



Kentucky
 PERSONNEL
 CABINET

ANNUAL
 REPORT
 2008-2009

'SERVING THE PEOPLE WHO SERVE THE PEOPLE'

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2008 - 2009
ANNUAL REPORT

Kentucky
PERSONNEL CABINET

ALL INFORMATION CONTAINED IN THIS
REPORT IS AS OF JUNE 30, 2009.



STEVEN L. BESHEAR
GOVERNOR

PERSONNEL CABINET

NIKKI R. JACKSON
SECRETARY

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October 1, 2009

Governor Steven L. Beshear
700 Capital Avenue
Frankfort, KY 40601

Legislative Research Commission
700 Capital Avenue
Frankfort, KY 40601

Personnel Board
28 Fountain Place
Frankfort, KY 40601

Dear Governor Beshear, Legislative Research Commission and Personnel Board:

The Personnel Cabinet's mission is to provide leadership and guidance to attract, develop, motivate and retain a talented, diverse workforce; foster an understanding of and adherence to regulatory requirements; and create a positive, supportive work environment that values all employees.

Fueled by our mission statement and directionally focused on fulfilling our vision, the Personnel Cabinet is striving to assure a forward-focus view on Human Resources practicing for all of state government. Inasmuch as our cabinet motto requires us to "serve the people who serve the people", we are humbled by the opportunity to impact the lives of the 33,000+ employees who toil on the Commonwealth's behalf.

Pursuant to KRS 18A.030 (2) (I), I am pleased to submit to you the Annual Report of the Personnel Cabinet for the fiscal year ending June 30, 2009.

This past year continued to be a period of growth and transformation for the cabinet. We solidified our four strategic goals and began the work of addressing each within the two-year time frame we have allotted. Those goals are:

1. To help the Commonwealth become an employer of choice
2. To promote a "one-employer" mindset and infrastructure across the enterprise
3. To foster a learning and development culture



An Equal Opportunity Employer M/F/D

4. To create greater customer value

In furtherance of these goals, I am excited to highlight a few new offerings, all launched within the last fiscal year.

Personnel Cabinet's Leadership Institute Pilot: With the knowledge that an organization's performance is a direct reflection of its operating framework, the Cabinet implemented the Leadership Institute. The Leadership Institute is a year-long commitment by managers in which they focus on dimensions of leadership to increase their effectiveness as a state leader while enhancing their understanding of strategic alignment as well as employee and team development.

Money Works: In response to these tough economic times, the Cabinet was determined to provide a mechanism to all state employees that allows them to gain an understanding of basic money management principles and develop money-management skills. Money Works accomplishes this via instructor-led and online workshops and resources which are available on a variety of topics, including but not limited to, home ownership, investing, retirement, and tax information.

Governor's Ambassador Awards: Finally, as a way to recognize and reward state employees for their efforts which have positively impacted their co-workers, customers or community, the Cabinet, in conjunction with Governor Beshear, created the Governor's Ambassador Award. Individuals or groups of employees can be nominated for one of six categories: Community Service/Volunteerism, Courage, Leadership, Professional Achievement, Customer Service or Teamwork. Recipients will have an engraved, personalized brick placed outside the Thomas D. Clark center for Kentucky History to memorialize their achievements.

In addition to our new offerings, Cabinet staff has been busy preparing for another successful Health Insurance Open Enrollment, working to further the success of our Journey to Wellness, as well as completing activities required for the successful implementation of KHRIS (Kentucky Human Resource Information System).

As this report outlines, my staff and I continue to seek innovative ways to further our Mission, Vision and Values as we "serve the people who serve the people."

Sincerely,



Nikki R. Jackson, Secretary

Personnel Cabinet

KENTUCKY PERSONNEL CABINET

‘SERVING THE PEOPLE WHO SERVE THE PEOPLE’

OUR MISSION

The Personnel Cabinet provides leadership and guidance to attract, develop, motivate and retain a talented, diverse workforce; foster an understanding of and adherence to regulatory requirements; and create a positive, supportive work environment that values all employees.

OUR VISION

To be regarded by our employees and stakeholders as a trusted and valuable resource for innovative, accessible and responsive human resource services.

OUR VALUES

INTEGRITY

We believe in adherence to the highest standards of conduct and the conviction to do what is legally and morally right.

QUALITY

We are committed to providing quality customer service. We will continually review our business processes based on customer needs and establish measures by which we will monitor our effectiveness.

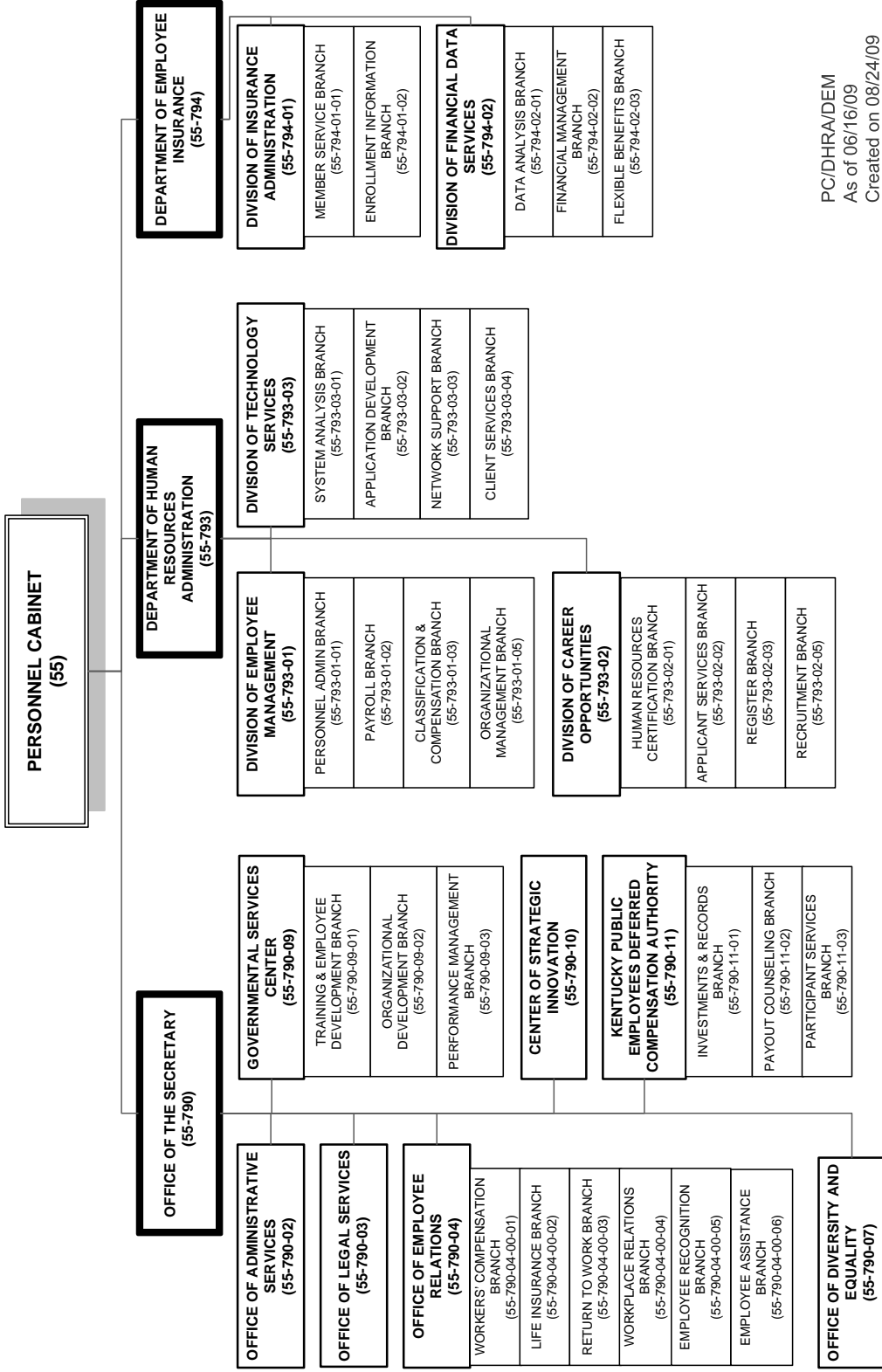
DIVERSITY

We believe that embracing people from diverse backgrounds adds to the richness and creativity of our workforce. We will ensure all people have equal access to the Commonwealth's employment opportunities and other human resource services.

INNOVATION

We are committed to finding new and creative ways to serve our customers. We will apply progressive thinking to our systems, processes and services.





PC/DHRA/DEM
As of 06/16/09
Created on 08/24/09

ORGANIZATIONAL CHART

RESPONSIBILITIES

The Office of the Secretary provides executive policy and management support to the departments, offices, and 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 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. Within the Office of the Secretary are the Office of Administrative Services, Office of Legal Services and the Center of Strategic Innovation.



How will we?

The Personnel Cabinet's strategic planning process began with the development of our mission, vision and values. In the second phase, each department or office conducted a S.W.O.T. analysis, examining its

Strengths, Weaknesses, Opportunities and Threats. The executive leadership team has now completed phase three, which we are calling our "Big Questions."

The Big Questions represent the goals that the Cabinet will be working toward over the next 2 years. The Questions were developed by analyzing all of the S.W.O.T. input from each department, plus discussion around the role and future aspirations of the Cabinet. All of this information was distilled into four broad categories, which were then framed as "How will we..." questions. The answers to these questions drive the operational and action planning for the entire cabinet.



HOW WILL WE MAKE KENTUCKY STATE GOVERNMENT AN EMPLOYER OF CHOICE?

As the labor market tightens, competition among employers for the “best and brightest” will get more intense. For us to fulfill our mission to “attract, develop, motivate and retain a talented, diverse workforce,” we need to implement strategies that position Kentucky state government as an employer of choice for current and potential employees.

HOW WILL WE CREATE A LEARNING AND DEVELOPMENT CULTURE?

One of the key elements for creating employee engagement and retention is a focus on personal and professional growth. We must create opportunities for sharing knowledge across the enterprise and enable employees to fully develop their talents and skills for the benefit of the Commonwealth and themselves.

HOW WILL WE PROMOTE A ONE-EMPLOYER CONCEPT ACROSS KENTUCKY STATE GOVERNMENT?

In the past, the various Cabinets have tended to operate as autonomous organizations rather than parts of a larger enterprise, sometimes leading to duplication and inefficiencies. We wish to find ways to allow agencies the necessary independence to meet their unique needs while encouraging sharing of services across the enterprise to ensure consistency and efficient use of resources.

HOW WILL WE ENHANCE CUSTOMER VALUE?

Everything we do should be focused on the customer. As we endeavor to transform human resource services in the public sector, we need to move beyond providing excellent customer service to ensuring customer value. Our programs and services need to be measured according to the value they add to our customers. ●

OFFICE OF ADMINISTRATIVE SERVICES

RESPONSIBILITIES

Administrative Services provides the resources necessary for the Personnel Cabinet's offices and departments to fulfill the Cabinet's mission and, particularly in the Human Resources and Payroll roles, attempts to "create a positive work environment that values all employees."

The Office of Administrative Services manages the internal administration of the Personnel Cabinet. It serves the people who serve the people who serve the people. The Office manages the following programs for the employees and management of the Cabinet: 1. budget; 2. accounting; 3. purchasing and contracting; 4. facilities; 5. human resources administration; 6. payroll and benefits; and 7. internal audit. The Office works closely with other parts of the Cabinet regarding human resources, payroll, and benefits and also works closely with the Office of the State Budget Director and the Office of Procurement Services, the Controller's Office, and the Department of Facilities Management in the Finance and Administration Cabinet and the State Auditor of Public Accounts.

ACCOMPLISHMENTS

Despite the retirement of nearly 30% of the Office's employees in the fall of 2009, it continued to meet the needs of the Cabinet. Particular achievements include but are not limited to all offices and departments in the Cabinet finishing under budget and below cap, the institutionalization of a flexible workplace for employees, the development and approval of an executive order re-establishing the organization of the Cabinet, the alignment of employee positions to the new organizational structure, the purchase of an expanded HVAC system for the Cabinet's servers in the KSOB basement, and successfully working with the KHRIS team to help keep KHRIS moving toward completion. One employee in the office received the Quality Award in the Cabinet's quarterly pathways meeting; another received an employee suggestion system award for making a suggestion that will save the Commonwealth \$470,000 per year; and, the Office made a presentation to Cabinet managers on hiring in State Government to help hiring managers improve their skills and comply with regulatory requirements.

PERSONNEL CABINET GENERAL OPERATIONS

JUNE 30, 2009 BUDGET STATUS

100% OF FISCAL YEAR

(Excluding Workers' Compensation and Deferred Compensation)

	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	YTD AMT	Budget	% YTD
Personnel Costs															
Salary & Wages	802,827	972,670	813,406	818,293	786,489	779,135	823,628	813,962	804,645	795,724	814,321	808,622	9,833,723	10,172,930	96.67%
Benefits	223,311	243,863	223,265	224,510	220,572	136,423	233,851	240,692	237,477	294,321	239,827	241,364	2,759,476	2,843,890	97.03%
Wkrs. Comp & Training	54,689	26,789	0	7,258	18,100	6,426	2,013	8,853	0	2,468	400	952	127,947	162,700	78.64%
Ajilon LLC	0	0	42,100	9,873	24,389	13,764	31,014	25,727	41,159	15,178	43,729	46,224	293,156	293,200	99.98%
CGI Technologies	0	36,000	1,200	0	0	0	0	0	0	0	0	347,186	384,386	384,400	100.00%
Humana Flex	25,309	24,803	24,114	24,577	24,923	24,957	30,192	29,830	1,963	15,948	16,288	16,211	259,115	259,200	99.97%
IBM Corp	0	49,371	131,773	131,773	110,707	0	184,720	311,604	134,841	136,192	119,297	0	1,310,278	1,475,300	88.81%
IDMS	0	55,899	55,000	60,000	60,000	53,191	0	109,178	39,310	54,706	0	118,154	605,439	605,500	99.99%
Susan Turner	0	0	0	0	0	0	0	1,200	0	0	0	750	1,950	3,500	55.71%
Thomson Reuters (Medstat)	0	43,262	44,488	43,262	88,976	0	88,976	44,488	44,488	44,488	44,488	44,488	531,404	531,400	100.00%
Pricewaterhouse Coop	12,893	127,240	145,803	159,660	56,010	70,895	99,908	133,869	51,671	65,718	57,691	104,764	1,086,123	1,086,200	99.99%
Potter and Company	0	0	0	26,849	0	0	0	0	0	0	0	0	26,849	26,900	99.81%
SAP Public Services	0	0	0	0	0	0	0	0	0	0	0	366,849	366,849	366,900	99.99%
Other Contract Costs	639	11,690	15,985	4,114	3,850	-15,588	32,614	29,347	30,272	90,027	1,989	11,239	216,177	229,300	94.28%
Security	0	0	0	22,869	0	0	0	0	12,635	11,435	-1,200	-6,098	39,640	48,100	82.41%
Subtotal	1,119,667	1,591,588	1,497,135	1,533,038	1,394,015	1,069,203	1,526,916	1,748,750	1,398,461	1,526,204	1,336,830	2,100,705	17,842,511	18,489,420	96.50%
Operating Costs															
Utilities	0	44,764	401	59,785	13,416	101	59,785	101	104	59,789	104	209	238,559	242,500	98.37%
Rent	0	139,867	0	178,874	33,249	0	178,874	0	0	178,874	0	0	709,737	729,670	97.27%
Other Rent	772	13,391	7,586	20,194	6,580	3,158	3,458	3,050	1,834	8,749	7,278	10,962	87,012	103,160	84.35%
Maintenance	77,963	10	0	0	13,431	65,827	6,331	6,404	215	0	2,749	285,873	458,802	484,540	94.69%
Postage	3	7,795	59,366	61,261	10,081	6,346	5,080	23,813	6,968	5,817	6,177	10,746	203,452	212,810	95.60%
Misc. Services	1,167	11,745	9,920	90,427	50,027	3,715	8,961	13,974	80,834	3,018	4,825	82,611	361,224	361,980	99.79%
Telecommunications	-56	2,562	2,196	6,480	4,424	7,991	1,887	2,335	4,214	4,008	1,631	13,854	51,525	61,690	83.52%
Computer Services	6,250	90,221	91,320	62,571	277,395	86,037	-8,370	159,705	43,707	50,990	48,980	57,807	966,613	1,056,600	91.48%
Supplies	1,536	10,341	8,176	6,478	7,609	4,548	5,481	7,061	5,876	7,617	5,205	13,011	82,940	108,090	76.73%
Commodities	360	5,690	7,799	5,778	2,944	479	375	3,875	-1,624	10,810	6,223	8,223	50,931	69,750	73.02%
Travel	8,501	8,372	6,240	9,803	4,068	932	789	1,127	1,590	483	4,215	5,599	51,718	69,090	74.86%
Dues, Subscriptions, Other	5,950	1,788	1,248	14,315	5,446	2,811	1,980	5,838	134	1,701	1,082	10,699	52,992	100,400	52.78%
Subtotal	102,445	336,546	194,251	515,966	428,671	181,943	264,631	227,281	143,852	331,855	88,470	499,595	3,315,506	3,600,280	92.09%
Capital Outlay	0	0	0	0	0	0	0	0	0	0	0	0	0	25,000	0.00%
Total	1,222,112	1,928,133	1,691,386	2,049,004	1,822,686	1,251,146	1,791,547	1,976,031	1,542,313	1,858,059	1,425,300	2,600,299	21,158,017	22,114,700	95.67%

The Personnel Cabinet has three internal appropriation units—General Operations, Workers’ Compensation, and Deferred Compensation—and Workers’ Compensation had the largest budget in FY 2009, \$25.1 million. However, the Department of Employee Insurance manages the employee health insurance program with annual expenditures of approximately \$1.4 billion, and the Deferred Compensation Authority has approximately \$1.4 billion in employee assets under investment.

DID YOU KNOW?

The Cabinet had 225 permanent full-time employees on July 1, 2008, and 224 permanent full-time employees a year later.

Available Cash Balances

Ending Balances for FY09	
13CB General Administration	288,349.79
13CC Deferred Comp	6,280,774.65
13CD GSC	212,977.38
13CE Emp Relations	56,590.69
13CF Personnel Administration	1,416,319.76
13CG Emp Insurance	490,350.15
2423 Life Insurance	191,562.42
3803 Work Comp	7,359,071.15
723K Benefits Assessment Fee	872,593.59

ALLOTMENTS

As of July 28, 2009

Fund Type	Function Type	Type Name	Functions	YTD	Expended	Available
1300	790A	General Administration	AA02, AA03	3,170,000.00	3,005,317.09	164,682.91
1300	790C	Governmental Services Center	CA02	1,530,000.00	1,232,511.25	297,488.75
1300	790E	Employee Relations	EA02	850,000.00	756,472.73	93,527.27
2400	790E	Employee Relations	EBA2	505,000.00	494,422.33	10,577.67
1300	793F	Personnel Administration	*All	9,959,700.00	9,569,368.39	390,331.61
1300	794H	Public Employee Health Ins	*All	6,100,000.00	6,099,925.41	74.59
		Subtotal		22,114,700.00	21,158,017.20	956,682.80
0100	55HC	State Group Health Insurance	HI00	1,907,600.00	1,883,017.50	24,582.50
1300	55BA	Deferred Compensation	BA02	6,930,400.00	6,656,426.92	273,973.08
3800	55EB	Workers' Compensation	EBB2	25,136,100.00	22,435,193.60	2,700,906.40
		Cabinet Total-FY09		56,088,800.00	52,132,655.22	3,956,144.78

DID YOU KNOW?

- 10.18% of the Cabinet's employees are African-American
- 0.88% are Asian-American
- 0.44% are Hispanic
- 72.12% of the Cabinet's employees are female
- 27.88% are male

DEFERRED COMPENSATION JUNE 30, 2009 BUDGET STATUS 100% OF FISCAL YEAR

	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	YTD AMT	Budget	% YTD
Personnel Costs															
Salary & Wages	158,865	103,119	102,742	102,781	103,514	109,416	109,063	109,262	109,258	108,909	110,928	108,080	1,335,939	1,304,500	102.41%
Benefits	27,951	29,055	29,108	29,031	29,199	18,396	32,011	31,985	31,894	32,141	32,327	31,856	354,953	334,200	106.21%
Wkrs. Comp & Training	249	0	0	834	0	0	639	0	0	639	250	0	2,611	7,000	37.30%
Aon	0	2,499	24,000	0	26,405	0	0	2,659	24,000	0	26,437	0	106,000	131,000	80.92%
Potter and Company	0	0	0	0	0	27,900	0	0	0	0	0	0	27,900	30,000	93.00%
NRS Administration	307,478	307,668	326,286	309,403	309,101	420,565	327,083	327,083	327,083	327,083	327,083	327,083	3,943,001	4,135,000	95.36%
NRS Staff	18,417	18,417	18,417	18,417	18,417	18,417	18,417	18,417	18,417	18,417	18,417	18,417	221,000	221,000	100.00%
Mercer, Investment Advice Consultant	0	0	0	0	0	0	0	0	0	0	0	48,575	48,575	79,900	60.79%
William M. Mercer Consulting	0	0	8,464	0	0	0	8,439	0	0	0	0	16,402	33,305	37,000	90.01%
Reed Weitkamp Shell & Vice	17,444	20,296	9,712	8,806	17,009	13,597	6,036	14,082	15,487	16,425	15,137	13,693	167,723	207,450	80.85%
Other Contracted Services	0	0	0	138	0	0	0	0	0	0	0	0	138	5,000	2.76%
Security	0	0	0	1,550	0	0	0	0	0	0	775	0	3,100	3,100	100.00%
Janitorial	0	1,700	850	850	850	850	0	1,700	850	850	0	1,700	10,200	10,800	94.44%
Subtotal	530,402	482,753	519,579	471,810	504,495	609,141	501,688	505,188	526,990	505,239	531,354	565,805	6,254,444	6,505,950	96.13%
Operating Costs															
Utilities	1,937	1,145	1,048	985	877	1,567	1,693	1,650	1,847	1,377	1,080	1,306	16,512	13,000	127.01%
Rent	27,818	0	0	27,818	0	0	27,818	0	0	27,818	0	0	111,274	111,300	99.98%
Other Rent	510	2,872	1,478	2,271	1,008	2,141	931	1,303	948	1,908	1,789	1,701	18,860	15,000	125.73%
Maintenance	2,308	0	325	0	1,825	7,325	0	587	22	0	261	34,524	47,178	16,500	285.93%
Postage	15	938	941	1,164	1,698	760	611	2,856	850	702	753	1,285	12,572	14,000	89.80%
Misc. Services	1,612	55,401	2,643	2,410	1,997	4,216	1,698	1,054	3,009	6,404	1,266	3,359	85,069	79,550	106.94%
Telecommunications	390	1,251	1,217	1,824	2,318	1,658	1,156	1,444	922	1,660	1,042	2,039	16,921	16,000	105.76%
Computer Services	0	4,606	4,557	4,557	-3,063	2,861	2,561	2,696	2,696	2,696	2,696	5,392	32,254	50,000	64.51%
Supplies	0	1,214	1,802	1,645	1,355	1,783	576	1,202	1,883	1,757	965	3,740	17,923	27,000	66.38%
Commodities	0	0	678	267	3,483	15,322	0	89	0	980	1,558	1,997	24,375	40,000	60.94%
Travel	1,468	498	0	8,320	367	93	65	69	154	148	168	2,933	14,284	12,000	119.04%
Dues, Subscriptions, Other	0	159	76	1,717	66	1,406	625	56	87	0	479	90	4,760	5,000	95.21%
Subtotal	36,059	68,083	14,766	52,980	11,930	39,133	37,734	13,007	12,417	45,449	12,057	58,367	401,983	399,350	100.66%
Capital Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	25,100	0.00%
Total	566,462	550,836	534,345	524,790	516,425	648,275	539,422	518,195	539,407	550,688	543,411	624,172	6,656,427	6,930,400	96.05%

DID YOU KNOW?

37.17% of the employees in the Personnel Cabinet are now using a compressed work schedule.

DEFERRED COMP DEFERRALS FUND JUNE 30, 2009 REVENUE STATUS 100% OF FISCAL YEAR

	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	YTD AMT	Budget	% YTD
Beginning Balance-13CC	6,696,390														
General Fees from Public (R404)	569,885	324,316	437,752	817,137	646,644	233,824	399,734	394,661	695,903	260,631	419,462	695,685	5,895,634	6,940,800	84.94%
Contributions-Employee Volntry (R733)	1,350	7,106	225	375	0	819	525	2,550	0	3,964	125	850	17,888	0	0.00%
Interest Income (R771)	0	27,481	19,661	17,328	24,477	17,731	24,852	25,395	16,687	34,845	22,037	152,474	382,969	300,000	127.66%
Op Transfer to Agency Rev Fund (T113)	0	0	0	0	0	0	0	0	0	0	0	-55,800	-55,800	-55,800	100.00%
Total	571,235	358,904	457,638	834,840	671,122	252,373	425,111	422,606	712,590	299,440	441,624	793,209	6,240,691	7,185,000	86.86%
Expenditures	240,567	550,646	189,642	523,055	1,074,195	209,293	747,602	175,492	882,043	550,688	440,152	1,072,931	6,656,306		
Cash Balance													6,280,775		

DEFERRED COMP DEFERRALS FUND JUNE 30, 2009 REVENUE STATUS 100% OF FISCAL YEAR

	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	YTD AMT
Beginning Balance-723H	3,342,088												
General Fees from Public (R404)	16,656	0	0	0	0	0	0	0	0	0	0	0	16,656
General Comms from Other State Agcy (R433)	0	0	34,455	3	0	0	0	0	0	0	0	0	34,458
Contributions-Employee (R731)	0	0	0	0	-201	0	0	0	201	0	0	0	0
Contributions-Employee Volntry (R733)	17,234,497	21,980,626	15,812,395	13,767,128	10,995,771	14,362,624	17,770,957	14,234,100	12,328,889	11,041,980	10,698,905	10,271,514	170,499,385
Interest Income (R771)	0	5,201	5,915	2,783	6,100	3,946	1,741	1,323	797	671	638	-96,090	-66,976
Total	17,251,153	21,985,827	15,852,764	13,769,914	11,001,669	14,366,570	17,772,698	14,235,424	12,329,887	11,042,651	10,699,543	10,175,424	170,483,523
Expenditures	18,687,065	20,196,453	17,167,887	14,256,964	11,020,102	14,196,583	16,449,462	15,372,830	12,531,641	11,049,476	11,075,931	9,871,238	171,875,631
Cash Balance													1,949,980

WORKERS' COMPENSATION JUNE 30, 2009 BUDGET STATUS 100% OF FISCAL YEAR

	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	YTD AMT	Budget	% YTD	
Personnel Costs																
Salary & Wages	43,866	41,156	41,221	41,260	41,447	41,839	62,866	39,431	39,431	39,431	39,487	39,543	510,968	688,500	74.21%	
Benefits	12,182	12,072	12,083	12,090	12,123	7,294	14,952	12,506	12,232	12,280	12,242	12,252	144,308	187,200	77.09%	
Wkrs. Comp & Training	2,311,532	1,279,383	1,447,285	1,679,002	1,563,724	1,322,537	1,849,095	1,565,578	2,008,566	1,803,831	1,620,013	1,899,197	20,339,742	21,882,200	92.95%	
Contract Costs	0	0	0	0	30,000	0	0	0	0	0	0	0	30,000	105,000	28.57%	
CCMSI Administration	0	118,586	96,051	92,828	96,255	79,474	84,280	75,957	112,489	93,129	85,321	175,304	1,109,674	1,307,410	84.88%	
Security	0	0	0	850	0	0	0	0	0	0	425	0	1,700	2,000	85.00%	
Janitorial	0	0	0	0	0	0	0	0	0	0	0	0	0	3,800	0.00%	
Subtotal	2,367,580	1,451,197	1,596,640	1,826,030	1,743,548	1,451,143	2,011,183	1,683,472	2,172,718	1,949,097	1,757,488	2,126,296	22,136,393	24,176,110	91.56%	
Operating Costs																
Utilities	0	2,481	0	2,481	0	0	2,481	0	0	2,481	0	0	9,922	10,000	99.22%	
Rent	0	6,194	0	6,194	0	0	6,194	0	0	6,194	0	0	24,776	33,200	74.63%	
Other Rent	36	328	164	263	164	171	0	0	366	233	189	258	2,171	6,390	33.98%	
Maintenance	1,385	0	0	0	814	3,954	0	352	13	0	157	18,813	25,489	25,800	98.79%	
Postage	0	656	659	815	839	532	428	1,999	586	482	519	891	8,406	12,800	65.67%	
Misc. Services*	0	56,331	0	43,385	0	0	38,746	0	0	0	0	82,659	221,121	795,000	27.81%	
Telecommunications	0	115	115	275	98	390	51	74	235	206	48	887	2,493	7,500	33.24%	
Computer Services	0	0	0	0	0	0	0	0	0	0	0	0	0	16,600	0.00%	
Supplies	0	0	255	104	0	37	0	30	189	0	208	0	823	5,800	14.19%	
Commodities	0	0	0	0	0	0	0	0	0	489	0	67	556	15,000	3.70%	
Travel	53	652	365	506	166	0	0	0	355	633	259	46	3,034	11,000	27.58%	
Dues, Subscriptions, Other	0	0	0	0	0	10	0	0	0	0	0	0	10	3,400	0.30%	
Subtotal	1,474	66,757	1,558	54,022	2,081	5,095	47,899	2,456	1,743	10,716	1,379	103,620	298,801	942,490	31.70%	
Capital Outlay	0	0	0	0	0	0	0	0	0	0	0	0	0	17,500	0.00%	
Total	2,369,054	1,517,954	1,598,198	1,880,052	1,745,629	1,456,239	2,059,082	1,685,928	2,174,462	1,959,813	1,758,867	2,229,916	22,435,194	25,136,100	89.25%	

*Misc Services include costs of Nurses in State Facilities

WORKERS' COMPENSATION JUNE 30, 2009 REVENUE STATUS 100% OF FISCAL YEAR

	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	YTD AMT	Budget	% YTD
Beginning Balance-3803	9,599,319														
General Fees from Other State Agcy (R434)	14,950,230	2,936,361	1,413,589	0	789,056	0	0	789,055	0	789,055	-1,071,831	-396,365	20,199,150	21,700,000	93.08%
Refund of Prior Year Expenditure (R881)	51,596	0	0	0	0	0	0	0	0	0	0	0	51,596	0	0.00%
Total	15,001,826	2,936,361	1,413,589	0	789,056	0	0	789,055	0	789,055	-1,071,831	-396,365	20,250,746	21,700,000	93.32%
Expenditures	2,369,054	1,517,954	1,598,198	1,880,052	1,745,629	1,456,239	2,059,082	1,687,128	2,174,462	1,958,613	1,758,867	2,285,716	22,490,994		
Cash Balance													7,359,071		

Negative revenues are deferrals to FY10 as requested by applicable agency and OSBD

RESPONSIBILITIES

The Office of Legal Services' (OLS) primary mission is to oversee the administration of legal services for the Personnel Cabinet. In performing this mission, the office performs various tasks including but not limited to: drafting legal pleadings, memoranda, proposed statutes, regulations and opinions; representing the Cabinet and its employees in administrative hearings and trials before state and federal courts; acting as the Cabinet's Custodian of Records for the Kentucky Open Records Act; consulting with other agencies on the application and enforcement of state and federal personnel laws and regulations; testifying before legislative committees; serving as an expert witness in trials concerning the Kentucky personnel system; and conducting training on personnel issues affecting the Commonwealth.

OLS also serves as the exclusive legal counsel for the Department of Employee Insurance and provides guidance on state and federal mandates (Internal Revenue Code, HIPAA, COBRA, etc.) associated with sponsoring and administering the Kentucky Employees Health Plan, a self-funded IRC 125 cafeteria plan.

ACCOMPLISHMENTS

During the fiscal year of 2008-2009, the Office of Legal Services:

- Reviewed and consulted with agency attorneys and administrators with respect to 304 appeals filed with the Personnel Board.
- Represented the Personnel Cabinet in 38 appeals filed with the Personnel Board.
- Represented Personnel Cabinet at status conferences, filing of pleadings, etc. in various Franklin Circuit Court cases.
- Processed 225 requests submitted under the Kentucky Open Records Act and notified agencies and employees in appropriate cases.
- Responded to 266 Investigative Requests for Employment for U.S. Office of Personnel Management.
- Reviewed and either approved, denied or requested further information on hundreds of background check files.
- Reviewed and either approved, or requested additional documentation regarding 542 disciplinary actions including 108 dismissals and 434 suspensions.
- Reviewed and approved 1,174 terminations; 273 termination from probation.
- Reviewed and approved temporary reassignments of other agency employees.
- Reviewed and approved 66 special investigative leave letters

from other agencies.

- Fielded numerous telephone calls from state employees regarding issues relating to personnel matters, human resource, benefit information, open records and background checks.
- Reviewed and approved 36 settlement agreements of Personnel actions involving executive branch agencies.
- Provided ongoing legal assistance to the KHRIS project.
- Attended monthly Personnel Board meetings and provided a summary of the Cabinet's activities.
- Attended Legislative Committee hearings.
- Attended and briefed Personnel Council.
- Redrafted the 2009 Plan Documents for the Kentucky Employees Health Plan.
- Attended meetings on Group Health Insurance Board.
- Conducted training on the state personnel system as well as state and federal employment law.
- Reviewed various RFP's, and MOA's.
- Assisted in compliance with federal legal requirements for Public Health Insurance Program (commonly known as the Kentucky Employee Health Plan).
- Provided legal support during the 2009 legislation session.
- Developed dependent eligibility guidelines for Public Employees Health Insurance Program in light of KRS 304.17A-256.
- Renewed Public Employees Health Insurance Program vendor contracts and business associate agreements with Humana, Inc., Express Scripts, Inc. and other vendors.
- Participated with GEAC and proposed changes to Master Agreement.
- Filed Kentucky Employees Health Plan Summary Plan Descriptions for 2009 with LRC following review by the Cabinet for Health & Family Services.
- Counseled Department for Employee Insurance on annual audits.
- Facilitated HB 143, 2009 General Assembly, with the Office of State Budget.
- Facilitated the ARRA , COBRA subsidiary with the Kentucky Employees Health Plan; also worked to implement ARRA HIPAA provisions.
- Filed Emergency Amendment to Administrative Regulation 101 KAR 2:066, which established veteran's preference in the hiring process.



RESPONSIBILITIES

CSI is in a very unique position within the cabinet. CSI does not service any one particular area but instead supports the functions of the entire cabinet. Keeping that in mind, CSI is viewed as the keeper of the Mission, Vision and Values (MVV) and the Four Big Questions. All projects that CSI takes on for the Cabinet reflect that mindset. Many times, CSI supports other areas of the cabinet in their endeavors to support the MVV and the Four Big Questions.

ACCOMPLISHMENTS

CSI ANSWERS THE FOUR BIG QUESTIONS: HOW WILL WE...

MAKE KENTUCKY STATE GOVERNMENT AN EMPLOYER OF CHOICE?

CSI has promoted a workplace flexibility culture by working with the Governor's Office to create Flexible Work Options pages on our website. The site includes information on how agencies can participate in Flexible Work weeks.



CSI has ensured diversity of the workforce by:

- Working with Office of Diversity & Equality in promoting various diversity recognition months
- Planning Diversity themed Pathways meeting
- Creation of the Innovation Champion Diversity Group

CSI has promoted health & wellness by:

- Assisting in the planning and implementation of the Journey to Wellness kickoff, and providing support & promotion for on-going events
- Working with DEI to develop new Open Enrollment handbook and website
- Assisted DEI in the redesign of the KEHP Quick Reference Guide provided to all state employees, serving as an updated and useful tool to assist in making a difficult process easier.
- Creation of the Innovation Champions Wellness Group



- Working with GSC to develop MoneyWorks site

CSI has recognized and rewarded outstanding employee performance by:

- Creating of the Innovation Champions Employee Recognition and Morale Group
- Creating and implementing recognition programs for the cabinet. CSI has also spearheaded the process to acquire all forms of recognition for posting on our Intranet.
- Supporting OER's effort to implement the Governor's Ambassador Award
- Spearheading the KHRIS appreciation cart
- Redesigning the Intranet landing page to promote playfulness and curiosity for employees and encourage the exploration of the site. By providing the employees with something out of the ordinary the new landing page has become a visually stimulating tool that promotes innovation. This unique page lets employees enjoy an important tool.
- Creating caricatures of employees and department heads to promote the Secretary's Office, Wellness and the general populous of the Personnel Cabinet by using recognizable, relatable visuals to promote programs, offices or specific beliefs (MVV) is a personal act of communications. It is fun for the employee and shows great innovation and employee value on the part of the employer.



CREATE A LEARNING AND DEVELOPMENT CULTURE?

CSI has assessed learning needs by:

- Meeting with several areas of the cabinet to develop Team Building training
- Working with several areas of the cabinet to create training for use in creating Task Forces
- Supporting the creation of surveys for use by areas of the cabinet to assess service value, employee satisfaction and other needs

CSI has developed innovative learning strategies by:

- Using YouTube to send out messages not only to cabinet employees but also to agencies
- Creating a web tutorial on the use of the new Personnel Cabinet website.
- Creating tutorials for use by the CMS team to be better users of the web system.



CSI has encouraged employee learning by:

- Providing team training for DEI that employees will apply as they work in task force teams
- Ensuring discussion & participation in Pathways events
- Conducting Open Enrollment debriefing sessions for DEI
- Encouraging participating in iWin webinars
- Assisting DEI in the design of an IC Newsletter that serves as a communication tool filled with information the ICs need in a timely manner and is presented in an innovative way. This newsletter also engenders the development of the DEI/ IC relationship as it promotes both the give and take of information.

CSI has ensured manager involvement in learning & development by:

- Creation of the weekly management e-news sent out to expand the HR knowledge of the executive staff
- Supporting the Leadership Institute with web development, media creation and meeting support:
- Supporting the Secretary's mentoring program
- Assisting DEI in the redesign of the 2009 KEHP Quick Reference Guide which provided many scenarios, explanations and examples designed to educate the KEHP member on what each plan offered and how to make the best selection.
- CSI as a group engages in field trips to private enterprise establishments to study best practices for employee engagement, recognition, learning, development and innovation as it relates to the how the Personnel Cabinet can answer its four big questions and continually promote the MVV.
- CSI participates in offsite team building sessions that assist us as a team to learn and grow with each other and build our skills to assist the Personnel Cabinet.
- Graphic design staff was allowed to take several graphics classes at New Horizons which have enabled her to design and create several tools for use in motivation and recognition for print and internet. Most recently her training will allow her to develop more innovation recognition and motivational products for managers and employees to use to promote the One Employer Concept, Employer of Choice and Customer Value Concepts.
- Organizational Design staff was allowed to attend and become certified in Lean training which will enable him to more effectively and innovatively assist in his role in Organizational Effectiveness.

PROMOTE A ONE EMPLOYER CONCEPT ACROSS KY STATE GOVERNMENT?

CSI has supported the creation of standard procedures for all human resource related functions by working with Personnel Administration on a new 12.050 process for non-merit hiring.

CSI has supported the creation of a common new-hire onboarding experience by:

- Supplying content, materials and support for the process
- Creating of web pages for use by all agencies

CSI has supported the establishment of common practices that govern the HR life cycle (hiring, promotions/transfers and exits) by working with the HR consortium to create several workgroups dedicated to those areas.

CSI has supported numerous cabinet programs by:

- Providing motivational events such as the KHRIS cart and other initiatives to boost employee morale
- Partnering with the KHRIS communications team to develop a KHRIS website.
- Assisting DEI in the design of an IC Newsletter that by including the ICs in the information process promoted transparency and knowledge sharing across state government thus fostering and supporting the one employer concept.
- Creating caricatures of employees and department heads to promote the Secretary's Office, Wellness and the general populous of the Personnel Cabinet by using recognizable, relatable visuals to promote programs, offices or specific beliefs (MVV) across departmental boundaries to include the whole of the Personnel Cabinet and promoting one-employer.
- Assisting DEI during Open Enrollment 2009 in solving the problem of in-effective customer service via phone coverage by utilizing COT and utilizing the One Employer concept.





ENHANCE CUSTOMER VALUE?

CSI has supported the measurement of value of and satisfaction with cabinet services & programs by working with all areas of the cabinet to document their pursuit of the MVV and 4 big questions.

CSI has ensured cabinet structures and systems enable high-quality customer service by developing plans to deploy "Lean" principles and practices across the Cabinet.

CSI has enhanced the "customer experience" through:

- Creation of a new and innovative Intranet that better communicates to employees the events of the cabinet
- The redesign of the Intranet landing page to be unique page that encourages employees to enjoy this important tool.
- Working with various departments/offices to develop logos and branding: Created logos for CSI, GSC, ODE, Leadership Institute and Money Works to assist in branding these areas with an identifiable trademark to promote learning and development and enhance what the customer sees and perceives – i.e....value and worth.

CSI has improved communication with customers by:

- Creating and publishing a web-based Personnel Connection newsletter for state employees
- Conducting Open Enrollment debriefing sessions for KRS and KTRS.
- Assisting DEI in the design of an IC Newsletter simply offering customer service and a valuable tool to the ICs who in turn offer support to the KEHP members. The ICs felt valued and appreciated since the tool was especially designed to communicate with them.
- Assisting DEI in the redesign of the KEHP Quick Reference Guide. This not only serves as a learning and development tool, but also a tool that enhances customer value by making the process as simple as possible.
- Assisting DEI during Open Enrollment 2009 in solving the problem of in-effective customer service via phone coverage by utilizing COT and utilizing the One Employer concept. By utilizing COT to assist in answering the phones Customer Service for the KEHP members was increased at an amazing rate and Open Enrollment 2009 went very smoothly.
- Creating caricatures of employees and department heads to promote the Secretary's Office, Wellness and the general populous of the Personnel Cabinet by using recognizable, relatable visuals to promote programs, offices or specific

beliefs (MVV). These fun, approachable print and web communication pieces have been personalized not generalized. Each area has been included at one time or the other so everyone is eager to look at the communications piece to see either themselves or someone they know. It promotes the employee and produces an interest and encourages involvement.

- CSI has met with several other departments in different cabinets who are interested in doing what we have done to promote employees. We have shared with them and will continue to share and assist in the future.



DID YOU KNOW?

CSI supported the Personnel Cabinet in FY 2008-2009 by assisting with:

Project Management, Program Development, Facilitation, Research, Communications, Web Design, Media Support, Video Filming, Video Editing, Photo Shoots, Event Planning, Event Preparation, Event Registration, Materials Preparation, Food Preparation, Graphics and more.

RESPONSIBILITIES

The Office of Employee Relations values and strengthens the investment we have in each other. This office consists of the following:

- Workers' Compensation Branch is designed to compensate employees for loss of earning power due to injuries or illness arising out of, and in the course of, their employment.
- Life Insurance Branch administers Basic Life and Accidental Death and Dismemberment coverage to eligible state employees and other special classes.
- Return to Work Branch works to provide temporary modified duty work plans for injured employees. Work areas, as requested by a supervisor, can be evaluated for ergonomic correctness.
- Workplace Relations Branch administers the KY Employee Mediation Program (KEMP) and the Workplace Resolutions Program.
- Employee Recognition Branch directs the KY Employee Suggestion System, the Governor's Ambassador Award, Public Employee Recognition Week, and employee certificate distribution.
- KY Employee Assistance Program (KEAP) is dedicated to helping employees find solutions to personal problems that may hinder effectiveness at work.

Other programs housed in the Office of Employee Relations include the State Safety Program and Executive Safety Advisory Committee, Employee Engagement and Volunteerism, administration of Sick Leave and Annual Leave Sharing Programs, Adoption Benefit Program, Family Medical Leave, and Personnel Answer Line (PAL).

Employee Relations spearheaded an interagency workgroup to address workplace violence. The purpose of the Workplace Violence Prevention Guide is to establish a common framework for managing and preventing violence-related issues in the workplace. The guide supports the Commonwealth interagency effort to consolidate resources and training, promote workplace wellness and safety, and suggest workplace violence prevention strategies for Commonwealth of Kentucky employees. This guide continues to be a work in progress.

ACCOMPLISHMENTS

WORKERS' COMPENSATION BRANCH

The Workers' Compensation Branch (WCB) has been working to transfer workers' compensation reporting into KHRIS this Fiscal Year. We have a KHRIS blueprint for our program and have developed an interface to our third party administrator. In the future, we will send claims by file transmit protocol, eliminating manual entry.

The WCB continues to focus on customer needs. We have knowledgeable employees ready to assist agencies and injured employees. Although First Report of Injury forms are submitted electronically, employees take serious or catastrophic injuries by telephone during business hours, to begin immediate management of benefits. To further extend service, an email address is listed on our website for after hour's serious injuries.

WCB was very busy in January and February serving thousands of state personnel, including National Guard, who assisted with Kentucky's ice storm rescue and clean up.

Over the past year, WCB has continued to focus on saving as well as increasing efficiency and innovation. Program savings are documented by independent program audits. The Workers' Compensation Branch has worked closely with the Safety Program and the Return-to-Work Branch to prevent and reduce injuries.

REPORTED CLAIMS

- Received and processed 4,351 First Report of Injuries for FY 08-09
- Provides coverage for approximately 85,000 employees in 120 counties throughout the Commonwealth
- Provides coverage for approximately 27,200 volunteer ambulance workers and firefighters in 118 counties in the Commonwealth
- Received and processed 1,713 temporary total disability benefit checks for leave reimbursement
- \$166,437 in subrogation recoveries (Subrogation law has changed significantly reducing recoveries.)
- Pharmacy Benefit Program provided \$422,787 in savings
- Eighty-nine claims went into litigation and were assigned to defense attorneys
- \$956,995 of duplicate medical charges were billed and not paid.
- \$378,756 saved with PPO reductions in addition to the state fee schedule

Annual Projected Savings Reductions in yearly and projected costs:

2006 \$107,748,027
2007 \$104,942,326
2008 \$102,672,042

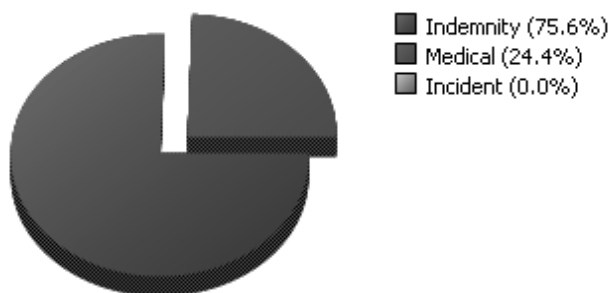
Reported Claims for FY 2008-2009

Record Only Claims: 1,805

Medical Claims: 2,546

TOTAL INCURRED BY CLAIM TYPE 7/01/08 THRU 6/30/09

Claim Type	Paid	Out Reserve	Recovered	Total Incur	Claim Count	Cost per Claim
Indemnity	\$4,042,714.42	\$5,212,179.50	\$940.00	\$9,253,953.92	419	\$22,085.81
Medical	\$1,373,839.93	\$1,615,023.54	\$4,735.78	\$2,984,127.69	2116	\$1,410.27
Incident	\$0.00	\$0.00	\$0.00	\$0.00	11	\$0.00
Totals:	\$5,416,554.35	\$6,827,203.04	\$5,675.78	\$12,238,081.61	2546	\$4,806.79



GROUP LIFE INSURANCE ADMINISTRATIVE BRANCH

The current Group Life Insurance contract was due to expire on June 30, 2009, but in anticipation of KHRIS implementation, the contract was extended six months. The current contract with Prudential Life Insurance Company will expire December 31, 2009. With the extension on the contract, no change in plans or increase in rates occurred. The current Basic Insurance and AD&D (accidental death and dismemberment) rate per thousand is \$0.093. Coverage, in the amount of \$20,000, is provided free of charge to each employee. Cost to the employer is \$1.86 per employee per month for this coverage.

GLI provides all administrative duties for the state-sponsored life insurance contract. These duties include maintaining the eligibility data base, enrollment processing, generating bills, reconciling payments, refunds, claims processing, generating and mailing certificates, verifying and completing conversion applications, distributing materials, and providing customer service.

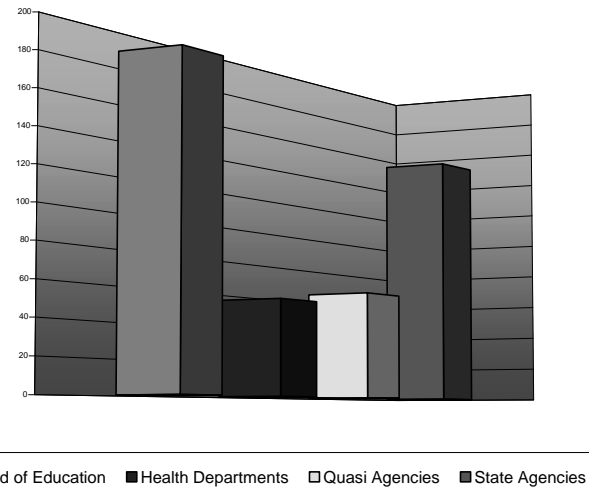
Prudential is responsible for printing and shipping all materials, approving and processing death claims, providing underwriting services, and conversion account setup.

The branch administers group life insurance for 145,000 eligible employees at 446 locations. Of this number, 22,000 employees have elected additional coverage under the optional policies and 17,000 employees have elected to cover family members with a dependent plan.

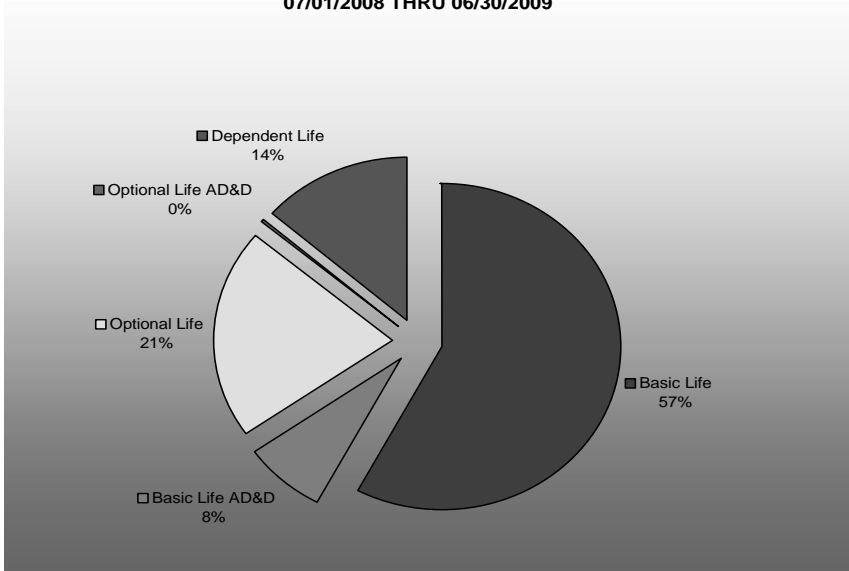
GLI is part of the benefit package offered in the new human resource system. KHRIS will allow employers to enroll and make changes via the web, as well as pay premiums with web billing. Employees will have the ability to make changes such as name, address, coverage and beneficiaries on-line, access their data on a 24/7 basis, and print benefit confirmation as needed. KHRIS will greatly enhance our customer service to the members we serve.

GLI processed 276 claims paid by Prudential totaling \$6,311,500 in benefits to beneficiaries.

NUMBER OF LOCATIONS PER GROUP AS OF 06/30/2009



**PRUDENTIAL FINANCIAL INSURANCE COMPANY
CLAIMS PAID
07/01/2008 THRU 06/30/2009**



RETURN-TO-WORK BRANCH

The Return-to-Work (RTW) Branch works directly with the Safety Program and the Workers' Compensation Branch to increase the oversight of workers' compensation claims and reduce costs.

The RTW Branch is staffed with two employees; a manager who is a Certified Rehabilitation Counselor and Certified Case Manager, and one support staff member. The RTW Branch works directly with employers to consult and assist them in developing Temporary Modified Duty Programs. These programs allow injured employees to return to work as soon as medically released by their physicians. Research shows that an injured employee recovers more quickly when returned to work as soon as possible.

Data for this previous fiscal year demonstrates the savings the Return-to-Work Branch has produced:

Number of participating employers:	75
Total number of employees returning to full duty work:	724
Total savings in temporary total disability benefits:	\$629,746

The total savings indicated above does not account for the cost savings due to lowered settlement amounts (due to employee returning to work) nor does it account for any indirect savings due to the employees return to work; i.e., overtime, temporary staff being hired.

The Return-to-Work Branch continues efforts to educate employers and employees on the proper ergonomic set-up for work station areas. It is best to conduct ergonomic reviews prior to an employee sustaining an injury or illness. This leads to issue awareness and increases injury prevention. However, the ergonomic review process can occur anytime during an employee's recuperation period in order to assist with return to work. During FY 08-09, the Return-to-Work Branch conducted 93 ergonomic reviews.

Staff also conducted four Americans with Disabilities Act (ADA) and Americans with Disabilities Act Amendment Act (ADAAA) training sessions for state agencies and other groups throughout state government. The RTW manager serves as the ADA coordinator for the Personnel Cabinet.



The Return to Work team of Donna Shelton and Melissa Clay perform an ergonomic evaluation at the work station of Colene Elridge.

WORKPLACE RELATIONS BRANCH

The Kentucky Employee Mediation Program (KEMP) provides dispute resolution for Executive Branch employees. Either employees or managers may request this service. During FY 08-09, 56 mediations took place, reflecting a 37% increase from the previous fiscal year. Twenty-four were referrals from the Personnel Board, an increase of 59%.

Nineteen Workplace Resolutions were held, reflecting a 95% increase from last fiscal year. A manager or above must request this process. When an entire workgroup is conflicted, a team of mediators talk with each member of the group separately and develop a report with recommended solutions.

Eleven new mediators were trained in December, making a total of 29 volunteer, part-time mediators, in addition to the Program Manager. Two mediators retired; and five new mediators were certified, making a total of fifteen certified mediators.

There were 2,653 contacts in the form of phone calls, emails, and in person. These were requests for information, mediation, and Workplace Resolutions.

Presentations were given to 288 people at the Governor's EEO Conference, Governor's Advisory Council Committee (GEAC), the HR Consortium, Personnel Cabinet Managers Meeting, and Certified Public Managers Meeting.

The branch manager formed an alliance with the mediation manager for the Administrative Office of the Courts (AOC). Each manager participated in the others' training of new mediators.

It is estimated that using these free services for dispute resolution saves the Commonwealth hundreds of thousands of dollars that would have otherwise been spent on Personnel Board appeals, investigations, or litigation.



Branch Manager Linda Patrick presented a program on "Resolving Workplace Disputes" at the Governor's EEO Conference.

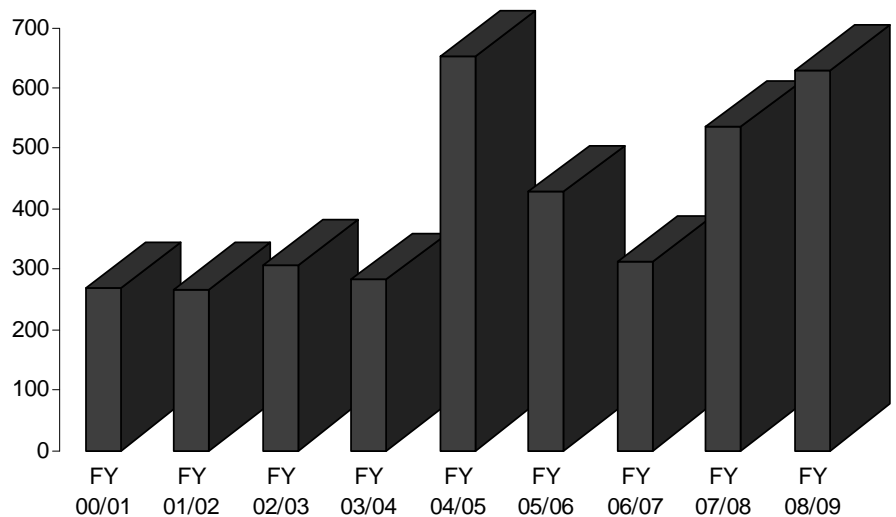
EMPLOYEE RECOGNITION BRANCH

EMPLOYEE SUGGESTION SYSTEM

State government employees use an Internet-based system to submit improvement suggestions on-line. This efficient process helps to identify the Commonwealth as a leader in recognizing and managing employee ideas. The form is simple, user-friendly, and fast. Employees receive immediate confirmation of their suggestion and are able to track it throughout the process.

Since launching the on-line system, the number of suggestions submitted has greatly increased. From its inception on January 28, 2005, through June 30, 2009, a total of 3,679 suggestions have been submitted by state employees. During FY 08-09, employees submitted 628 suggestions. Awards totaling \$26,208 were presented to 61 state employees through the Employee Suggestion System. Implemented suggestions represented a first-year savings of \$1,490,414. The following chart shows the substantial increase in suggestions submitted each year since the creation of the on-line system.

SUGGESTIONS SUBMITTED FYS 01 THROUGH 09



GOVERNOR'S AMBASSADOR AWARD

The Kentucky Governor's Ambassador Award program was introduced during Public Employee Recognition Week. It is an opportunity to highlight stories of employees who have positively impacted the lives of their co-workers, customers, and community at large in the areas of customer service, courage, leadership, professional achievement, teamwork or community service and volunteerism. Nominations may be made by an employee or private citizen. Each recipient of the Governor's Ambassador Award will receive special recognition by having an engraved, personalized brick placed outside the Thomas D. Clark Center for Kentucky History. The first award ceremony will take place in October 2009 during Public Employee Recognition Week.



PUBLIC EMPLOYEE RECOGNITION WEEK

Kentucky Public Service Recognition Week is acknowledged each year to honor those who serve Kentucky as state and local government employees. The Employee Recognition Branch coordinates this effort within the Personnel Cabinet, and provides an on-line toolkit of ideas for use by other agencies.

Governor Beshear proclaimed Monday, October 6 through Sunday, October 12 as KY Public Employee Recognition Week at a public signing in the Rotunda and used this occasion to introduce the Governor's Ambassador Award.

The Personnel Cabinet sponsored our first statewide poster contest for school age children to increase awareness of the achievements and contributions made by state employees. A total of 287 entries were received. The theme for the poster contest was "State Employee-Making a Difference Every Day in Every Way." Banners proclaiming this special week were on display outside the Capitol, State Office Building, Transportation Cabinet, and the Cabinet for Health and Family Services.



Governor Beshear and Secretary Jackson pose for a picture with the 6-9 year old division winner of the Kentucky Public Employee Recognition Week poster contest.

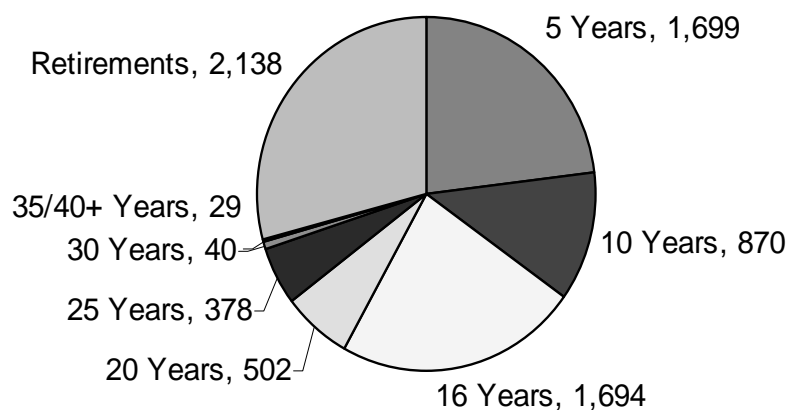
EMPLOYEE RECOGNITION CERTIFICATES

Career service certificates for 16, 20 and 25 years of service plus every 5 years thereafter were presented to 2,643 employees. Service pins were presented to 1,694 employees with 16 years of service. Recognition certificates were processed for 2,569 employees acknowledging 5 and 10 years of service.

Retirement certificates were presented to 2,138 employees.

The total number of certificates presented to state government employees (career, recognition and retirement) totaled 7,350. The following chart shows the breakdown of issued certificates:

EMPLOYEE RECOGNITION CERTIFICATES FY 09



KENTUCKY EMPLOYEE ASSISTANCE PROGRAM

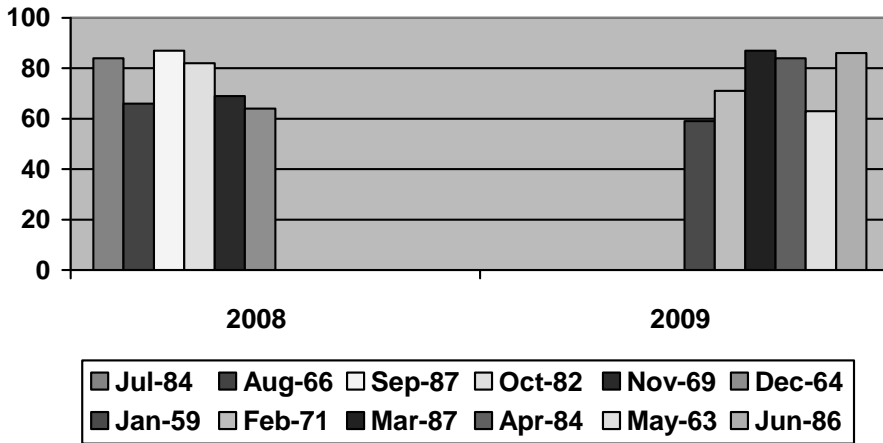
During the 08-09 FY, the Kentucky Employee Assistance Program provided direct employee assistance services to 902 state employees and/or family members, presenting as new clients.

The cabinets in which employees most utilized our services were Health and Family Services (23%) and Justice and Public Safety (19%). The issues most frequently presented include: job stress (26%); mental health (25%); and supervisory referrals (17%).

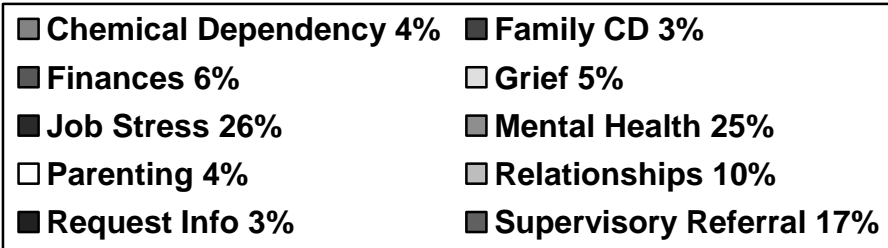
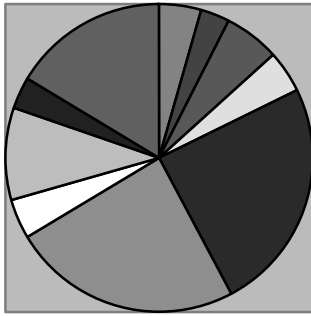
KEAP staff was involved in many outside meetings and workshops resulting in numerous contacts. These include regular presentations at GSC on topics such as Time Management and using KEAP as a Management Tool. KEAP staff also conducted workshops on a variety of mental health topics and provided Critical Incident Stress Debriefings and Grief in the Workplace sessions. KEAP counselors were invited to present at a number of agency events and annual conferences. In addition, staff consulted with many agency personnel offices on how to effectively address troubled employee situations.



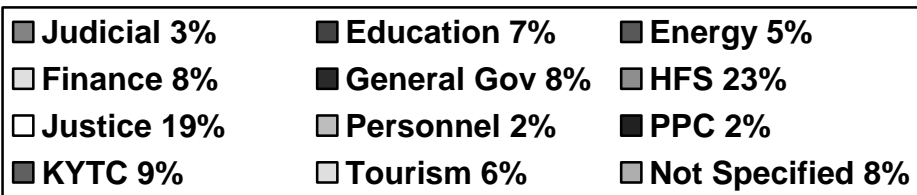
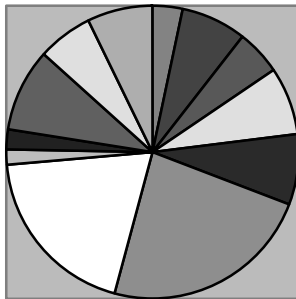
KEAP NEW CLIENT TOTALS



PRESENTING ISSUES



AGENCY UTILIZATION



AGENCY UTILIZATION TOTALS

- 21 New Employee Orientations
- 4 Agency Health Fairs
- 19 KEAP for Supvrs/Performance Matters
- 3 Employee Money Management
- 14 Grief/Critical Incident Responses
- 1 Anxiety Management
- 9 KEAP as a Management Tool
- 1 Bullying in the Workplace
- 7 Training People How to Treat You
- 1 Facing Challenges of Eldercare
- 6 Stress Management
- 6 Time Management
- 1 Depression Awareness

KENTUCKY SAFETY PROGRAM

The State Safety Program assists state agencies in improving the safety and health of their employees by reducing accidents and injuries. These improvements reduce the costs associated with losses. Emphasis in FY 08-09 was to develop and implement strategies to increase awareness of the importance of safety among state employees. Chief among these strategies were chairing the Executive Safety Advisory Committee (ESAC) and providing "Fundamentals of Safety and Health" training to state supervisors.

EXECUTIVE SAFETY ADVISORY COMMITTEE

The Executive Safety Advisory Committee (ESAC) is comprised of representatives from each cabinet who meet monthly to discuss safety and health issues. The safety director shares accident numbers, claim counts, monthly and quarterly accident/incident rates based on the number of accidents per hours worked. The committee established a Safety Award to be launched in 2010 to recognize Cabinets or Departments for one year without a lost time injury. The committee worked extensively to create protocols for Automated External Defibrillator use in state owned and leased facilities.

The baseline rate is internationally recognized as a way of measuring safety performance. Baseline rates are recorded to measure our progress in reducing the number of workplace injuries and enabling a comparison with other cabinets and other states. One of the primary measures of success in a safety program is the reduction in workplace injuries and associated costs. The Safety Director shares workers' comp claim data with ESAC members monthly. In FY 08-09 most cabinets experienced an increase in the number of claims submitted to workers' comp although they realized a reduction in the cost per claim. For specifics, see the workers' compensation report and graphs.



Executive
Safety Advisory
Committee

SAFETY TRAINING

The effort to provide standardized, state-wide safety training continued this year. The "Fundamentals of Safety and Health"

class teaches managers and supervisors the basic skills needed to keep workers safe. In FY 08-09, 3 instructor led classes were held off-site by agency request. "Fundamentals" became available online in February. The class is available for a specific period of time each month. Eighty-six employees have taken advantage of this new service, saving the Commonwealth both time and money.

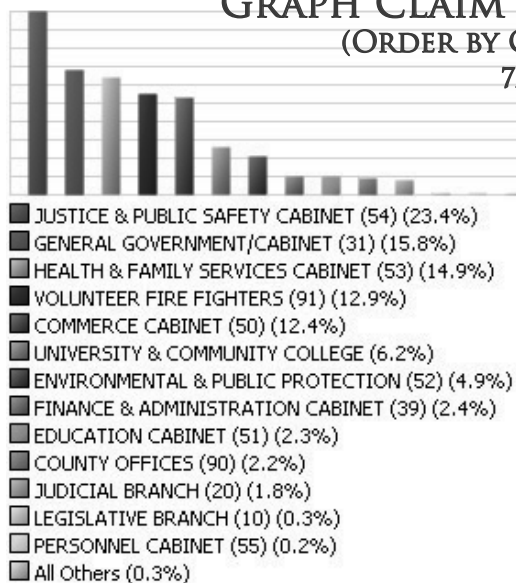
NATIONAL SAFETY MONTH

In addition to working with other cabinets, the Safety Program works within the Personnel Cabinet to help ensure the health and safety of its employees. In June, the Cabinet participated in National Safety Month. Each week employees received an e-mail with important information related to that week's safety theme. Themes included Teen Driving, Fall Prevention, Overexertion, and Distracted Driving. Safety Month was featured on the "Spotlight" section of the Personnel Cabinet website and a number of articles and web links were posted online.

OTHER ACTIVITIES:

- Received the Occupational Excellence Award by the National Safety Council;
- Participated in the Personnel Cabinet Health Fair;
- Established individuals as "area monitors" in each area of the building to assist in emergency evacuation;
- Posted emergency evacuation route diagrams throughout the building;
- Assigned first-aid kits to trained individuals for safety coverage;
- Coordinated 6 employee blood drives, collecting 626 units of blood.

GRAPH CLAIM FOR EACH CABINET
(ORDER BY CLAIM COUNT DESCRIPTION)
7/01/08 THRU 6/30/09



CLAIM COUNT FOR EACH CABINET

7/1/08 THRU 6/30/09

CABINET	Paid	Out Reserve	Total Incur	Claim Count	Cost per Claim
JUSTICE & PUBLIC SAFETY CABINET (54)	\$1,210,195.42	\$1,410,119.71	\$2,619,835.35	582	\$4,501.44
GENERAL GOVERNMENT/CABINET (31)	\$787,529.71	\$1,133,535.08	\$1,921,064.79	393	\$4,888.21
HEALTH & FAMILY SERVICES CABINET (53)	\$502,421.52	\$966,878.57	\$1,468,500.09	371	\$3,958.22
VOLUNTEER FIRE FIGHTERS (91)	\$836,488.37	\$1,082,886.13	\$1,915,118.50	320	\$5,984.75
COMMERCE CABINET (50)	\$508,091.41	\$530,723.54	\$1,038,814.95	310	\$3,351.02
UNIVERSITY & COMMUNITY COLLEGE	\$286,779.22	\$263,080.99	\$549,720.21	154	\$3,569.61
ENVIRONMENTAL & PUBLIC PROTECTION (52)	\$567,962.26	\$961,846.97	\$1,529,809.23	121	\$12,643.05
FINANCE & ADMINISTRATION CABINET (39)	\$79,096.91	\$94,975.06	\$174,071.97	61	\$2,853.64
EDUCATION CABINET (51)	\$75,572.12	\$173,258.96	\$248,831.08	58	\$4,290.19
COUNTY OFFICES (90)	\$102,698.83	\$151,592.93	\$254,291.76	55	\$4,623.49
JUDICIAL BRANCH (20)	\$50,378.64	\$307,774.62	\$358,153.26	46	\$7,785.94
LEGISLATIVE BRANCH (10)	\$47,510.10	\$79,188.10	\$126,698.20	7	\$18,099.74
PERSONNEL CABINET (55)	\$2,933.26	\$4,819.99	\$7,753.25	4	\$1,938.31
KENTUCKY LOTTERY CORPORATION (80)	\$978.65	\$3,827.57	\$4,806.22	3	\$1,602.07
COUNTY CENTERS (44)	\$632.14	\$0.00	\$632.14	2	\$316.07
VOLUNTEER AMBULANCE PERSONNEL (92)	\$0.00	\$0.00	\$0.00	2	\$0.00
ECONOMIC DEVELOPMENT CABINET (36)	\$3,866.02	\$33,877.19	\$37,743.21	1	\$37,743.21
Totals:	\$5,063,134.58	\$7,198,385.41	\$12,255,844.21	2490	\$4,922.03

EMPLOYEE ENGAGEMENT AND VOLUNTEERISM

The Employee Engagement and Volunteerism programs were launched in October 2008.

Employee satisfaction leads to employee engagement; and engaged employees have a sense of personal attachment to their work and positive effect on their organization. As an employer, the Personnel Cabinet seeks to identify and develop the strengths and talents of our workforce. Employee surveys help management to better understand employee attitudes on issues such as commitment, loyalty, and engagement.

Employee Volunteerism is in line with the Personnel Cabinet's statement of "Serving the People Who Serve the People." We strive to create a culture in which our employees go one step beyond and extend a helping hand to our communities.

PROJECTS INCLUDE:

- Creation and distribution of customer service surveys for Secretary's Office (Cabinet-wide Employee Engagement Survey), Return to Work and Workers' Compensation, KEAP, Administrative Services, and Department of Employee Insurance;
- Development of mentoring brochure for the Personnel Cabinet's Leadership Institute;
- Community service events and collaborations with Simon House (Partnership with the Office of Diversity and Equality), March of Dimes, KECC, Governor's Minority Management Training Program.



Personnel Cabinet employees Marietta Thompson, Nila Meeks and Clint Morris enjoying their volunteer day at Simon House in Frankfort.

ADOPTION BENEFIT PROGRAM

- During FY 2008-2009, 16 applications were approved, totaling \$51,897.16. Since its inception in 1999, this program has provided \$618,672.35 in assistance to 208 employees;
- Winner of Dave Thomas Foundation for Adoption – Best Adoption-Friendly Workplaces 2009.

FAMILY MEDICAL LEAVE

Information was updated and employees were educated to reflect new FMLA Amendments.

PERSONNEL ANSWER LINE

- Averages 340 telephone calls per month;
- Responds to concerns regarding state employee personnel issues to questions from the general public.



The Stratton Family sings the praises of the Adoption Benefit Program.

You can watch their video at:

<http://personnel.ky.gov/emprel/adoption/default/>



RESPONSIBILITIES

The Governmental Services Center has been instrumental in enabling the Personnel Cabinet to meet its statutory duties and responsibilities in the areas of employee and organizational development. The Governmental Services Center (GSC) is comprised of the Executive Director's Office, Organizational Development Branch, the Training and Employee Development Branch, and the Performance Management Branch.

GSC exists to promote the professional, even personal development of people. The stronger relationships we're constantly building with our customers represent one way we are achieving this. We serve over 30,000 state employees and reach out to numerous other local employees with our consulting services. To date, thousands have sought us out for instructor-led, online and special request support. We proudly meet the standards and sometimes rigorous expectations of our clients.

We seek to make our work accessible, useful and relevant through our website, our classrooms, our training and consulting services, our publications, our branches, and forthcoming, our training consortiums and online communities. We continually engage with other Executive cabinets and agencies to ensure we can best serve the needs of the Commonwealth where so many of our employees work and apply their skills.

ACCOMPLISHMENTS



In February, 2008 the Governmental Services Center (GSC) implemented a Needs Assessment team. The team's intent was to rediscover, define and validate our customers' training needs across the Executive Branch of government. Maintaining alignment with our Personnel Cabinet's goal

to become an Employer of Choice, we knew the importance of illustrating and adopting a posture of service. It was important to become more strategic in how we work on, and especially important, who we work with to clarify our direction. To date, the needs assessment team is in the process of surveying supervisors and managers statewide to identify current critical training needs.

The results of the first assessment determined that four overarching themes existed: fundamental supervisory skills, workplace compliance issues, computer classes, leadership skills and employee development. We have continued to address, expand, and refine our eLearning services linked to GSC's Web site

to include additional online modules in the areas of:

- Conducting Effective Meetings
- Customer Service
- Time and Attendance Basics
- Americans with Disabilities Act
- FMLA Update
- Adapting to a Transitioning Environment.

We have partnered with the Cabinet for Health and Family Services, Department of Public Health and are in the process of transitioning our specialized online courses to the TrainKY Content Management System in order to provide our services free of charge. We are also continually providing onsite consulting services.

Beginning in May, 2009 the GSC assessment team focused on the Kentucky Certified Public Manager (KCPM) program. We took a phased approach with the first phase consisting of scheduled interviews with Executive Branch leaders and representatives of different Cabinets and various agencies to assess the structure and effectiveness of the current KCPM program. In June and July, 2009 the GSC deployed a survey targeting state managers, past graduates, and current participants. In June, 2009 GSC underwent a 5- year review for reaccreditation in accordance with the procedures of the National Certified Public Manager (CPM) Consortium. A site visit was conducted on June 24-25, 2009.

The gathering of all relevant information and preliminary recommendations of the National Consortium has provided our roadmap for better planning, communication, course development, and delivery of the KCPM program and course development to address identified critical needs.

PERFORMANCE MANAGEMENT BRANCH

- Conducted 'Performance Matters' employee evaluation supervisor training for approximately 631 supervisors and interested employees.
- In process of completing a statewide audit of 2008 performance evaluations. This effort will result in the auditing of 2,580 or 10% of all evaluations conducted during the 2008 performance period.
- Monitored and provided assistance to agencies in the administration of the employee performance evaluation system resulting in verification of the following achievements and concerns:
 - 24,258 or 97.6% of all eligible employees received an annual evaluation for the 2008 performance year.
 - 27,830 or 98.8% of all eligible employees met with their supervisor to discuss and sign their 2009 performance plan.
 - In the process of auditing all eligible employees to verify having met with their supervisor during the required April 2009 interim review meeting to discuss their work performance progress.
 - Created a lesson plan and objectives for the mandated Employee Performance Evaluation training session.
 - In discussion of a blended learning or alternative approach to the Performance Evaluation training sessions and what tools need to be made available to evaluators and employees for effective performance management.



CERTIFIED PUBLIC MANAGER PROGRAM

The Governmental Services Center (GSC) started the Kentucky Career Manager Program in 1983 and it became certified by the Certified Public Manager® consortium in 1989 as the Kentucky Certified Public Manager Program. The purpose of the Kentucky Certified Public Manager® (KCPM) program is to develop an identifiable pool of individuals with expertise and talent to be dedicated public managers or potential managers. This program has been recertified every five years as designated by the CPM® consortium. GSC underwent a site visit for reaccreditation again in June 2009. A final report will be submitted by the committee chairman to the Vice Chair of the Executive Council by September 1, 2009. Reaccreditations are awarded at the annual business meeting in mid September, 2009.

The Kentucky Certified Public Manager Program® is a nationally accredited management certificate program that is challenging, disciplined, current and comprehensive. Kentucky is one of 29 states plus the District of Columbia, and the USDA Graduate School in the nation accredited by the National Certified Public Manager Consortium. There are 4 additional states and the U.S. Virgin Islands with associated status soon to be accredited.

The new program structure started with the first cohort in the fall of 2006. There are 96 candidates currently representing a majority of the cabinets. The KCPM program comprises of 300 hour broad based development program designed to foster

leadership that is inclusive of state government core values. As a part of a National Certified Public Manager Consortium, this certification program offers practical skills and coursework that builds upon management training programs offered through the Governmental Services Center (GSC) and state agencies. Additionally, the participants attend undergraduate courses offered by Kentucky State University's (KSU) public administration program. GSC graduated the first cycle

of the 2006 designed Kentucky Certified Public Manager® (KCPM) Program in December 2008.

Governmental Services Center is working with the new Educational Assistance Program regulation and reviewing how agencies not participating will affect the KCPM program enrollment.



2008 KCPM Graduates

MONEY WORKS

GSC, in partnership with Kentucky Public Employees' Deferred Compensation Authority, Transportation's Division of Professional Development and Organizational Management, Kentucky State Treasury, Kentucky Employee Assistance Program (KEAP), and the Center for Strategic Innovation (CSI), created a financial information resource as a response to creating a learning and development culture in state government.

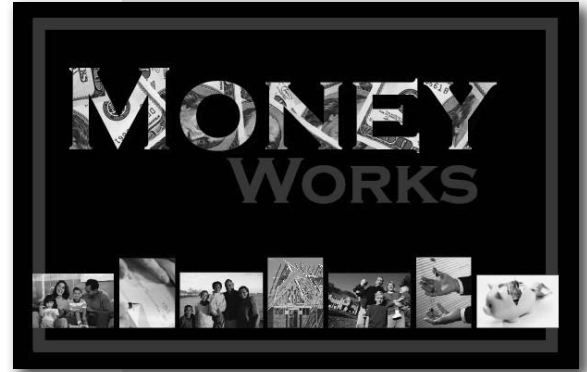
Money Works, which is available to all state employees offers basic money management resources: identifying money management principles, acquiring basic money-management skills and learning how to use several different financial services.

A website was developed that features a Money Works Seminar Series. Employees can sign-up for one- or two-hour instructor led sessions that are offered in Frankfort. The partnership is currently working to provide these seminars at several locations across the state. For those who are not able to attend the instructor-led classes the Website offers online tutorials and classes, which are accessible 24 hours a day, 7 days a week at <http://personnel.ky.gov/moneyworks.htm>

The site also features 10 online modules linked from the FDIC Web site. These modules are designed to help individuals outside the financial mainstream develop financial skills and positive banking relationships. Each module can be completed in approximately 10-20 minutes for a quick and simple learning experience.

During 2009, the instructor-led seminars focus on a variety of financial topics including:

- Invest in Your Future
- Asset Allocation
- Money Management
- Beyond Paycheck to Paycheck
- Managing Your Assets in a Volatile Market
- Kentucky Women and Investing



ONBOARDING AND ORIENTATION

An employee's first encounter with their new position is critical to and a part of the engagement strategy. In the spring of 2009, the GSC developed a Statewide New Employee Onboarding and Orientation Online Resource for all merit and non-merit state employees. Some of the many goals of onboarding ensure that the new employees are exposed to a uniform and formal welcoming process, understand their contribution to the larger enterprise called state government, and are introduced, in a more purposed and structured way, to their new employer.



The online resource includes:

- A new employee welcome video from Governor Beshear
- An employee's guide
- A supervisor's guide

Introducing a new hire takes more than just a quick tour and an overview of their tasks. A leader's role is taking the extra time to acquaint them with how their cabinet and the various departments operate, which can make a new employee feel a greater sense of involvement. The onboarding experience also can be used for experienced Commonwealth of Kentucky employees.

An effective onboarding experience will:

- Foster an understanding of the cabinet culture, its values, and its diversity
- Help the new employee make a successful adjustment to the new job
- Help the employee understand their role and how they fit into the total organization
- Help the new employee achieve objectives and shorten the learning curve
- Help the new employee develop a positive working relationship by building a foundation of knowledge about the cabinet mission, vision, objectives, policies, organizational structure, and functions

Onboarding website: <http://personnel.ky.gov/onboarding.htm>.

LEADERSHIP INSTITUTE

Beginning in January, 2009, the Personnel Cabinet and GSC began piloting Leadership Institute to help meet the growing expectations of executive branch leaders in the areas of:

- Strategic Alignment
- Employee and Team Development
- State Leadership

The annual Leadership Institute is a 12-day commitment. Participants meet once a month over a 12-month period. The sessions focus on a specific dimension of leadership. Periodic discussion forums will be facilitated by participants.

Dimension Areas:

- Leaders as Learners
- Collaborative Leadership
- Leading an Effective Organization

Program Objectives

- Understand Institute's leadership model and competencies to achieve leadership success
- Understand your leadership role
- Review and apply the functions, the roles and the skills of an effective leader
- Learn and apply the principles of motivation and teamwork
- Provide knowledge and understanding of resources and their use within the Organization

Putting it All Together:
Commitment to "Meeting the Leadership Challenge"

The Personnel Cabinet hopes to share the Institute program and program offerings to other executive branch cabinets and agencies in 2010.

For more information, go to <http://personnel.ky.gov/li.htm>.



DID YOU KNOW?

During the FY 08-09 year, GSC conducted 143 onsite workshops with over 3,000 participants in attendance. In addition, GSC conducted an additional twenty three workshops as Special Requests.

ADDITIONAL AGENCY ACCOMPLISHMENTS:

GOVERNOR'S MINORITY MANAGEMENT TRAINING PROGRAM (GMMTP)

Our role has been in the past and continues to be, the providers of the program approved training. GMMTP organizers approved the Certificate of Management Fundamentals curriculum as the training of choice. GSC partnered with the Office of Diversity and Equality (ODE) for 2009 registration and there are currently 20 participants in the program.

CERTIFICATE OF MANAGEMENT FUNDAMENTALS (CMF)

Certificate of Management Fundamentals (CMF) is an ongoing, non application based program currently requiring 11 workshops & 1 applied project. In '08/'09 there have been 7 participants that have completed CMF.

EXAMPLES OF CONSULTING AND SPECIAL PROJECTS

- Worked with the Kentucky Division of Water to assist in developing an employee recognition program. The service included surveys, focus groups and management meetings to discuss strategies for implementation.
- Provided the Education Cabinet, Department of Workforce Investment, train the trainer workshops in preparation for a new software implementation statewide. Workshop was tailored to the meet the specific need for employees with minimal experience in training.
- Assisted Legislative Research Commission in providing structural behavioral interviewing skills workshops. The emphasis was to understand the types of questions to ask candidates that will elicit the most useful information about job performance.

CURRENT GSC COURSE ADDITIONS:

Generations at Work

Different generational issues can create conflict in the workplace. Understanding the values and potential outcomes of generational interaction is important for agencies to minimize potential problems when people from different generations fail to communicate effectively.

Online Fundamentals of Safety and Health

In partnership with the Office of Employee relations, GSC has developed an online resource that covers basic information to managers and supervisors to help reduce employee injuries and associated costs. Classes are offered once per month.

Online Executive Branch Ethics

In partnership with the Executive Branch Ethics Commission, an online training was created through the Department of Public Health utilizing TrainKY Course Management System. This online resource covers the same information facilitated in the instructor-led class (conducted by the Executive Branch Ethics Commission).

TRAINING DATA

<i>Participant Information</i>				
Cabinet	Duplicated Totals (Counted Each Time They Attend)	Unduplicated Totals (Each Individual Only Counted One Time)		
		SFY 09	SFY 09	SFY 09
Commerce	310			175
Economic Development	17			11
Education	287			179
Energy & Environment	450			218
Environmental & Public Protection	2			2
Finance & Administration	309			178
General Government	215			159
Health & Family Services	305			204
Judicial Branch	10			6
Justice & Public Safety	518			364
Kentucky State University	0			0
Labor	153			90
Legislative Branch	39			33
Local Government	1			1
Personnel	141			76
Public Protection	148			75
Transportation	409			172
TOTAL		3314		1943
<i>Workshop Information</i>				
Regular Workshops				143
Specials				23
Online				2
TOTAL				168
<i>KCPM Information</i>				
CMF Projects submitted				10
CMF Completed				7
CPM Active				96
CPM Completed				18
Total CPM Participants				96
CMF Workshops				50
CPM Workshops				41
TOTAL				91

KY PUBLIC EMPLOYEES' DEFERRED COMPENSATION AUTHORITY

RESPONSIBILITIES

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).

ACCOMPLISHMENTS



Kentucky's deferred compensation plans have again this fiscal year maintained their high ranking among the other Government Deferred Compensation plans. Based on the most recent survey data available from the National Association of Government Defined Contribution Administrators (NAGDCA) for IRC

Section 457 Plans, the Authority continues to rank 21st in the nation in terms of both 457 Plan assets and in terms of the number of participants and 9th with respect to the 401(k) Plan. According to the latest NAGDCA survey, Kentucky also continues to rank ahead of several more populous states. A separate December 31, 2008 NAGDCA report indicates Kentucky ranked 8th in assets and 7th in participants for those states reporting both 457 and 401(k) Plans.

To further emphasize the magnitude of the Kentucky program's size, in the January 26, 2009 issue of Pension & Investments magazine a survey of the top 1,000 pension plans (including defined benefit as well as defined contribution – both public and private) the Kentucky deferred compensation program ranked 659th in the nation compared to 631st last year. Transfers to the various retirement systems to purchase service credit were a major contributor to the drop in our ranking this past year.

During fiscal year 2008-2009, the Authority Board of Trustees (Board):

1. Based on earlier fee reduction actions, the Board has now reduced participant fees in 9 of the previous 13 years, resulting in 'recurring' annual savings to participants of approximately \$4.3 million. The total accumulated annual savings has now reached approximately \$31 million.
2. Was notified the Authority was 1 of 3 finalists for the prestigious Plan Sponsor Magazine plan of the year award in the government defined contribution plans category.
3. Received from NAGDCA a 2009 Leadership Recognition Award for its targeted staff enrollment campaign within the correction

institutions. This is the 12th time Kentucky has been recognized in the past 14 years for outstanding achievement in the administration of the Authority program. No other NAGDCA member has received this prestigious award as many times.

- The Board engaged Mercer Consulting, Inc. (Mercer) to be the investment advice consultant to draft models for the investment advice program. Mercer prepared an investment adviser request for proposal and has reviewed proposals and selected finalists for the investment advisor role. A decision regarding the advice provider will be obtained at the August 26, 2009 Board meeting. This program is now scheduled for implementation on January 1, 2010.

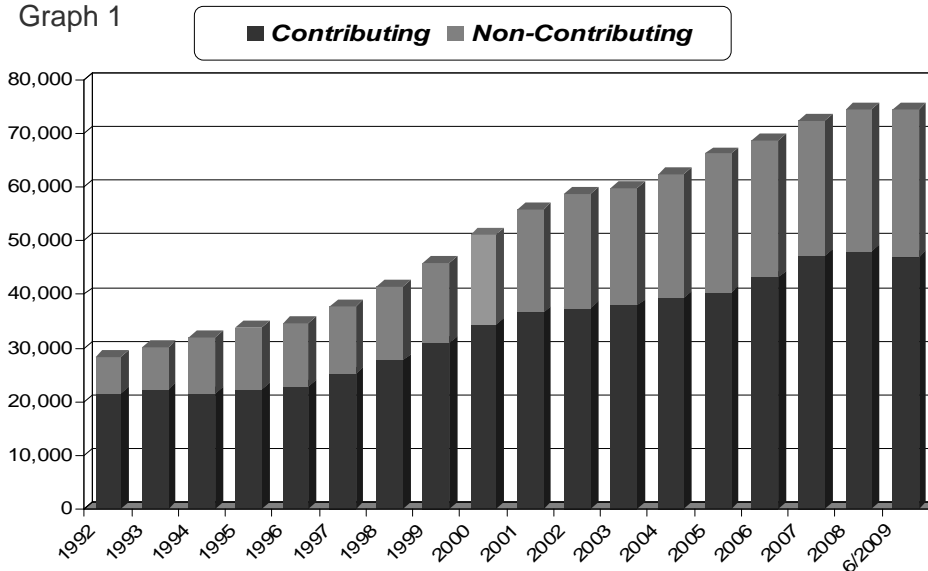
In addition, the Authority has achieved yet another record-breaking year in terms of participation in the plans. Participation in the Authority program increased by more than 500 participants during the 2009 fiscal year, representing a 1% increase over the fiscal year ended June 30, 2008. Unfortunately, assets at June 30, 2009 were approximately \$153 million lower than at the end of fiscal year 2008. Reduced asset values were a common occurrence in deferred compensation programs throughout the nation because of the severity of the current economic recession.

The following graphs, charts and tables represent the combined results from the Authority's 457 and 401(k) supplemental retirement plans through June 30, 2009:

- Participant Volume – Graph 1 and the accompanying table substantiate the record breaking growth rate the Authority continues to experience. The number of plan participants (with account balances) increased from 73,884 as of June 30, 2008 to 74,417 at June 30, 2009. This represents an increase of 533 participants or a 0.7% increase as of the 2009 fiscal year end.

TOTAL PARTICIPANTS BY YEAR (WITH ACCOUNT BALANCES) AS OF JUNE 30, 2009

Graph 1



TOTAL PARTICIPANTS BY YEAR (WITH ACCOUNT BALANCES) 6/30/1993-6/30/2009

Year	Participants
6/30/1993	30,188
6/30/1994	32,024
6/30/1995	33,781
6/30/1996	34,589
6/30/1997	37,330
6/30/1998	41,016
6/30/1999	46,187
6/30/2000	51,099
6/30/2001	55,749
6/30/2002	58,756
6/30/2003	59,773
6/30/2004	62,437
6/30/2005	64,689
6/30/2006	67,490
6/30/2007	70,247
6/30/2008	73,884
6/30/2009	74,417

- Plan Assets – Graph 2 and the accompanying table shows that 2008 plan assets, on a calendar year basis, were substantially less than for 2007 (2008 - \$1.307 billion vs. 2007 - \$1.591 billion). Assets, on a fiscal year basis, have also declined significantly from \$1.554 billion as of June 30, 2008 to \$1.401 billion on June 30, 2009, representing a \$153 million or approximately a 9.9% decrease. This decline in plan assets was not unique to the Authority plans. Retirement plans in general experienced large reductions in plan asset values as the recession significantly affected all of the financial markets during fiscal year 2009.

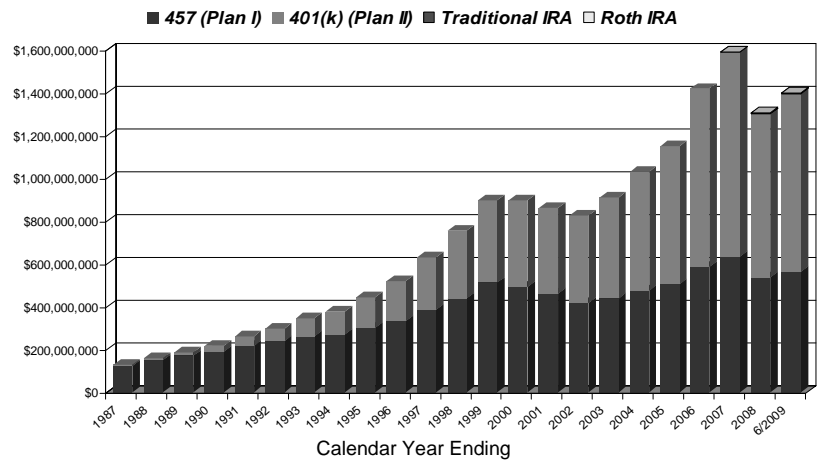
ASSET GROWTH BY YEAR (EXCLUDING LIFE INSURANCE AND UNINVESTED RECEIPTS)

Year	Assets
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
12/31/2002	\$827,735,663
12/31/2003	\$1,002,971,334
12/31/2004	\$1,118,341,380
12/31/2005	\$1,248,596,528
12/31/2006	\$1,420,204,161
12/31/2007	\$1,591,275,093
12/31/2008	\$1,306,613,331
6/30/2009	\$1,400,934,621

Graph 2 **ASSET GROWTH BY YEAR**
(EXCLUDING LIFE INSURANCE AND UNINVESTED RECEIPTS)

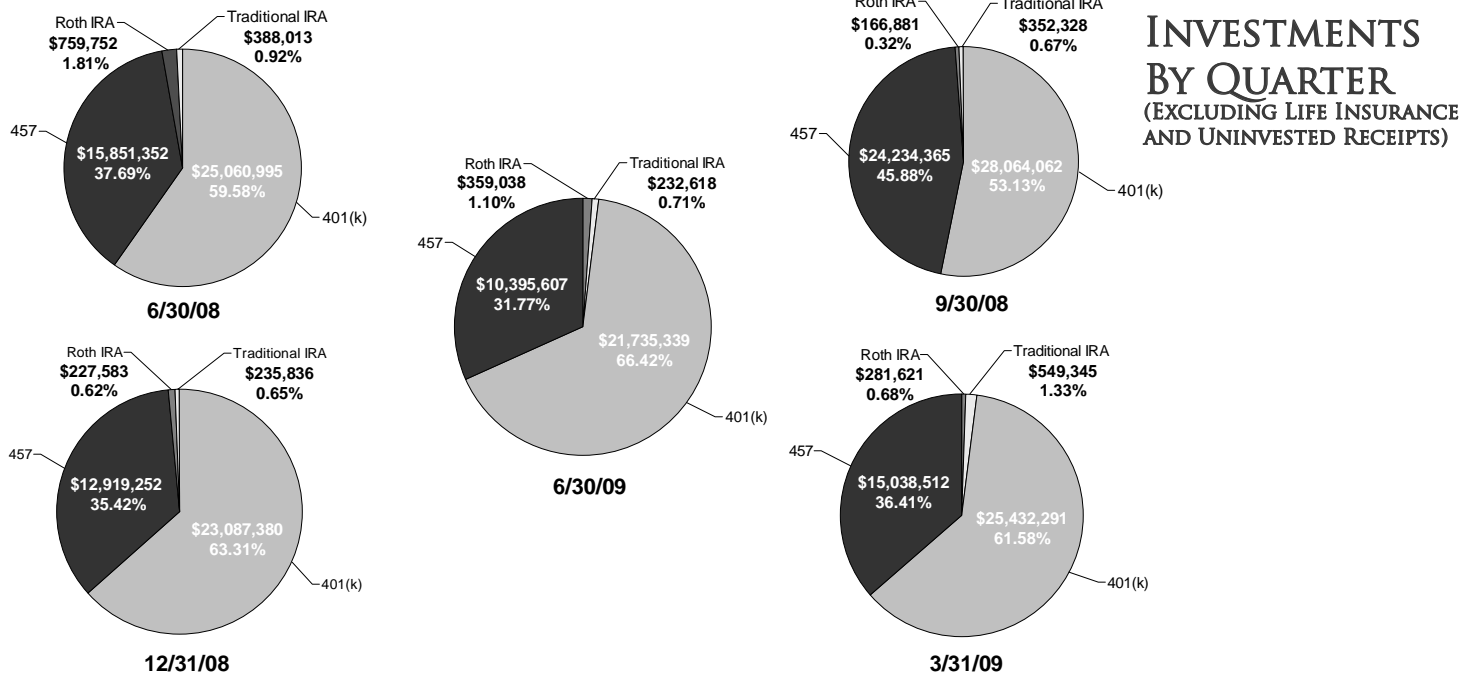
Participants Accounts		Assets	
457 (Plan I)	32,238	457 (Plan I)	\$566,159,130.47
401(k) (Plan II)	59,798	401(k) (Plan II)	\$829,913,930.49
Traditional IRA	210	Traditional IRA	\$2,358,548.20
Roth IRA	1,148	Roth IRA	\$2,503,011.69

Calendar YTD Increase 7.22%



- Plan Trends – Several important trends continued during fiscal year 2008-2009 within the deferred compensation program.
 - Investments – Graph 3 indicates for the 2nd time in 13 years, quarterly participant investments as of June 30, 2009 have decreased. Quarterly participant investments decreased significantly from \$42.1 million as of June 30, 2008 to \$32.7 million as of June 30, 2009. This is a decrease of \$9.4 million or approximately 22.3%. This decrease is primarily attributable to 2 factors. First, the steep decline in the financial markets resulting in a rather deep economic recession. Secondly, the end of the incentives for state employees to retire and defer their annual leave and compensatory time into the program.

Graph 3

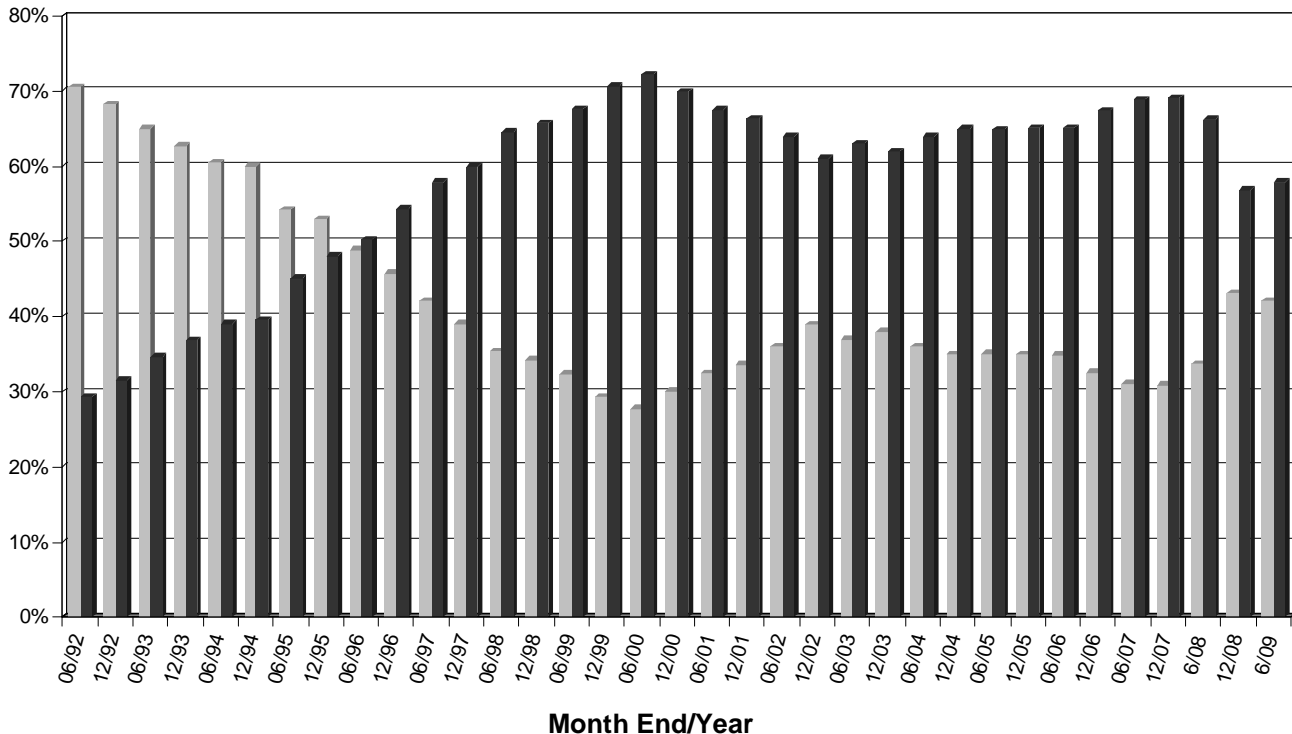


Plan Assets Allocation – Graph 4 and the accompanying table demonstrates that for a 14th consecutive year, participants invested more into the mutual funds than into the Fixed Contract Fund (FCF). This is also the 13th consecutive year in which investments into the mutual funds were greater than into the FCF in ‘each’ quarter of the year. Graph 5 indicates the allocation of assets is now \$717.0 million (51.18%) in the stock mutual funds, \$94.4 million (6.74%) in the bond mutual funds/ money market fund and \$566.6 million (40.45%) in the FCF. The remaining 1.63% or \$23.0 million represents insurance company benefit accounts and participant loans.

Graph 4

PERCENTAGE ALLOCATION OF ASSETS (EXCLUDING LIFE INSURANCE AND UNINVESTED RECEIPTS)

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



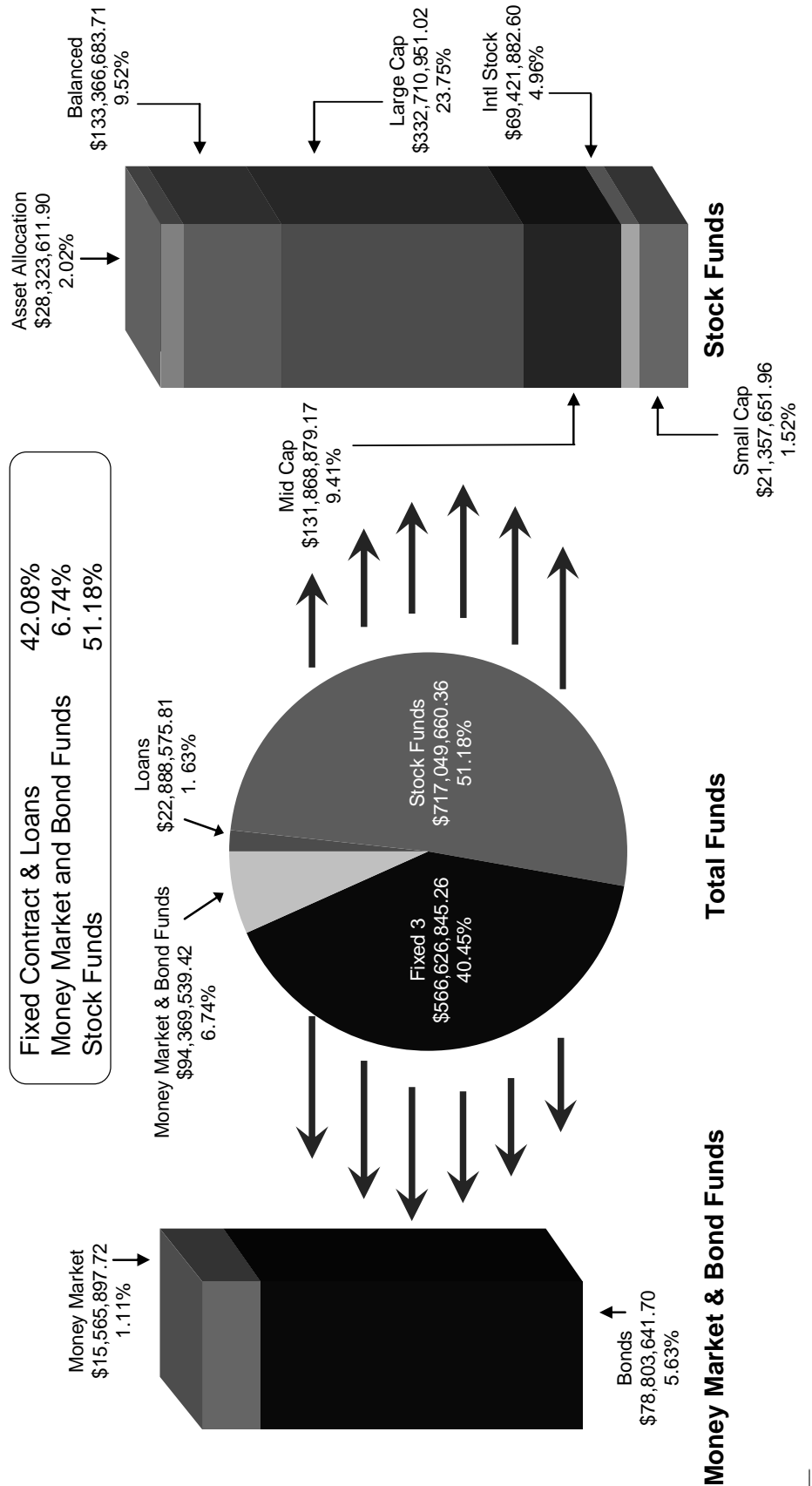
ASSETS - FIXED & VARIABLE

SECOND QUARTER 2002
TO SECOND QUARTER 2009

Year	Fixed	Variable
6/02	\$292,352,027	\$541,020,876
12/02	\$319,540,391	\$508,195,322
06/03	\$330,321,165	\$565,503,670
12/03	\$346,607,857	\$656,227,878
6/04	\$356,360,773	\$688,354,792
12/04	\$372,453,803	\$745,887,577
6/05	\$387,788,869	\$764,858,495
12/05	\$436,204,265	\$812,170,473
6/06	\$453,729,486	\$850,997,401
12/06	\$463,034,505	\$957,169,656
6/07	\$478,003,505	\$1,056,393,856
12/07	\$491,385,778	\$1,099,889,315
6/08	\$523,844,082	\$1,029,854,002
12/08	\$564,180,361	\$742,432,970
6/09	\$589,515,421	\$811,419,200

Graph 5

ALLOCATION OF PLAN ASSETS (EXCLUDING LIFE INSURANCE AND UNINVESTED RECEIPTS) AS OF JUNE 30, 2009

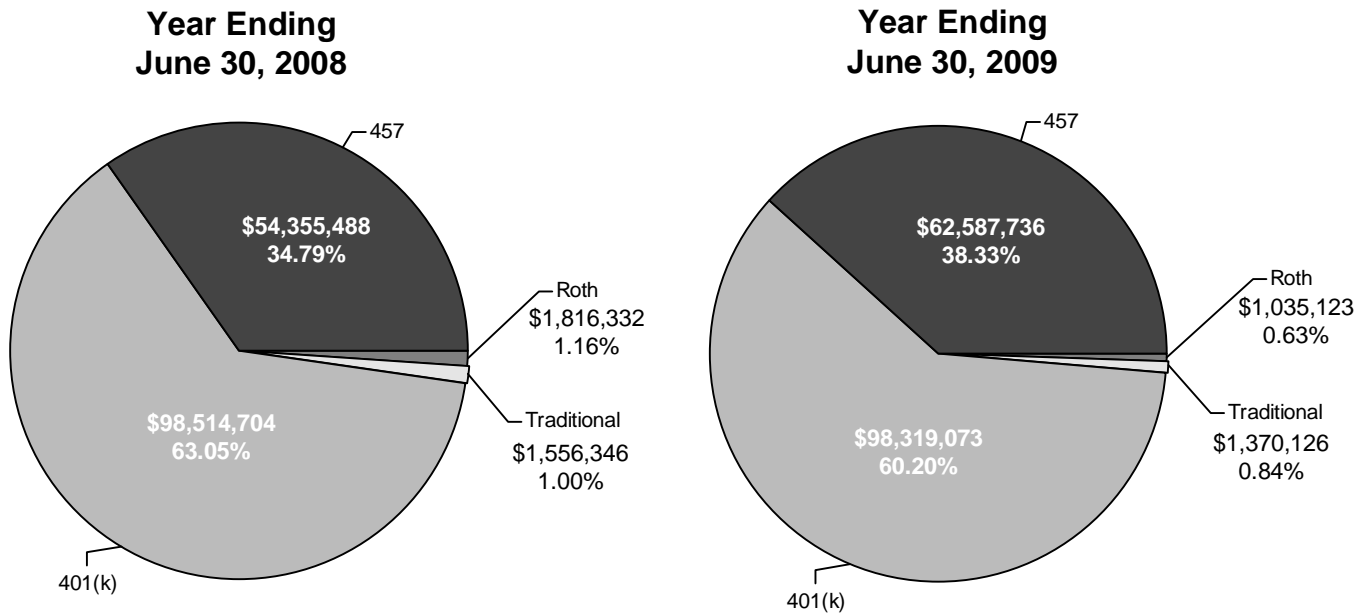


- Investments – Graph 6 demonstrates annual deferral investments increased again this fiscal year and totaled \$163.3 million compared to \$156.2 million at June 30, 2008, representing a \$7.1 million or 4.6% increase. The percentage of the investments into the 401(k) Plan versus the 457 Plan decreased approximately 3.05% to approximately 60.20%. For the fiscal year ended June 30, 2009, the dollars invested in the 401(k) Plan exceeded those invested in the 457 Plan by nearly \$35.7 million. This increase in 457 Plan investments is primarily the result of participants ability to now purchase air time with the various retirement systems from the 457 Plan and recent changes in federal regulations which make the provisions of the 457 and 401(k) Plans more comparable. Also, participants are investing in the new Deemed IRA feature. This year participant IRA investments equated to \$2.4 million a decrease of \$1.0 million from the prior fiscal year.



ANNUAL DEFERRAL INVESTMENTS
(EXCLUDING LIFE INSURANCE)

Graph 6



As of July 2009, the Authority offers participants 28 investment options from which to select. The investment spectrum ranges from conservative – to – moderate – to – aggressive. This spectrum of investments consists of 21 mutual funds, 5 target date life cycle funds, 1 money market fund and 1 stable value or fixed fund product.



RESPONSIBILITIES

The Office of Diversity & Equality is responsible for the development and implementation of policies, procedures and programs to promote and monitor progressive statewide workforce management in the areas of equal employment opportunity, affirmative action, retention, inclusion and diversity. ODE reports the state's progress to the Secretary of Personnel Cabinet through the Semi-Annual Report on Female and Minority Employment.

In accordance with our commitment to voluntary and proactive compliance with state and federal equal employment opportunity laws, ODE provides consultative guidance to state agencies on the investigation of discrimination complaints, and oversees agency responsiveness by monitoring, tracking, and reviewing discrimination complaints. The Office also asserts its investigative authority as a last resort to reduce the necessity for litigation. The staff provides technical assistance, training, and resources on minority recruitment, affirmative action planning, equal opportunity compliance and diversity to the Personnel Cabinet and other state agencies. This Office also develops and coordinates the Annual Governor's EEO Conference, which is the primary continuing education and training event for EEO Coordinators and counselors, investigators, human resource executives, supervisors and managers.

Additionally, ODE oversees the development and implementation of workforce diversity initiatives to increase awareness, recruitment and retention efforts. Current initiatives include the Governor's Minority Management Trainee Program (GMMTP), Governor's Diversity Day, the Workforce Diversity Symposium and heritage month recognition.

ACCOMPLISHMENTS

ODE is committed to the Personnel Cabinet's mission "to provide leadership and guidance to attract, develop, motivate and retain a talented, diverse workforce; foster an understanding of and adherence to regulatory requirements, and create a positive, supportive work environment that values all employees." The Office further embraces its role as primary advocate for all current and potential employees to have equal access to employment opportunities and human resource services through the development of strategic planning initiatives based on a triple-faceted and solution-based approach emphasizing Innovation, Collaboration & Education (ICE). During fiscal year 2008-09, ODE experienced a quality, customer-driven, and cost-effective enhancement of programs and services as a direct result of

the purpose-driven community outreach, private-sector and community-based partnership pursuits of the Cabinet Secretary and Executive Director. The positions of Personnel Program Consultant and State Diversity Coordinator (formerly Diversity Division Director) were eliminated from the office due to budget constraints, yet staff flexibility and dedication to the cabinet's mission, vision and values aided in the strategic alignment of our office objectives with those of the Personnel Cabinet, overhaul of existing projects, and implementation of new endeavors within our program areas:

AFFIRMATIVE ACTION

- The completion of two Semi-Annual Reports on Female and Minority Utilization. These reports measure Commonwealth employment numbers to the female and minority utilization goals of 52.42% and 10%, respectively. The reports also identify employment trends over several reporting periods and provide context and analysis for both the overall and cabinet-level utilization.

As of June 30, 2009, state government was comprised of 8.74% minorities and 48.89% females. Three cabinets met utilization goals for both females and minorities: Economic Development, Health & Family Services and Personnel. Three Cabinets met the utilization goals for only females: Education, General Government and Labor. The Semi-Annual Reports on Female and Minority Utilization are posted online: [http://personnel.ky.gov/diversity/AffirmativeAction\](http://personnel.ky.gov/diversity/AffirmativeAction)

- Confirmed affirmative action and EEO reporting requirements for the KHRIS system with the Department of Human Resources Administration (DHRA), formally known as Personnel Administration. The requested operations will increase ODE's statewide monitoring capabilities on agency hiring, transfers, promotions & separations from employment.
- Collaborated with the Division of Career Opportunities (formerly Division of Staffing Services) to develop and promote a series of community seminars on accessing employment with Kentucky State Government via the Career Opportunities System (COS), the new on-line application system. The seminars were held in Louisville, KY at local community centers and churches. Attendees received assistance with researching employment opportunities, creating on-line accounts, preparing resumes and applying for jobs through COS. The division will explore options for expanding into Lexington, KY and other cities in the future.



EQUAL EMPLOYMENT OPPORTUNITY

- In collaboration with the Finance & Administration Cabinet, ODE developed an investigation training module. Investigative guidelines were also prepared to further clarify ODE's investigative authority in accordance with KRS 18.030, develop consistency regarding initial response protocol, and establish internal investigative timeframes with respect to state and federal enforcement agency statutes of limitations. The training module was presented to EEO Coordinators at the April Quarterly EEO Coalition Forum.
- Reformatted the monthly EEO Coalition newsletter, "The Evolution," which is distributed to EEO Coordinators across state government. The newsletter provides updates, resources and information on human resources, EEO and diversity-related topics as well as relevant and upcoming state government or community sponsored seminars, trainings and events.
- In an effort to streamline processes, ODE developed a standard Equal Employment Complaint Form. The form captures vital information regarding employee complaints submitted to ODE which allows ease of access for and follow-up.
- ODE hosted the 22nd Annual Governor's EEO Conference "The Evolution of Equality" for over 380 participants on October 1, 2008. Consistent with our desire to pursue a culture of voluntary and proactive compliance, increase best practices sharing with the private sector, and to enhance customer value, the conference was strategically redesigned from a three-day to a one-day event. The new conference format resulted in a greater emphasis on technical training and progressive policy development for EEO and workforce diversity, in addition to a 30% savings over the year 2007 conference expenditures. State departments incurred additional cost savings as a result of the reduction in employee overtime, travel and lodging reimbursements associated with attending the conference.

Attendees included HR Administrators, EEO, Affirmative Action and Diversity practitioners from both the public and private sectors. Approximately 15 featured presenters covered topics specific to workplace equal opportunity enforcement, professional development, diversity & inclusion. Dr. William Crouch, Jr., President of Georgetown College, presented personal reflections on his journey toward embracing diversity and inclusion as our Opening Plenary Speaker.

The Governor's EEO Awards Luncheon featured keynote



Presenters at the 2009 EEO Conference from both inside and outside the cabinet included: Trina Koontz from the Kentucky Employee Assistance Program (above) and Joe Grant from U of L's Justice Administration (below).



speaker, Johnny Taylor, CEO of Rushmoredrive.com and Immediate Past National Chair of the Society for Human Resource Management (SHRM). Louisville attorney David Friedman was awarded the Charles Anderson Laureate Award for his exemplary service and advocacy in the field of civil rights. The KYSHRM State Council partnered with the Personnel Cabinet to co-sponsor the luncheon.

- The planning and coordination of the 23rd Annual Governor's EEO Conference "The State of Diversity" scheduled for July 9, 2009. Approximately 400 public and private sector attendees are expected. KYSHRM State Council has again partnered with the Personnel Cabinet to co-sponsor the luncheon, which will feature Governor Steve Beshear and guest speaker, Chuck Shelton, Managing Director of Greatheart Leader Labs, LLC. Multiple state, local, private sector, independent consultants and exhibitors are scheduled to present information or training workshops providing technical assistance, personal and professional development. The anticipated costs savings for conference year 2009 is 25%-30% over the 2008 expenditures.
- In an effort to monitor and track statewide complaints and resolutions, ODE developed a monthly tracking device (EEO Monthly Report). EEO Coordinators are required to provide the following information: total number of active EEO cases, total number of closed EEO cases (with a brief description of the resolution), total number of pending external EEO cases (EEOC, KCHR, Personnel Board, etc.) and the number of employees trained on EEO related topics and the provider of said trainings.

Governor Beshear addresses the attendees at the 2009 EEO Conference.



DIVERSITY

- In a collaborative effort with the Governor's Office of Minority Empowerment and Governmental Services Center (GSC), the Office of Diversity and Equality welcomed twenty new participants to the Governor's Minority Management Trainee Program. With approximately fifty applications, the re-launch provided a competitive pool of candidates. Candidates were asked to submit applications, recommendations, essays, and were asked to participate in interviews. Upon completion of the application process, the 2011 class of the GMMTP were chosen.
- On May 12, 2009, an Opening Ceremony and Orientation was held introducing the new participants of the Governor's Minority Management Trainee Program to the Commonwealth. During the Opening Ceremony, greetings were presented on behalf of Governor Steve Beshear and words of wisdom and encouragement were provided by past graduates and distinguished guests.

After the Opening Ceremony, Trainees participated in an Orientation to familiarize themselves with the program and expectations. Trainees had the opportunity to meet their mentors who will assist in guiding them through their two-year growth.

- The coordination and implementation, on April 17, 2009, of the 1st Annual Commonwealth of Kentucky Workforce Diversity Symposium, "Creating a United Vision of Diversity & Inclusion." In an effort to promote a "one-employer" concept across Kentucky state government, diversity professionals gathered for cultural competency training and additional guidance on the strategic planning of diversity initiatives for our enterprise. Approximately 35 state government EEO/Diversity practitioners



Participants and supporters
of the GMMTP class of 2009.

received training on “Workforce Diversity & Organizational Justice”, “Private Sector Innovators: Developing & Managing Corporate Diversity Initiatives,” and Getting Started: Diversity Planning 101,” facilitated by individuals from both the private and public sector in partnership with ODE. An open panel discussion provided insight into corporate diversity initiatives, and provided comprehensive dialogue between the public and private sector. Presenting organizations included: Norton Healthcare, University of Louisville, Thomas & King, E.ON U.S., ADP, Kentucky Business Leadership Network and Worksmart, LLC.

- The 12th Annual Governor’s Diversity Day was held on March 26, 2009. To promote diversity education within the constraints of a limited budget, the format of this year’s Governor’s Diversity Day varied greatly from years past. Instead of hosting a daylong, conference-style event in Frankfort, the Office of Diversity & Equality assisted schools with organizing their own events tailored to their specific diversity goals. To assist with this endeavor, the Office of Diversity & Equality supplied schools with a Diversity Day Toolkit. This toolkit provided resources to help plan customized, effective and relevant diversity day events for students.

Thirty-eight schools reported participation in the 12th Annual Governor’s Diversity Day (twenty-two more than the previous year), and fourteen entered videos in the inaugural Governor’s Diversity Day Video Project.

The Governor’s Diversity Day Video Project was a unique chance to foster dialogue on diversity among some of Kentucky’s students. Elementary, middle and high school students produced 3-5 minute videos on “The Importance of Diversity.” The winners from each age group were announced by Governor Beshear and Secretary Jackson in a special “Governor’s Diversity Day Message” posted on YouTube and distributed to schools around the state.

- The Planning and implementation of statewide recognition of cultural heritage awareness months as established by the United States Congress. The purpose is to increase awareness and provide factual insight into the trials and triumphs of various groups of people. Our hope is that all employees will be motivated and inspired to seek greater understanding and appreciation of our individual and collective variety.

DID YOU KNOW?

ODE provides consultation services to other organizations regarding Diversity Program development, upon request.

The following observances were successfully implemented this fiscal year:

Black History Month (February 2009)

"Making History by Serving the People," was the theme of the 2009 Black History Month Celebration.



This event featured keynote speaker Alvin

Herring, CEO of SideBySide and former Director of the Muhammad Ali Institute for Peace and Justice. Mr. Herring shared remarks on "Making History by Serving the People," with a candid discussion on the importance of embracing diversity and being able to "see" one another before we can "serve" one another.

The 2009 Black History Month Celebration marked the inaugural presentation of the Louis H. Coleman, Jr. Torch Award, given to individuals from both the public and private sectors that provide exemplary



advocacy, program development and/or implementation

to promote workplace diversity and equality. The 2009 recipients were Eleanor Jordan of the Kentucky Commission on Women and Dr. Tim Findley of Norton Healthcare.



Women's History Month (March 2009)

In celebration of Women's History Month, the Office of Diversity & Equality produced and hosted a webpage during the month of March that spotlighted influential women in the history of Kentucky state government, linked visitors to resources for women and provided a listing of Women's History Month events throughout the Commonwealth. In addition to hosting this webpage, the Office of Diversity and Equality co-sponsored a day of community service at the Simon House, a shelter for women and children.

Asian/Pacific American Heritage Month (May 2009)

To celebrate the contributions of Asian and Pacific Americans to our society, the Office of Diversity & Equality produced and hosted a webpage detailing the contributions of influential Asian/Pacific Americans to the arts, business, government, science and sports. The page also included links to educational and organization resources devoted to understanding the Asian/Pacific American community and an historical timeline of important events in the Asian and Pacific American experience.

Hispanic Heritage Month (September 2008)

"Salsa Day" event held at the Kentucky Historical Society featured an historical overview of Hispanic American Heritage Month, a lesson in salsa dancing by salsa instructor Cathya Beard, and a "Best Salsa in Town" contest for state employees.

Disabilities Awareness Month (October 2008)

An informational booth was displayed at the 22nd Annual Governor's Equal Employment Opportunity Conference. This booth contained information on the Americans with Disabilities Act (ADA), organizations from across the state that specialize in employment assistance for individuals with disabilities and resources for parents of special needs children.

Native American Heritage Month (November 2008)

"Mascots, Barbie Dolls and Stereotypes: Being Culturally Sensitive in the World of Native Americans:" a lecture by University of Louisville professor Dr. Selene Phillips in the Transportation Cabinet auditorium. Dr. Phillips, an Ojibwe and former journalist, discussed Native American culture



and addressed the Native American stereotypes found in modern American media and culture.

EDUCATION (TRAINING WORKSHOPS)

- Organized Americans with Disability Act (ADAAA) Webcast training for EEO/ADA Coordinators to receive updates from the EEOC as it relates to the ADAAA.
- Trained 308 Commonwealth of Kentucky employees in the area of EEO (Sexual Harassment, Religious discrimination, anti-harassment and How to Conduct an EEO Investigation). Additionally, other agencies throughout the Commonwealth have trained an additional 8,286 employees in the area of EEO and ADA.
- Provided "Understanding Diversity in the Workplace" on-site training per request to approximately 40 state employees with the Department of Military Affairs at Bluegrass Station.
- Provided "Your Workplace Rights & Diversity," on-site training to approximately 50 high school students with the Louisville YMCA Black Achievers Program, Law & Government Cluster.

COMMUNITY OUTREACH

The Personnel Cabinet's vision is to be regarded by our employees and stakeholders as a trusted valuable resource for innovative, accessible and responsive human resource services. In order to realize that vision, and remain true to our mission of attracting talented and diverse employees, it is imperative that we build relationships with our Commonwealth community. The Office of Diversity & Equality (ODE) has embraced a stronger commitment to building internal and external relationships with our stakeholders in order to assert the Commonwealth's position as an equal opportunity employer and, as the largest employer of the state, set an example for others to follow. The cabinet values of integrity, quality, diversity and innovation have served as our compass in guiding us through the following community outreach accomplishments:

Partnerships & Collaborations

- The Personnel Cabinet partnered with the Commonwealth of Virginia (CVA) to review and share best practices in HR management. As a result of this relationship, ODE staff traveled to Virginia to continue the discussion with the CVA'S equal employment opportunity division director, George Gardner and staff. ODE and CVA shared information regarding challenges and benefits to developing or enforcing affirmative action plans, EEO policies and diversity initiatives. CVA discontinued their affirmative action plan and implemented a scorecard system with an employment action tracking database that empowers HR personnel to self-monitor the diversity of their workforces. CVA does not have an active workforce diversity plan.

DID YOU KNOW?

ODE staff attended professional development classes in collaboration with U.S. Department of Labor, KY Bluegrass Chapter of SHRM, KY State University, YUM! Brands and UKiWin to name a few.

DID YOU KNOW?

ODE presented information at more than 26 speaking engagements across the Commonwealth to further community outreach.

- Served on the planning committee for the Governor's Office of Minority Empowerment Conference. Coordinated Personnel Cabinet Executive Leadership to present the workshop, "Opening the Door to State Government," as an offering for conference attendees. ODE Staff also served as volunteer workshop facilitators. The conference was held August 18, 2008 at the Lexington Convention Center in Kentucky.
- ODE and the Governor's Office of Minority Empowerment partnered with the Louisville Young Professionals Association to host "Diversity in the Obama Age," a community forum discussing the impact of the 2008 Presidential Election and its impact on race relations in the US. Featured panelists were Bonita Black, Diversity & Inclusion Officer for Frost Brown Todd, LLC, Ben Ruiz, Owner of Adhawk Advertising, Dr. Ricky Jones, University of Louisville Professor & Dr. Dan Mongiardo, Lieutenant Governor for the Commonwealth of Kentucky.
- ODE, on behalf of the Personnel Cabinet Secretary, initiated discussions with the Education Cabinet Deputy Secretary's Office and State ADA Coordinator, Norb Ryan, to begin discussing plans to develop uniform Statewide ADA Compliance Policy & Procedure Guidelines for initial response, investigation and resolution of ADA-related employee concerns. This project is ongoing.
- ODE partnered with Kentucky State University (KSU) and the Office of Employee Relations on April 11, 2009 and in honor of Women's History Month to sponsor the Personnel Cabinet's 1st Employee Community Volunteerism project. The Simon House Project allowed state employees and its partners to provide minor household repairs and renovations to the Simon House Shelter for homeless mothers and children. Simon is an acronym for Serving Infants' & Mothers Ongoing Needs. The women in the Simon House shelter receive case management, educational, and job training services to assist them with reaching personal and family stability. In addition to making the repairs, Personnel Cabinet employees, KSU & community volunteers donated personal items and provided a children's outing with activities & crafts. This project promoted our commitment to "service" and accessibility by allowing us to encourage potential future employees, increase the awareness of current employees and volunteers to the challenges faced by some single parent families, while simultaneously exposing them to community-based services available to support the resilience of the women and children.
- ODE partnered with Kentucky State University (KSU) and KSU's Cooperative Association of States for Scholarships (CASS) to host an office intern from May 11-June 4, 2009. The program offers technical education, job training and leadership development to young adults and leaders from

underserved communities of Mexico, Central America and the Caribbean. These leaders spend two years in the United States securing essential tools to rebuild and secure the future of their countries. José Luis Rivera Chávez, a native of El Salvador, joined our team as a Program Assistant. During his time with our office, José received training on the Kentucky statewide affirmative action plan, EEO and diversity programs. He assisted with the planning and implementation of events, including the GMMTP Program Re-launch, Workforce Diversity Symposium, and Governor's EEO Conference. José also attended the Personnel Cabinet's Leadership Development Institute and assisted with the development of our website recognition in honor of Hispanic American Heritage Month. The site will be displayed in September of 2009.

OFFICE BRAND

This fiscal year, the Office of Diversity & Equality has embarked on a branding campaign focused on promoting the services we provide. Redesigning the ODE website <http://personnel.ky.gov/diversity> was a major component of the project, as the site will serve as a continual means of communication re: service offerings and events. Our coalition-building, trainings, events and public appearances strengthen our brand through initial contact, yet the unlimited access provided by a functional, resourceful and user-friendly website will continue to inform our internal and external customers beyond our face-to-face interactions. The website is designed to provide customers with a more informative, easily accessible and aesthetically pleasing experience. The webpage is an important tool for disseminating information concerning:

- State Anti-Discrimination/Harassment Policies
- Equal Employment Opportunity complaints and trainings
- Kentucky's Affirmative Action Plan
- The Semi-Annual Reports on Female & Minority Employment
- Governor's Minority Management Training Program
- State Diversity Policies and Programs
- Governor's Equal Employment Opportunity Conference
- EEO Coalition newsletter *The Evolution*

These programs are branded together with the use of a new ODE logo (developed with the help of the Center for Strategic Innovation) that visually illustrates the mission of this office: creating an inclusive and diverse workforce that reflects the citizenry of the Commonwealth. Reflected in the accomplishments for this fiscal year are internal and external endeavors strategically aligned to the KY Personnel Cabinet's mission, vision, values and the four BIG questions we seek to answer as we serve the employees of our Commonwealth.



FUTURE PROGRAMS IN DEVELOPMENT

- Continue working with the Education Cabinet, State ADA Coordinator & Office of Employee Relations to develop uniform Statewide ADA Compliance Policy & Procedure Guidelines for initial response and resolution for ADA-related employee concerns
- Planning for the October 2009 EEO Coordinators Forum
- Access database for EEO Monthly Reporting
- Design and conduct an EEO Coordinators needs assessment for 2010
- Develop a Mediation Component for the EEO Complaint Process (in collaboration with KEMP)
- Planning of Hispanic Heritage Month, Disabilities Awareness Month and Native American Heritage Month

José Luis Rivera Chávez spent four weeks working as an intern in the Office of Diversity and Equality as part of the Kentucky State Cooperative Association of States for Scholarships (CASS) Program.

ODE staff created the collage at right for Jose when he left to return to his home in El Salvador.



EQUAL EMPLOYMENT OPPORTUNITY DATA TABLES 1 & 2

Statewide Minority Utilization Table <i>As of June 30, 2009</i>						
EEO Job Category	Total Employees	Total Minority Employees	Minority % Goal	Current Minority %	UNDER UTILIZED	No. Minority Needed
OFFICIALS & ADMINISTRATORS	2,823	218	10.00%	7.72%	YES	64.3
PROFESSIONALS	15,690	1,423	10.00%	9.07%	YES	146
TECHNICIANS	1,752	115	10.00%	6.56%	YES	60.2
PROTECTIVE SERVICE WORKERS	3,350	223	10.00%	6.66%	YES	112
PARA PROFESSIONALS	2,208	310	10.00%	14.04%	NO	0
OFFICE & CLERICAL	1,990	146	10.00%	7.34%	YES	53
CRAFTSMEN	2,342	136	10.00%	5.81%	YES	98.2
SERVICE MAINTENANCE	1,693	211	10.00%	12.46%	NO	0
JUNE 2009 TOTAL	31,848	2,782		8.74%	YES	402.8
DEC 2008 TOTAL	31,468	2,798		8.89%	YES	348.7
Statewide Female Utilization Table <i>As of June 30, 2009</i>						
EEO Job Category	Total Employees	Total Female Employees	Female % Goal	Current Female %	UNDER UTILIZED	No. Female Needed
OFFICIALS & ADMINISTRATORS	2,823	1,165	52.42%	41.27%	YES	290.44
PROFESSIONALS	15,690	9,125	52.42%	58.16%	NO	0
TECHNICIANS	1,752	608	52.42%	34.7%	YES	302.59
PROTECTIVE SERVICE WORKERS	3,350	545	52.42%	16.27%	YES	1,206.12
PARA PROFESSIONALS	2,208	1,708	52.42%	77.36%	NO	0
OFFICE & CLERICAL	1,990	1,640	52.42%	82.41%	NO	0
CRAFTSMEN	2,342	149	52.42%	6.36%	YES	1,115
SERVICE MAINTENANCE	1,693	629	52.42%	37.15%	YES	238.82
JUNE 2009 TOTAL	31,848	15,569		48.89%	YES	1,125.8
DEC 2008 TOTAL	31,467	15,439		49.06%	YES	1,056.1
CHANGES	+381	130		-0.17%		69.7
CHANGES	+381	-7		-0.15%		+54.1

EQUAL EMPLOYMENT OPPORTUNITY DATA TABLES 3 & 4

Personnel Cabinet Minority Utilization Table <i>As of June 30, 2009</i>						
EEO Job Category	Total Em- ployees	Total Mi- nority Em- ployees	Minority % Goal	Current Minority %	UNDER UTILIZED	No. Minority Needed
OFFICIALS & ADMINIS- TRATORS	41	4	10.00 %	9.76%	YES	0.6
PROFESSIONALS	164	19	10.00 %	11.59%	NO	0
TECHNICIANS	9	1	10.00 %	11.11%	NO	0
PARA PROFESSIONALS	1	0	10.00 %	0	YES	0.2
OFFICE & CLERICAL	8	2	10.00 %	25.00%	NO	0
JUNE 2009 TOTAL	223	26		11.66%	NO	0
DEC 2008 TOTAL	215	24		11.16%	NO	0
CHANGES	+8	+2		+.05%		0

Personnel Cabinet Female Utilization Table <i>As of June 30, 2009</i>						
EEO Job Category	Total Em- ployees	Total Fe- male Em- ployees	Female % Goal	Current Female %	UNDER UTILIZED	No. Female Needed
OFFICIALS & ADMINIS- TRATORS	41	23	52.42%	58.33%	NO	0
PROFESSIONALS	164	124	52.42%	77.38%	NO	0
TECHNICIANS	9	6	52.42%	70.00%	NO	0
PARA PROFESSIONALS	1	1	52.42%	100.00%	NO	0
OFFICE & CLERICAL	8	8	52.42%	100.00%	NO	0
JUNE 2009 TOTAL	223	162		72.65%	NO	0
DEC 2008 TOTAL	215	158		73.49%	NO	
CHANGES	+8	+4		-0.84%		0

RESPONSIBILITIES

Within the Department of Employee Insurance, our goal is to develop and maintain the best overall health plan for all members of the Kentucky Employees Health Plan. We aim to provide:

- The most economical group of plans and diversified coverage for the members, both active and retired
- Proactive methods to improve wellness and encourage healthy lifestyles through the Virgin HealthMiles and Journey to Wellness initiatives
- State of the art health plans reflecting current health and medical concerns



The Department of Employee Insurance (DEI) operates the Kentucky Employees Health Plan (KEHP), a \$1.3 billion, self-funded, health insurance program which provides benefits to more than 285,000 public employees and their dependents. DEI also operates a Flexible Spending Account Program for public employees. DEI's objectives are to:

- Support public employees with health insurance and flexible benefit accounts;
- Provide exemplary customer service to KEHP members, which include employees and dependents from state government, boards of education, health departments, retirees and quasi agencies;
- Receive, analyze and maintain health insurance data to assist the Commonwealth in making decisions related to KEHP; and
- Serve as the administrative arms for the Kentucky Group Health Insurance Board (KGHIB) and the Advisory Committee of State Health Insurance Subscribers (ACSHIS), which includes the development of recommendations on the future direction of KEHP.

DEPARTMENT OF EMPLOYEE INSURANCE

COMMISSIONER'S OFFICE



The Commissioner's Office includes the Commissioner of DEI and the Commissioner's staff. The Commissioner reports directly to the Deputy Secretary of the Personnel Cabinet. The Commissioner's Office is charged with overseeing the mission of the department and its daily operations. In December 2008, a full-time Wellness Director was added to the

New Wellness Director Stephanie Marshall talks with DEI employee Jonathan Smith about his lunch choices. (left inset)

Commissioner's Office staff. The Wellness team administers the Personnel Cabinet's "Journey to Wellness" initiative; oversees KEHP's "Virgin HealthMiles" initiative; and oversees various other wellness programs for KEHP and state government employees.

DIVISION OF INSURANCE ADMINISTRATION

The Division of Insurance Administration consists of two branches, the Member Services Branch (MSB) and the Enrollment Information Branch (EIB).

MEMBER SERVICES BRANCH

The Member Services Branch is chiefly responsible for providing customer service to KEHP members, assisting with open enrollment, and educating KEHP members on health insurance issues. Other functions include assisting KEHP members with claims and other inquiries; maintaining KEHP's Smoking Cessation Program; serving as a liaison between members and KEHP's

COBRA administrator; performing Medicare recovery for all Medicare eligible members; acting as a liaison between Medicare, third party administrators, and members; processing member eligibility grievances; maintaining grievance information and statistics; obtaining contracts for all new groups joining KEHP; conducting benefit fairs for open enrollment; providing training for Insurance Coordinators and assisting other departments as needed.



Members Matter for Member Services and Enrollment Information. Above, Kim Collins and Teresa Shipley discuss benefits with Sherry Davis.

ENROLLMENT INFORMATION BRANCH

The Enrollment Information Branch is responsible for assisting members and Insurance Coordinators throughout the year with KEHP policies and procedures concerning eligibility and enrollment; administering qualifying event changes for members; maintaining accurate information on all members related to demographics, health insurance coverage, health reimbursement accounts, and flexible spending accounts; attending benefit fairs to answer member questions; updating and maintaining a database of more than 1,600 Insurance Coordinators and Associate Coordinators for state agencies, boards of education, health departments, retirement systems and quasi agencies who join KEHP.

DIVISION OF FINANCIAL & DATA SERVICES

The Division of Financial and Data Services consists of three branches, the Financial Management Branch (FMB), the Data Analysis Branch (DAB), and the Flexible Benefits Branch (FBB).

FINANCIAL MANAGEMENT BRANCH

The Financial Management Branch is responsible for implementing and maintaining the Premium Billing and Reconciliation (PB&R) database — collecting premiums and administrative fees paid by each agency participating in KEHP. This is accomplished by creating monthly invoices for participating agencies through the PB&R database and by contacting insurance coordinators on a monthly basis regarding discrepancies. The Financial Management Branch is also responsible for reimbursing KEHP's third party administrators for claims and administrative fees, along with reconciling any discrepancies to the contractual obligations. The Financial Management Branch oversees the KEHP Trust Fund and produces statutory and ad hoc reports for the Governor, the General Assembly, the Kentucky Group Health Insurance Board, the Advisory Committee of State Health Insurance Subscribers, various advocacy groups, and other interested parties.

DATA ANALYSIS BRANCH

The Data Analysis Branch analyzes, evaluates and interprets health insurance data from all available sources and prepares reports based on such data for distribution to appropriate individuals within and outside the Personnel Cabinet. The Data Analysis Branch assesses the impact of proposed legislation on KEHP; provides input to the Commonwealth's budget process with respect to KEHP; collects, maintains and analyzes enrollment and claims payment data from KEHP's third party administrators through a consolidated database; procures data analysis services to establish and maintain a comprehensive database of eligibility and claims utilization data necessary to manage KEHP; provides reports to the Kentucky Group Health Insurance Board and the Advisory Committee of State Health Insurance Subscribers; and provides information on requests from other agencies or individuals. The Data Analysis Branch also provides systems analysis, design support, and upgrades for the Group Health Insurance (GHI) System, the PB&R System, and the Web enrollment and Web-billing applications.

DID YOU KNOW?

The KEHP is the largest self-funded insurance plan in the Commonwealth.

FLEXIBLE BENEFITS BRANCH

The Flexible Benefits Branch is responsible for providing customer service to KEHP members who participate in a Healthcare or Dependent Care Flexible Spending Account, who participate in a health plan with a Health Reimbursement Account, or who waive health insurance and receive the employer contribution to a Health Reimbursement Account. The Flexible Benefits Branch is also responsible for maintaining the eligibility and enrollment database for all participants; serving as a liaison to Insurance Coordinators and Third Party Administrators to ensure that all enrollment and eligibility needs are met; and reconciliation of each agency's Web billing account.



Irma Turner from Financial Management, Debbie Fraley and May Green from Flexible Benefits work together on a claims issue because Members Matter.

DID YOU KNOW?

DEI leadership has more than 100 years of combined health insurance experience.

ACCOMPLISHMENTS

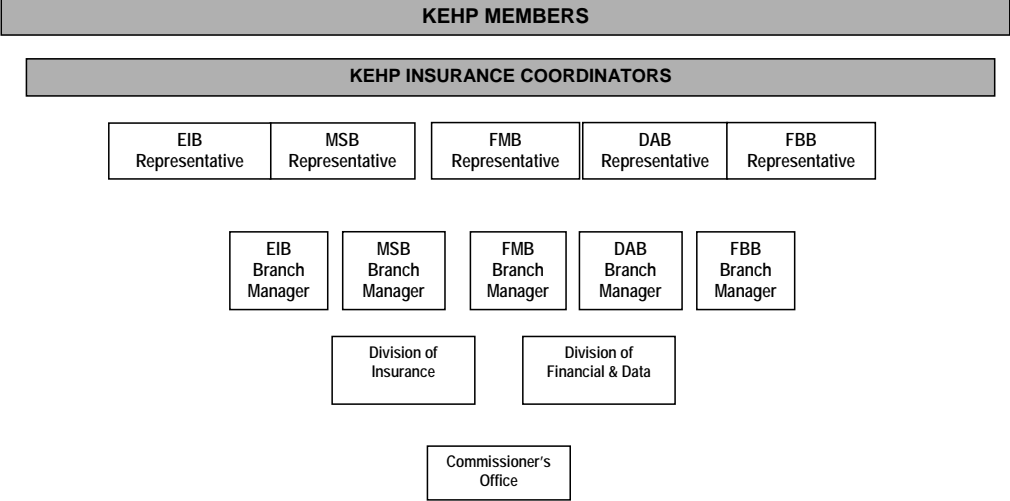
With "Members Matter" as the guiding mantra, the Department of Employee Insurance (DEI) continues to be a customer-focused organization which provides efficient, effective and responsive service to its members. Through the Members Matter philosophy, DEI has been instrumental in enabling the Personnel Cabinet to meet its statutory duties and responsibilities in the area of health insurance, as well as the needs of more than 285,000 members enrolled in the health insurance and flexible benefit plans.

In the past year, DEI implemented multiple task-force teams to review and improve communication, processes, and services we provide to our members and agencies in the Kentucky Employees Health Plan. Each task force ties their goals and objectives with the Personnel Cabinet's Mission, Vision and Values.

Members Matter plays a key role in DEI's focus on wellness. Virgin HealthMiles and Journey to Wellness are key initiatives to improve the health of our members.

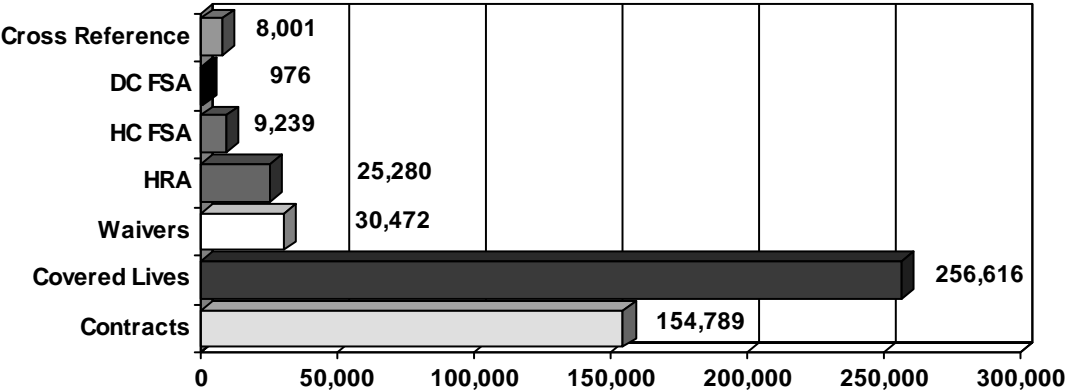
DEI's Members Matter focus places our KEHP members at the top of the organizational pyramid.

DEI ORGANIZATIONAL PYRAMID WITH MEMBERS MATTER FOCUS

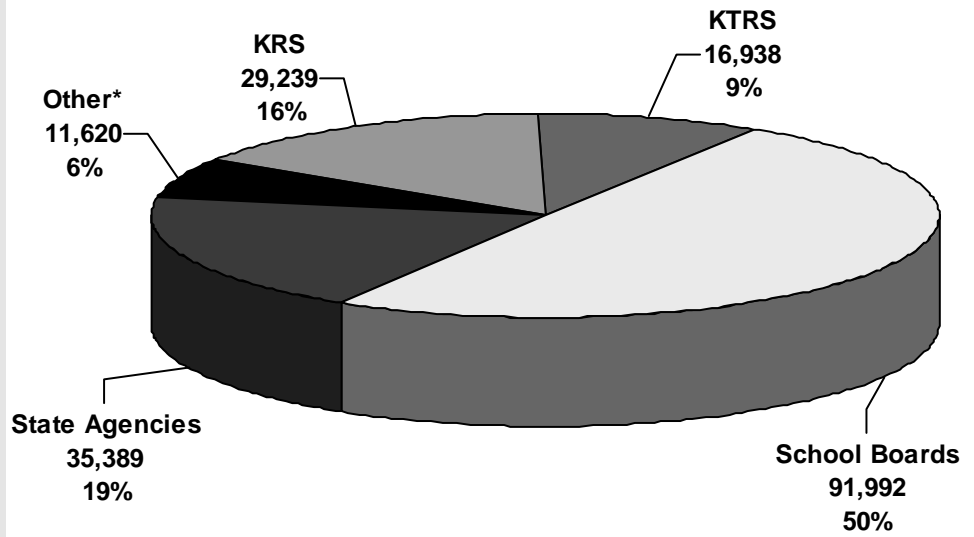


KEHP PARTICIPATION

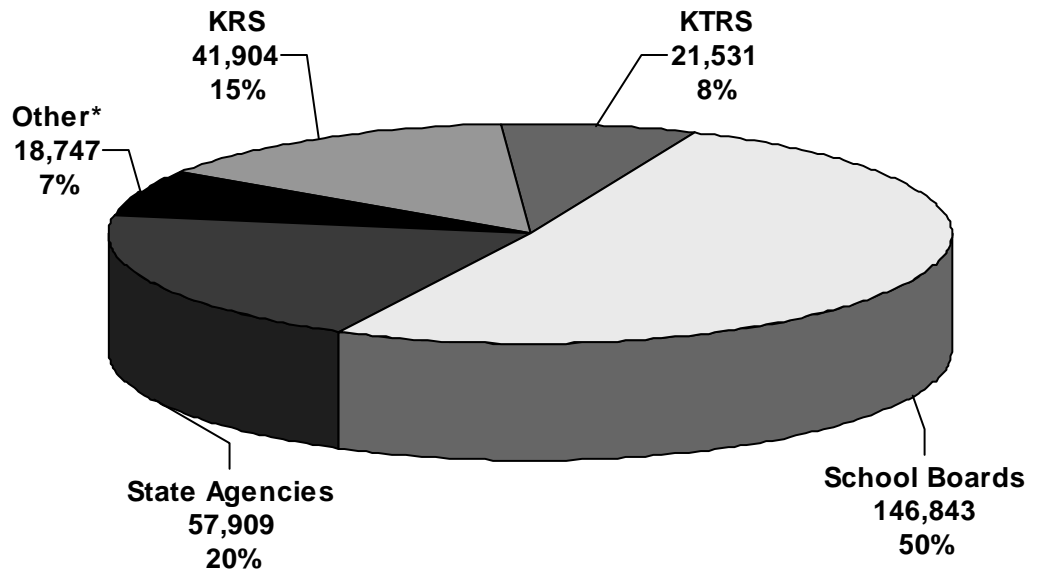
DEI provides a variety of plan options to our KEHP participants. Below is a snapshot of our participation by program, group and coverage level.



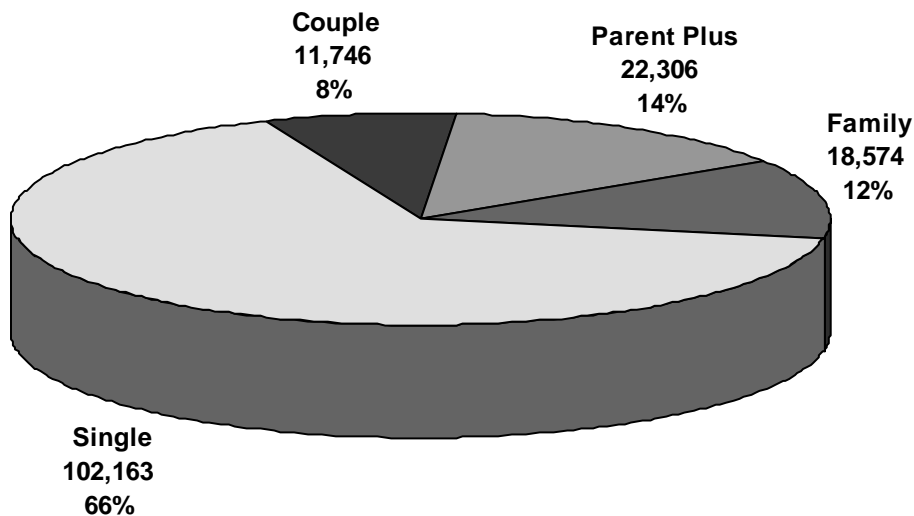
KEHP PLANHOLDERS BY GROUP



KEHP MEMBERS BY GROUP



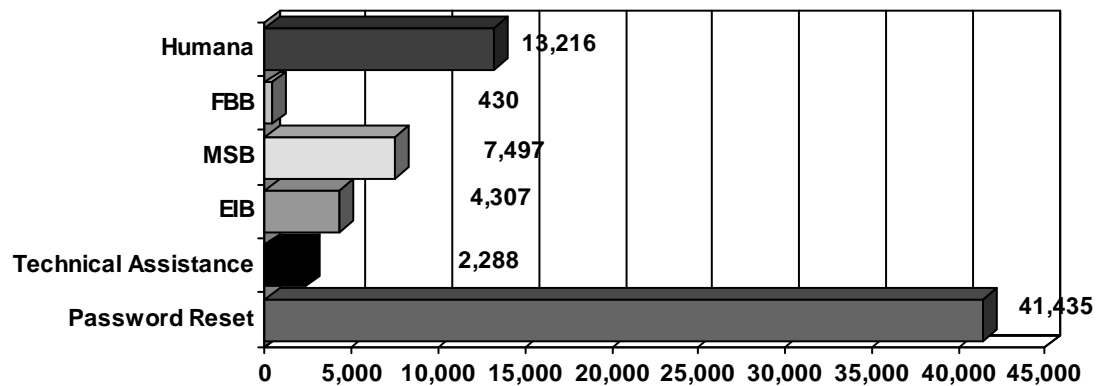
KEHP PLANHOLDERS BY COVERAGE LEVEL



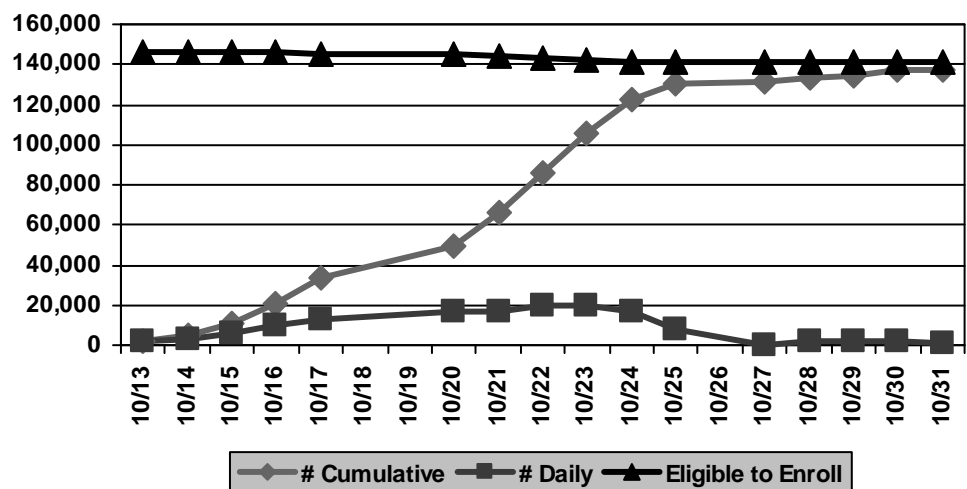
- Improved KEHP operations while functioning with 13% fewer staff (and a corresponding reduction in salary expenditures) than in previous Plan Year
- Contributed more than \$100 million to the Commonwealth's General Fund (helping the Commonwealth balance its budget and avoid layoffs and furloughs of state employees) by implementing a health insurance "premium holiday" and a KEHP "trust fund transfer"
- Implemented the first "active," Web-enabled, open enrollment in Commonwealth history (successfully enrolled 285,000 employees and dependents)
- Plan Year 2008: maintained combined KEHP medical and pharmacy trend at only at 7.8% (well below national average of 10%); offered three \$0 contribution plans for employee-only coverage; kept employee rate increases for KEHP dependent coverage at 5% or less; increased employee participation in consumer-directed, benefit plans from 2% to 25%
- Enhanced member communication with user-friendly Benefit Selection Guide, retooled web page, You-Tube videos from Governor Beshear, and direct e-mail communications to member and ICs

- Conducted 18 Benefit Fairs across the Commonwealth; trained 867 Insurance Coordinators (IC) on new benefit plan designs
- The Data Analysis Branch orchestrated an analytical plan of action for Open Enrollment by developing a six month detailed project plan that outlined not only the detailed job duties for the branch but those that related to the carrier, programmers, members, agency partners, system support group and other DEI branches
- Communications with ICs and members during the Open Enrollment period were improved by developing an automated email system to inform the coordinators and members of who had or had not enrolled and reminders about the time remaining to enroll
- The Data Analysis Branch developed a comprehensive report that allowed DEI and ICs to track enrollment and plan migration trends on a daily basis
- Established a DEI call center with extra hours; staffed phone lines in the evening and weekends

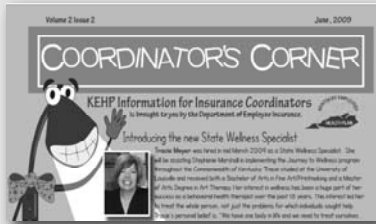
OPEN ENROLLMENT CALL VOLUME



DAILY WEB ENROLLMENT VOLUME



- Expanded the role of the Kentucky Group Health Insurance Board (KGHIB); established a KGHIB Best Practices Committee; significantly improved working relationships between DEI and the KGHIB, the Kentucky General Assembly, the Advisory Committee of State Health Insurance Subscribers, and various other health insurance constituency and advocacy groups
- A director for the Division of Financial and Data Services was appointed for the first time enabling the Financial Management Branch, the Flexible Benefits Branch, and the Data Analysis Branch to work together towards a common goal of improving audits, customer service, and business efficiency
- Earned an “unqualified” (totally clean) opinion on the annual APA audit of KEHP financial statements
- Signed 18 new groups to the KEHP
- Fully supported implementation of KHRIS with DEI staff serving as functional leads, testers, and trainers
 - Team of three DEI staff members developed and delivered more than 2,000 hours of training to more than 500 Non-Commonwealth Paid ICs and Billing Contacts on Benefits, Benefit Accounting and HIPAA
 - The KHRIS functional leads and several other Financial and Data Services Division employees spent many hours creating testing material, training materials, functional specifications, blue print mappings, security role mapping, report specifications, query development, conversion planning and attending planning meetings for the KHRIS project during this fiscal year while continuing to carry their current production workloads
 - DEI employees participated in several phases of testing for the KHRIS project while continuing to carry their normal production workloads before and during the open enrollment period when workloads are extremely heavy
- Ensured the fiscal responsibility of the program through large substantiation efforts in the Flexible Benefits Branch
 - Completely revamped KEHP flexible spending account procedures so as to improve legal compliance with respect to substantiation of Health Reimbursement Account (HRA) and Flexible Spending Account (FSA) claims
 - Claims substantiation timeframe was reduced from 120 days to 60 days for the Flexible Benefits program
- The Division of Financial and Data Services formed a Procedure and Policy group that updates all procedure and policy documents to ensure consistency



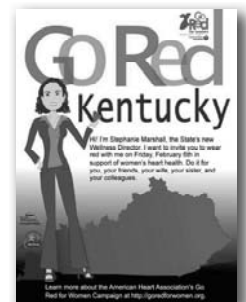
- Developed and published IC Newsletter based on an employee suggestion that was developed through employee involvement in answering the Cabinet's "Big 4 Questions"
- The Newsletter Task Force team ensures input from all areas of the DEI and is led by Enrollment Information Branch
- Conducted two New IC Training Sessions; in addition to IC Training for Open Enrollment, revamped the Spring IC Training and delivered nine, two-day sessions, training more than 700 ICs; the sessions were lauded by attendees as "best IC Training ever"
- Piloted the Personnel Cabinet's Journey to Wellness program
 - The Health Fair, which included a wellness screening, had almost 80% participation
 - In the Cabinet's Biggest Loser Campaign, 85 participants lost 329 pounds
- Based on the success of the pilot, DEI expanded Journey to Wellness to all State Government employees and launched the Virgin Health Miles Program for all KEHP members
- Journey to Wellness key accomplishments include:
- Wear Red Day – Multiple cabinets raised money for American Heart Association; Wellness Director conducted a Heart Healthy presentation

DID YOU KNOW?

Member Services and Enrollment Information Branch staff made 146,932 changes (new groups, Open Enrollment, qualifying events, etc.) to the health insurance database.



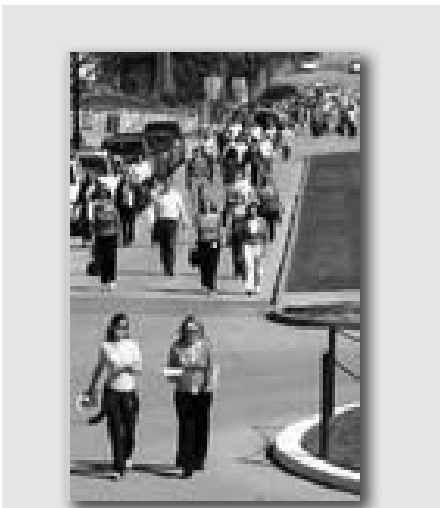
Personnel Cabinet



Transportation Cabinet



- St. Patrick's Day Parade – More than a hundred people gathered for a health walk down Capitol Avenue to Second Street and back to the Capitol steps; the event received front page coverage in the State Journal



State workers make their way back to the Capitol steps after taking the St. Patrick's Day Parade/Wellness Walk down Capitol Avenue to Second Street and back.
Photo by State Journal's Kelly Mackey

- Step Out Fitness Challenge – Reached people from all regions of the Commonwealth in this challenge to get people thinking about wellness

YouTube video to launch the Fitness Challenge was taped at the Fish and Wildlife Salato Wildlife Center in Frankfort



Fitness Challenge participant lost 10 pounds and got her kids involved!



Bike to Work Day – event held in Frankfort to encourage activity



DID YOU KNOW?

Participants have walked over 3.3 billion steps, or over 1.7 million miles, since the inception of the Virgin HealthMiles program.

- Farmers' Market Event – The Wellness team partnered with the Farmers' Market, cafeteria chefs, Tourism, Arts and Heritage-Parks, Kentucky State University, Cooperative Extension, Beef Council, Department of Agriculture and Kentucky Proud; will host this event in Fall 2009
- Summit Health Screenings have been provided to employees of the Finance Cabinet, Cabinet for Health and Family Services (CHFS), and Energy and Environment Cabinet (EEC)
- Small Steps to a LEANer You presentation
- Relationship building – Executive staff presentation at EEC; partnerships with Agriculture, Parks, CHFS, Cooperative Extension, Kentucky State
- Culture change – Cafeteria interventions with healthy food choices labeled in the Transportation, CHFS and Capitol Annex cafeterias; the Public Protection Cabinet implemented a physical activity policy; and a pilot stair“well” project to be implemented in the Kentucky State Office Building
- Promotion of Humana Services – increased the number of employees who have taken the Humana Health Assessment and Health Coaching over previous plan year
- Virgin Health Miles key accomplishments:
 - Program launched January 1, 2009 with multiple communications
 - By June reached participation goal of 6,000 plus members
 - Winner e-mails reach more 175,000 people monthly; winner video produced and distributed to highlight activities of the winning members
- In May, purchased two HealthZone kiosks



Employee Phil St. John hikes Appalachian Trail

HOW WILL WE...

MAKE KENTUCKY STATE GOVERNMENT AN EMPLOYER OF CHOICE?

- Continued to implement and improve employee recognition through:
 - FRED Award – 12 individuals and teams recognized from July to June
 - Blue Ribbon Award – 5 people recognized from February to June
 - Turtle Club – 3 people inducted into club from February to June
 - Star of the Month recognition – implemented by EIB employees
- Updated Flexible Work Options procedures, adding a 4th option for a compressed work week
- Developed Social Responsibility Task Force
 - Participated in Cabinet-wide March of Dimes fundraiser
 - Staff developed strategy to increase money raised over previous year and in doing so won the Cabinet Dime Wars with 10,580 points, more than twice the points of the second place competitor
 - Donated several hundred dollars to the annual Kentucky Employees Charitable Campaign
 - Participated in the Bowl for Kids Sake raising more than \$500 for Big Brothers Big Sisters
 - Donated more than \$200 in supplies to the Simon House in Frankfort
 - Established department-wide plastic bottle and paper recycling programs
- Included Wellness activities in monthly department meetings
- Supported Wellness activities through Journey to Wellness programs and Virgin HealthMiles



Teambuilding with DEI

DID YOU KNOW?

Almost 9,000 employees participate in a Healthcare FSA.

CREATE A LEARNING AND DEVELOPMENT CULTURE?

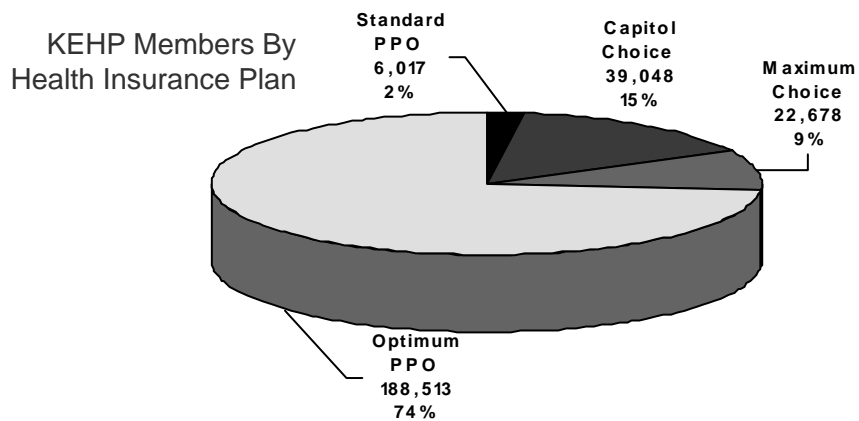
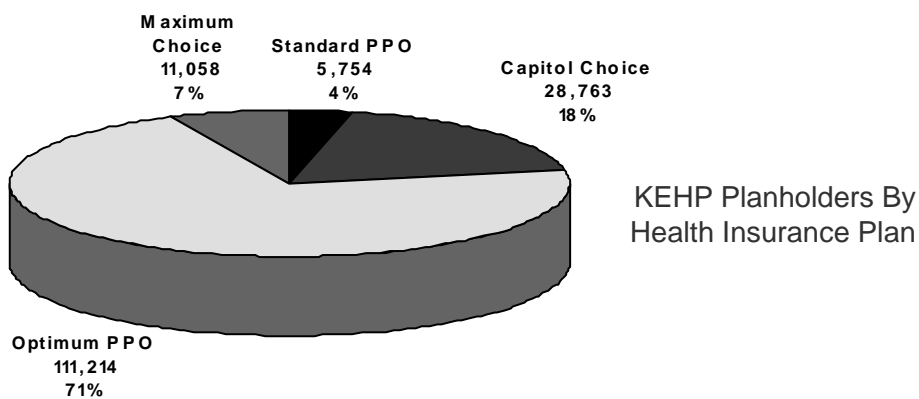
- Encouraged participation in professional development programs with one enrollee in the Kentucky Certified Public Manager Program and two enrollees in the Certificate of Management Fundamentals Program
- Incorporated development into DEI Department meetings
 - Training topics included Benefit Plan Design for both Health and Prescription benefits, High Performing Teams, and Customer Service
 - Branch staff provided overviews of their roles and responsibilities within DEI to foster department-wide understanding of duties
- All staff received multiple training related to KHRIS: Benefits, Benefit Accounting, Employee Self Service and Manager
- Developed plan to implement employee cross-training
- Team development activities within Division of Financial and Data Services and Division of Insurance Administration

PROMOTE A ONE-EMPLOYER CONCEPT ACROSS KENTUCKY STATE GOVERNMENT?

- Hired State Wellness Director and State Wellness Specialist to grow Journey to Wellness
- Fully supported implementation of KHRIS with DEI staff serving as functional leads, testers, and trainers
- Responsible for developing and conducting training for Benefits, Benefit Accounting and HIPAA for approximately 700 Non-Commonwealth Paid Insurance Coordinators and Billing Contacts
- The Division of Financial and Data Services formed a Procedure and Policy group that updates the current procedure and policy documents and for when KHRIS goes live

ENHANCE CUSTOMER VALUE?

- Members Matter focus on all processes
 - Implemented Task Forces to review and (where feasible) revise KEHP administrative policies and procedures to make them more customer-friendly
- Developed and published IC Newsletter
- Website Task Force updated internal and external DEI pages
- Spring IC Training totally revamped and lauded by attendees as “best IC Training ever”



DID YOU KNOW?

The charts to the left represent the insurance plans that KEHP employees and their families selected in 2009.

RESPONSIBILITIES

DIVISION OF CAREER OPPORTUNITIES

The Division of Career Opportunities consists of the following organizational units:

- The HR Certification Branch
- The Applicant Services Branch
- The Register Branch
- The Recruitment Branch

This Division's responsibility is to operate a centralized applicant and employee certification program, operate the state register programs, including the administration of layoff plans and reemployment lists as required by KRS 18A.113 through KRS 18A.1132 and KRS 18A.115, 18A.130 and 18A.135, and coordinate outreach programs such as recruitment and administrative internship programs.

Merit Employment:

The merit employment function of Kentucky State Government, including the recruitment, 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 relate 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 employees to positions previously held after released from military duty, in addition to 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.

DIVISION OF EMPLOYEE MANAGEMENT

The Division of Employee Management consists of the following organizational units:

- The Personnel Administration Branch
- The Payroll Branch
- The Classification and Compensation Branch.

The function of these branches includes processing personnel actions, assisting agencies in creating job classifications and salary computation, maintaining and overseeing the Salary

Schedule and Pay Grade Changes, running state payroll and assisting agencies with payroll issues, providing service records for employees, and producing documents for employees that are contained within their official Personnel File.

DIVISION OF TECHNOLOGY SERVICES

The Division of Technology Services is responsible for the support of Cabinet information technology systems and the design, development and implementation of Cabinet information technology (IT) projects which impact internal and external human resource administration initiatives.

The Division of Technology Services consists of the following organizational units:

- The Application Development Branch
- The Client Services Branch
- The Network Services Branch
- The Systems Analysis Branch

APPLICATION DEVELOPMENT BRANCH

- Development and support for the KHRIS application. KHRIS is an SAP based application with software code written in a language called ABAP. There are portal (web based) components and components built for the standard SAP User Interface called the SAP GUI client. The work areas are broken down into pieces called Reports, Interfaces, Conversions, Enhancements, Forms, Workflows, and Queries
- Development and support of in-house Personnel applications. There are multitudes of different applications used in the Personnel Cabinet. The majority of them are written in Access. A few of the applications are: EEO Conference Database, Evaluation Survey and Trainings, Evaluation Audit, KChip File Process, Return to Work Program, Board of Education Process. There is also a review of upgrading the current Access applications to Microsoft Office 2007
- Responsible for providing reports on current and historic data for Personnel and Payroll data that are requested via the Secretary's Office, the Governor's Office, Open Records request, other agencies, etc.
- Database support for the several Cabinet applications. These databases are in different environments including Microsoft SQL Server and Access. The Group Life Insurance (GLI) and Group Health Insurance (GHI) applications were written by IDMS and have a SQL Server database as the backend. There are multiple jobs that are processed daily, weekly, and monthly that are all supported by the Application Development Branch

- Oversight to the IDMS operations for promoting software changes to the GLI and GHI applications and also assists with database maintenance

CLIENT SERVICES BRANCH

- Help Desk support for Cabinet information systems
- Provide training to Cabinet and external users of Cabinet information technology systems and administration of the RWD Training system
- Assist Division and Cabinet with special projects as needed
- Client Services Branch continues with staff training and the preparation of the help desk tracking tool FrontRange

NETWORK SERVICES BRANCH

- Cabinet access, security, and network administration
- Cabinet server support and administration
- Firewall administration
- FileNet imaging system administration
- Wireless administration
- IT procurements and maintenance
- Software license management
- Telephone support coordination
- Virus protection
- KHRIS BASIS administration
- KHRIS security (role and structural authorization administration)
- Data backups and restores
- Basic end-user support; email and Entrust administration

SYSTEMS ANALYSIS BRANCH

- On-going support of the Career Opportunities System
- Project management assistance for IDMS maintained systems
- Process analysis, configuration, implementation and documentation for KHRIS
- Project Management of the KHRIS project

ACCOMPLISHMENTS

DIVISION OF CAREER OPPORTUNITIES

The Career Opportunities System (COS) Infomercial "Overview of the Career Opportunities System" was recognized by the Kentucky Association of Government Communicators (KAGC) and received the top ranking of Excellence in the Innovations Award category at the KAGC Fall conference.

The KAGC Awards of Excellence Competition is open to all KAGC members and to employees of local, state and federal agencies who provide communications services to their agencies. The Innovations Award recognizes outstanding projects produced with limited resources. A cost-effective, cutting-edge project or product that is easily transferable between government agencies.

- In 2007, prior to COS implementation, the Personnel Cabinet was a named party in 115 Personnel Board Appeals. Only 1 of those appeals was filed by an employee of the Personnel Cabinet, the rest were appeals based on applicant rejection due to background checks, failure to qualify, or other personnel related issues. In contrast, in 2008, the Personnel Cabinet was a named party in only 41 Personnel Board Appeals. In approximately 4 of these cases, the Cabinet was included as an ancillary party and was dismissed at the prehearing conference or had a minimal role at the hearing. The appeals that remained were applicant rejection and none went to hearing because the issues were all addressed and handled to the appellant's satisfaction.
- Created and placed the booklet titled Common Career Terms on web. The booklet contains definitions that are intended to assist in the understanding of specific skills and capabilities as they relate to class specifications and job vacancy postings. They provide a framework and a common language and are not intended to serve as a formula or definition for advancement for applicants. They are to provide clearer direction and lead to more constructive, engaging conversations around personal development.
- Division of Career Opportunities employee Stuart Clark replaced the former Veteran's liaison provided by the Department of Veteran's Affairs after his resignation. Through Mr. Clark's reassignment and assumption of additional duties, the division was able to provide seamless assistance to veteran's seeking employment and help with the merit employment system.
- Enacted Veterans' Preference emergency regulation (PM 08-18) to implement a system of Veteran's Preference with state hiring. The Personnel Cabinet partnered with the Department of Veterans Affairs to ensure that veterans and their families

DID YOU KNOW?

Applicants applied for state employment from nine foreign countries as well as the American territories. Our servicemen and women serving overseas have also taken advantage of the ability to apply on-line.

DID YOU KNOW?

Applicants from 48 of the 50 states have applied to job vacancies in the Commonwealth.

DID YOU KNOW?

Over 75,000 applicants have created accounts and applications in the Career Opportunities System (COS).

continued to receive the preference they have carried through their dedicated military service and sacrifice.

- Enacted Personnel Memo 08-21 regarding EEO compliance in relation to certified registers. The Cabinet no longer provides information pertaining to an applicant's race, national origin or gender on certified registers nor will this information be available to agencies on a candidate's application for employment with the Commonwealth to ensure federal compliance.
- In partnership with the Cabinet's Office of Legal Services, the Division created and implemented a paperless background check process thereby streamlining the process for checking appointee's potential criminal records and improving turnaround time on actions.

DIVISION OF CAREER OPPORTUNITIES BUSINESS STATISTICS

Activity	Pre-COS Monthly Average	Monthly Average	Annual Totals
Walk-ins	1,414	124	1,492
Paper Applications	3,100	29	352
Live Help Chats	N/A	*310	1,858
COS help E-mails	N/A	773	9,277
QA Reviews	N/A	589	7,067
Rejections	N/A	4,007	48,088
Registers Certified	708	408	4,900
Immediate Fills Certified	N/A	115	1,378
Job Submissions	N/A	23,251	279,009
New Applicants	N/A	4,069	48,827
Veteran's Assisted	N/A	114	1370
Phone Calls	17,269	1,731	20,769
Background Checks	190	N/A	**N/A

*Live help was not functioning from January to June 30, 2009.

**Due to streamlining of processes for efficiency, the business procedure was changed and the Office of Legal Services now oversees the background check process.

DIVISION OF EMPLOYEE MANAGEMENT

PERSONNEL ADMINISTRATION BRANCH

- Processed 79,937 personnel actions.
- Approximately 3,500 service records were received and completed from agency request.
- Approximately 2,000 requests were received for inspection of records.
- Actively involved in the Kentucky Human Resource Information System (KHRIS) project

PAYROLL BRANCH

- Changed all Federal Tax Tables for calendar and mid-year.
- Made changes to Local Taxes to keep updated and current.
- Produced 53,997 + Wage and Tax Statements (W-2's).
- Actively involved in the KHRIS project.
- Continued to redirect reports into the electronic Report Delivery System (RDS) and Document Direct, which eliminates the need for paper copies.
- Continued the streamlining and automation of batch job flows into Scheduler.
- Conducted Payroll and KHRIS Training Classes.

CLASSIFICATION & COMPENSATION BRANCH

Nature of Actions	2008/2009
Job Classes Revised	105
New Classes Established	11
Job Classes Abolished	11
Pay Grade Changes	8
New/Revised Special Entrance Rates	1
Special Entrance Rates Abolished	0
Class Title Changes	20
Title Code Number Changes	0

This compares as follows:

- 4,713 actions in FY 2007 - 2008
- 6,016 actions in FY 2006 - 2007
- 7,299 actions in FY 2005 - 2006
- 10,267 actions in FY 2004 - 2005
- 8,184 actions in FY 2003 - 2004
- 10,185 actions in FY 2002 - 2003
- 10,708 actions in FY 2001 - 2002
- 23,270 actions in FY 2000 - 2001
- 23,849 actions in FY 1999 - 2000
- 26,618 actions in FY 1998 - 1999
- 20,791 actions in FY 1997 - 1998
- 18,608 actions in FY 1996 - 1997

Additionally, the Classification and Compensation Branch 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. Systems security for Career Opportunity System (COS), Unified Personnel & Payroll System (UPPS), and KHRIS is administered in this branch. Staff communicates with citizens, state employees, and other personnel jurisdictions throughout the Commonwealth.

The following 5,313 actions were taken by the Classification and Compensation Branch:

Positions Established	3,113
Positions Reclassified	2,059
Positions Reallocated	141

DID YOU KNOW?

Over 35,000 hours worth of custom software modifications have been completed on the KHRIS application.

DID YOU KNOW?

End-user support for COS is provided for 1,422 Commonwealth end-users and 76,083 applicant end-users.

DIVISION OF TECHNOLOGY SERVICES

APPLICATION DEVELOPMENT BRANCH

- Completed the modifications necessary to the EEO database in order to process the information for the EEO conference
- Completed many thousands of hours of software modifications in preparation for go-live of the KHRIS project
- Generated all KECC forms and reports

CLIENT SERVICES BRANCH

- Assisted the Division of Career Opportunities (DCO) with reviewing applicants to help ensure timely turnaround of registers back to the hiring agency
- Provided assistance to the Cabinet Communication Team with resources
- Assisted DCO - Register Branch in creating an updated business procedures manual
- Assisted in updating the COS Technical document
- Provided assistance to the Office of Diversity and Equality and Network Support Branch at the 2009 Governor's EEO Conference
- Development of new training material and documentation for the Division of Career Opportunities to support changes in policy for the Career Opportunities System (COS)
- Assisted the Div. of Employee Management with printing and distribution of 2009 Kentucky Employee Charitable Campaign forms
- Re-established a monthly training program offered to the agency's for COS
- Assisted the KHRIS functional team with validations needed for KHRIS
- Assisted the Application Development Branch by performing monthly DEI Database Archives

NETWORK SERVICES BRANCH

- Migration to a new SAN environment
- Major upgrade of FileNet imaging system (both hardware and software)
- Upgrade from SMS to SCCM
- Complete rebuild and upgrade of the RWD server
- Implementation of CallPilot desktop messaging for VoIP voicemail users

- Full Open Enrollment with zero downtime related to hardware issues
- Created many training and testing facilities in areas not designed for that use (Purple Parlor, conference rooms, A3)
- Connectivity tests and software distribution for the KHRIS SAP GUI users throughout the Commonwealth
- Implementation of the reverse proxies for KHRIS
- Approval for an air conditioning upgrade for the server room
- Expansion of the new SAN environment
- Clean vulnerability assessment from both the Auditor's Office and our external vendor
- Assisted with two successful, major database recovery efforts
- Migration to a new virus protection platform
- Recovery from a 2 disk failure on a SAN with RAID-5
- Provided technical support for EEO conference, Wellness events, and various other Cabinet events
- Activation of Microsoft Office Home Use Program
- Lots and lots of KHRIS transports
- Completed several staff moves, new employee set-ups, VPN accounts, and employee exits

SYSTEMS ANALYSIS BRANCH

- Managed vendor implementation of KHRIS HR Administration System
- Documented business rules for current Personnel systems
- Configured "to be" processes based and "best practices" on selected software for KHRIS
- Define KHRIS security roles and rules
- Defined workflow rules, routings, notifications, and reports
- Clean-up and conversion of current Personnel systems data to KHRIS
- Defined and developed interfaces to new HR Administration System
- Assisted in the development of a Change Management strategy for KHRIS
- Process and system improvements for the Career Opportunities System (COS)

DID YOU KNOW?

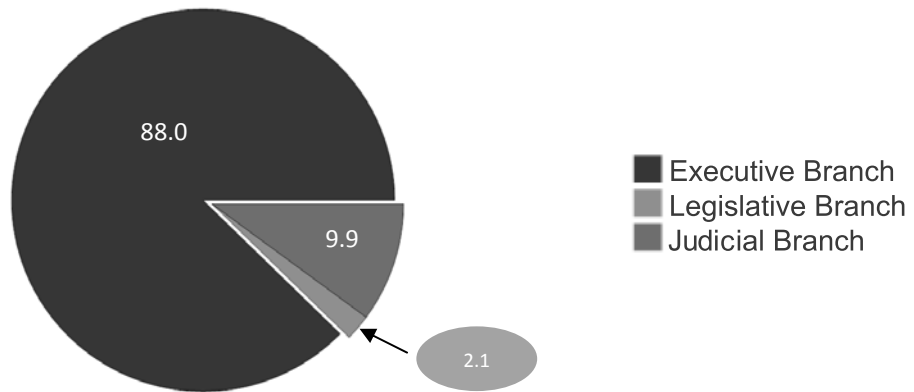
The Network Support Branch has completed 2,351 helpdesk requests in the last year.

DID YOU KNOW?

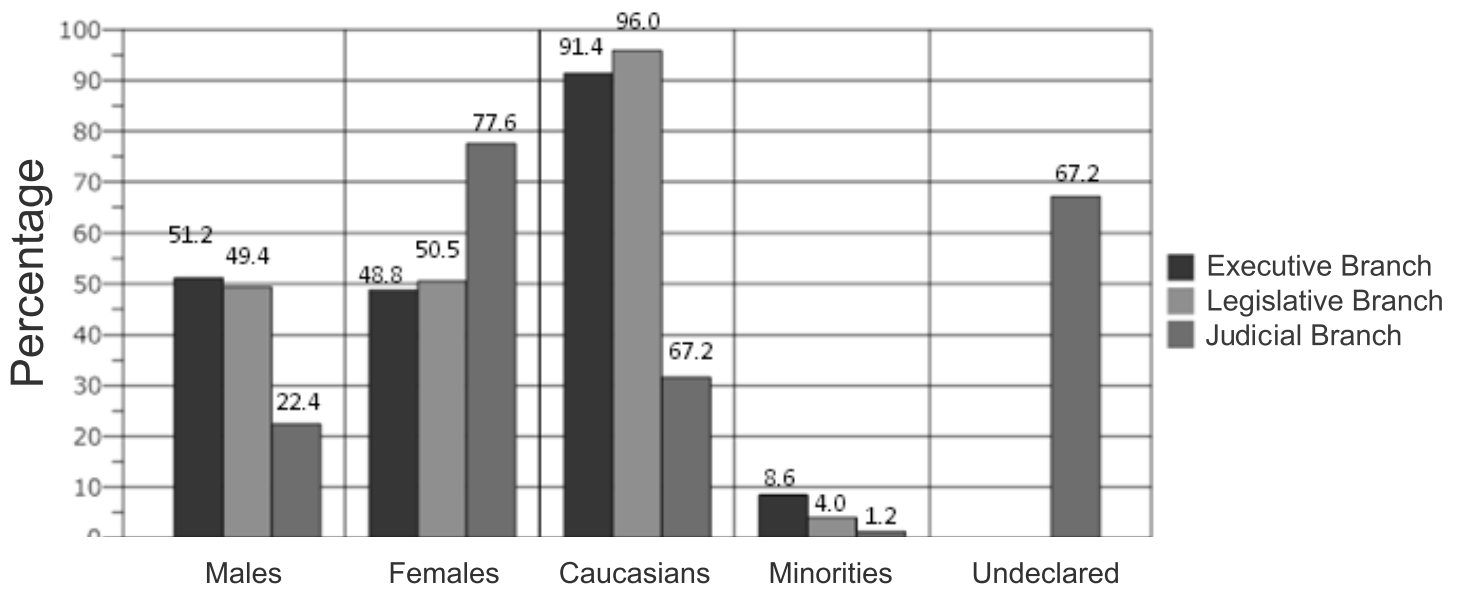
The KHRIS Project Management Office manages the tasks of 100+ KHRIS team members.

NUMBER OF EMPLOYEES IN STATE GOVERNMENT (Excluding interims, as of June 30, 2009)

Executive Branch	33,405
Legislative Branch	769
Judicial Branch	3,772



EMPLOYEE STATUS BY RACE AND SEX (as of June 30, 2009)



**EMPLOYEE COMPENSATION
EXECUTIVE BRANCH**
(Excludes interims)

Average Gross Annual Salary	\$36,583.68
Average Employer Paid Annual Benefits	
Retirement	\$5,162.42
FICA	\$2,463.18
Health Insurance	\$4,139.69
Life Insurance	\$19.91
TOTAL Benefits	<u>\$11,785.20</u>
 Average Annual Employee Compensation	 <u>\$48,368.88</u>



Gross Salary 75.6%



Life Insurance .01%

Health Insurance 8.6%

FICA 7.65%

Retirement 10.67%





Special thanks to the members of the HR Consortium who are working toward the progression and innovation of Commonwealth human resources in the 21st Century.



The Kentucky Personnel Cabinet would like to thank the following organizations for their committed partnerships with the Commonwealth.





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