



ANNUAL REPORT
2010-2011

Kentucky

PERSONNEL
CABINET

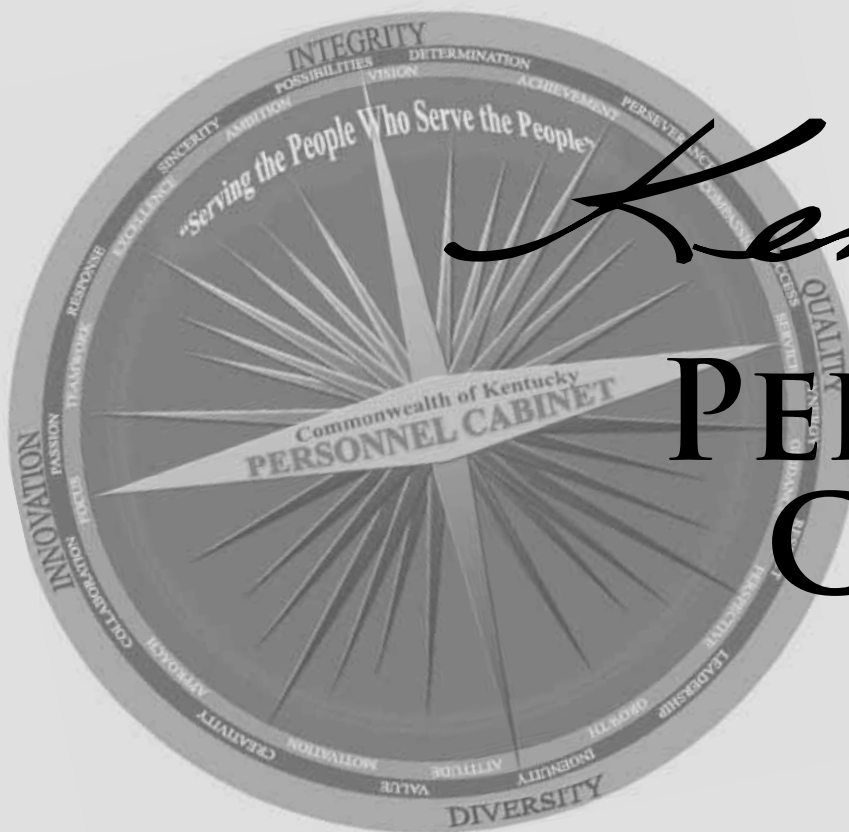


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**2010 - 2011
ANNUAL REPORT**

Kentucky
PERSONNEL CABINET

ALL INFORMATION CONTAINED IN THIS
REPORT IS AS OF JUNE 30, 2011.



STEVEN L. BESHEAR
GOVERNOR

PERSONNEL CABINET

TIM LONGMEYER
SECRETARY

501 High Street, 3rd Floor
Frankfort, Kentucky 40601
Phone (502) 564-7430
Fax (502) 564-7603
www.personnel.ky.gov

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

October 1, 2011

Dear Governor Beshear, Legislative Research Commission and Personnel Board:

Despite extreme economic challenges during Fiscal Year 2010-11, the Personnel Cabinet has remained persistent in its mission. Our programs deliver innovative solutions to both internal and external customers, our services promote quality and consistency, and our employees emulate courage, fortitude, and excellence.

In addition to our growths in technology, Personnel Cabinet staff has worked creatively toward our goal to make the Commonwealth an employer of choice by offering a variety of innovative products and services, including:

Nationally Recognized Adoption Benefits

For the fifth year in a row, Kentucky state government is ranked among the Best Adoption-Friendly Workplaces in America. For 2011, The Dave Thomas Foundation for Adoption ranks Kentucky number one in the government industry category, tied with the City of Carmel, Indiana. Rankings for the Best Adoption-Friendly Workplaces are determined by an analysis of a company's adoption benefits available to employees, such as financial reimbursement and paid leave. The Foundation compiled the results from its annual survey of U.S. employers.

First Onsite Clinics

As part of a new pilot program, state employees can now visit, free of charge, any of the four Frankfort-based Employee Care Clinics administered by First Onsite. The Employee Care Clinics offer a variety of services and treatments: flu, tetanus and B-12 shots, allergies shots, physicals, diagnostic services, lab work, prescribe medications, wellness programs, disease management, treatment of cold, allergy and flu symptoms, and cholesterol and hypertension screenings. The clinics allow employees to get personalized attention, spend less time in waiting rooms, receive quality care and save money.

Through preventative screenings, wellness and disease management, and early detection of medical conditions, significant savings can be achieved for both the Kentucky Employees' Health Plan (KEHP) and KEHP participants. Studies show onsite clinics can also help improve employee productivity by reducing absenteeism and increasing morale and retention, all of which helps to increase the Commonwealth's return on investment.



An Equal Opportunity Employer M/F/D

Flu Shots for KEHP Plan Members

For the first time ever, KEHP is pleased to announce that all health plan members may receive a free flu shot beginning September 15 through December 15, 2011. Flu shots and the nasal-spray vaccine are available at a variety of participating provider locations including: doctors' offices, health clinics, retail pharmacies, local health departments, and at other medical providers. KEHP members can go to any participating provider with Express Scripts Inc. (ESI) or Humana for a flu shot and the co-pay will be waived. According to our actuary, AON-Hewitt, KEHP can anticipate a return on investment (ROI) of 2.2 in direct medical/Rx savings. This does not include indirect savings for reductions in absences and improved productivity. We are excited to be able to support employees' health and wellness by offering such a great benefit. The flu shot is the single best way to prevent the flu. By making it more affordable and more readily available, we will protect state employees.

Comprehensive Wellness Programs

KEHP and the Journey to Wellness program continue to offer strong and innovative wellness initiatives. One of the largest problems confronting children and teens in our country is that one in three is overweight. KEHP is helping to fight this trend by teaming up with Humana and the Alliance for a Healthier Generation to offer the Healthier Generation Benefit. Children who qualify receive: four office visits to a primary care physician or other qualified doctor for a weight-management assessment; and four visits to a registered dietitian or other qualified doctor for nutritional counseling.

KEHP has also launched a new website, KEHPWell Online, offering a unique blend of wellness products and services. Members can register online and begin their journey to a healthier life. KEHPWell offers a variety of services including: personalized health coaching, live chat with a health coach, disease management, personal health goals, preventative care, smoking cessation, cancer prevention, and a health risk manager.

The Cabinet is continuously seeking innovative ways for state employees, retirees, teachers and quasi-agency employees to reach their wellness goals. We believe 2012 holds even greater opportunities to introduce new wellness programs to help KEHP members.

Technology Advances

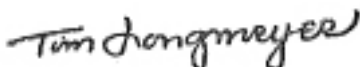
New advanced technology, expertise, and system-wide projects such as the Kentucky Human Resource Information System (KHRIS) have begun a new era of unified and streamlined human resource data processing. Other online services, such as the Kentucky Employees' Health Plan Open Enrollment, held each year in October for nearly 300,000 health plan participants, will begin utilizing the new system.

Learning and Development Opportunities

We are fostering a learning and development culture through a new yearlong leadership training program called LEAD; through new courses offered through the Governmental Services Center; through ethics and HIPAA training for all Personnel Cabinet employees; and through new SharePoint training for web developers. We've expanded our boundaries by engaging in new external partnerships, as well as sharing information through a variety of public and private sector employers.

In the pages that follow we are pleased to provide, pursuant to KRS 18A.030 (2) (1), information detailing these and many other success stories of the Personnel Cabinet in the 2010-2011 Annual Report.

Sincerely,



Tim Longmeyer, 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.

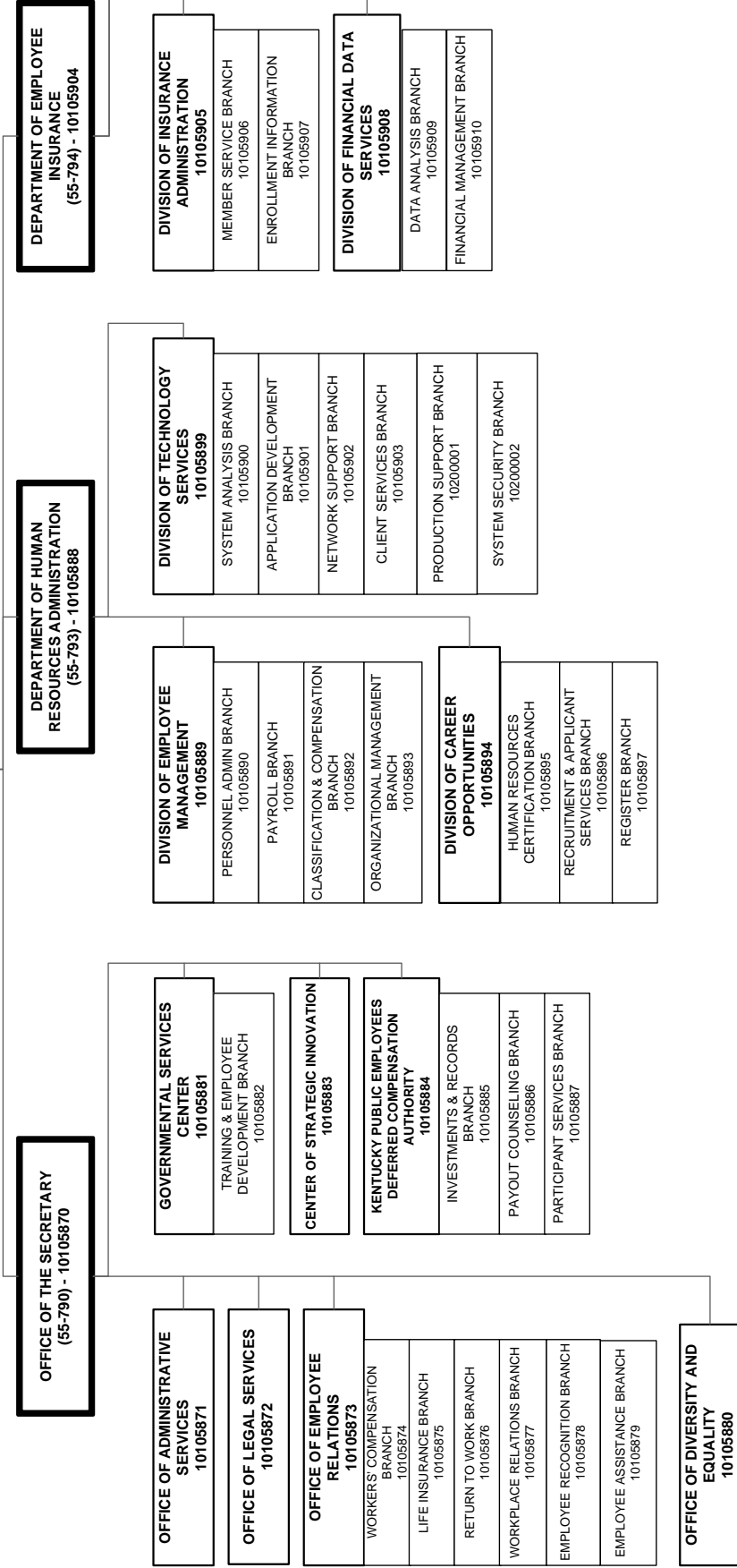
DIVERSITY

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.

PERSONNEL CABINET - 55
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PC/DHRAVDEM
As of 05/16/2011
Created on 06/28/2011

ORGANIZATIONAL CHART

OFFICE OF THE SECRETARY

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, Office of Diversity and Equality, Office of Employee Relations and Governmental Services Center.

OFFICE OF ADMINISTRATIVE SERVICES

RESPONSIBILITIES

The Office of Administrative Services provides the resources necessary for the Cabinet's departments and offices to fulfill their mission. The office administers the internal administration of the Cabinet including budgeting, accounting, purchasing, human resources, payroll, benefits, internal audit and facilities. Staff works closely with all parts of the Cabinet and with the Office of the State Budget Director, the Office of Procurement Services, the Controller's Office and the Department of Facilities Management in the Finance and Administration Cabinet.

ACCOMPLISHMENTS

The 2011 fiscal year ending June 30, 2011 was a year of significant change in the Cabinet with many challenges. After five years of development, the KHRIS Project went live in April, replacing legacy systems that include the state payroll, benefits, including health and life insurance and human resources administration. The Cabinet has had to fund post go-live support for the new system while starting to replace contractors working on it with less expensive contractors and employees. The Challenge to continue to provide appropriate staffing and funding for KHRIS will continue to be a top priority for our office.

Despite major initiatives in Deferred Compensation—a change in third party administrators and systems—and the KHRIS project, the Cabinet experienced a number of budget balancing measures, including direct reductions, non-merit employee reductions and six furlough days for all employees. The Cabinet's deputy secretary position was empty for nearly half

of the fiscal year and is still vacant to reduce costs. Despite reductions and increased expenditures, the Cabinet went live with KHRIS, paid its bills and provided necessary services to state government.

Administrative Services employees not only performed their usual duties and responsibilities but also were KHRIS trainers and testers and successfully navigated the switch to new benefits, HR, and payroll systems. The office successfully managed budgeting and expenditures and several employees worked on the Governor's Smart Government Initiative, specifically in the areas of reducing mailing costs, moving to electronic pay stubs and checks and evaluating the assignment of take-home state vehicles. The office helped with a program for Korean government officials visiting the United States through the Martin School at the University of Kentucky.

Cabinet Budget

The Cabinet has three primary appropriation units—General Operations, Deferred Compensation, and Workers' Compensation. General Operations housed the KHRIS Project and expended the most, \$26 million in FY 2011. Workers' Compensation expended \$22.4 million and Deferred Compensation expended \$6.8 million. The KHRIS capital project expended \$18.6 million over the course of the fiscal year and at June 30 had \$2.2 million left in the project. The Cabinet maintained services to the public and to other state agencies despite budget reductions and the ongoing structural imbalance in the Commonwealth's overall budget.

PERSONNEL CABINET-GENERAL OPERATIONS JUNE 30, 2011 BUDGET STATUS 100% OF FISCAL YEAR

Personnel Costs	816,126	848,986	780,746	781,877	789,696	806,008	827,660	842,000	803,410	822,818	832,701	881,891	9,836,918	10,145,600	98.96%
Salary & Wages	282,678	306,517	291,394	292,465	292,934	296,380	300,505	304,999	299,901	247,925	362,150	332,576	3,610,403	3,703,700	97.48%
Benefits	2,681	26,087	0	2,310	2,088	592	2,111	4,735	5,830	0	5,901	249	52,963	59,850	87.53%
Wkrs. Comp & Training	0	0	0	0	0	0	0	0	47,900	69,960	0	0	73,975	191,895	99.20%
AON Consulting	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00%
Auditor of Public Accounts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00%
Blue & Co LLC (Potter & Co)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00%
CGI Technologies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00%
Keane (formerly through Ajiton)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00%
Legal contracts	0	12,365	8,135	5,418	18,830	980	0	5,363	5,363	5,858	0	4,165	46,025	47,000	97.93%
Open Portal Solutions (IDMS)	0	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	1,848	153,459	885,902	896,000	98.55%
Pomeroy (formerly via Ajiton)	594	8,550	8,100	14,022	0	7,322	5,400	0	13,906	32,764	0	21,120	114,700	114,700	97.87%
Pricewaterhouse Cooper	41,783	82,087	0	0	0	87,032	0	74,746	74,746	0	37,341	149,360	452,308	453,000	97.56%
SAP Public Services Inc	0	0	0	0	0	0	0	698,755	35,653	51,915	49,560	2,301,463	3,137,346	3,199,000	98.38%
Security consulting (Kizan)	0	0	0	0	0	0	0	4,761	0	0	4,592	20,710	33,373	35,000	95.36%
Sierra Infosys	0	46,424	57,676	53,983	50,409	44,178	46,854	65,535	68,493	66,864	262,852	305,260	1,096,547	1,133,600	96.81%
SumTotal (Pathlore)	0	0	0	0	0	0	0	0	0	13,863	0	0	13,863	14,500	95.61%
Susan M Turner (KEAP)	0	0	0	0	0	1,050	0	0	0	0	0	900	1,950	6,000	32.50%
TEKsystems	45,271	70,271	25,000	25,000	21,540	23,307	22,712	0	19,115	66,712	0	75,514	232,210	237,300	97.86%
Thomson Reuters (Medstat)	784	0	1,613	2,377	3,475	3,939	7,480	11,184	89,974	89,974	44,967	44,967	616,551	617,000	98.93%
Other Contract Costs	6,432	0	0	7,443	-1,011	0	6,432	0	0	4,267	13,848	784,969	838,399	852,900	98.42%
Security	1,199,329	1,441,237	1,246,959	1,230,872	1,251,983	1,504,720	1,329,649	2,070,763	1,527,810	1,569,911	1,615,778	5,598,630	21,584,941	22,141,350	97.49%
Subtotal	57,325	-284	239	126	57,064	119	74,434	-17,248	120	120	57,065	241	226,342	234,100	97.97%
Utilities	131,461	31,563	0	31,947	131,068	0	188,943	16,222	-28,101	31,947	131,068	-13,778	852,330	655,500	99.52%
Rent	874	9,028	1,448	6,177	5,910	5,472	6,350	3,371	10,875	4,915	4,748	3,471	62,438	71,400	87.45%
Maintenance	13,811	1,388	3,366	15,713	0	1,105	0	46	66,082	63,384	2,568	331,065	496,519	584,650	85.27%
Postage	1	2,045	124,047	5,538	54,252	2,810	2,758	30,531	3,698	8,881	4,022	8,427	247,009	281,750	94.37%
Misc. Services	6,221	1,978	11,524	57,112	10,136	16,707	27,756	691	14,517	5,748	2,448	3,653	157,356	164,550	95.63%
Telecommunications	3,231	2,210	4,795	8,309	1,984	10,912	8,662	10,873	6,147	14,880	11,120	20,241	103,264	113,500	90.98%
Computer Services	0	119,423	28,455	31,919	131,950	20,543	174,659	28,975	28,293	38,701	653,434	961,974	2,219,827	2,266,800	97.91%
Supplies	887	5,793	4,828	6,078	4,456	8,809	914	8,487	3,958	3,720	3,067	2,264	53,261	63,400	84.01%
Commodities	72	1,367	2,115	1,842	17,377	1,067	4,708	9,297	5,972	11,510	1,289	1,568	56,152	67,800	85.77%
Travel	1,971	2,824	2,401	3,444	2,666	1,078	72	442	952	8,226	7,665	2,320	34,062	38,400	88.70%
Dues, Subscriptions, Other	60	7,415	1,581	6,348	729	4,508	491	1,597	3,583	3,667	3,573	254	35,795	49,000	89.77%
Subtotal	215,912	184,758	185,790	174,552	417,591	72,131	489,946	93,116	115,898	195,700	882,065	1,321,698	4,349,156	4,570,950	95.15%
Capital Outlay	0	0	0	0	0	35,742	23,847	0	8,949	6,880	15,206	0	90,624	94,200	96.20%
Total	1,412,241	1,625,985	1,432,749	1,669,574	1,612,593	1,843,442	2,103,878	1,852,857	1,772,490	2,513,049	6,920,328	26,024,421	26,806,500	97.08%	

Available Cash Balances

As of June 30, 2011

13CB	General Administration	13,255.56	
13CC	Deferred Comp	5,177,970.16	
13CD	GSC	0.00	
13CE	Emp Relations	4,999.85	
13CF	Personnel Administration	19,190.75	
13CG	Emp Insurance	0.00	
2423	Life Insurance	56,603.49	
3803	Work Comp	11,411,789.52	
723K	Benefits Assessment Fee	1,932.00	

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As of June 30, 2011

ALLOTMENTS

Fund Type	Function Type	Type Name	Functions	Budgeted		Expended	Encumbered	Unobligated	Available
				Annual	YTD				
1300	790A	General Administration	AA02, AA03	2,880,500.00	2,880,500.00	2,809,800.00	0.00	70,700.00	70,700.00
1300	790C	Governmental Services Center	CA02	1,052,900.00	1,052,900.00	978,201.04	0.00	74,698.96	74,698.96
1300	790E	Employee Relations	EA02	839,400.00	839,400.00	735,994.67	0.00	103,405.33	103,405.33
2400	790E	Employee Relations	EBA2	845,100.00	845,100.00	831,200.00	0.00	13,900.00	13,900.00
1300	793F	Personnel Administration	*All	12,954,000.00	12,954,000.00	12,624,800.00	0.00	329,200.00	329,200.00
1300	794H	Public Employee Health Ins	*All	8,234,600.00	8,234,600.00	8,044,425.00	0.00	190,175.00	190,175.00
		Subtotal		26,806,500.00	26,806,500.00	26,024,420.71			782,079.29
0100	790A	KHRIS Bonds	AC02	2,879,000.00	2,879,000.00	0.00	0.00	2,879,000.00	2,879,000.00
0100	55HC	State Group Health Insurance	HI00	1,740,900.00	1,740,900.00	1,623,930.48	0.00	116,969.52	116,969.52
1300	55BA	Deferred Compensation	BA02	8,574,500.00	8,574,500.00	6,752,463.96	0.00	1,822,036.04	1,822,036.04
3800	55EB	Workers' Compensation	EBB2	25,367,100.00	25,367,100.00	22,350,033.72	0.00	3,017,066.28	3,017,066.28
		Cabinet Total		65,368,000.00	65,368,000.00	56,750,848.87			8,617,151.13

WORKERS' COMPENSATION JUNE 30, 2011 BUDGET STATUS 100% OF FISCAL YEAR

	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	YTD AMT	Budget	% YTD
Personnel Costs															
Salary & Wages	39,518	49,241	33,944	28,270	31,690	29,616	32,510	29,616	31,632	30,185	32,587	32,597	401,404	465,500	86.23%
Benefits	14,494	16,206	13,112	11,542	12,895	11,868	12,767	11,847	12,389	10,706	15,036	12,706	155,568	177,000	87.89%
Wkrs. Comp & Training	1,628,121	1,725,959	1,562,146	1,947,088	1,609,080	980,044	1,908,791	1,776,563	1,876,727	2,130,859	1,776,985	1,738,900	20,661,262	23,371,700	88.40%
Blue & Co LLC	0	0	0	0	0	0	29,950	0	0	0	0	0	29,950	30,000	99.83%
CCMSI/Administration	0	117,105	95,961	0	174,325	81,908	0	158,191	81,476	81,765	82,432	157,348	1,030,512	1,157,300	89.04%
Other Contract Costs	0	0	0	0	0	0	0	0	0	88	0	0	88	2,500	3.53%
Security	275	0	0	0	275	0	275	0	0	275	0	0	1,101	1,200	91.78%
Subtotal	1,682,408	1,908,511	1,705,162	1,986,899	1,828,266	1,103,437	1,984,294	1,976,216	2,002,223	2,253,878	1,907,039	1,941,551	22,279,885	25,205,200	88.39%
Operating Costs															
Utilities	2,691	0	0	0	2,691	0	2,691	0	0	0	2,691	0	10,764	11,000	97.86%
Rent	6,194	0	0	0	6,194	0	6,194	0	0	0	6,194	0	24,776	24,800	99.90%
Other Rent	0	233	16	233	0	116	233	0	233	30	116	116	1,326	2,300	57.64%
Maintenance	626	0	114	0	0	0	0	16	2,552	0	3,334	11,537	18,178	12,700	143.14%
Postage	0	68	0	69	644	0	71	0	61	54	447	74	1,488	7,500	19.84%
Misc. Services	0	0	0	0	0	0	0	0	0	0	0	0	0	4,200	0.00%
Telecommunications	166	58	203	327	57	152	247	155	59	246	151	209	2,029	3,100	65.44%
Supplies	0	593	324	39	399	37	439	266	228	559	1,140	75	3,672	6,400	57.37%
Commodities	0	0	0	0	0	0	439	266	0	0	0	0	705	3,700	19.06%
Travel	155	64	68	142	0	268	0	84	106	1,048	397	45	2,377	3,000	79.23%
Dues, Subscriptions, Other	0	0	482	135	0	0	0	0	0	0	0	79	696	900	77.33%
Subtotal	9,832	1,015	1,207	945	9,985	573	9,875	800	3,239	1,935	14,471	12,135	66,011	79,600	82.93%
Capital Outlay	0	0	0	0	0	1,633	1,090	0	409	0	1,007	0	4,138	20,600	20.09%
Total	1,692,239	1,909,526	1,706,369	1,987,845	1,838,251	1,105,643	1,995,259	1,977,016	2,005,871	2,255,813	1,922,517	1,953,685	22,350,034	25,305,400	88.32%

WORKERS' COMPENSATION JUNE 30, 2011 REVENUE STATUS 100% OF FISCAL YEAR

	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	YTD AMT	Budget	% YTD
Beginning Balance-3803	11,724,102														
General Fees from Other State Agy (R434)	4,140,646	14,444,822	0	993,077	0	517,832	0	994,804	1,002,542	0	0	53,414	22,147,138	22,100,000	100.21%
Refund of Prior Year Expend (R881)	0	12,284	0	0	0	0	0	0	0	0	0	0	12,284	0	0.00%
Total	4,140,646	14,457,106	0	993,077	0	517,832	0	994,804	1,002,542	0	0	53,414	22,159,422	22,100,000	100.27%
Expenditures	1,692,239	1,909,526	1,577,751	2,116,463	1,838,251	1,105,643	1,995,259	1,977,016	2,005,527	2,256,158	1,922,517	2,075,385	22,471,734		
Cash Balance	14,172,508	26,720,089	25,142,338	24,018,953	22,180,702	21,592,891	19,597,632	18,615,421	17,612,436	15,356,277	13,433,761	11,411,790	11,411,790		

WORKERS' COMPENSATION JUNE 30, 2011 BUDGET STATUS 100% OF FISCAL YEAR

	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	YTD AMT	Budget	% YTD
Personnel Costs															
Salary & Wages	115,409	132,333	105,537	104,863	104,572	109,063	112,575	115,356	105,710	106,511	113,769	109,243	1,334,942	1,489,700	89.61%
Benefits	39,834	44,339	39,626	39,588	39,647	40,217	41,594	42,377	40,574	39,516	49,765	42,787	499,864	592,800	84.32%
Wkrs. Comp & Training	309	3,765	0	309	0	0	309	695	0	0	309	0	5,698	6,800	83.80%
Aon	0	0	24,684	0	0	0	0	0	0	0	0	0	24,684	24,700	99.93%
Blue & Company (formerly Potter & Co)	0	0	0	0	0	0	30,000	0	0	0	0	19,490	49,490	30,000	164.97%
ING	0	0	0	0	0	0	0	0	0	0	0	1,646,647	1,646,647	2,181,000	75.50%
ING-REF Corp data conversion	0	0	0	0	0	0	0	0	0	0	0	0	0	150,000	0.00%
Mercer Consulting, Stable Fund	0	0	0	0	0	0	9,799	0	0	9,096	0	9,047	36,068	35,000	103.05%
Mercer Consulting, Mutual Fund	0	0	0	0	0	0	31,292	0	0	30,413	0	30,352	92,057	122,500	75.15%
NRS Administration	352,083	352,083	352,083	352,083	352,083	352,083	102,218	0	0	0	0	0	2,214,718	2,112,500	104.84%
NRS Staff	18,417	18,417	18,417	18,417	18,417	18,417	5,347	0	0	0	0	0	115,847	110,500	104.84%
Reed Weikamp Shell & Vice	0	24,218	0	0	37,174	0	60,056	0	0	37,142	0	23,294	181,883	190,000	95.73%
Winner Resources	0	10,135	11,569	0	0	28,285	7,770	12,111	0	11,993	0	44,500	126,362	83,500	151.33%
Investment Advice Program	0	0	0	0	0	0	0	0	0	0	0	0	0	350,000	0.00%
Fiduciary Liability Insurance	0	0	0	49,086	884	0	0	0	0	0	0	0	49,970	50,000	99.94%
Other Contracted Services	0	0	0	0	0	0	0	0	0	0	0	0	15	562,800	0.00%
Security	735	0	0	0	0	0	735	0	0	735	0	0	2,941	2,900	101.41%
Janitorial	885	885	845	885	845	845	1,770	885	885	885	885	885	10,540	10,700	98.50%
Subtotal	527,673	586,175	552,760	573,370	554,357	548,065	343,410	231,480	147,169	199,149	201,871	1,926,244	6,391,723	8,105,400	78.86%
Operating Costs															
Utilities	1,429	1,582	1,467	2,093	1,228	2,418	1,817	1,592	1,407	1,245	1,243	1,695	19,217	19,100	100.61%
Rent	27,921	0	0	26,513	0	0	26,513	0	0	26,513	0	0	107,461	111,700	96.20%
Other Rent	350	2,388	1,215	4,011	1,935	974	1,357	1,300	1,380	1,290	900	787	17,887	17,400	102.80%
Maintenance	2,025	0	368	0	0	735	0	0	8,225	531	10,686	24,879	47,449	64,100	74.02%
Postage	0	6,891	6,149	5,369	5,463	4,280	4,362	2,388	4,131	4,763	2,993	6,454	53,243	55,000	96.81%
Misc. Services	2,611	2,451	183	4,362	1,029	3,865	418	3,465	183	56	1,101	2,711	22,435	88,800	25.26%
Telecommunications	87	1,330	886	1,933	936	1,708	1,920	1,544	1,732	1,481	1,606	1,179	16,342	17,300	94.46%
Computer Services	494	1,586	1,485	1,497	1,861	1,481	1,473	1,425	1,425	1,429	1,429	2,888	17,948	32,500	55.22%
Supplies	525	2,196	1,153	2,639	2,285	1,893	66	3,780	1,889	1,564	1,394	4,910	24,262	20,200	120.11%
Commodities	0	0	371	250	202	200	642	857	0	2,455	764	2,604	8,869	13,500	65.70%
Travel	0	1,464	1,610	2,145	1,755	283	0	0	158	264	91	669	8,438	15,700	53.75%
Dues, Subscriptions, Other	995	315	100	625	985	423	0	0	0	0	260	150	3,853	4,000	96.33%
Subtotal	36,437	20,204	14,987	51,437	17,680	18,260	38,569	16,351	20,529	41,592	22,465	48,895	347,405	459,300	75.64%
Capital Costs															
	0	0	0	0	0	0	5,261	3,510	0	1,317	0	3,248	13,337	9,800	136.09%
Total	564,109	606,379	567,747	624,807	572,036	571,586	385,490	247,831	169,016	240,741	227,583	1,975,139	6,752,464	8,574,500	78.75%

DEFERRED COMP DEFERRALS FUND JUNE 30, 2011 REVENUE STATUS 100% OF FISCAL YEAR

	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	YTD AMT	Budget	% YTD	
Beginning Balance-13CC	5,628,479															
General Fees from Public (R404)	475,533	488,760	513,939	381,882	373,155	837,869	319,749	483,230	448,742	1,213,307	369,296	386,386	6,291,848	6,548,000	96.09%	
Contributions-Employee Volntry (R733)	1,400	1,200	2,500	298,602	0	0	0	-303,702	0	0	0	0	0	0	0.00%	
Interest Income (R771)	0	5,586	11,865	6,105	4,148	4,462	5,367	3,956	4,991	8,990	5,507	9,129	70,108	350,000	20.03%	
Op Transfer to Agency Rev Fund (T113)	0	0	0	0	0	0	0	0	0	0	0	0	0	-60,000	0.00%	
Total	476,933	495,545	528,304	686,590	377,303	842,331	325,117	183,483	453,733	1,222,298	374,803	395,515	6,361,955	6,838,000	93.04%	
Expenditures	193,609	235,879	567,747	995,307	572,036	571,586	648,425	246,127	277,578	241,447	227,583	2,035,139	6,812,464			
Cash Balance	5,911,803	6,171,470	6,132,027	5,823,310	5,628,577	5,899,322	5,576,013	5,513,369	5,689,525	6,670,375	6,817,594	5,177,970	5,177,970			

DEFERRED COMP DEFERRALS FUND JUNE 30, 2010 REVENUE STATUS 100% OF FISCAL YEAR

	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	YTD AMT
Beginning Balance-723H	2,055,992												
Contributions-Employer (R731)	15,416,741	14,571,296	11,687,787	11,222,844	11,974,029	11,349,998	11,877,766	11,955,180	12,983,303	11,106,151	15,449,578	15,154,537	154,749,210
Contributions-Employee Volntry (R733)	0	521	-6,163	637	433	802	699	740	433	-4,281	592	2,443	-3,143
Interest Income (R771)	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Receipts (R827)	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	15,416,741	14,571,817	11,681,624	11,223,481	11,974,463	11,350,800	11,878,464	11,955,920	12,983,736	11,101,870	15,450,171	15,156,980	154,746,067
Expenditures	15,591,671	14,285,579	11,754,454	11,230,933	12,532,623	11,103,647	12,288,708	11,591,417	13,254,441	11,480,642	14,972,506	14,954,884	155,041,505
Cash Balance	1,881,061	2,167,299	2,094,469	2,087,018	1,528,857	1,776,010	1,365,767	1,730,270	1,459,565	1,080,793	1,558,458	1,760,554	1,760,554

OFFICE OF LEGAL SERVICES

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 drafting legal pleadings, memoranda, proposed legislation, proposed regulations and legal opinions. OLS serves as primary representation of the Cabinet and its employees in administrative hearings and trials before state and federal courts, and also serves as expert witnesses for other agencies regarding the state merit system. The executive director of OLS is the Cabinet's custodian of records for purposes of the Kentucky Open Records Act and is responsible for responding to all open records requests and subpoenas in a timely manner. Additionally, the attorneys within the OLS testify before legislative committees on all matters addressing state government upon request. OLS assists the Personnel Cabinet Secretary in his appointed role on the Government Employee Advisory Council (GEAC) and also participates in GEAC unit negotiation sessions. In addition to these roles, OLS conducts training on personnel issues impacting the Commonwealth and makes presentations on key personnel issues.

Additional responsibility also lies with the Office of Legal Services to provide legal guidance and assistance to executive branch agencies on all facets of human resource law. This involves frequent consultation with agencies on the application and enforcement of state and federal laws and regulations, as well as assistance with day-to-day personnel issues which arise.

OLS also serves as the exclusive legal counsel for the Department of Employee Insurance. In this role, OLS provides guidance on state and federal mandates (such as the Internal Revenue Code, HIPAA, COBRA, and most recently the Patient Protection & Affordable Care Act), which are associated with sponsoring and administering the Kentucky Employees Health Plan, a self-funded IRC 125 cafeteria plan.

ACCOMPLISHMENTS

During fiscal year 2010-2011, the Office of Legal Services:

- Reviewed and consulted with agency attorneys and administrators with respect to 288 appeals filed with the Personnel Board.
- Represented the Personnel Cabinet in 27 appeals filed with the Personnel Board.
- Represented the Personnel Cabinet at status conferences, filing of pleadings, etc. in Franklin Circuit Court cases.
- Processed 204 requests submitted under the Kentucky Open Records Act and notified agencies and employees in appropriate cases.
- Responded to 388 investigative requests for employment for the 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 disciplinary actions, including 117 dismissals and 492 suspensions.
- Reviewed and approved 1,426 terminations; 293 terminations from probation.
- Reviewed and approved 3 temporary reassignments of other agency employees.
- Reviewed and approved 93 special investigative leave letters from other agencies.
- Reviewed and either approved, denied or requested further information on 23 petitions for written reprimand removals.
- 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 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, suggested regulation amendments and trends throughout the HR enterprise.
- Assisted with legislation during the 2011 regular session and 2011 extraordinary session of the Kentucky General Assembly, including Veterans'

Preference, the Public Employee Protection Act and House Bill 387.

- Attended legislative committee hearings and provided testimony regarding key issues facing the Commonwealth HR enterprise. Most notably, testimony addressing the furloughs of Kentucky state employees during Fiscal Year 2011.
- Filed New Emergency Regulation 101 KAR 5:015, which set forth the furlough requirements for Kentucky state employees.
- Played a key role in the Personnel Cabinet furlough liaison team, which included the review and adoption of furlough plans for all cabinets/agencies, and analysis of any necessary exceptions to the furlough requirements set forth in the Budget Bill (House Bill 1).
- Assisted and facilitated the implementation of legislation impacting Kentucky executive branch employees.
- Attended and briefed the Personnel Council and the Human Resource Leadership Council regularly on HR updates, trends, and developments.
- Actively engaged with the Governor's Employee Advisory Council (GEAC), and provided guidance to all agencies outlining the scope of employee steward engagement.
- Participated in GEAC unit negotiation sessions and reviewed all provisions of GEAC tentative unit agreements.
- Represented the Personnel Cabinet on the General Record Retention Schedule for the State Agencies Committee.
- Served as the Cabinet's ethics officer and reviewed all outside employment requests and internal ethical considerations.
- Redrafted the 2011 plan documents for the Kentucky Employees Health Plan.
- Attended meetings and testified on the Group Health Insurance Board.
- Conducted training on the state personnel system as well as state and federal employment law.
- Drafted and reviewed various RFP's, MOAs. (First Onsite Clinics, actuarial and consulting).
- Assisted in compliance with federal legal requirements for the public health insurance program (commonly known as the Kentucky Employees' Health Plan).
- Provided legal support during the 2011 legislation session.
- Renewed the 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 2011 with LRC following review by the Cabinet for Health & Family Services.
- Counseled the Department for Employee Insurance on annual audits.
- Conducted legal analysis of Patient Protection and Affordable Care Act (H.R. 3590) (the "Reform Act") as amended by the Health Care & Education Affordability Reconciliation Act of 2010 (H.R. 4872) (the "Reconciliation Act").
- Conducted legal analysis of regulations issued by the Department of Labor, IRS and HHS concerning the aforementioned healthcare reform legislation.
- Conducted legal analysis of the Early Retiree Reinsurance Program and filed application on behalf of DEI as "plan sponsor" with HHS.
- Conducted presentations concerning the impact of federal healthcare reform.
- Conducted legal analysis on the Medicare Secondary Payer and Health Reimbursement Account.
- Drafted and reviewed HIPAA business associate agreements.
- Oversaw HIPAA compliance for DEI and KEHP.

OFFICE OF EMPLOYEE RELATIONS

RESPONSIBILITIES

The Office of Employee Relations values and strengthens the investment we have in each other.

This office consists of the following:

- The 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.
- The Life Insurance Branch administers Basic Life and Accidental Death and Dismemberment coverage to eligible state employees and other special classes.
- The 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.
- The Workplace Relations Branch administers the Kentucky Employee Mediation Program (KEMP) and the Workplace Resolutions Program.
- The Employee Recognition Branch directs the Kentucky Employee Suggestion System, the Governor's Ambassador Award, Public Employee Recognition Week, and employee certificate distribution.
- The Kentucky 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 and Family Medical Leave.

ACCOMPLISHMENTS

Family Medical Leave

Information was updated on the websites and provided to employers and employees upon request.

Adoption Benefit Program

- During FY 2010-2011, 14 applications were approved, totaling \$33,434. Since its inception in 1999, this program has provided \$744,053 in assistance to 251 employees.

- Winner of the Dave Thomas Foundation for Adoption – Best Adoption Friendly Workplaces 2011

Employee Engagement and Volunteerism

As an employer, the Personnel Cabinet seeks to identify and develop the strengths and talents of our workforce. Employee satisfaction leads to employee engagement and engaged employees have a sense of personal attachment to their work and a positive affect on their organization. Through various methods, including employee surveys, we help management better understand employee commitment, loyalty and levels of engagement.

Employee volunteerism is consistent with the Personnel Cabinet's motto of "Serving the People Who Serve the People." We strive to create a culture in which our employees extend a helping hand to our communities.

Projects include:

- Creation and distribution of customer service surveys for the Executive Safety Advisory Committee;
- Creation and distribution of employee satisfaction surveys for the Department of Employee Insurance;

Coordinating community service events and collaborations with the Personnel Cabinet's Community Action Champions, Diversity Champions and Recognition and Morale Champions.

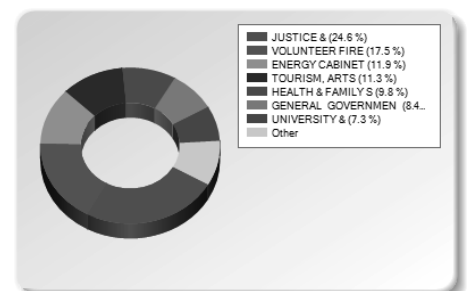
Workers' Compensation Branch

The Workers' Compensation Branch (WCB) continues to focus on customer needs. They 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 hours serious injuries.

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. Return-to-Work and Loss Prevention programs combined with Managed Care and claims handling expertise continue to provide positive

Claim Count for Each Cabinet - 7/1/10 thru 6/30/11

	CABINET	Paid	Out Reserve	Recovered	Total Incur	Claim Count	Cost per Claim
	JUSTICE & PUBLIC SAFETY CABINET (54)	\$1,707,515.06	\$1,349,310.11	\$0.00	\$3,056,825.17	525	\$5,822.52
	VOLUNTEER FIRE FIGHTERS (91)	\$925,289.46	\$1,250,354.47	\$0.00	\$2,175,643.93	261	\$8,335.80
	ENERGY CABINET (57)	\$722,397.92	\$753,167.04	\$0.00	\$1,475,564.96	61	\$24,189.59
	TOURISM, ARTS & HERITAGE CABINET(50)	\$753,493.42	\$648,404.23	\$0.00	\$1,401,897.65	290	\$4,834.13
	HEALTH & FAMILY SERVICES CABINET (53)	\$662,608.19	\$553,466.77	\$1,277.49	\$1,214,797.47	372	\$3,265.58
	GENERAL GOVERNMENT/CABINET (31)	\$584,542.55	\$463,316.58	\$0.00	\$1,047,859.13	274	\$3,824.30
	UNIVERSITY & COMMUNITY COLLEGE	\$476,973.00	\$426,159.62	\$0.00	\$903,132.62	167	\$5,407.98
	COUNTY OFFICES (90)	\$234,813.45	\$115,816.18	\$1,365.31	\$349,264.32	53	\$6,589.89
	EDUCATION CABINET (51)	\$139,225.82	\$128,943.50	\$0.00	\$268,169.32	61	\$4,396.22
	JUDICIAL BRANCH (20)	\$147,492.46	\$101,881.44	\$0.00	\$249,373.90	46	\$5,421.17
	FINANCE & ADMINISTRATION CABINET (39)	\$113,466.88	\$56,180.74	\$0.00	\$169,647.62	52	\$3,262.45
	PUBLIC PROTECTION CABINET (58)	\$63,256.05	\$18,109.09	\$110.00	\$81,255.14	12	\$6,771.26
	LABOR CABINET (56)	\$19,017.12	\$9,364.84	\$0.00	\$28,381.96	12	\$2,365.16
	LEGISLATIVE BRANCH (10)	\$7,856.24	\$648.23	\$0.00	\$8,504.47	3	\$2,834.82
	COUNTY CENTERS (44)	\$2,599.21	\$1,303.72	\$0.00	\$3,902.93	2	\$1,951.47
	ENVIRONMENTAL & PUBLIC PROTECTION (52)	\$2,020.76	\$0.00	\$0.00	\$2,020.76	1	\$2,020.76
	KENTUCKY LOTTERY CORPORATION (80)	\$1,709.37	\$0.00	\$0.00	\$1,709.37	3	\$569.79
	PERSONNEL CABINET (55)	\$1,166.32	\$0.00	\$0.00	\$1,166.32	4	\$291.58
	ECONOMIC DEVELOPMENT CABINET (36)	\$14.25	\$0.00	\$0.00	\$14.25	1	\$14.25
	Totals:	\$6,565,457.53	\$5,876,426.56	\$2,752.80	\$12,439,131.29	2200	\$5,654.15



Governor’s Ambassador Award

The second Kentucky Governor’s Ambassador Awards program was held October 13, 2010. Nine public service employees were recognized in six categories: customer service, courage, leadership, professional achievement, teamwork or community service and volunteerism.

Nominations were accepted throughout the year. Seventy-two nominations were submitted, involving more than 129 employees. All nominations were reviewed by a selection committee and three finalists were chosen in each category. Governor Beshear selected the six overall winners in each category. Nominees were invited to attend the awards ceremony. Award recipients were honored by having a personalized engraved brick placed along Ambassador Avenue outside the Thomas D. Clark Center for Kentucky History.

Employee Recognition Certificates

Career service certificates for 16, 20 and 25 years of service plus every 5 years thereafter were presented to 2,981 employees. Service pins were presented to 1,309 employees with 16 years of service. Recognition certificates were processed for 1,971 employees acknowledging 5 and 10 years of service. Retirement certificates were presented to 3,284 employees. The total number of certificates presented to state government employees (career, recognition and retirement) totaled 8,236.

Public Employee Recognition Week

Each year, during Kentucky Public Service Recognition Week we 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 11 through Sunday, October 17 as KY Public Employee Recognition Week. The Personnel Cabinet sponsored the third statewide poster contest for school age children to increase awareness of the achievements and contributions made by state employees. A total of 350 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.

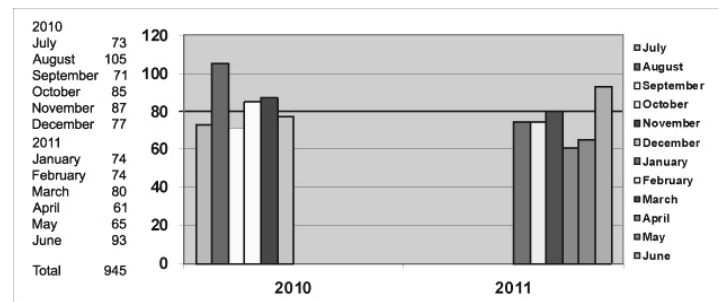
Kentucky Employee Assistance Program

During the 09-10 FY, the Kentucky Employee Assistance Program provided direct employee assistance services to 984 state employees and/or family members, presenting as new clients.

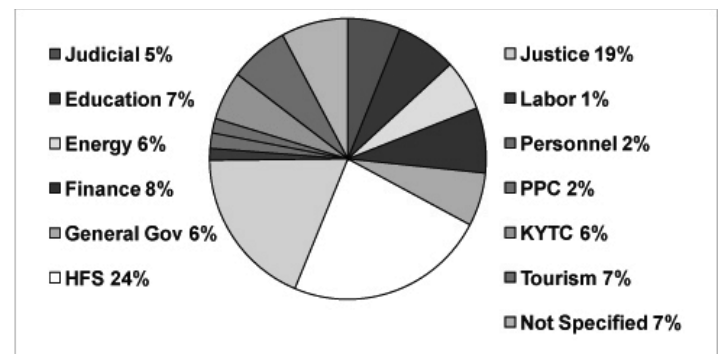
The cabinets in which employees most utilized our services were Health and Family Services (25%) and Justice and Public Safety (18%). The issues most frequently presented include: job stress (27%); mental/emotional health (25%); and supervisory referrals (14%).

KEAP staff was involved in many outside meetings and workshops resulting in numerous contacts. These included regular presentations at GSC on topics such as Stress Management and Verbal De-escalation Skills. 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.

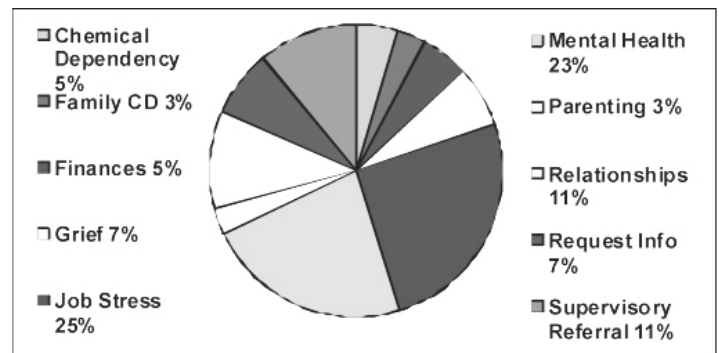
KEAP New “Client” Totals



Agency Utilization



Presenting Issues



OFFICE OF DIVERSITY AND EQUALITY

RESPONSIBILITIES

The Office of Diversity & Equality (ODE) 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.

In accordance with our commitment to voluntary and proactive compliance with state and federal equal employment opportunity laws, this office provides consultative guidance to state agencies on the investigation of discrimination complaints and oversees agency responsiveness by the timely monitoring, tracking, and review of discrimination complaints.

The ODE staff provides technical assistance, training, and resources on minority recruitment, affirmative action planning, equal opportunity compliance and workforce diversity to the Personnel Cabinet and other state agencies. ODE 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 administrators, supervisors, and managers.

Additionally, the Office of Diversity & Equality oversees the development and implementation of workforce diversity initiatives to increase awareness, recruitment and retention efforts. Current initiatives include heritage month recognition programs, diversity and inclusion training, the Governor's Minority Management Trainee Program and the Governor's Diversity Day.

ACCOMPLISHMENTS

Equal Employment Opportunity

- Consultation: ODE staff has continued to provide one-on-one consultation to cabinet/agency EEO and Human Resources professionals in complaint resolution, investigations (and participation therein), training and employment procedures.
- Counseling: ODE staff has continued to counsel potential EEO complainants via the telephone, one-on-one meetings and email regarding employee rights and complaint procedures.
- Training/Education: In the past year, ODE staff has conducted anti-harassment training for over 350

state employees at monthly scheduled trainings, onsite trainings and online trainings. ODE has also continued its commitment to EEO education through the production of *The Evolution*, an informational newsletter, and the planning and implementation of the 24th Annual Governor's Equal Employment Opportunity Conference. To further our commitment to develop a workplace free from harassment and discrimination and to educate state employees on their rights and the complaint process, ODE also developed and distributed an Employee Rights Brochure.

ODE has committed to furthering staff education and development through various webinars and other EEO-related trainings.

Diversity

- Training/Education: ODE has trained 200 state employees on diversity and inclusion at monthly scheduled trainings and onsite agency requested trainings. ODE staff has also conducted diversity and inclusion training for the Kentucky State Chapter of the International Public Managers Association. Additionally, ODE has included diversity-related information in *The Evolution*, including educational articles, diversity awareness/heritage months information and promotion of diversity events throughout state government and the Commonwealth.
- Governor's Minority Management Trainee Program (GMMTP): ODE continued to provide leadership, management and educational programming for the Governor's Minority Management Trainee Program (GMMTP). GMMTP, a two-year program focused on developing minority managers within state government, concluded in May with the graduation of seventeen participants. With the successful close of ODE's first GMMTP class, staff has evaluated the program and has begun planning for future classes.
- 14th Annual Governor's Diversity Day: ODE administered the 14th Annual Governor's Diversity Day. ODE provided a diversity education toolkit to schools from across the state who conducted diversity programming on May 3, 2011. ODE also sponsored two specialized contests, the Governor's Diversity Day Video Project and the Governor's Diversity Day Student

Technical Leadership Organization Programming Competition. This year's theme was "Why Should I Care? Putting an End to Bullying." Berea Community High School's SEED Club won the video contest with their entry "We Are Who We Are," and the Student Technology Leadership Program from Morgan Elementary was recognized for its outstanding student-led programming.

- Collaboration: ODE staff attended training and networking events with the Kentucky Diversity Business Network, the Society for Human Resources Management and the ADA Action Network of Kentucky. Also, during this year, Executive Director Arthur Lucas served on the Governor's Minority Employment Business Affairs & Economic Development Council.

Affirmative Action

- Reporting: ODE continues to monitor employment trends within state government. Along with producing the January-June 2010 and the July-December 2010 Semi Annual Reports on Female & Minority Employment, ODE has worked with Division of Employee Management in the creation of internal reports for tracking any possible disparities within employment actions and in transitioning EEO and Affirmative Action reports from the legacy system into KHRIS. ODE staff also consulted with the Classification and Compensation Branch on designating proper EEO Classifications for newly created job specifications.
- Recruitment: ODE staff has attended numerous recruitment events with the Division of Career

Opportunities. ODE continues to provide guidance on outreach to minorities and other underrepresented populations and is reviewing recently released census data on Kentucky demographics and workforce availability for the future development of a Minority Resource Recruitment Guide.

- Affirmative Action Plan: In order to maintain an up-to-date approach with Affirmative Action, Equal Employment Opportunity and Diversity initiatives, ODE has drafted a new Kentucky State Government Affirmative Action Plan, currently under review by the Office of Legal Services.

Miscellaneous

- ODE staff continues to support cabinet-wide initiatives, programming and events. Staff has served on various cabinet "champion" committees, including: Community Action, Diversity, Employee Recognition and Morale and Wellness. ODE staff has also been instrumental in the development of quarterly cabinet celebrations and the Employee Recognition Week program. ODE is committed to doing its part in raising employee morale and making the Personnel Cabinet an inviting and inclusive workplace.
- ODE is also proud of the work State EEO Coordinator Singer Buchanan has done while serving as President of the Kentucky Chapter of the International Public Managers Association, including hosting the 2011 IMPA Southern Regional Conference.

**Personnel Cabinet
Minority Utilization
(December 31, 2010*)**

* This chart shown reflects the minority and female employment utilization for the reporting period ending December 31, 2010. Most years we use the reporting period ending on June 30 but due to the conversion to a new data reporting system, this information is not available at the time of publication. Future editions of the annual report will revert back to the June 30th date.

JOB CATEGORY	TOT EMPS	MIN	% MIN	MIN PROJ % GOAL	UNDER UTILIZED	# MIN NEEDED
EEO GRP 1: OFFICIALS & ADMIN	43	5	11.63%	10.00%	NO	0.0
EEO GRP 2: PROFESSIONAL	152	16	10.53%	10.00%	NO	0.0
EEO GRP 3: TECHNICIANS	12	1	8.33%	10.00%	YES	0.2
EEO GRP 5: PARA PROFESSIONAL	1	0	0%	10.00%	YES	0.1
EEO GRP 6: OFFICE & CLERICAL	6	2	33.33%	6.3%	NO	0.0
TOTAL	214	24	11.21%	10.00%	NO	0.0
JUNE 2010 TOTAL	222	25	11.26%	10.00%	NO	0.0

Statewide Minority Utilization (December 31, 2010*)

* This chart shown reflects the minority and female employment utilization for the reporting period ending December 31, 2010. Most years we use the reporting period ending on June 30 but due to the conversion to a new data reporting system, this information is not available at the time of publication. Future editions of the annual report will revert back to the June 30th date.

JOB CATEGORY	TOT EMPS	MIN	% MIN	MIN PROJ % GOAL	UNDER UTILIZED	# MIN NEEDED
EEO GRP 1: OFFICIALS & ADMIN	2,862	204	7.13%	10.00%	YES	82.2
EEO GRP 2: PROFESSIONAL	16,125	1,433	8.89%	10.00%	YES	179.5
EEO GRP 3: TECHNICIANS	1,796	129	7.18%	10.00%	YES	50.6
EEO GRP 4: PROTECT SERV WRKR	3,252	218	6.70%	10.00%	YES	107.2
EEO GRP 5: PARA PROFESSIONAL	2,353	348	14.79%	10.00%	NO	0
EEO GRP 6: OFFICE & CLERICAL	1,925	144	7.48%	10.00%	YES	48.5
EEO GRP 7: SKILLED WORKER	2,431	127	5.22%	10.00%	YES	116.1
EEO GRP 8: SERVICE MAINTENANCE	1,695	275	16.22%	10.00%	NO	0
TOTAL	32,439	2,878	8.87%	10.00%	YES	365.9
JUNE '10 TOTAL	32,541	2,821	8.67%	10.00%	YES	433.1

JOB CATEGORY	TOT EMPS	FEMALE EMPS	% FEMALE	FEMALE PROJ % GOAL	UNDER UTILIZED	# FEMALE NEEDED
EEO GRP 1: OFFICIALS & ADMIN	43	22	51.16%	52.42%	YES	0.6
EEO GRP 2: PROFESSIONAL	152	122	80.28%	52.42%	NO	0.0
EEO GRP 3: TECHNICIANS	12	7	58.33%	52.42%	NO	0.0
EEO GRP 5: PARA PROFESSIONAL	1	1	100%	52.42%	NO	0.0
EEO GRP 6: OFFICE & CLERICAL	6	5	83.33%	52.42%	NO	0.0
TOTAL	214	157	73.36%	52.42%	NO	0.0
JUNE 2010 TOTAL	222	161	72.52%	52.42%	NO	0.0

Personnel Cabinet Female Utilization (December 31, 2010*)

* This chart shown reflects the minority and female employment utilization for the reporting period ending December 31, 2010. Most years we use the reporting period ending on June 30 but due to the conversion to a new data reporting system, this information is not available at the time of publication. Future editions of the annual report will revert back to the June 30th date.

Statewide Female Utilization (December 31, 2010*)

* This chart shown reflects the minority and female employment utilization for the reporting period ending December 31, 2010. Most years we use the reporting period ending on June 30 but due to the conversion to a new data reporting system, this information is not available at the time of publication. Future editions of the annual report will revert back to the June 30th date.

JOB CATEGORY	TOT EMPS	FEMALE EMPS	% FEMALE	FEMALE PROJ % GOAL	UNDER UTILIZED	# FEMALE NEEDED
EEO GRP 1: OFFICIALS & ADMIN	2,862	1,185	41.40%	52.42%	YES	315.3
EEO GRP 2: PROFESSIONAL	16,125	9,390	58.23%	52.42%	NO	0
EEO GRP 3: TECHNICIANS	1,796	647	35.02%	52.42%	YE	294.5
EEO GRP 4: PROTECT SERV WRKR	3,252	547	16.82%	52.42%	YES	1,157.7
EEO GRP 5: PARA PROFESSIONAL	2,353	1,844	78.37%	52.42%	NO	0
EEO GRP 6: OFFICE & CLERICAL	1,925	1,573	81.71%	52.42%	NO	0
EEO GRP 7: SKILLED WORKER	2,431	141	5.80%	52.42%	YES	1,133.3
EEO GRP 8: SERVICE MAINTENANCE	1,695	676	39.88%	52.42%	YES	212.5
TOTAL	32,439	16,003	49.33%	52.42%	YES	1,001.5
JUNE '10 TOTAL	32,541	15,956	49.03%	52.42%	YES	1,102

GOVERNMENTAL SERVICES CENTER

RESPONSIBILITIES

The Governmental Services Center (GSC) is comprised of the Executive Director's Office and the Training and Employee Development Branch. Under direction of the Personnel Cabinet Secretary and the Governmental Services Center Authority Board, GSC is responsible for "the development, coordination, content, approval and implementation of all training, employee development and related programs conducted for and on behalf of all program cabinets, departments, administrative bodies and program managers of state government" as required by KRS 164.357.

In addition to employee training and development, GSC provides special consulting services upon request and manages the employee educational assistance, Certificate of Management Fundamentals, and Kentucky Certified Public Manager programs.

The Governmental Services Center develops and

delivers traditional classroom workshops, develops online modules, manages GSC's technological learning resources and transitions traditional modules to online modules so they can be accessed via multiple venues, manages and maintains the Pathlore Learning Management System, provides special consulting services and administers the employee educational assistance, Certificate of Management Fundamentals and Kentucky Certified Public Manager programs.

Visit GSC at <http://www.personnel.ky.gov/gsc/>.

ACCOMPLISHMENTS

GSC currently offers the following classroom training opportunities:

- Assessing Organizational Performance
- Business Writing
- Communication Skills
- Conflict Management

Employee Educational Assistance Program

During this reporting period, the employee educational assistance program had total expenditures of \$115,600.90. Seven requests for exceptions were granted because the courses were not offered at Kentucky State University.

Training Liaisons

GSC facilitated meetings to provide information and solicit feedback from agency liaisons to improve our service. These meetings resulted in several improvements. Course locator numbers for Pathlore are now provided for regularly scheduled workshops to assist liaisons with enrollment. The creation of placement reports which are provided weekly on the GSC website help liaisons identify workshops that have seats available for enrollment. Current workshop offerings are now trending towards seating capacity.

Methodologies

During this reporting period, GSC continued to redesign and create several new classes based on feedback from our participants. Two new workshops created were "Personal Accountability" and "Valuing Employee Input."

Resources

GSC's websites have undergone numerous updates this reporting period. The Performance Management website was created in conjunction with the new "Performance Management" workshop. Tools are included to assist managers and supervisors with resources ranging from identifying the work that needs to be done to how the performance is to be measured.

The Strategic Planning website was recreated as a functional resource for those individuals that are responsible for coordinating the development of their agency's strategic plan. A step-by-step process with associated resources and forms are included. In conjunction with the website, an online training was created and will be available from the website once the Cabinet migrates from its current Content Management System to SharePoint®.



CENTER FOR STRATEGIC INNOVATION

RESPONSIBILITIES

The Personnel Cabinet's Center for Strategic Innovation (CSI) is the foundation for various consultative services inside the Personnel Cabinet including but not limited to: facilitation, strategic planning, organizational development, research and best practices, training, project management, communications, media relations, website design and maintenance, legislative liaison, technology services. Each CSI service is offered in order to help promote and fulfill the Cabinet's and CSI's mission, vision and values and the Cabinet's four big questions.

SERVICES

- The web and media solutions portion of CSI is dedicated to providing the cabinet with rich, interactive content to further support the growth and development of the Cabinet and its employees. The CSI media and technical solutions component strives to provide web support for the cabinet; to be the central point of contact for all web needs and approvals; to be the source of knowledge for all web-related software and technologies and to be the leader of all CMS users within the Personnel Cabinet; to be the source of knowledge for all media-related projects and to continue the learning curve to include any new media outlets.
- The legislative liaison portion of the CSI team organizes and consults on the Cabinet's legislative projects, helping to pass legislation important to the Personnel Cabinet and state employees. The legislative liaison also helps communicate important legislative updates and changes both to the Cabinet and for members of the General Assembly.
- The CSI communication and marketing team's goal is to develop communication strategies to promote the numerous programs and initiatives of the Personnel Cabinet. The team helps to develop the majority of electronic and print communications sent to all state employees on behalf of the Personnel Cabinet. This team is also responsible for the Cabinet's press releases, meeting notices, communication plans and the issuance of public information.
- The research and HR consulting arm of CSI helps to shine a light on state and national best

website users across the agency for the transition from CMS to SharePoint. Regular meetings and trainings are being held to ensure the Personnel Cabinet has a new website, that meets the needs of our customers and our departments.

- Continuing to partner with the University of Kentucky, Institute for Workplace Innovation to offer Employer of Choice webinars, articles and information to Personnel Cabinet employees.
- Compiling and completing the annual report on behalf of the Personnel Cabinet.
- Creating a foreign language directory and database for the Personnel Cabinet's internal website, CSI was able to provide Personnel Cabinet employees a resource where they can quickly retrieve helpful information about translators when taking a call from a variety of different customers from different backgrounds.
- Developing an event planning toolkit, so employees can follow simple steps to ensure Cabinet events are a success for our customers.
- Developing the quarterly Executive Branch employee newsletter, the Employee Connection, CSI reaches all Executive Branch employees through the newsletter which provides up-to-date information on all things important to employees.
- Taking consulting requests from the Personnel Cabinet managers and employees on a variety of work-related topics.
- Working alongside the Green Team and the Governor's Smart Government Initiative, CSI is helping to launch the Personnel Cabinet's "Opt-out Campaign." This campaign will encourage employees to voluntarily 'go paperless' and no longer receive a paper pay stub. The KHRIS system has provided for this option because all pay-related information is now available online through Employee Self Service.
- Submitting complete media packet and update website information, with assistance from the Employee Recognition Branch, to the Dave Thomas Foundation. The Commonwealth was selected as the number one Best Adoption Friendly Workplace in 2011. The Dave Thomas Foundation recognizes the Commonwealth each year for being an adoption friendly workplace. Both the website and the media packet are important to our continued recognition.
- Working as a member of the Personnel Cabinet furlough team. A CSI team member was assigned

to several agencies to answer furlough-related questions and serve as the Personnel Cabinet's liaison on the agency's furlough plan.

- Developing communications and information for employees throughout the implementation of the six furloughs. CSI was a trusted resource to provide up-to-date furlough information on our public facing website.
- Consulting with several different areas of the Cabinet to develop joint communications strategies and provide communication solutions in response to increase demand for information.
- Providing Wellness Update to shareholders and stakeholders detailing KEHP highlights and Wellness program accomplishments.
- Creating an innovative and easily accessible mechanism on our website to solicit feedback from employees and the public about our services. CSI also assists the Cabinet by responding to inquiries from constituent, legislators and other stakeholders.
- Presenting at the 2011 Governor's Local Issues Conference and Kentucky Association of Government Communicators (KAGC) Meeting. Covered topics ranging from innovation in state government to internal communications.
- Providing Health Insurance briefings for legislators in reference to the 2012 Plan Year and preparing various materials and presentation for legislative committees.
- Assisting with legislatively mandated reports including HB 387 and HB 149.
- Sharing information about going green at the Deferred Compensation Expo in support of the Cabinet's Green team.
- Continuing to share best practices with and benchmark the practices and programs of Kentucky's largest healthcare providers and employers of choice.
- Facilitating the First Onsite staff to come and meet with the HR Leadership Consortium to share information about the re-launch of the clinics.

KENTUCKY 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 (most current information available) 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 and level of acceptance by eligible employees, in the February 7, 2011 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 569th in the nation compared to 580th last year.

During fiscal year 2010-2011, the Authority Board of Trustees (Board):

1. Considered the need to take an action regarding participant fees and determined no changes should be made. Based on the Board's latest decision and prior year's fee reduction actions, the Board has now reduced participant fees in nine of the previous 15 years, resulting in 'recurring' annual savings to participants of approximately \$4.3 million. The total accumulated annual participant fee savings has now reached approximately \$39 million.
2. Received notice from NAGDCA that the Authority has been awarded a 2011 Leadership Recognition Award for its outstanding achievements in

effective communications, during calendar year 2010. This is the 14th time Kentucky has been recognized in the past 16 years for outstanding achievement in the administration of the Authority program. No other NAGDCA member has received this prestigious award as many times.

3. Completed the record keeping conversion from Nationwide Retirement Solutions, Inc. (NRS) to ING Institutional Plan Services, LLC (ING). This involved the movement of over 74,000 participant records and nearly \$1.8 billion in plan assets. In addition, the marketing and communications services transitioned from NRS to ING.
4. Following the completion of the Request for Proposal process, the Board selected Mercer Investment Consulting, Inc. (Mercer) to provide consulting and advice services for both the Authority's mutual funds investments and stable value investments.
5. The Board adopted a new tiered investment structure as proposed by Mercer. This new structure will reduce participant expense (fees) by over \$366,000 per year. It will also eliminate considerable investment overlap (duplication) and simplify the investment process for participants.

In addition, the Authority has for the first time in its history experienced a decrease in participation in the plans. Participation in the Authority program decreased by more than 1,200 participants during the 2011 fiscal year, representing a 1.6 percent decrease over the fiscal year ended June 30, 2010. Assets at June 30, 2011 increased from \$1.6 billion to \$1.9 billion and were approximately \$300 million greater than the amount reported at the end of fiscal year 2010, representative of the double digit gains of the markets at that time.

The following graphs, charts and tables represent the combined results from the Authority's 457 and 401(k) supplemental retirement plans through June 30, 2011:

- Participant Volume – Bar Graph 1 and accompanying table further substantiate the trend ending reduction in participants the Authority experienced from June 30, 2010 through June 30, 2011. The number of plan participants (with account balances) decreased from 75,675 as of June 30, 2010 to 74,443 at June 30, 2011. This

represents a decrease of 1,232 participants or a 1.63 percent decrease as of the 2011 fiscal year end. During fiscal year 2011, the Authority experienced a substantial increase in retirements and participants (terminated) rolling over their account balances to outside financial institutions. While this was occurring new enrollments into the plans also slowed significantly.

- Plan Assets – Bar Graph 2 and accompanying table shows that 2010 plan assets, on a calendar year basis, were significantly greater than for 2009 (2010 - \$1.819 billion vs. 2009 - \$1.605 billion). Assets, on a fiscal year basis, have also increased significantly from \$1.600 billion as of June 30, 2010 to \$1.901 billion on June 30, 2011, representing a \$301 million or approximately an 18.81percent increase. Assets in both the 401(k) and 457 Plans advanced from the 2010 fiscal year. Assets in the 401(k) Plan increased from \$971.3 million at June 30, 2010 to \$1.2 billion at June 30, 2011. Similarly, the 457 Plan assets increased from \$628.6 million at June 30, 2010 to \$718.8 million at June 30, 2011.
- Plan Trends – Several important trends continued or reversed during fiscal year 2010-2011 within the deferred compensation program.
- Investments – Graph 3 indicates for the 12th time in 15 years, quarterly participant investments have increased for a second consecutive year. Quarterly participant investments increased slightly from \$36 million as of June 30, 2010 to \$36.4 million as of June 30, 2011. This represents an increase of \$0.4 million or approximately 1 percent.
- Plan Assets Allocation – Graph 4 and accompanying table demonstrates that for a 16th consecutive year, participants invested more into the mutual funds than into the Fixed Contract Fund (FCF). This is also the 15th 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 \$1.113 billion (58.57 percent) in the stock mutual funds, \$113.6 million (5.98 percent) in the bond mutual funds/money market fund and \$641.7 million (33.76 percent) in the FCF. The remaining 1.70 percent or \$32.2 million represents insurance company benefit accounts and participant loans. It is important to point out this is the first year in which stock mutual funds’ assets in the Authority program have exceeded \$1 billion.

- Investments – Graph 6 demonstrates annual deferral investments increased as of June 30, 2011, reversing a decrease from last year. Annual deferral investments totaled \$140 million as of June 30, 2011 compared to \$138.4 million at June 30, 2010, representing a \$1.6 million or 1.2 percent increase. The percentage of the annual deferral investments into the 401(k) Plan verses the 457 Plan decreased by 1.13 percent to 62.25 percent. For the fiscal year ended June 30, 2011, annual deferrals into the 401(k) Plan exceeded those invested in the 457 Plan by nearly \$34.7 million. This year participant annual deferrals into the IRAs equated to approximately \$4.1 million a decrease of \$0.3 million from the prior fiscal year.

As of July 2010, the Authority offered 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 lifecycle funds, 1 money market fund, and 1 stable value or fixed fund product.

**Asset Growth
by Year
(Excluding Life Insurance
and Uninvested Receipts)**

Table 2

Year	Assets
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
12/31/2009	\$ 1,605,287,634
12/31/2010	\$ 1,819,314,700
06/30/2011	\$ 1,900,898,176

Graph 1 Total Participants by Year (with Account Balances) As of June 30, 2011

**Total Participants
by Year
(with Account Balances)
06/30/1994 -
06/30/2011**

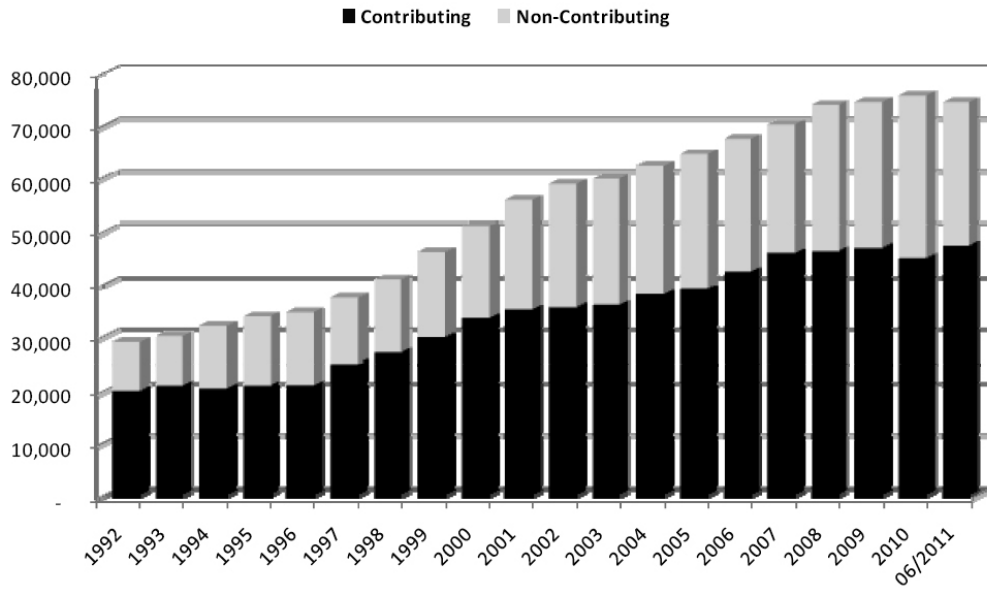
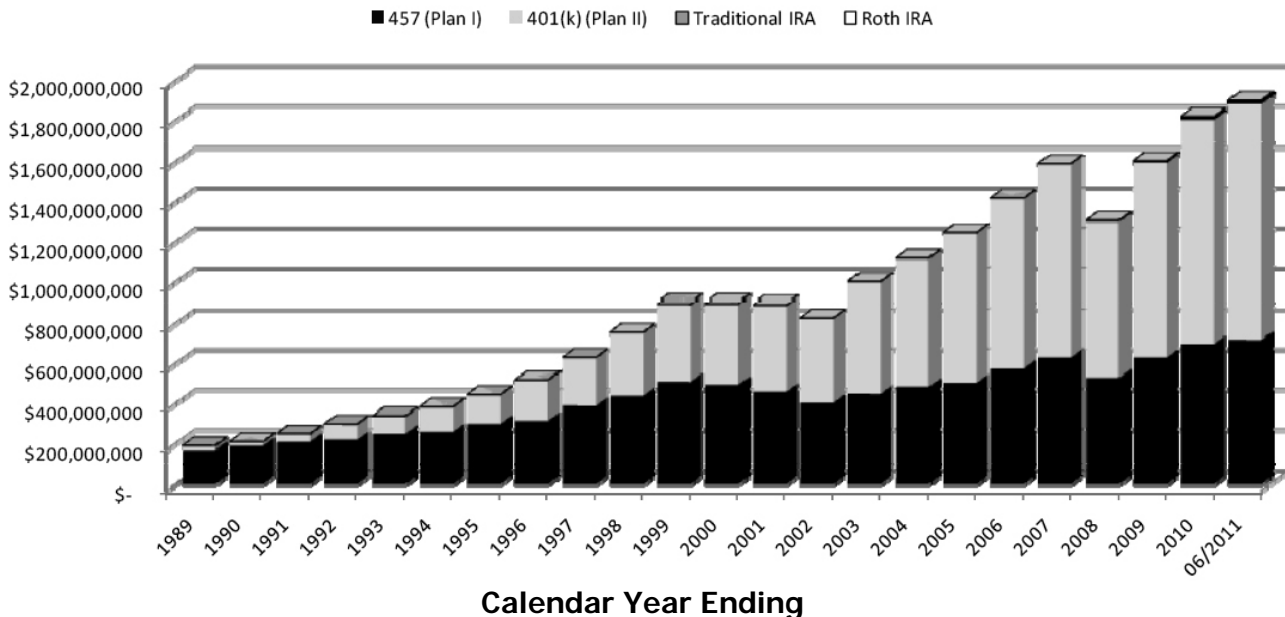


Table 1

Year	Participants
06/30/1994	32,024
06/30/1995	33,781
06/30/1996	34,589
06/30/1997	37,330
06/30/1998	41,016
06/30/1999	46,187
06/30/2000	51,099
06/30/2001	55,749
06/30/2002	58,756
06/30/2003	59,773
06/30/2004	62,437
06/30/2005	64,689
06/30/2006	67,490
06/30/2007	70,247
06/30/2008	73,884
06/30/2009	74,417
06/30/2010	75,675
06/30/2011	74,443

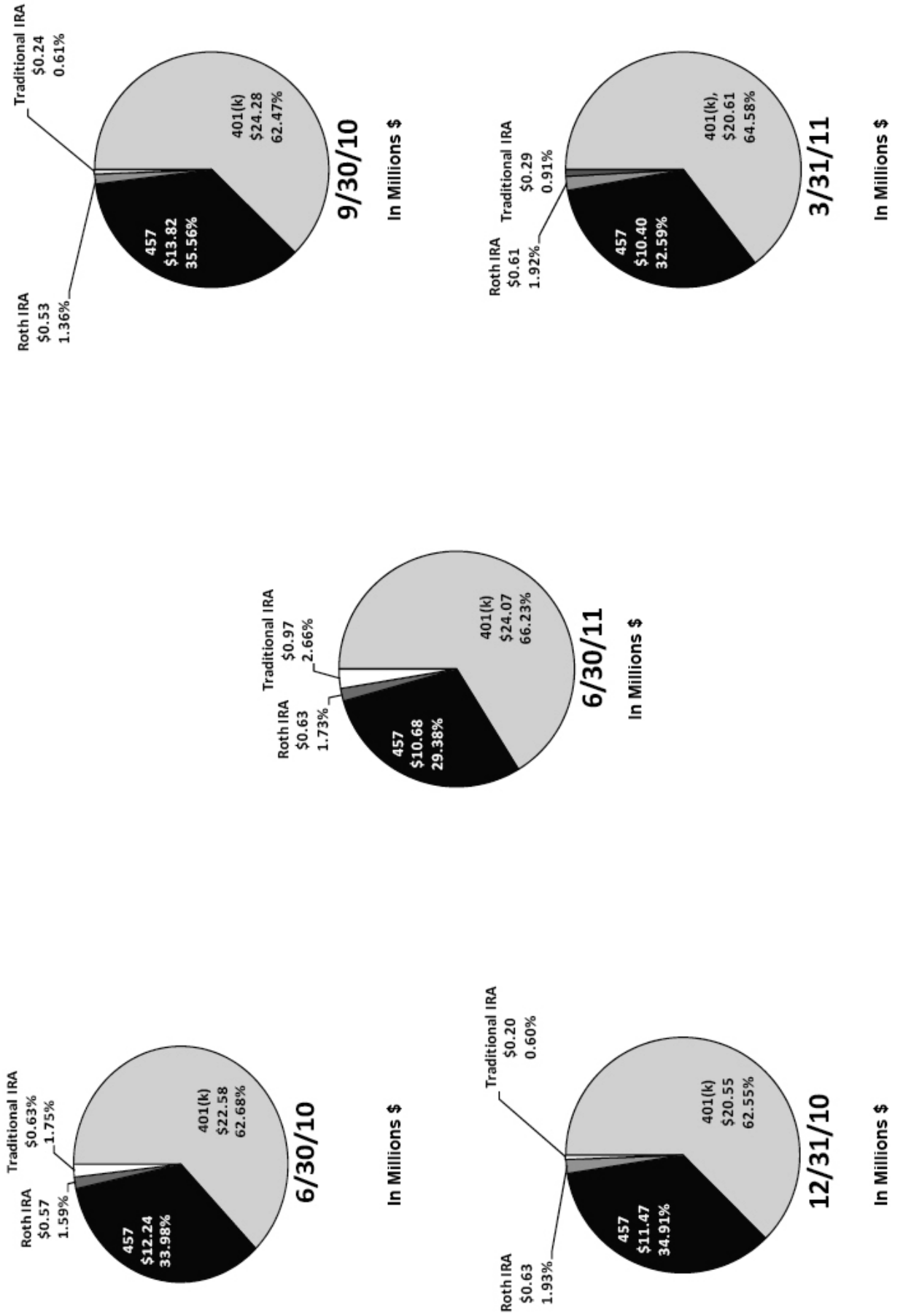
Graph 2
Asset Growth by Year (Excluding Life Insurance and Uninvested Receipts)

Participant Accounts	Calendar Year-to-Date Increase	Assets (\$ millions)	
	4.48%		
Roth IRA	2,469	Roth IRA	\$8.39
Traditional IRA	341	Traditional IRA	\$6.06
401(k) Plan	54,137	401(k) Plan	\$1,167.65
457 Plan	31,785	457 Plan	\$718.80



Graph 3

**Deferral Investments By Quarter
(Excluding Life Insurance and Uninvested Receipts)**



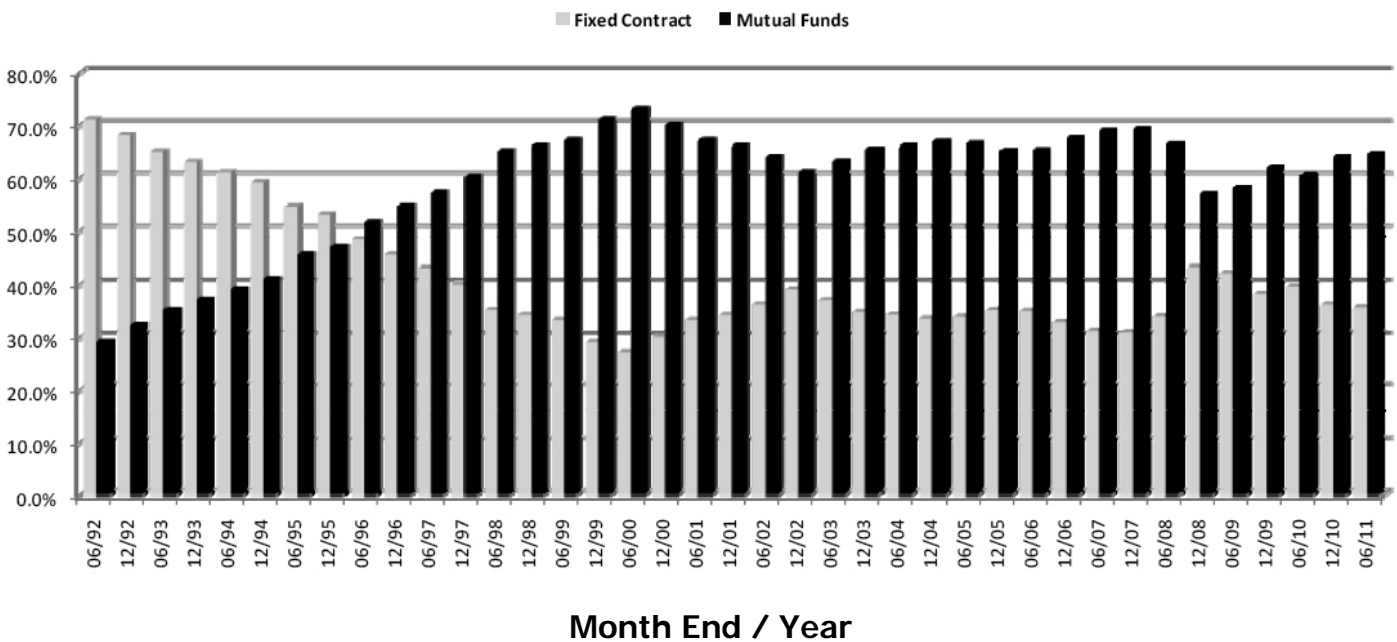
**Assets - Fixed and Variable
(Second Quarter 2003 to Second Quarter 2011)**

Table 4

Year	Fixed	Variable
06/03	\$ 330,321,165	\$ 565,503,670
12/03	\$ 346,607,857	\$ 656,227,878
06/04	\$ 356,360,773	\$ 688,354,792
12/04	\$ 372,453,803	\$ 745,887,577
06/05	\$ 387,788,869	\$ 764,858,495
12/05	\$ 436,204,265	\$ 812,170,473
06/06	\$ 453,729,486	\$ 850,997,401
12/06	\$ 463,034,505	\$ 957,169,656
06/07	\$ 478,003,505	\$ 1,056,393,856
12/07	\$ 491,385,778	\$ 1,099,889,315
06/08	\$ 523,844,082	\$ 1,029,854,002
12/08	\$ 564,180,361	\$ 742,432,970
06/09	\$ 589,515,421	\$ 811,419,200
12/09	\$ 611,979,421	\$ 993,121,416
06/10	\$ 632,901,611	\$ 966,957,318
12/10	\$ 655,000,766	\$ 1,164,313,936
06/11	\$ 673,926,559	\$ 1,226,971,617

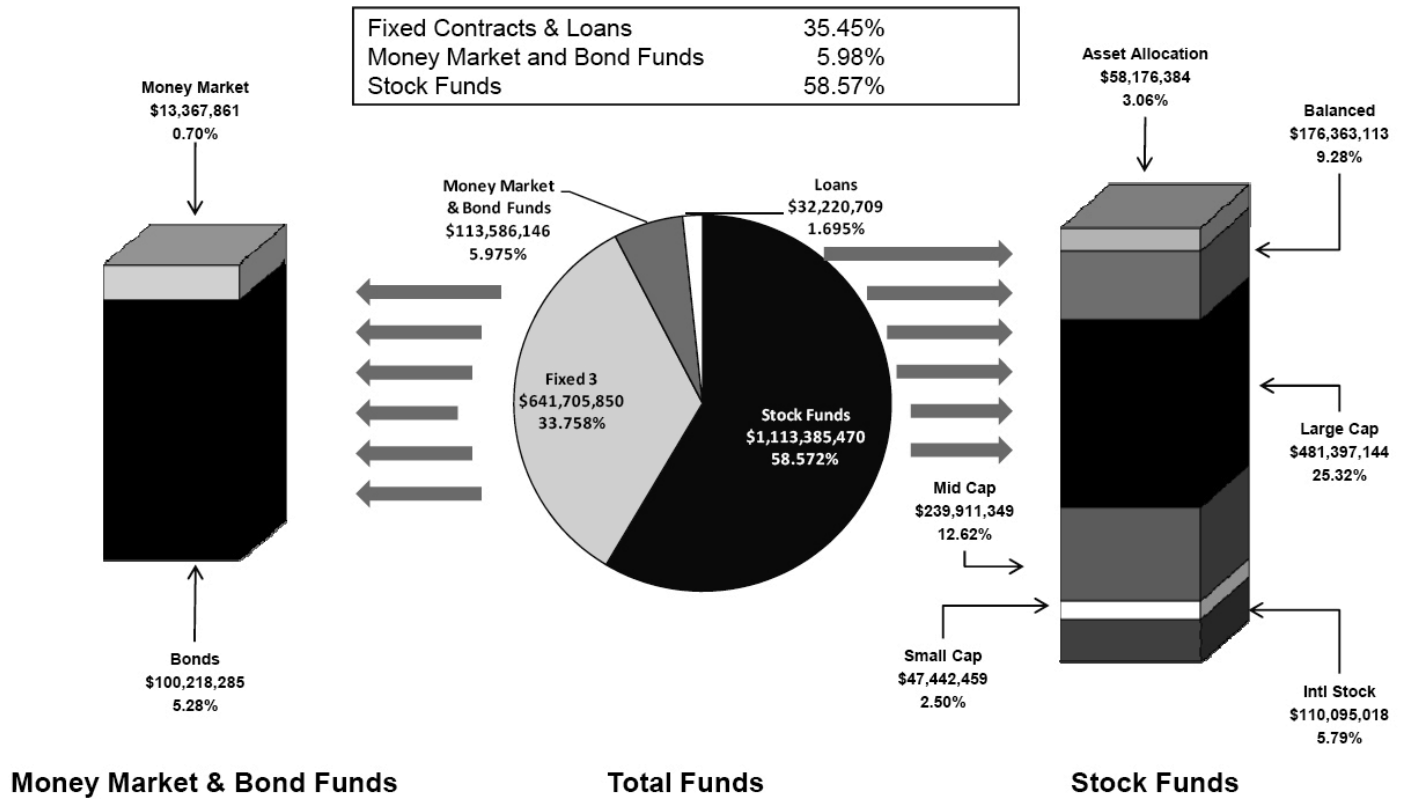
**Percentage Allocation of Assets
(Excluding Life Insurance and Uninvested Receipts)**

Graph 4



**Allocation of Plan Assets
(Excluding Life Insurance and Uninvested Receipts) As of June 30, 2011**

Graph 5

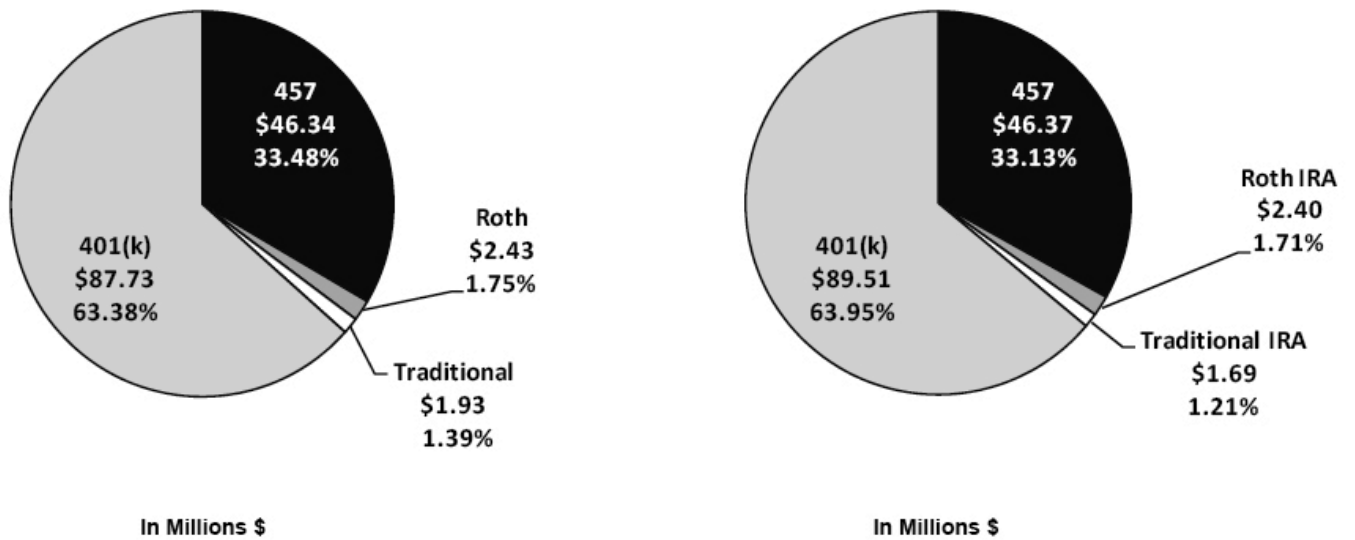


**Annual Deferral Investments
(Excluding Life Insurance)**

Graph 6

Year Ending June 30, 2010

Year Ending June 30, 2011



DEPARTMENT OF
HUMAN RESOURCES ADMINISTRATION

RESPONSIBILITIES

DHRA oversees the administration of the Commonwealth's employment application process; creation and issuance of employment registers; selection method analysis; state payroll functions; maintenance of permanent employee personnel records; and the classification and compensation system for employees. The department is also responsible for the design, development, and implementation of strategic human resources projects including the Career Opportunities System (COS), the Kentucky Human Resource Information System (KHRIS), and the Personnel Cabinet's information technology (IT) services.

ACCOMPLISHMENTS

Division of Career Opportunities

This Division of Career Opportunity'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 includes 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.

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

HR Certification Branch

The HR Certification Branch provides support to both agencies and applicants in determining whether

applicants meet minimum qualifications for the merit positions to which they have applied. HR Certification staff work with their agency counterparts to understand their recruitment and hiring needs. Staff members also work closely with the Classification and Compensation Branch to ensure clear understanding in interpretation of class specifications.

Applicant Services

The Applicant Services Branch provides direct customer support to applicants through the use of a dedicated help desk e-mail; phone support and one-on-one walk in support in the DCO Computer lab. Applicant Service staff assists applicants with questions related to completing applications; searching and applying for jobs and general questions related to employment with the Commonwealth. The Applicant Services and Recruitment Branch is also responsible for outreach efforts with veterans to provide guidance regarding the employment process.

Recruitment Branch

The Recruitment Branch assists agencies in recruiting efforts by attending career fairs; managing the Internship program; and assisting agencies with external recruitment advertisements.

The Career Opportunities System (COS) is the Commonwealth of Kentucky's Applicant Tracking System. The system, implemented in 2007, provides a single online source for all merit position vacancies to be posted and for applicants to apply to vacant and Immediate Fill postings. The system allows applicants to apply anywhere in the world where they have an Internet connection which has greatly improved the accessibility for employment opportunities with the Commonwealth. There are currently over 138,000 unique applicant profiles in the system.

Register Branch

The Register Branch provides direct support to agencies through the management of requisitions and posting of vacancies to the Commonwealth of Kentucky's Career Site on the webpage. The Register Branch staff issues and manages all requisitions to agencies for merit positions as well as FFTL, GFTL, and Interim requisitions. In addition, the Register Branch staff also works with the Division of Technology Services on technical system upgrades and enhancements; custom reporting and user technical training.

Division of Career Opportunities

2011 Business Statistics	Total
Walk-Ins (Applicants utilizing Computer Lab)	365
Paper Applications	77
Previous Applications Copied	122
COS help E-mails	4,846
QA Reviews (applicants sent for background check)	5,538
Rejections	3,529
Registers Certified	4,008
Immediate Fills Certified	903
Job Submissions	340,661
New Applicants	27,314
Veterans Assisted	1,055
Phone Calls Applicant Processing	14,127
MQR Reviews	39,805

2010 – 2011 Highlights:

- Continued outreach to veterans with 6% of total appointments being candidates identified on registers as having Veteran's Preference.
- Completed the creation of shell account for veterans; for applicants with DD214 records on file, but no COS accounts.
- Implemented the practice of sending mass emails on a weekly basis to provide information regarding veteran's preference to new applicants that indicate they are veterans.
- Successfully brought the 151B recruiting process for the Education and Workforce Development Cabinet into COS as a pilot for non 18A recruiting.
- Worked with DTS to update the COS Training presentation; DCO staff now conduct the instructor-led training classes beginning in Q2.
- Implemented numerous outreach initiatives to agencies to enhance relationships and gain better understanding of agency business processes
- Completed audit of Immediate Fill job postings and reduced the number to ten. Continued to work with user agencies to address their unique recruiting needs for these job titles.
- Joined a Kenexa user group for phone conferences to share experiences and compare service from the vendor and participated in a customer survey for future design considerations.
- Revised customer service materials and web

documents to provide better information to applicants.

- Continued to participate in recruiting events and career fairs to address specific recruiting needs of hiring agencies.
- Loaned three employees to the KHRIS pre-implementation activities.
- Completed division-wide cross training of processes in all three branches.
- Conducted an HR Roundtable meeting dedicated to sharing best practices in recruitment and selection method.
- Worked with the Division of Technology Services to achieve archiving and purging of excess copies of files/forms.

Division of Employee Management

The Division of Employee Management is responsible for executing the state payroll, processing personnel actions for Chapter 18A, Chapter 16, 151B and LRC, maintaining employees' official personnel file, overseeing and monitoring compliance of the Employee Performance Evaluation System, classification, and compensation. The Division is also responsible for implementing lay-off plans, monitoring and assisting agencies in complying with provision of the Fair Labor Standards Act (FLSA), and the review and implementation of reorganizations.

The Division of Employee Management consists of the following branches:

Personnel Administration Branch

The Personnel Administration Branch is responsible for maintaining the Commonwealth's employees' official personnel files, processing agency personnel actions, assisting Human Resource Administrators, and providing documents and service records for state employees. The branch is also responsible for promoting awareness of, providing assistance with, providing training for, and monitoring compliance of the Employee Performance Evaluation System.

Payroll Branch

The Payroll Branch is responsible for running the state payroll; working with the Department of Treasury and the Finance and Administration Cabinet to ensure all financial information is accurate including tax distribution to local jurisdictions, producing W-2's, and assisting payroll officers throughout the Commonwealth.

Classification and Compensation Branch

The Classification and Compensation Branch is

- Acquired and implemented HP Quality Center testing software to support the KHRIS testing initiative
- Completed KHRIS base support planning to support KHRIS into production.
- Researched, planned, and implemented operations support manual and processes to support KHRIS into production as well as trained support staff on FrontRange which is the help desk software to track tickets through the KHRIS Service Center.
- Completed planning, training materials, trained trainers, conducted pilots and trained 338 HRGs and 1141 Time Administrators through the KHRIS training program.
- Implemented KHRIS after many years of planning, several thousand hours of custom development, several cycles of unit and integration testing, several payroll parallel tests, many data conversions to perfect this process, vulnerability testing and distribution of SAP GUI to all agency users.
- Executed several payrolls and off-cycle payrolls after KHRIS's implementation.
- Created 4167 KHRIS related tickets after go-live
- until the end of June 2010 supporting KHRIS users and answered 3226 phone calls to support KHRIS users through the KHRIS Service Center.
- Completed HIPAA training by all DTS staff.
- Migrated all users to MS Office 2007 and training was completed.
- Began MS Windows 7 testing as well as the migration of some users to MS Windows 7.
- Completed Pathlore upgrade with GSC.
- Created and published new COS end-user training manual to website.
- Installed Entrust on all Personnel Cabinet machines ensuring that users are complaint with the Cabinets Electronic Security Policy.
- Conducted password strength testing to ensure the security of passwords for Personnel Cabinet users.
- Worked with the Division of Career Opportunities to move the EWDC 151B Online Recruitment Program to COS.
- Implemented new data backup strategy including de-duplication, disk-to-disk backups and off-site replication.

DEPARTMENT OF **EMPLOYEE INSURANCE**

RESPONSIBILITIES

Within the Department of Employee Insurance (DEI), our goal is to develop and maintain the best overall health plan for all members of the Kentucky Employees' Health Plan (KEHP). 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

KEHP is a \$1.3 billion, self-funded, health insurance program which provides benefits to more than 260,000 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.

Commissioner's Office

The Commissioner's Office includes the Commissioner of DEI and the Commissioner's staff. The

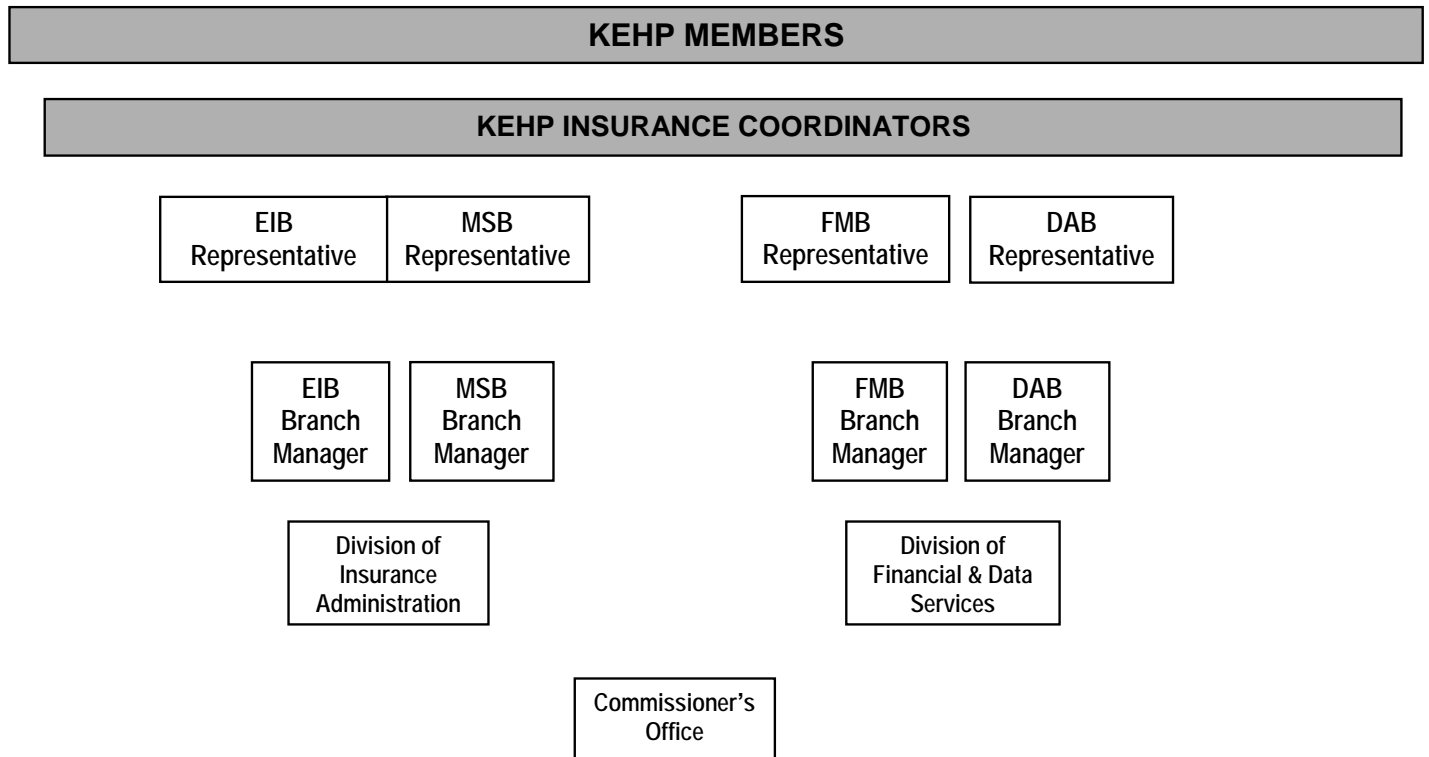
provide the best services to the KEHP members. The financial staff reimburses the KEHP's third party administrators for claims and administrative fees, along with reconciling any discrepancies to meet contractual obligations. The financial staff also produces statutory and ad hoc reports for the Governor, 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 research, analysis, design support, and testing support for the Group Health Insurance (GHI) System, the PB&R System, Web enrollment and Web-billing applications, and most recently the Kentucky Human Resources Information System (KHRIS). This includes the online Benefits and Benefits Accounting modules used by Health Departments, Boards of Education, Quasi Governmental Agencies and various KY Retirement Systems who participate with KEHP. The system and "how to" user-based support provided by the Data Analysis Branch is available to internal Department of Employee Insurance staff and KHRIS project staff, as well as external Insurance Coordinators, Billing Contacts and HR Administrators around the Commonwealth.

**DEI ORGANIZATIONAL PYRAMID
with
MEMBERS MATTER FOCUS**



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 260,000 members enrolled in the health insurance and flexible benefit plans.

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

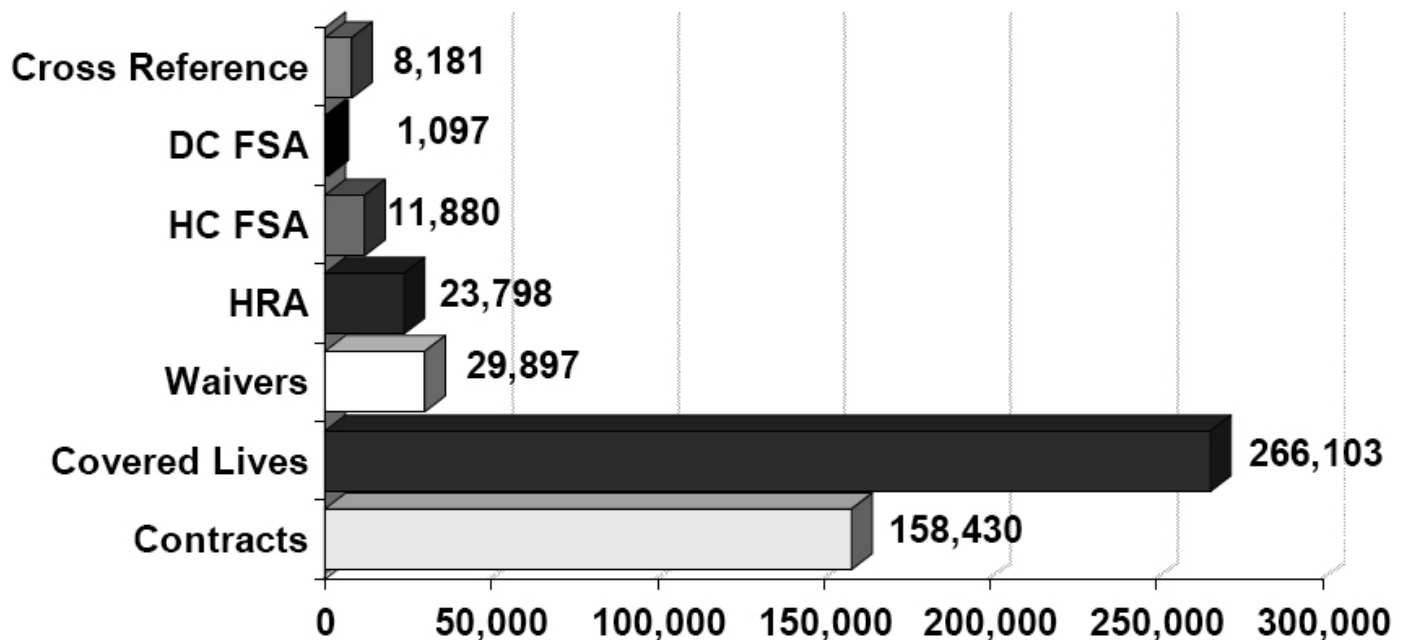
KEHP provides a variety of health insurance plan options to choose from which include the: Commonwealth Optimum PPO plan; Commonwealth Capitol Choice plan; Commonwealth Maximum Choice plan; and the Commonwealth Standard PPO plan. For employees who choose to waive their health insurance coverage, KEHP offers the Waiver Health Reimbursement Account (HRA) in which the employer contributes \$175 per month for a total annual contribution of \$2100. The Waiver HRA is to be used

to pay for copayments, deductibles, coinsurance, medical supplies and certain dental and vision services.

KEHP also has a Flexible Spending Account (FSA) program and offers a Healthcare FSA and a Dependent Care FSA. A Healthcare FSA is available to pay for healthcare services such as copayments, deductibles, coinsurance, medical supplies, and dental and vision services with pre-tax dollars. A Dependent Care FSA is for daycare services for a child or an adult being paid with pre-tax dollars. There are limits on the amount a member may contribute into a Flexible Spending Account.

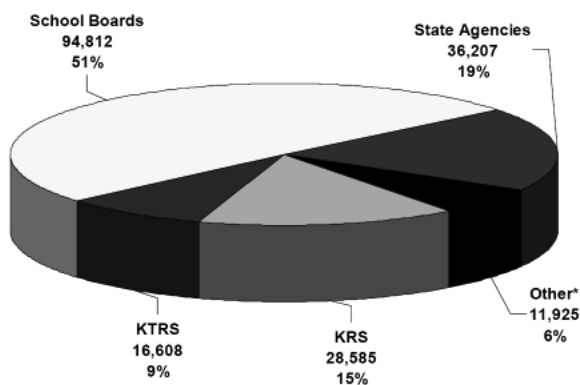
The following are snapshots of our participation by program, group and coverage level.

KEHP Participation



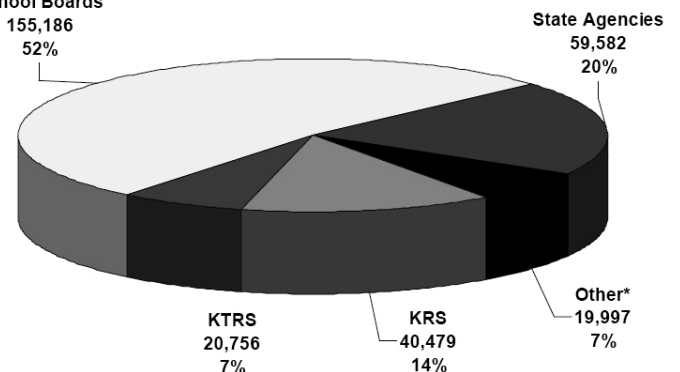
KEHP Planholders by Group

KEHP Planholders by Group



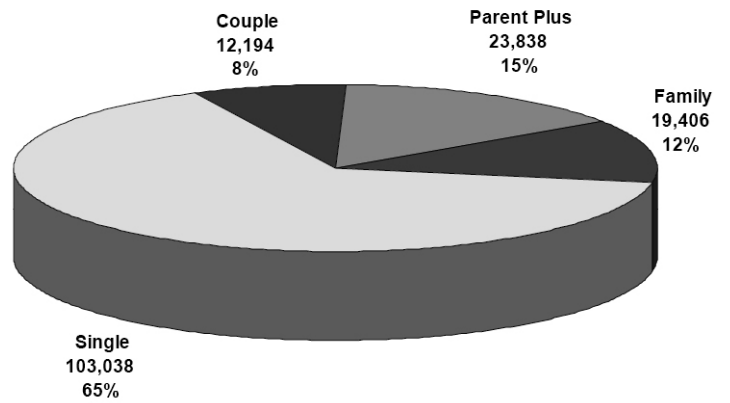
KEHP Members by Group

KEHP Members by Group

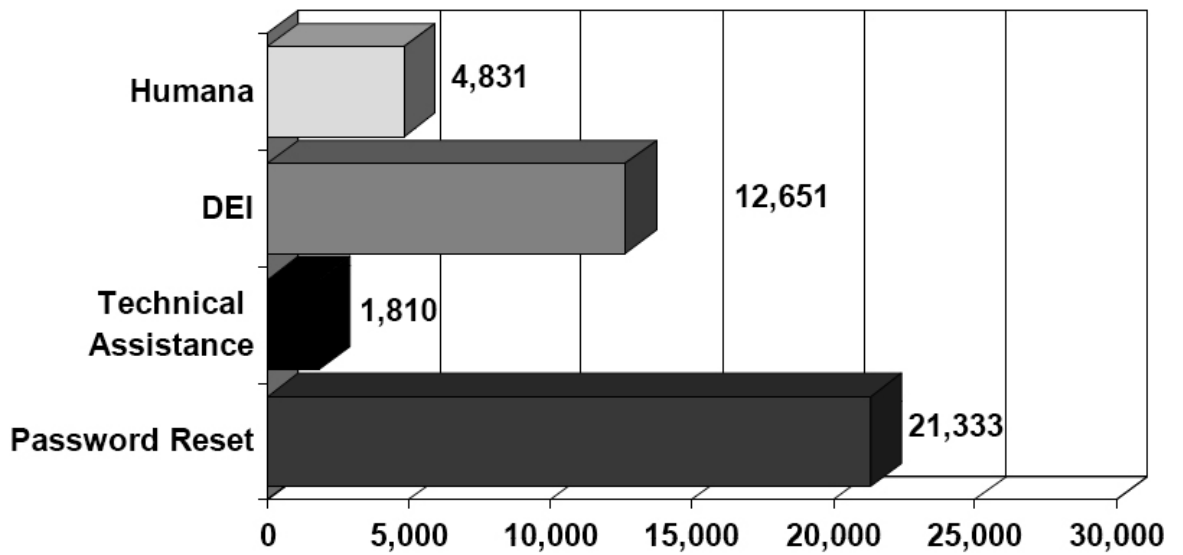


*Other Includes Health Depts., Quasi Agencies and KCTCS

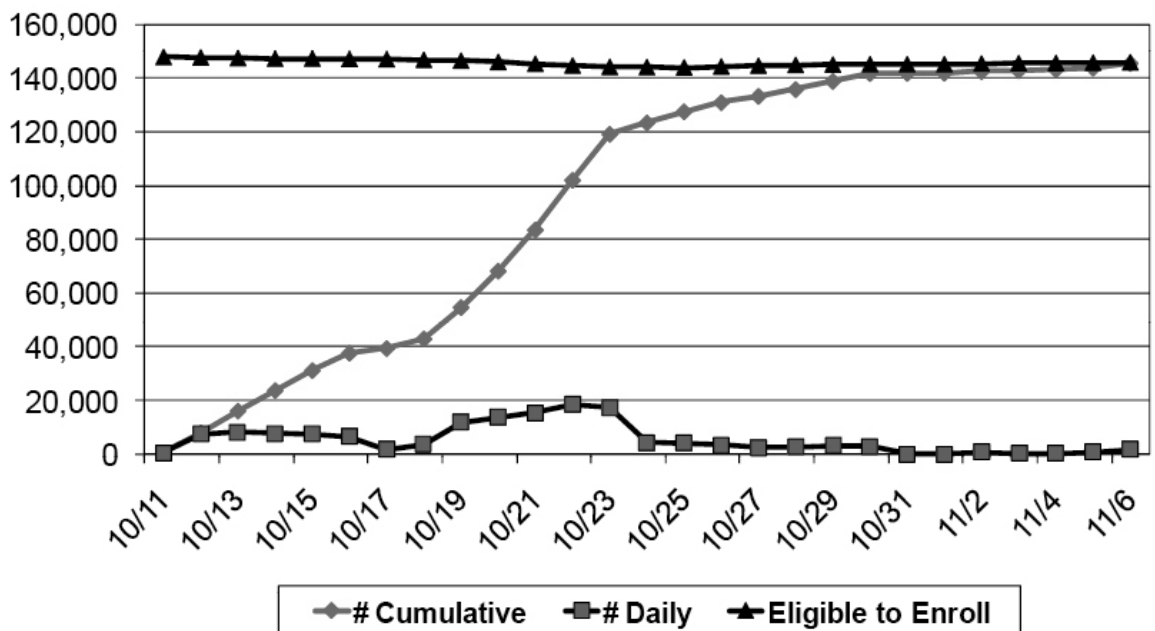
KEHP Planholders by Coverage Level



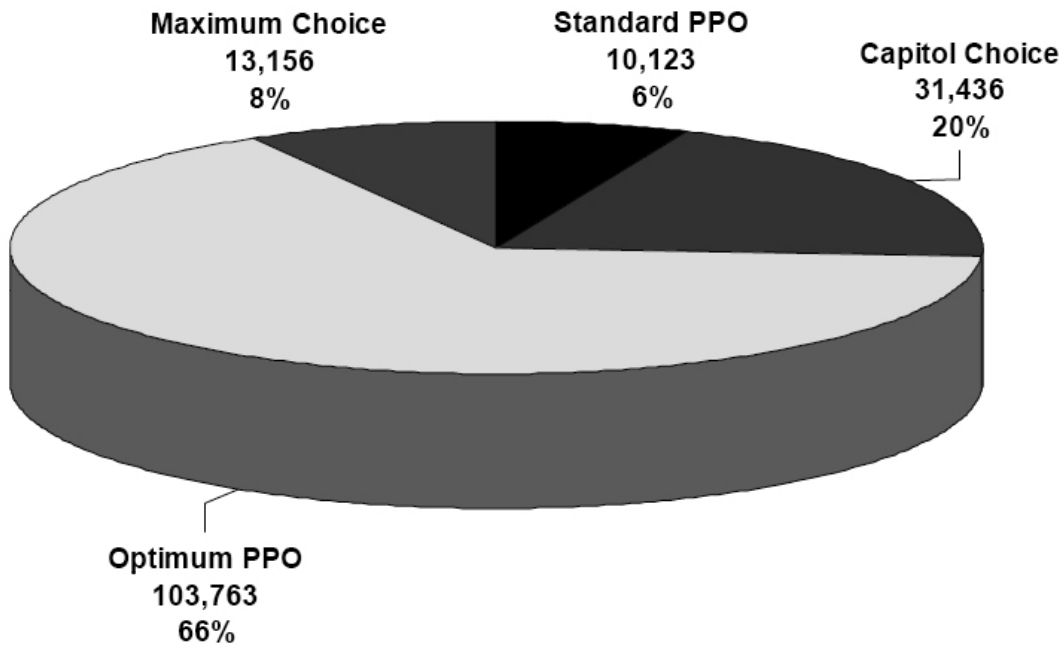
Open Enrollment Call Volume



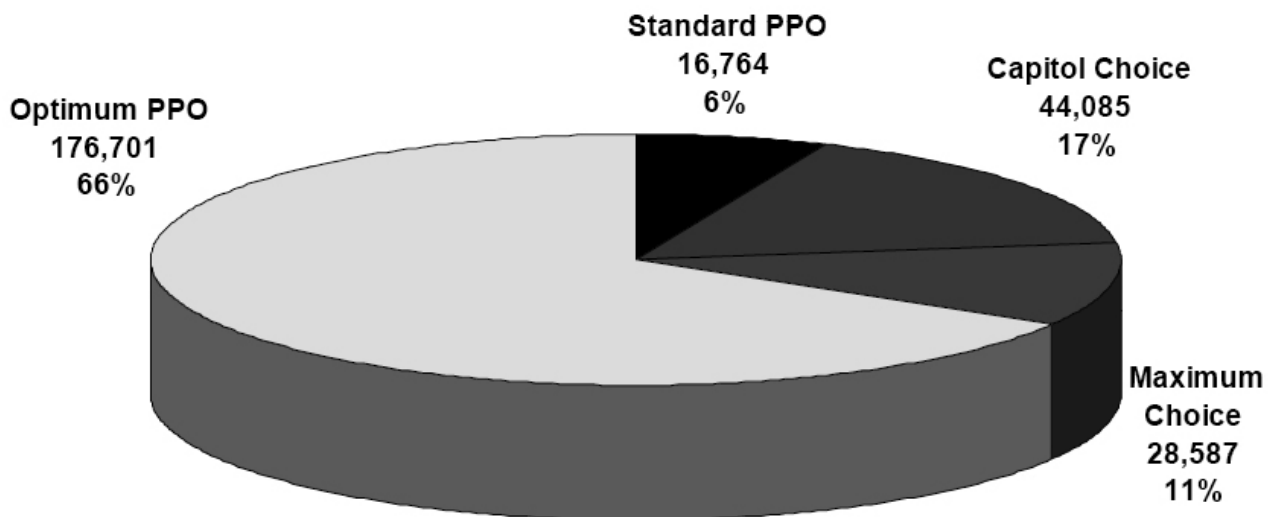
Daily Web Enrollment



KEHP Planholders by Plan



KEHP Members by Plan



Highlights of DEI's key accomplishments:

- Continued to improve KEHP operations through the challenge of a 38% turnover in leadership staff.
- Increased participation in the Benefits Analyzer tool from 2009 to 2010. Participation with the online tool increased to 28% with more than 30,000 unique users accessing the Benefits Analyzer to learn more about selecting the right benefit plan for their specific healthcare needs. The Benefits Analyzer format was sent to members of the Kentucky Teachers' Retirement System providing them with their specific benefit information.
- Conducted 15 Benefit Fairs across the Commonwealth; increased the number of computer kiosks to 11 locations to assist members with online enrollment.
- Included Health Fairs at 7 Benefit Fair locations and provided free flu shots for members.
- Trained 890 Insurance Coordinators (IC) on eligibility issues and benefits, and more than 1,000 ICs participated in online HIPAA Training.
- Completed a successful Open Enrollment for Plan Year 2011 while also supporting testing for KHRIS implementation.
- Increased participation in Healthcare and Dependent Care Flexible Spending Accounts

- 2010 Weight Wise Challenge and Holiday maintenance Challenge weight loss program results: 921 participants, Total pounds lost: 4,721, average pounds lost per person: 5.12 pounds, the winner losing 45 pounds.
- Body Recall and Work Out at Work classes offered at the State Office Building. Yoga at the Annex, Weight Watchers at Work at the State Office Building and Mero Tower. Individual wellness coaching sessions provided as needed/requested.
- Promotion of the ACS Great American Smokeout Day
- Open Enrollment benefit and health fairs across the state promoting the use of Summit screening to provide a “Know Your Numbers” and flu shot service.
- Launched no co-pay on-site employee medical clinics in Frankfort; performed glucose checks in partnership with a diabetes awareness promotion and provided information tables at each site twice a month on various health topics.
- Relationship building – Finalist for CSG Innovation Award at the Southeastern CSG Conference. Presentations: Finance/DOR leadership, Military Affairs, DOC Cafeteria staff annual meeting, Labor Cabinet, KCDHH, IPMA. Community outreach presentations: Lexington Commerce Roundtable, Louisville Business Professional Women Forum, KSU Public Management Students, and BHC.
- Culture change – Physical activity/healthy meeting policies encourages through the wellness coalition; walking route created in partnership with Frankfort parks.
- Promotion of Humana Services – Humana Health Assessment and Health Coaching, and disease management programs. Launch of KEHPWELL online, a one-stop wellness web page. Alliance for a Healthy Generation benefit.

Did You Know?

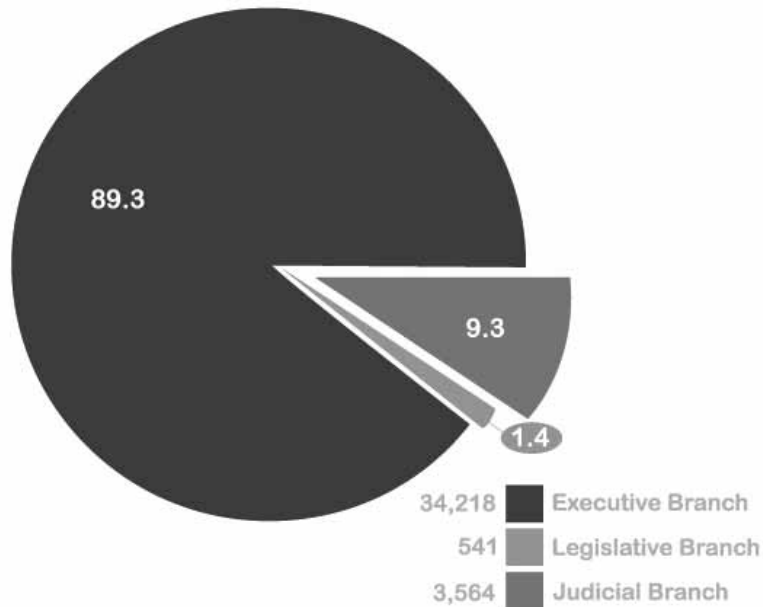
- The KEHP is the largest self-funded insurance plan in the Commonwealth.
- DEI leadership has more than 100 years of combined health insurance experience.
- Member Services Branch staff have answered more 24,505 phone calls.
- The Member Services Branch has responded to 1100 web master emails, an increase in over 200 from the previous year, concerning the Kentucky Employees’ Health Plan.
- Enrollment Information Branch responded to 25,725 calls from Insurance Coordinators and Members.
- The Enrollment Information Branch has processed 84,298 applications and 8790 Qualifying Events. Since the implementation of KHRIS, the Enrollment Information Branch has processed 11959 changes for KEHP.
- Over 11,000 employees participate in a Healthcare FSA.
- For Fiscal Year 2010 (July 1, 2010 to June 30, 2011), KEHP collected the following premium/ administrative fee amounts:
 - Employee/Employer: 1,497,106,332.91*
 - Admin Fees: \$12,858,565.16
 - Healthcare/Dependent Care FSA:\$ 15,132,956.09*
 - HRA: \$47,499,745.93*

*to be validated upon completion of financials

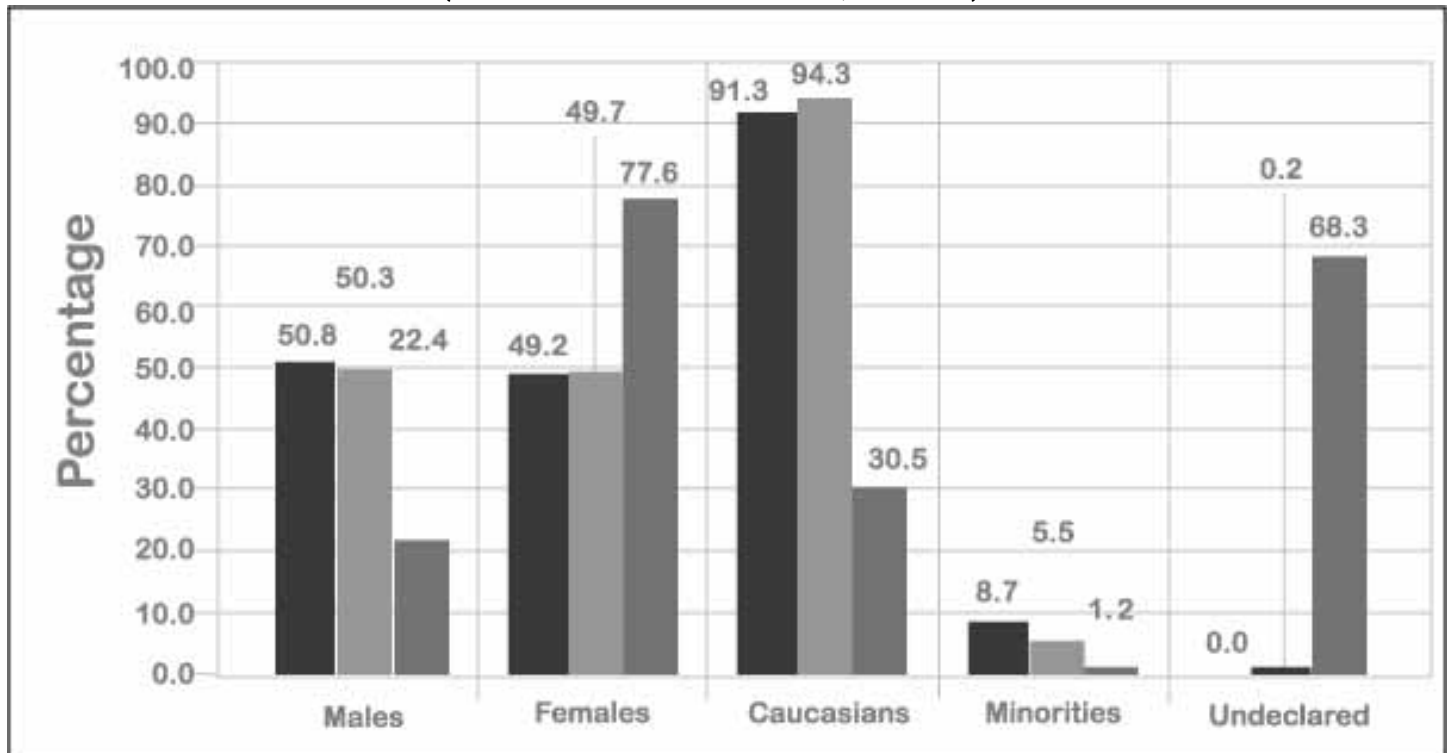


EMPLOYEE STATISTICS

STATE GOVERNMENT EMPLOYEE COUNT (EXCLUDES INTERIMS, AS OF MARCH 15, 2011)



EMPLOYEE STATUS BY RACE AND SEX (AS OF MARCH 15, 2011)



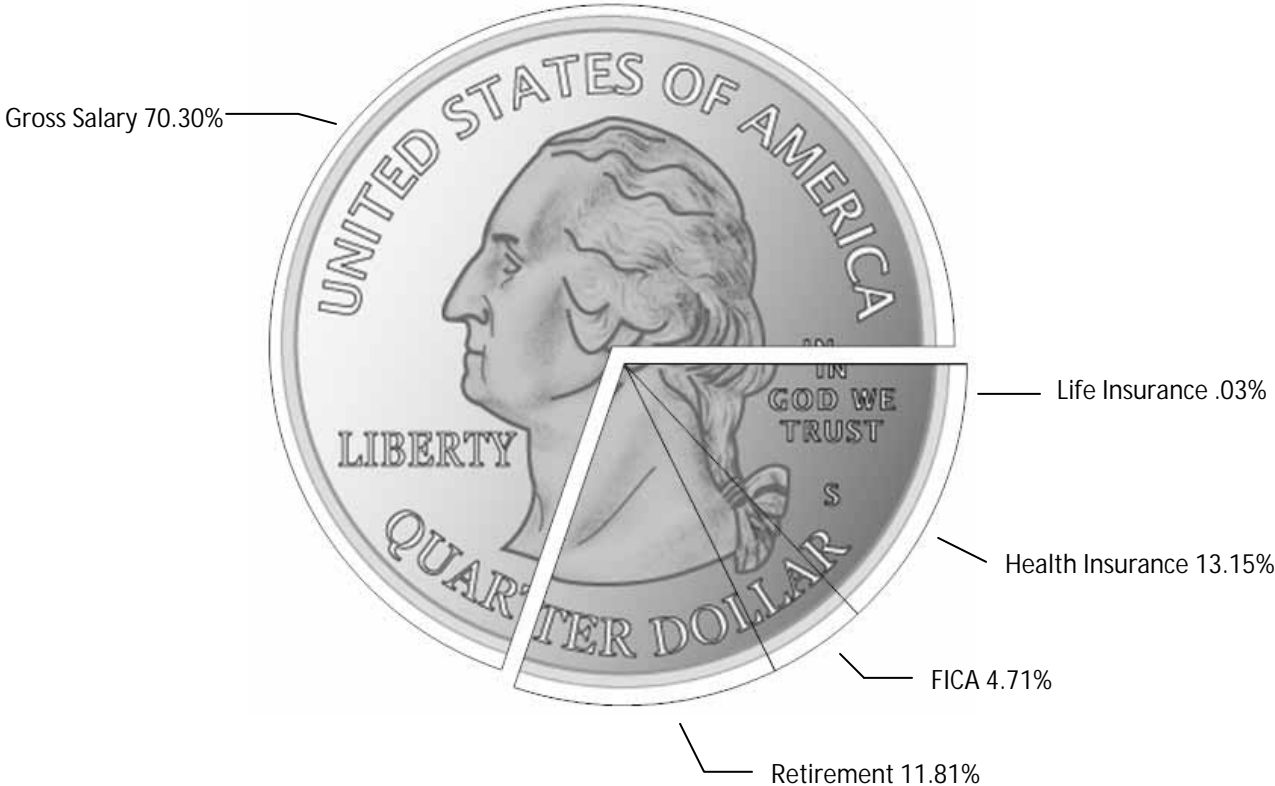
EMPLOYEE COMPENSATION EXECUTIVE BRANCH (EXCLUDES INTERIMS)

Average Gross Annual Salary \$33,866.86

Average Employer Paid Annual Benefits

Retirement	\$5,687.16	
FICA	\$2,271.21	
Health Insurance	\$6,334.31	
Life Insurance	\$ 12.64	
TOTAL Benefits		<u>\$14,305.32</u>

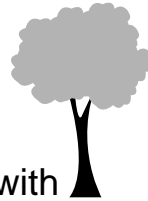
Average Annual Employee Compensation \$48,172.18



*Estimated data 03/01/2011-06/30/2011



PERSONNEL CABINET
3RD FLOOR STATE OFFICE BUILDING
501 HIGH STREET
FRANKFORT, KY 40601
502-564-7430
PERSONNEL.KY.GOV



When printing, please be conscientious with state funds and sensitive to our natural resources.

The Personnel Cabinet's 2011 Annual Report was compiled, designed and produced in-house by the Center for Strategic Innovation.