverage we also provide optional coverage to 16,291 employees and 12,998 for the dependent coverage.

Employee Benefits

- The Branch processed and paid 322 death claims.

193 Basic Insurance and AD&D Claims

Total Basic/AD&D benefits paid \$4,360,000

41 Optional Insurance and AD&D Claims

Total Optional/AD&D benefits paid \$1,622,000

88 Dependent Group Life Claims

Total Dependent benefits paid \$778,000

One benefit that is offered with this contract is a seat belt benefit payment. If an employee dies as a result of an accident and it is confirmed that the employee was wearing a seat belt, the beneficiary will receive an additional \$10,000 payment included with the basic and any additional coverage the employee may have. The Branch has processed and paid 4 seat belt claims, which totaled \$40,000.

Workers' Compensation Branch

- The Branch has received and processed 6,244 First Report of Injuries.
- The Branch has continued to provide coverage for approximately 110,000 state employees in all 120 counties throughout the Commonwealth.
- The Branch has continued to provide coverage for approximately 30,000 volunteer ambulance and volunteer firefighters in 118 counties in the Commonwealth.
- The Branch Manager and Rehabilitation Counselor provided training and education to approximately 900 employees. The training consisted of issues in Workers' Compensation, Return to Work and the Americans with Disabilities Act.
- The Branch has received and processed 43,800 medical bills.
- The Branch has received and processed 2,754 Temporary Total Disability Benefit checks.
- The Branch Manager recovered \$84,202.00 in subrogation recoveries.
- Record Only Files totaled 2,844 for Fiscal Year 2001-2002.
- Total number of claims set-up by this Branch for Fiscal Year 2001-2002 was 3,404.
- Total medical expenses for Fiscal Year 2001-2002 was \$2,200,442.68.
- The Branch assigned 70 claims to attorneys for representation before the Workers'

Employee Benefits

Compensation Board.

- The Branch assigned 54 workers' compensation cases to Rehabilitation Nurses for more detailed case management.

Return to Work Program

- The Rehabilitation Counselor assisted in returning 87 employees to work with either temporary or permanent restrictions.
- Assisting with returning injured employees to work has resulted in a savings of \$498,000.00.
- The Rehabilitation Counselor made 7 on-site visits to agencies/facilities to assist with return to work issues.

The Kentucky Safety Program

- The Kentucky Safety Coordinator performed 11 workplace inspections for OSHA compliance.
- Cumulative trauma related injuries have increased during recent years. Therefore, a large emphasis has been placed on ergonomic training. The Kentucky Safety Coordinator has provided 14 ergonomic training sessions for 277 state employees and conducted 189 ergonomic audits.
- The Kentucky Safety Coordinator has provided 27 general safety training sessions, training approximately 368 employees.
- CPR and first aid training was conducted for approximately 43 employees.
- The Kentucky Safety Program hosted 6 blood drives resulting in approximately 408 units of blood.

Employee Benefits

Kentucky Employee Assistance Branch

Client Totals

- The Kentucky Employee Assistance Program (KEAP) provided direct employee assistance services to 1,084 state employees and/or their family members.

Agency Utilization

- The cabinets in which employees most utilized the services were the Justice Cabinet (15%); the Cabinet for Families and Children (14%); the Transportation Cabinet (12%) and the Cabinet for Health Services (9%).

Main Presenting Issues

- The issues most frequently presented include: mental/emotional health (31%); job stress (18%); relationships (15%) and supervisory referrals (15%).

Indirect Contacts (Outside Meetings and Workshops)

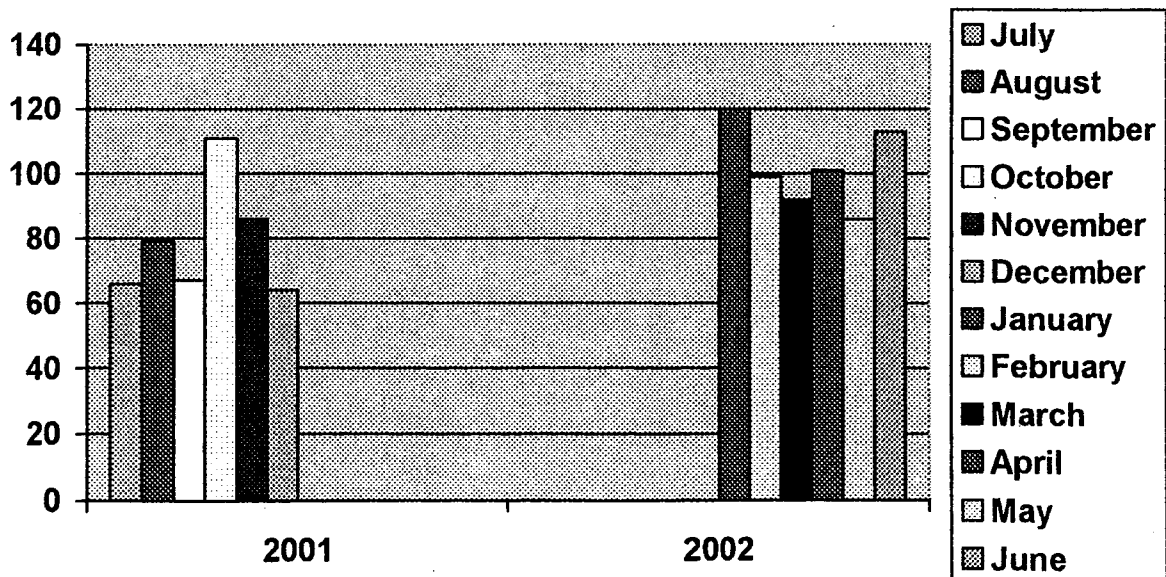
- KEAP staff was involved in many workshops and meetings that result in numerous indirect contacts. These contacts include monthly presentations at GSC on how supervisors can use KEAP as a management tool. KEAP staff conducted workshops on various topics such as Life in the Balance, Stress Management, Mental Illness in the Workplace, as well as Critical Incident Stress Debriefings and Grief in the Workplace Sessions.

Employee Benefits

KEAP "NEW CLIENT" TOTALS

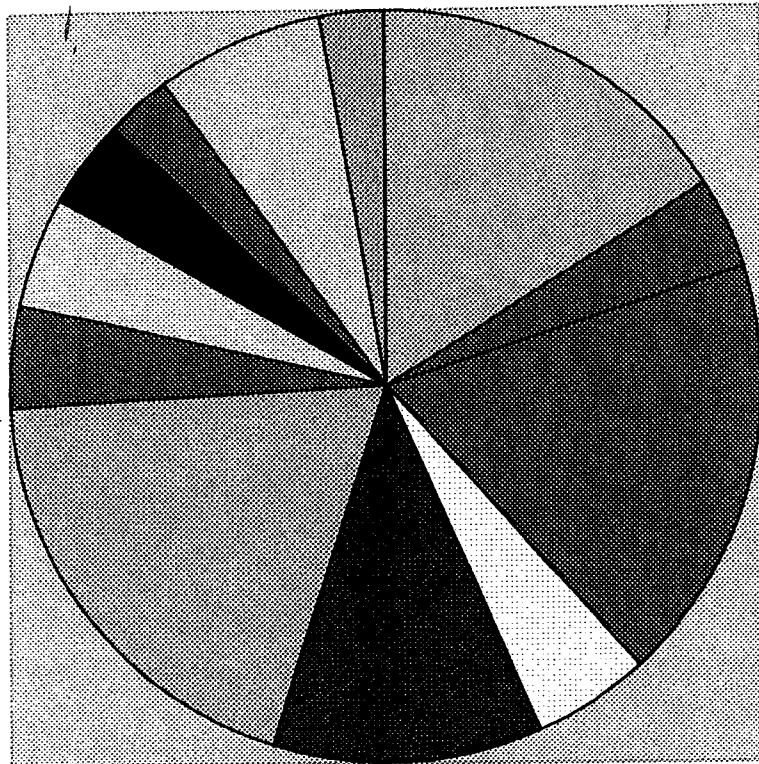
2001	
July	66
August	79
September	67
October	111
November	86
December	64
2002	
January	120
February	99
March	92
April	101
May	86
June	113

Total 1084



Employee Benefits

AGENCY UTILIZATION

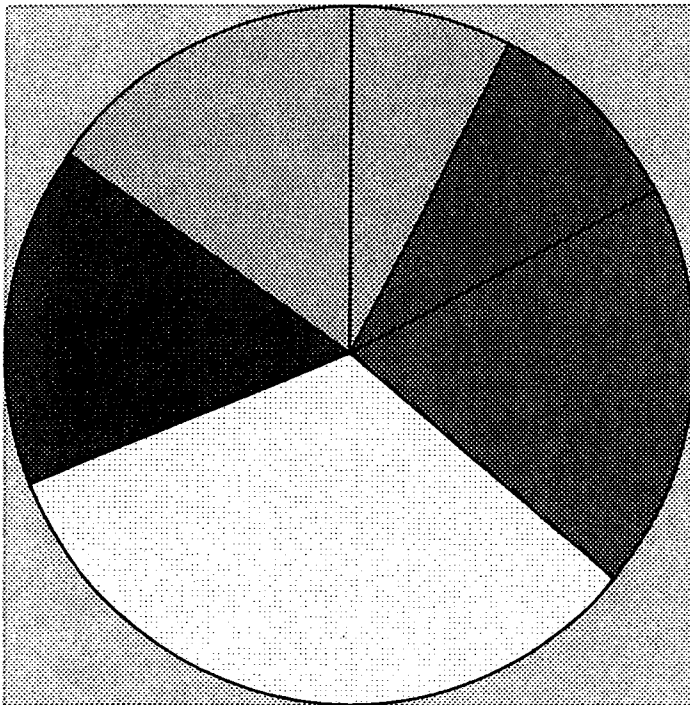


- DOT 12%
- Education 3%
- Families & Children 14%
- Finance 4%
- Health Services 9%
- Justice 15%
- Military Affairs 4%
- NREP 4%
- PP&R 3%
- Revenue 2%
- Tourism 5%
- Workforce 2%
- (Other 20%)

Employee Benefits

PRESENTING ISSUES:

Chemical Dependency	77	(07%)
Finances	101	(09%)
Job Stress	194	(18%)
Mental Health	341	(31%)
Relationships	162	(15%)
Supervisory Referral	159	(15%)
Other	90	(05%)



- Chemical Dependency
- Finances
- Job Stress
- Mental Health
- Relationships
- Supervisory Referral
- (Other)

Employee Records

Department for Personnel Administration

Division of Employee Records

Processing/Files Branch

- Processed 128,502 personnel actions.
- Approximately 2,000 service records were received and completed from agency requests.
- Continue to modify routing actions to the Division of Classification and Compensation. The actions are routed by title code - which means it routes to the Classification or Compensation Analyst that is assigned to that particular series.

Payroll Branch

- Revised Direct Deposit process.
- Put more payroll on Scheduler.
- Eliminated 90% of paper reports.
- Changed all Federal Tax Tables for calendar and mid-year.
- Made changes to local taxes to keep updated and current.
- Revamped W-2 process.
- Added screen to calculate maximum to deferred compensation.

Classification & Compensation

Division of Classification and Compensation

Nature of Actions	2001/2002
Job Classes Revised	101
New Classes Established	17
Job Classes Abolished	39
Pay Grade Changes	233*
New/Revised Special Entrance Rates	136
Class Title Changes	21
Title Code Number Changes	0

*Includes changes due to Wage Equity Program.

Positions Established	8616
Positions Reclassified	1692
Positions Reallocated	400

The above total is 10,708 actions taken by the Division of Classification and Compensation. (The total is significantly lower this year because the division no longer signs abolishment actions which were determined to have been perfunctory and not requiring professional review.) This compares to a total of 23,849 in 1999-2000; 26,618 in 1998-1999; 20,791 in 1997-1998; 18,608 in FY 1996-1997 and 19,206 in FY 1995-1996.

In addition, the Division of Classification and Compensation also reviews and approves agency requests for re-organizations, 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 county.

Staffing Services

Division of Staffing Services

The Division of Staffing Services is responsible for:

1. The merit employment function of Kentucky State Government, including the recruitment, testing, and placement of competitive (new) employees and the promotion of existing employees under KRS 18A.005-18A.200 and 101 KAR and all related statutes and regulations which relates to the merit staffing and employment functions of the Commonwealth. This includes administering such statutes as: KRS 61.300 dealing with qualifications of non-elective peace officers; KRS 61.373 restoration of public employee to position after military duty; and all other statutes and regulations that relate to the employment of individuals in 427 different state job classes which require a license or certification to perform the duties assigned to the position.
2. The implementation of 21 specific initiatives under the Empower Kentucky Program (see Attachment A). These initiatives were designed to streamline and automate the merit employment and related personnel functions assigned to and carried out by the Division of Staffing Services and state agencies that use these services.

The Division consists of the Director's Office and five branches, including Applicant Processing, Employment Counseling, Register, Staffing Analysis and Recruitment.

For the three preceding years the Division has experienced an overall increase of 251% in its workload with the average increase being 108.3% for each of these years. The workload has not diminished during FY 01-02 but has remained at approximately the same level in most categories except that the number of applicant contacts has increased. This increase is based on current labor market conditions in that there are more individuals seeking to be placed on a larger number of registers because of the economic down turn. Requests from individuals with advanced degrees and credentials to be placed on registers at the entry and para-professional levels are more frequent than in past years. These individuals are often willing to accept positions that they would not normally consider in order to obtain employment.

The Division's ability to deliver increased services continues to be based on two major factors as follows:

- A. The continued conversion of manual systems to automated systems under the Empower Program, as outlined in the 21 initiatives on Attachment A on page s 44-45. All of the systems authorized under the Empower Project have become much more useful and powerful tools for carrying out the merit employment function of the state than was initially envisioned. Agencies can now view registers to determine if applicants are on the register prior to issuing, print registers as needed, review application in detail without having to print them or print as needed and view employee records as needed. All of these automated processes are extremely useful tools to increase productivity within

Staffing Services

agencies and the Personnel Cabinet. During FY 01-02 the Division of Staffing Services has been concentrating initiatives 11, 12, 13, and 20 on Attachment A below which were previously approved by the Governor's Empower Office.

ATTACHMENT A

EMPOWER KENTUCKY PERSONNEL INITIATIVES

1. Statewide listing of merit entry-level and promotional jobs on the Internet.
2. Same-day placement of qualifying applicants on merit registers.
3. The relocation of employees in new positions whose jobs were eliminated due to technology improvements.
4. The implementation of a statewide outreach-recruiting program for difficult-to-fill positions.
5. The elimination of merit tests for internal mobility candidates.
6. On-line access to registers and applications in agencies (view and print).
7. On-line access to class specifications and testing information on the Personnel Cabinet's web site.
8. On-line access to the application form and ability to submit applications electronically.
9. On-line access to the Position Description form, complete and submit electronically.
10. The imaging of applications upon submission, and immediate availability of those applications to Personnel Cabinet and agency personnel officers.
11. Development and installation of an on-line test approval system.
12. Design and implementation of an on-line testing system, eliminating paper tests.
13. Streamline workflow by conversion of current employee documents from fiche to imaged records and place same on-line for immediate access by the Personnel Cabinet and agencies.
14. Development and installation of an electronic T & E grading system.
15. Development and installation of an on-line test development and statistical feedback system.
16. Streamline workflow by initiating P-1 electronically at the lowest level within agencies, and standardizing supporting documents and approval paths.
17. Conduct detailed evaluations of the current P-1 system and design/implement a new workflow system that will streamline the P-1 submission process.
18. Initiate best practices by converting some written tests to T & E and qualifying selection methods.
19. Streamline the register process by placing names on register the same day of testing.
20. Enhance testing process by automating the test review system.
21. Establish consistent policy on external advertisements to coordinate and coincide with Internet job listings/postings.

Staffing Services

The Division of Staffing Services continue to cooperate and work closely with other cabinets in designing and implementing program changes needed to foster the streamlining and automation of the personnel function(s) in FY 01-02. The following specific

The Division of Staffing Services continues to cooperate and work closely with other cabinets in designing and implementing program changes needed to foster the streamlining and automation of the personnel function(s) in FY 01-02. The following specific items were addressed.

1. The automated workflow approval system allowing counselors to approve applicants electronically and to forward their information to the test center and authorize them to test via computer has been developed, tested, demonstrated to agencies and is now ready for implementation at the Frankfort testing center. Applicants are able to answer all questions via a computer terminal. Tests are graded immediately and the applicant is provided with their test scores along with a variety of information such as: counties in which they desire to work, a test review indicating the questions answered correctly on each segment of the test, a listing of all registers which they are on and other vital information. The system has streamlined the testing process and will allow the staff to eliminate the storage of approximately 49,000 tests and answer sheets annually.
2. For the first time, applicants have access to complete information about jobs requiring rotating shifts and are able to indicate on the application their ability to work rotating shifts. Applicants who are not able to work a rotating shift are not certified to those positions, thus eliminating considerable inconvenience for the applicant and the agencies.
3. The applicant approval/rejection forms have been redesigned and consolidated into one computerized on-line form that is completed when an applicant applies for a position. If the applicant is approved, the approval is immediately forwarded to the test center and a test is electronically generated for the applicant. If the individual does not meet the minimums a rejection letter is generated and handed to the applicant eliminating the 2-3 week waiting period previously required for the applicant to receive the results. This advancement has eliminated the manual completion, and processing of approximately 360,000 approval forms, answer sheets, rejection forms and letters completed by the Counseling and Applicant Processing staffs annually.
4. The new testing center in Northern Kentucky has eliminated the necessity of applicants from this area of the state to travel to Frankfort to test for state merit positions.
5. A new on-line register certification system was developed to allow agency personnel at the section level at remote locations in various areas of the state to access merit registers and attached applications. This enhancement has eliminated 2-4

Staffing Services

weeks of time previously required when mailing registers to agency central personnel offices that were then reviewed and forwarded to the section level offices throughout the state.

6. All educational credentials including transcripts, high school diplomas etc. have been verified and imaged into the Automated FileNet storage and retrieval system. They are now being consolidated into a verification doc.file, which allows the Personnel Cabinet and other authorized personnel in agencies to immediately access and verify an applicant's or employee's educational record and credentials. This enhancement has streamlined the approval process for new applicants and the placement of current employees on merit registers and in a number of cases has eliminated hours of searching for credentials allowing vital resources to be reallocated to other essential tasks.

In summary, the employees of the Division of Staffing Services wish to thank all of the individuals in the Personnel Cabinet and agency personnel offices who have assisted them during this tremendous period of growth and major system changes. Hopefully, the additional changes needed to complete the transition from a manual to an automated system will be completed in 2003 including items 14 and 15 on Attachment A, as well as other enhancements authorized by the Governors' Empower Office. These additional enhancements include the new browser driven on-line application, the employee self-service employment system, the automated licensure and certification review system and the extension of the automated on-line testing system to other areas of the state where feasible and practical.

Performance Management

Office of Performance Management

- Monitored and provided assistance to agencies in the overall administration of the statewide employee performance evaluation system resulting in verification of the following:

2001 Second Interim Review Meeting - 27,693 or 97.4% of all eligible employees as of July 2001 met with their supervisor to discuss their work performance progress.

2001 Annual Evaluation - 26,905 or 98.2% of all eligible employees as of December 2001 were rated for the 2001 performance period.

2002 Performance Plan - 29,487 or 97.2% of all eligible employees as of May 2002 met with their supervisor to discuss and sign their performance plan.

002 First Interim Review Meeting - 29,636 or 97.5% of all eligible employees as of July 2002 met with their supervisor to discuss their work performance progress.

- Developed and made available to state employees a performance evaluation survey to solicit employee feedback on their experience with the new employee evaluation system. Reviewed all responses from employees to determine concerns and assist in identifying improvements in supervisor evaluation training and the overall system.
- Conducted 6 INFORMATIONAL performance evaluation sessions for approximately 211 employees and/or other interested persons.
- Conducted 23 SUPERVISOR EVALUATION training sessions for approximately 813 supervisors responsible for completing evaluations.

Employee Facts

ANNUAL REPORT FY 01-02

PERSONNEL CABINET

EMPLOYEE FACTS (AS OF JUNE 30, 2002)

Executive Branch	40,398
Legislative Branch	446
Judicial Branch	3,380

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

49.73% are female

7.91% are minority

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

Earns \$35,776 per year salary

Receives \$7,735.59 in benefits

5.89% Employer-paid retirement \$2,107.21

7.65% Employer-paid FICA \$2,736.86

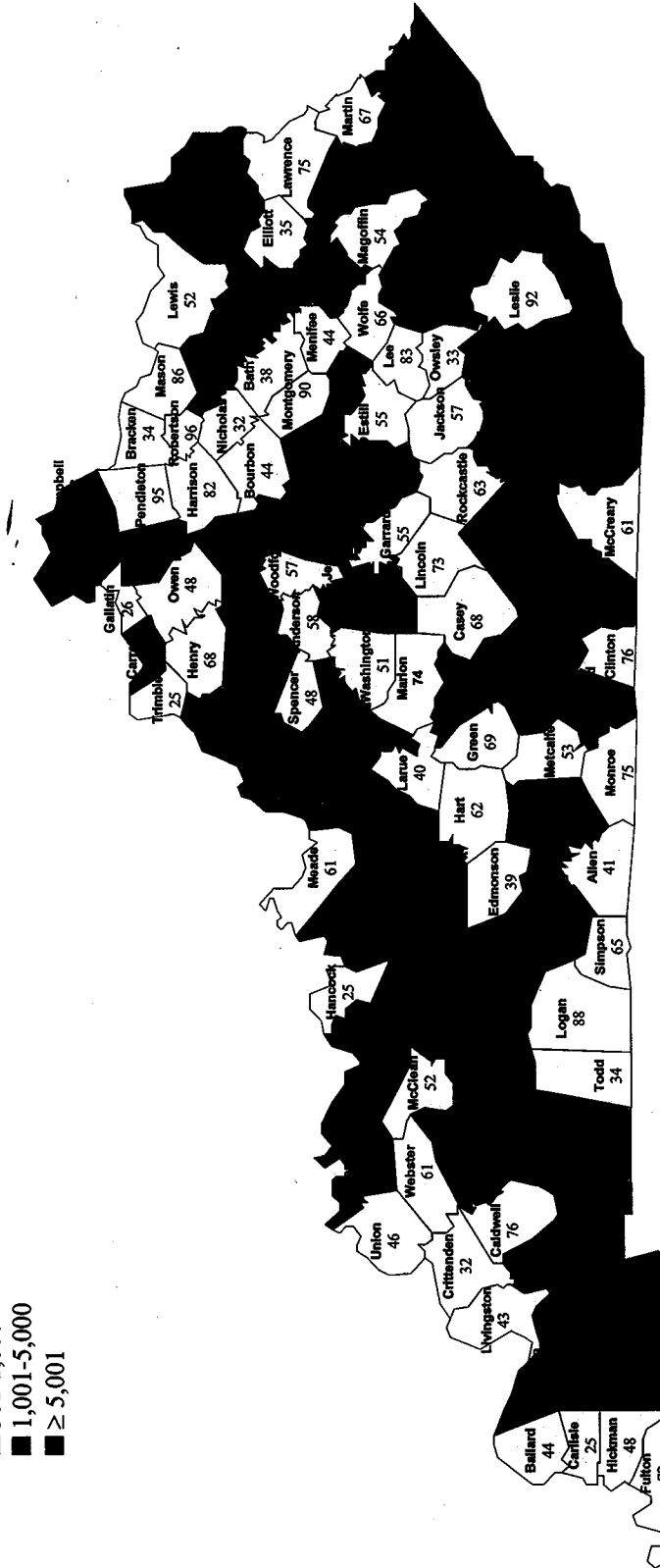
12 x \$239.00 Health Insurance \$2,868.00

12 x \$1.96 Life Insurance \$23.52

Employee Facts

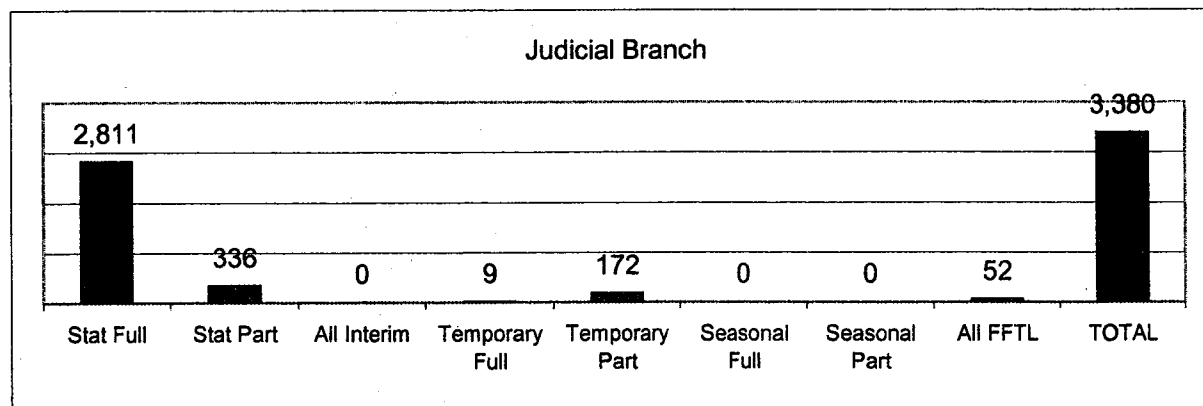
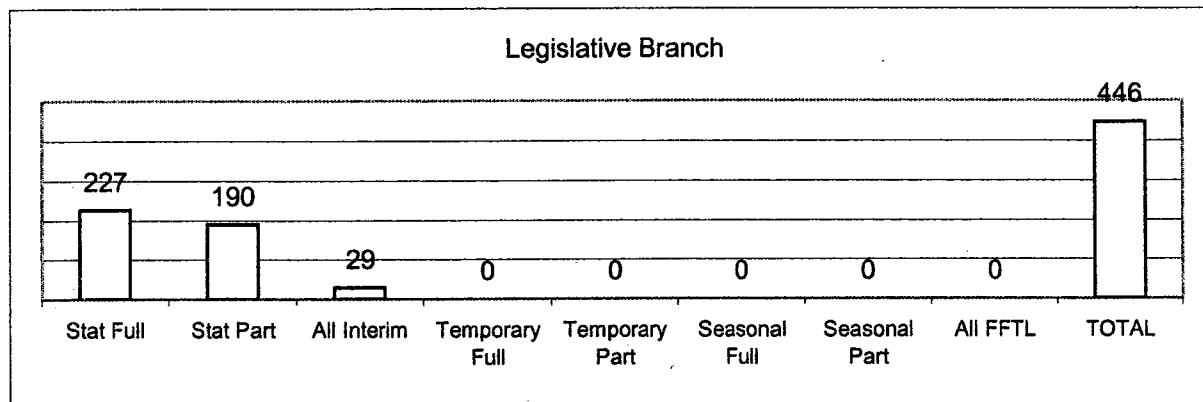
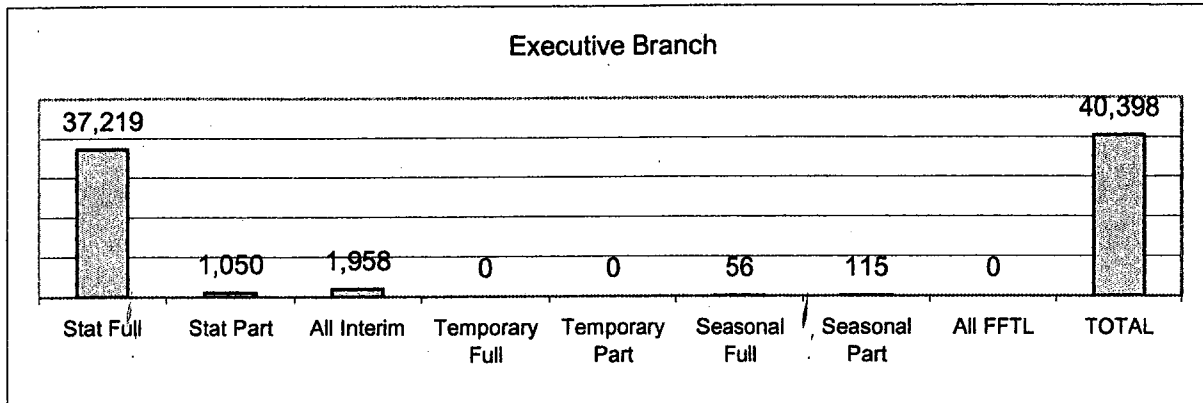
Count of State Employees by Work County June 30, 2002

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

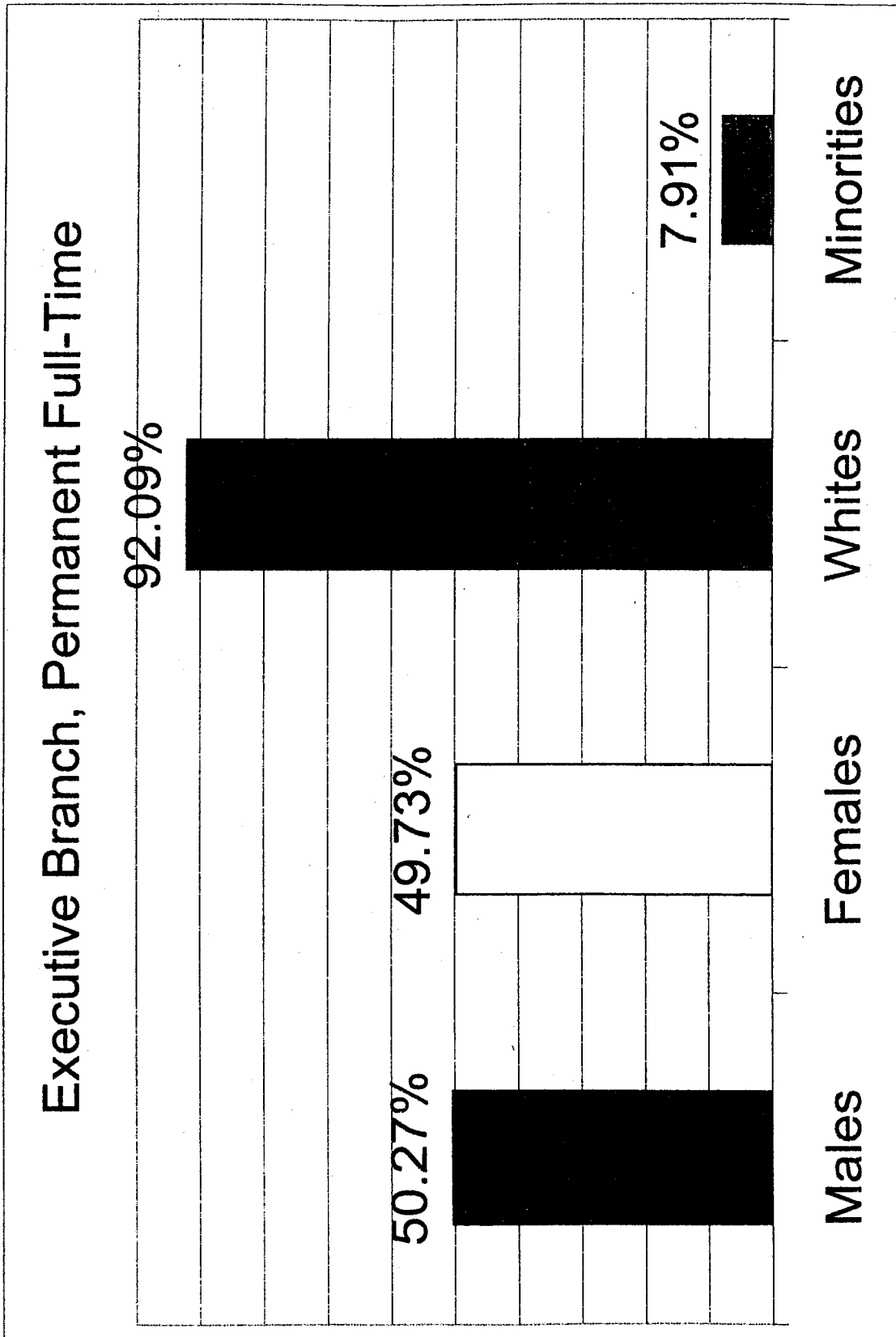


Employee Facts

Employee Status Summary as of June 30, 2002



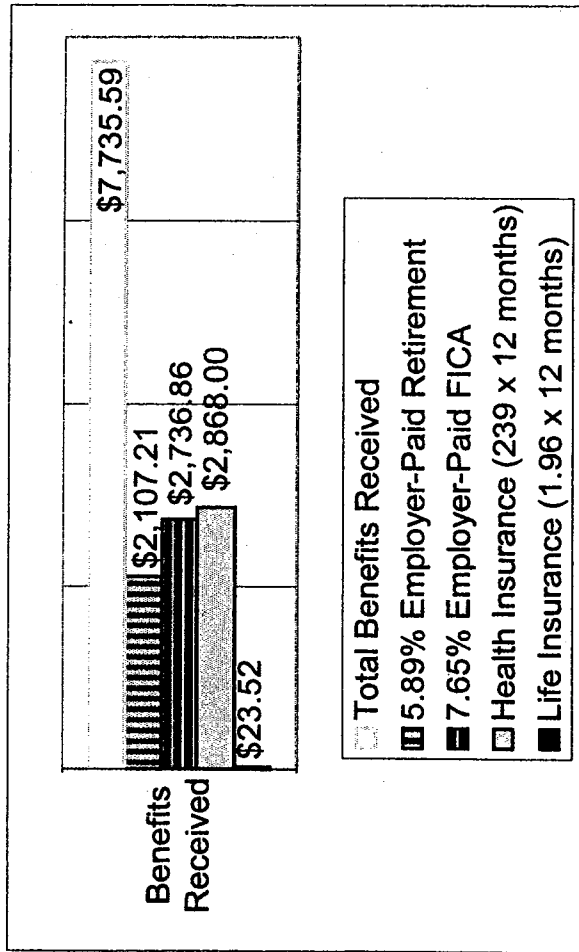
Employee Facts



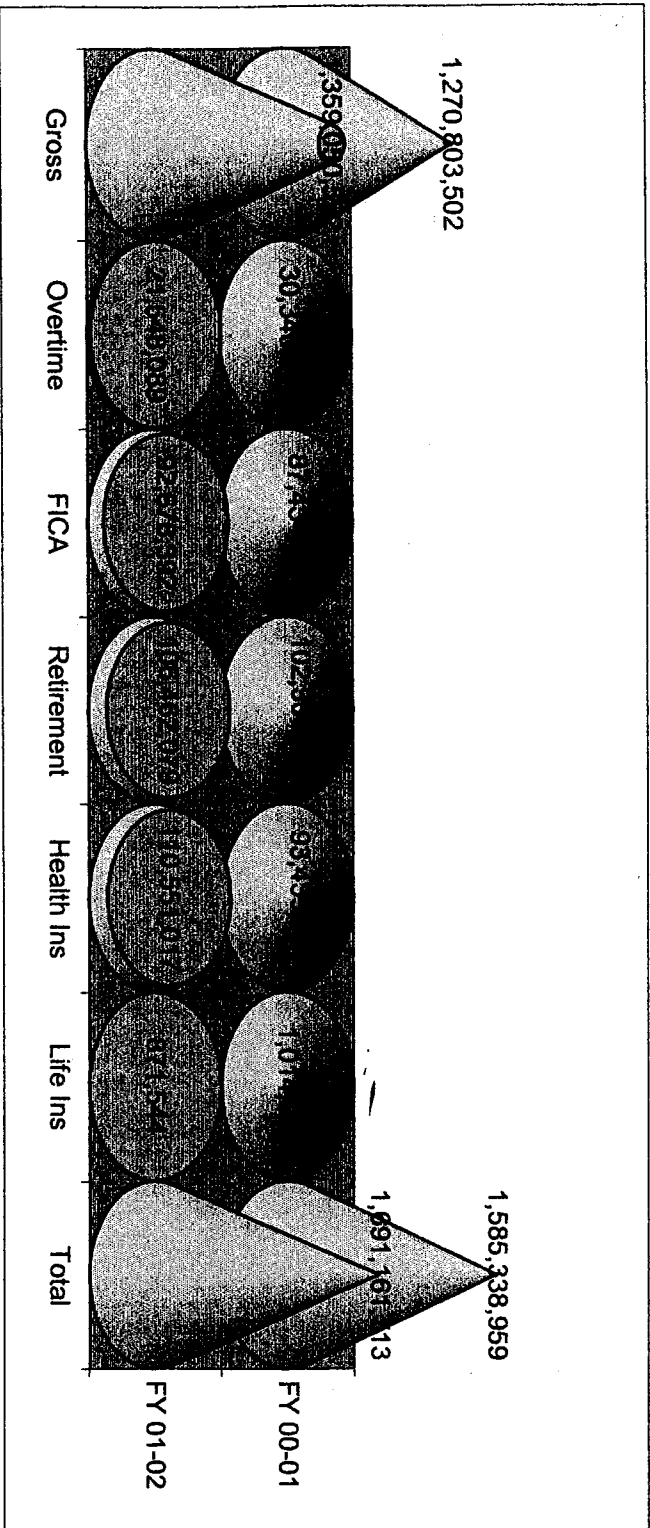
Employee Facts

Average Annual Salary and Benefits

Average Annual Salary \$35,776
 Executive Branch, Permanent Full-Time
 As of June 30, 2002



Total Payroll Dollar Disbursement Executive Branch*



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