



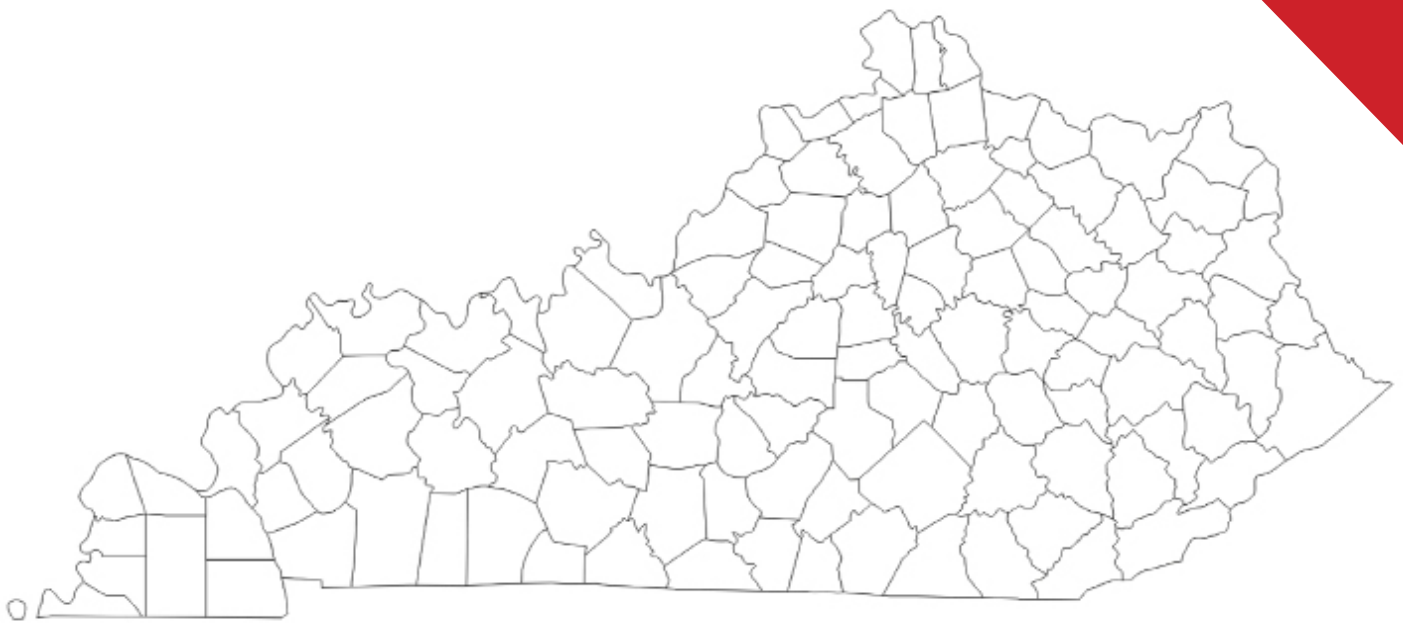
Annual Report
Fiscal Year 2015-2016

Between July 2015
and June 2016...

35,613 Kentucky state
employees

worked approximately
69,445,350 hours.

They live and work
in every county...



from Fulton
to Pike.



They serve

4,425,092

Kentuckians...

with everything
from food to nursing

In 2015-2016, the Kentucky Personnel Cabinet served these public servants...

KENTUCKY
PERSONNEL
CABINET

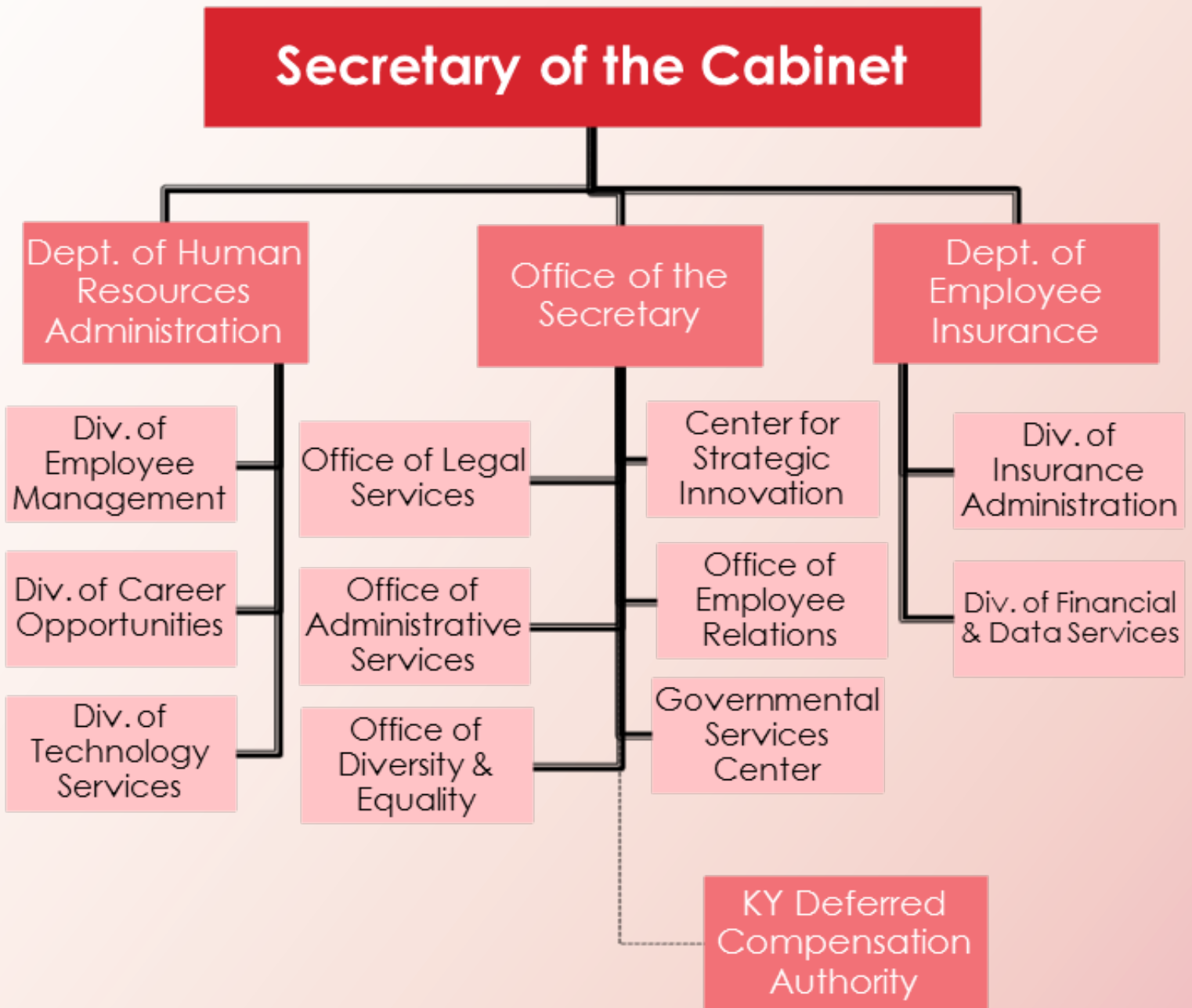
**We serve the people
who serve the people**

Here are the stories of
our work this year...

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Organizational Structure



Who we are

The Office of Administrative Services (OAS) is responsible for the internal administration of the Personnel Cabinet. The Office's responsibilities include human resources, payroll, budget, accounting, purchasing, property management, internal audit, and facilities.

Our
favorite number
this year:

216

There were 216 state employees with the Personnel Cabinet as of June 30, 2016 – that small number manages and operates the payroll system, the health insurance program (approximately 290,000 participants and dependents), the life insurance program (approximately 137,000 eligible employees), the workers' compensation program, the Kentucky Employee Assistance Program, the Deferred Compensation Authority to support agencies and employees, retirees, and their families.

Cabinet budget

The Cabinet has three primary appropriation units: General Operations, Deferred Compensation, and Workers' Compensation.

The largest appropriation unit, General Operations, includes the Office of the Secretary, Administrative Services, Human Resources Administration, the Office of Diversity and Equality, the Division of Technology Services and KHRIS, and the Governmental Services Center. General Operations expended \$26.7 million in FY 2016, a decrease of \$1.04 million.

Each unit maintained expenditures within budget limits while continuing to provide services to every agency of state government, school districts, many quasi-governmental entities, and some counties.

The following reports show Cabinet fiscal performance during Fiscal Year 2016.

Personnel Cabinet-General Operations

June 30, 2016 Budget Status

100% of Fiscal Year

	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	YTD AMT	Budget	% YTD
(Excluding Workers Comp and Deferred Comp)															
Personnel Costs															
Salary & Wages	1,210,757	826,927	826,928	851,046	852,091	863,251	871,143	798,008	776,511	769,551	767,909	375,333	9,789,455	9,778,900	100.11%
Benefits	771,739	493,136	528,406	479,123	490,945	478,758	463,000	463,625	470,146	449,544	473,794	167,202	5,729,418	5,745,500	99.72%
Wkrs. Comp & Training	47,700	1,401	1,957	7,522	1,148	1,767	1,717	8,215	1,979	6,736	550	0	80,692	89,800	89.86%
AON Consulting	50,820	0	0	0	112,280	26,880	146,930	0	54,684	0	52,780	68,670	513,044	514,000	99.81%
Auditor of Public Accounts	0	0	0	0	0	0	0	0	0	0	97,028	0	97,028	98,000	99.01%
Blue & Co LLC	10,717	0	0	0	0	0	0	19,166	0	0	4,139	2,408	36,430	37,000	98.46%
CGI Technologies	0	0	0	0	0	0	0	0	0	0	0	0	0	385,500	0.00%
KELMS	0	0	0	0	0	0	0	0	0	0	0	0	0	19,000	0.00%
Kizan	0	0	0	0	0	0	0	0	0	0	0	0	0	4,000	0.00%
Legal contracts	4,480	2,920	640	80	0	0	120	0	0	0	0	240	8,480	9,000	94.22%
Pomeroy	16,476	0	37,295	39,806	71,122	0	30,064	33,844	30,910	35,628	35,457	97,651	428,253	432,000	99.13%
SAP Public Services	0	0	0	0	0	0	0	0	532,188	0	0	0	532,188	536,000	99.29%
Sierra Infosys	0	266,671	277,083	235,444	244,194	265,953	220,575	237,698	255,208	237,615	231,387	473,405	2,945,232	2,947,000	99.94%
Software Information Systems	0	0	0	0	0	0	0	0	0	0	0	0	0	1,100	0.00%
Susan M Turner (KEAP)	0	0	0	0	0	0	450	0	0	0	0	450	900	1,000	90.00%
TEKsystems	110,962	0	111,358	0	266,436	128,600	119,748	144,585	129,928	117,804	126,191	276,113	1,531,723	1,534,600	99.81%
Truven Health Analytics	68,992	50,992	53,992	0	104,233	51,742	52,492	51,742	51,742	0	104,233	51,742	641,900	642,000	99.98%
Virtusa Corp	0	0	0	0	0	0	0	0	0	0	0	0	0	4,500	0.00%
Reimbursement of KHRIS Costs	-8,160	-24,000	0	0	0	0	0	0	0	0	0	-231,011	-263,171	0	0.00%
Other Contract Costs	0	1,095	528	8,363	2,516	963	1,570	2,651	67	0	0	-7,145	10,608	20,000	53.04%
Security	8,833	0	0	12,661	996	746	10,639	477	984	9,920	985	2,013	48,253	52,200	92.44%
Subtotal	2,293,315	1,619,143	1,838,186	1,634,045	2,145,959	1,818,659	1,918,449	1,760,009	2,304,345	1,626,798	1,894,454	1,277,069	22,130,431	22,851,100	96.85%
Operating Costs															
Utilities	0	62,480	146	146	62,518	146	62,534	163	163	62,534	163	163	251,155	257,900	97.38%
Rent	32,703	133,146	0	32,703	133,146	285	165,849	475	0	119,349	24,698	21,802	664,157	667,600	99.48%
Other Rent	1,012	3,951	2,804	6,442	6,918	4,275	1,663	4,176	2,681	1,023	7,050	1,705	43,699	69,600	62.79%
Maintenance	8	11,270	5,327	5,666	11,998	4,505	4,908	12,720	647	18,092	6,075	47,198	128,413	148,900	86.24%
Postage	0	1,831	71,198	48,785	2,164	5,340	34,823	25,922	21,167	2,220	5,879	4,488	223,818	230,700	97.02%
Misc. Services	2,793	2,683	2,552	2,384	8,503	14,210	2,288	17,550	5,839	9,724	261	4,339	73,125	103,400	70.72%
Telecommunications	3,125	6,213	6,620	6,208	7,544	4,778	10,215	4,231	10,057	7,677	8,619	9,924	85,213	94,600	90.08%
Computer Services	15,450	378,257	227,373	189,975	301,785	167,973	180,816	249,842	211,685	200,329	263,585	384,368	2,771,437	3,192,900	86.80%
COT commodities (servers, etc)	0	45,409	15,051	11,741	17,808	18,811	16,314	18,981	18,604	16,926	18,436	45,060	243,142	259,300	93.77%
Supplies	2,046	864	1,408	1,166	2,925	3,978	3,605	699	792	2,547	730	1,302	22,061	27,500	80.22%
Commodities	472	63	717	74	1,574	948	5,750	581	445	3,306	237	12,068	26,236	34,100	76.94%
Travel	937	790	4,623	7,138	3,044	2,218	7,800	-6,656	349	253	1,184	590	22,270	40,700	54.72%
Dues, Subscriptions,															
Other	917	1,902	5,523	2,786	4,942	2,656	297	2,555	3,227	481	3,044	8,053	36,384	49,900	72.91%
Subtotal	59,463	648,858	343,343	315,215	564,867	230,124	496,863	331,239	275,656	444,463	339,960	541,060	4,591,110	5,177,100	88.68%
Total	2,352,778	2,268,001	2,181,528	1,949,260	2,710,827	2,048,782	2,415,312	2,091,248	2,580,001	2,071,261	2,234,414	1,818,129	26,721,541	28,028,200	95.34%

Deferred Compensation June 30, 2016 Budget Status 100% of Fiscal Year

	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	YTD AMT	Budget	% YTD
Personnel Costs															
Salary & Wages	186,837	132,403	128,920	132,902	129,363	131,085	129,096	132,328	130,003	130,121	129,934	66,421	1,559,414	1,510,000	103.27%
Benefits	117,726	76,502	83,310	76,419	149,165	76,119	75,829	78,844	76,777	77,586	76,675	30,158	995,112	892,300	111.52%
Wkrs. Comp & Training	6,928	0	0	258	0	0	258	0	0	258	0	0	7,703	12,000	64.19%
CliftonLarsonAllen LLP	0	0	0	17,500	0	0	0	0	17,500	0	0	0	35,000	38,000	92.11%
Nationwide Retirement Solutions	365,314	364,315	364,416	364,531	363,763	363,533	365,014	364,645	364,323	363,075	362,533	365,106	4,370,569	5,175,000	84.46%
Mercer Investment, Stable Fund	0	0	10,000	0	0	10,000	0	0	0	10,000	0	10,000	40,000	40,000	100.00%
Mercer Investment, Mutual Fund	0	0	30,000	0	0	30,000	0	0	0	30,000	0	30,000	120,000	120,000	100.00%
Mercer Investment, Travel (mutual & stable)	0	0	1,730	0	0	2,214	0	0	0	2,635	0	922	7,500	7,500	99.99%
Mercer Investment, Custodial Fee Study	0	0	0	0	0	0	0	0	0	0	0	0	0	3,500	0.00%
Reed Weikamp Shell & Vice	27,565	27,443	20,364	11,554	11,958	12,386	9,918	17,162	16,279	22,834	17,669	16,065	211,197	213,000	99.15%
Winner Resources	0	0	0	0	0	3,751	0	6,894	0	10,176	0	9,908	61,499	100,000	61.50%
Investment Advice Program	0	0	0	0	0	0	0	0	0	0	0	0	0	302,700	0.00%
Fiduciary Liability Insurance	0	0	0	51,322	0	0	0	0	0	0	0	0	51,322	100,000	51.32%
Other Contracted Services	0	0	0	0	0	0	0	0	0	0	0	0	0	62,000	0.00%
Security	656	0	0	645	0	0	0	656	0	621	0	0	2,578	2,600	99.15%
Misc	0	0	0	0	0	0	0	0	0	0	0	0	0	10,000	0.00%
Janitorial	998	0	998	998	998	998	998	1,996	998	0	1,996	998	11,976	13,000	92.12%
Subtotal	706,025	600,664	639,738	678,722	663,425	630,085	581,113	602,525	605,881	647,307	588,808	529,578	7,473,869	8,601,600	86.89%
Operating Costs															
Utilities	1,446	2,066	1,473	2,753	1,055	1,166	436	2,783	1,135	1,420	1,326	1,406	18,464	27,500	67.14%
Rent	26,411	0	0	26,411	0	0	26,411	0	0	26,411	0	0	105,644	106,100	99.57%
Other Rent	779	2,278	2,028	968	1,319	293	1,270	1,274	783	293	1,274	783	13,342	18,800	70.97%
Maintenance	261	20,422	495	865	1,232	0	690	708	243	331	631	254	26,132	34,500	75.75%
Postage	0	1,425	540	1,053	600	748	831	462	464	1,493	1,704	1,309	10,629	41,100	25.86%
Misc. Services	163	123	95	163	6,005	2,702	422	5,453	293	8,121	3,298	193	27,029	62,100	43.53%
Telecommunications	114	582	1,000	960	1,328	656	627	1,079	944	437	496	868	9,090	18,800	48.35%
Computer Services	500	7,481	11,630	8,259	12,188	5,155	8,216	4,660	12,082	8,706	14,242	9,175	102,293	115,000	88.95%
Supplies	297	751	749	885	491	1,192	179	560	175	938	352	521	7,089	34,000	20.85%
Commodities	3,585	1,860	813	942	0	205	438	1,962	9	485	16	4,235	14,550	20,000	72.75%
Travel	652	1,331	974	2,701	2,052	361	241	478	274	818	665	512	11,058	24,000	46.07%
Dues, Subscriptions,															
Other	18,310	504	25	150	46	31,472	295	-18,300	117	0	-9,969	0	22,652	58,000	39.05%
Subtotal	52,519	38,821	19,822	46,108	26,317	43,949	40,056	1,117	16,519	49,452	14,036	19,255	367,971	559,900	65.72%
Total	758,544	639,484	659,559	724,830	689,742	674,034	621,169	603,642	622,400	696,760	602,844	548,833	7,841,841	9,161,500	85.60%

*Please note that payments to NRS, Mercer, RWSV, and Winner are listed in the month during which the service was performed and not when paid.

Workers' Compensation June 30, 2016 Budget Status 100% of Fiscal Year

	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	YTD AMT	Budget	% YTD
Personnel Costs															
Salary & Wages	61,134	42,418	40,097	41,157	36,789	39,163	32,694	31,320	49,874	24,057	31,430	15,734	445,868	630,000	70.77%
Benefits	39,061	25,673	24,524	23,465	23,758	22,395	20,229	18,816	21,024	15,057	18,446	7,195	259,644	425,000	61.09%
Workers Comp-CCMSI	1,238,295	1,803,223	1,851,693	1,843,299	1,549,490	1,763,846	1,596,148	1,504,405	1,609,385	1,190,483	1,485,872	1,555,036	18,991,174	22,117,700	85.86%
Workers Comp-Other	1,691	-44	0	0	0	0	6,663	0	0	0	0	0	8,310	10,000	83.10%
WCFC-Simulated Premium	316,135	0	0	347,358	0	0	326,543	0	0	251,087	0	0	1,241,123	1,319,900	94.03%
Training	74	0	0	974	0	0	599	0	-525	74	850	0	2,045	2,100	97.38%
Personnel Board Assessment	231	0	0	0	0	0	0	0	0	0	0	0	231	300	76.93%
Blue & Co LLC	0	0	0	0	0	0	0	0	0	0	32,470	0	32,470	40,000	81.18%
CCMSI Administration	0	94	0	191,101	90,032	0	165,200	73,838	0	74,018	80,680	227,984	902,946	2,000,000	45.15%
Other Contract Costs	0	200	0	0	0	0	0	0	0	0	119	0	319	2,000	15.95%
Security	260	0	0	382	32	27	28	287	31	296	31	64	1,439	2,000	71.97%
Subtotal	1,656,881	1,871,564	1,916,314	2,447,736	1,700,102	1,825,432	2,148,104	1,628,666	1,679,790	1,555,072	1,649,897	1,806,012	21,885,569	26,549,000	82.43%
Operating Costs															
Utilities	0	1,934	0	0	1,934	0	1,934	0	0	1,934	0	0	7,737	7,800	99.20%
Rent	0	4,129	0	0	4,129	0	4,129	0	0	4,129	0	0	16,517	16,600	99.50%
Other Rent	0	88	237	0	177	88	0	259	88	0	177	0	1,114	2,000	55.68%
Maintenance	0	23	2,254	0	333	18	0	26	14	0	27	0	2,696	6,000	44.94%
Postage	0	10	4	9	3	0	0	0	4	4	5	8	45	100	45.26%
Misc. Services	0	0	0	0	0	0	0	0	16	0	0	-27	-11	500	-2.22%
Telecommunications	93	939	926	932	1,048	985	1,062	0	944	796	1,073	3,313	12,110	12,600	96.11%
Computer Services	150	405	2,352	480	2,348	224	444	1,001	2,348	624	2,903	18	13,297	15,500	85.79%
COT commodities & maintenance	0	3,899	334	0	0	0	0	0	0	0	0	0	4,233	5,000	84.65%
Supplies	165	86	286	127	259	544	0	16	163	0	113	96	1,855	2,000	92.75%
Commodities	945	0	0	390	0	0	400	0	3	0	0	45	1,783	5,800	30.74%
Travel	0	43	80	127	0	17	75	254	0	0	0	16	613	3,500	17.50%
Dues, Subscriptions,															
Other	25	0	0	695	0	0	0	0	0	0	2,485	0	3,205	25,000	12.82%
Subtotal	1,378	11,556	6,473	2,760	10,231	1,876	8,045	1,557	3,580	7,487	6,784	3,468	65,194	102,400	63.67%
Capital Outlay	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00%
Total	1,658,259	1,883,120	1,922,787	2,450,495	1,710,332	1,827,308	2,156,149	1,630,223	1,683,370	1,562,559	1,656,681	1,809,481	21,950,763	26,651,400	82.36%

Budget

OAS prepared the agency budget request for Fiscal Years 2017 and 2018 by the November deadline.

Procurement

OAS assisted with the procurement process for several contracts throughout the Cabinet that were up for renewal including; financial reporting for the Workers' Comp program, actuarial services for health insurance, the employee onsite health clinics, and stable value and mutual fund consulting services for the Deferred Compensation Authority.

Transition

HR and payroll staff had an especially busy time this year with the transition of staff due to the change in Administration.

Also, as part of the transition process, OAS has been tasked with consolidating offices and moving employees to achieve an even better work flow. Several OAS employees are hands-on with this process and continuing to work diligently to settle Personnel Cabinet employees comfortably and to best serve the Commonwealth.

Audits

Auditing remained continuous over the course of the year, and OAS has responded to numerous questions from auditors dealing with different parts of the cabinet. Internal auditors have assumed a more complex audit and financial reporting role, resulting in decreased outside auditor costs.

Office of Legal Services

Who we are

The Office of Legal Services (OLS) performs various tasks, including drafting legal pleadings, memoranda, proposed legislation, proposed regulations, and legal opinions. OLS represents the Cabinet in administrative hearings and proceedings before state and federal administrative agencies and courts.

Our
favorite number
this year:

208

This office processed 208 requests submitted under the Kentucky Open Records Act.

Personnel Board-Related Matters

Reviewed and consulted with agency attorneys and administrators when needed on 344 appeals filed with the Personnel Board during the Fiscal Year. Reviewed and approved all Personnel Board settlement agreements involving Executive Branch agencies, as well as settlements which occur in other legal forums such as the Human Rights Commission. Provided legal support and guidance with respect to five desk audits ordered by the Personnel Board, as well as other pending appeals involving classification questions. Attended monthly Personnel Board meetings, provided a summary of the Cabinet's activities, suggested regulation amendments, and reported on trends throughout the HR enterprise. Provided assistance and documentation when requested with respect to Personnel Board investigations.

Litigation

Represented the Personnel Cabinet in 155 Personnel Board appeals. Served as counsel in a Personnel Board appeal for another agency due to an internal conflict of interest with one of the parties. Represented the Personnel Cabinet in various state court proceedings.

Requests for Information

Served as the Records Custodian for the Personnel Cabinet. Processed 208 requests submitted under the Kentucky Open Records Act and notified agencies and employees in appropriate cases.

Reviewed and responded to ninety-nine (99) Employee Requests for Inspection of Records. Responded to 1159 Investigative Requests for Employment from the U.S. Office of Personnel Management.

Personnel Actions

Reviewed and either approved, denied or requested further information for more than 9,000 background check files. Reviewed and either approved, denied or requested additional documentation for over 3,800 personnel actions, including appointments, rehires, transfers, demotions, suspensions, reversions, separations, paid and unpaid leave, disciplinary fines, and work county changes. Reviewed, requested further information when necessary, and recommended for approval by the secretary of the Personnel Cabinet renewals of temporary assignments of other agency employees, special investigative leave actions, and petitions for written reprimand removals. Reviewed, requested further information when necessary, and recommended for approval along with the commissioner of DHRA any requests for closure of a state office building due to safety concerns, such as heating/air issues or water issues.

General Guidance / Legal Assistance

Completed the five-year re-approval process for unclassified positions pursuant to KRS 18A.115 (h). Assisted the Personnel Cabinet with gubernatorial transition activities. Review of all KECC charity applications for compliance with regulation

requirements and recommended inclusion or removal for the 2016-2017 campaign. Undertook a review of all Cabinet and agency dress codes. Began review of all Personnel administrative regulations as part of the Governor's Red Tape Initiative. Coordinated the federal drug-free workplace certifications on behalf of the Executive Branch agencies necessary for obtaining federal funding. Undertook a review of all probationary periods for certain Executive Branch job classifications. Reviewed multiple contracts for various Personnel Cabinet business areas. Fielded numerous telephone calls from state employees and agencies regarding issues relating to the merit system, human resources, benefit information, open records requests, and background checks.

Legislative and Regulatory Matters

Assisted with legislation during the 2016 regular session. Attended legislative committee hearings and reviewed legislation regarding key issues facing the Commonwealth HR enterprise. Amendments to fourteen Personnel Cabinet administrative regulations became effective during this Fiscal Year, primarily to clarify requirements and promote consistency.

Additional Roles

Represented the Personnel Cabinet on the General Record Retention Schedule for State Agencies Committee until December 2015, and provided assistance/review for Personnel Cabinet divisions with proposed

updates or changes to the Personnel Cabinet Retention Schedule. Served as the Cabinet's Ethics Officer and reviewed all outside employment requests and internal ethical considerations. Participated in mediation training offered by the Personnel Cabinet's Office of Employee Relations.

Kentucky Employees' Health Plan

Provided daily legal advice to Department of Employee Insurance (DEI) as administrator of the Kentucky Employees' Health Plan (KEHP). Attended the Kentucky Group Health Insurance Board (KGHIB), Advisory Committee, and the Kentucky Retirement System funding task force meetings. Provided presentations to KGHIB regarding legislation proposed during the 2016 legislative session that could impact KEHP. Assisted in developing administration rules and amending the Administration Manual for use by Insurance Coordinators and Human Resource Administrators. Drafted KEHP's 2016 IRC Section 125 cafeteria plan document and HRA plan document. Drafted and reviewed 4 RFPs for DEI services. Negotiated and drafted KEHP vendor contracts, contract amendments, MOAs, and business associate agreements with Real Appeal (demonstration project) and Premise Health (onsite clinic vendor), the University of Kentucky's Rx Coalition, and other vendors. Assisted DEI with the implementation of new vendors. Provided advice and oversight of the claims run out process administered by Humana. Drafted contracts implementing payment reform programs, including Anthem's Enhanced Personal Health Care program and a

pilot with a provider for the management of hip and knee replacements. Assisted with preparation for the 2016 Open Enrollment. Drafted new policies, terms and conditions, legal notices, and forms for use during Open Enrollment. Filed Kentucky Employees' Health Plan Benefits Selection Guide for 2016 with LRC following review by the Cabinet for Health and Family Services.

Counseled DEI on Annual Audits

Researched, provided legal analysis, and drafted proposed compliance plans regarding the ACA Employer Reporting requirements. Conducted legal analysis of various guidance and regulations produced by the U.S. Department of Labor, the IRS, and HHS implementing the Patient Protection and Affordable

Care Act (H.R. 3590) (the "Reform Act") as amended by the Health Care and Education Affordability Reconciliation Act of 2010 (H.R. 4872) (the "Reconciliation Act"). Provided guidance and assisted with the reporting and payment of the federal Transitional Reinsurance fee on behalf of KEHP. Provided legal analysis of the final wellness program regulations published by the EEOC. Presented information regarding federal health care reform to interested parties. Continued oversight of KEHP's compliance with health care reform requirements, COBRA, flexible benefits, and cafeteria plan rules. Continued drafting and updating HIPAA Security and Privacy Policies for KEHP, a covered entity. Reported security incidents impacting protected health information to the U.S. Department of Health and Human Services.

Center for Strategic Innovation

Who we are

The Center for Strategic Innovation (CSI) works with each department in the Cabinet to administer communications and marketing strategies for 33,000 state employees and more than 265,000 self-funded health insurance plan members and dependents.

Our
favorite number
this year:

4,753,633

We reached state employees a total of 4,753,633 times with our email communications, alerting them to new programs or with reminders about benefits.

In August, 2015, CSI began working with the Division of Career Opportunities (DCO) to design a brochure that would highlight state government career opportunities.

The brochure was designed to provide state government as a career choice, focus on a number of diverse positions, emphasize the wide array of benefits available, and feature actual employees.

In December 2015 the brochure was completed and distributed to DCO and others who attend career fairs or promote employment with the state.

Facebook

The Center for Strategic Innovation (CSI) continually seeks new and innovative ways to communicate with employees and health plan members. Notably in 2015, CSI conducted several months of market research, and gathered customer feedback from 10 percent of the Cabinet's constituency, in preparation for launching an official presence on Facebook.com. In September 2015, the cabinet's page launched, and in less than 24 hours had garnered more than 1,000 likes. The page has nearly 5,000 likes and reaches approximately 35,000 people monthly. State employees and health plan members reach out to the cabinet through the private messaging on Facebook for customer service requests. The platform is proving to be a useful and welcome addition to cabinet communication strategies.

Public information services

In 2015-16, CSI provided over 200 public information services on behalf of the Cabinet and Cabinet secretary, including press releases, letters, speeches, employee newsletters and emails, health plan member emails, and media responses. CSI emails support initiatives across the cabinet, ranging from wellness to Deferred Compensation and open enrollment. CSI continues to develop communication tools to provide employees with the information they need to participate in Cabinet-offered health and wellness programs including: the HumanaVitality® program, step challenges, the Diabetes Prevention Program, First Onsite Clinics, the LivingWell Promise tour, LiveHealth

Online, Vitals SmartShopper, and others. The Cabinet's monthly newsletter for Executive Branch employees is also sent via email. CSI makes more than 4.7 million contacts annually with Cabinet customers.

Media inquiries

CSI works with the Office of Legal Services to fill and respond to each media-related open records request. CSI also coordinates all the Cabinet's official media requests for information and media response polices.

Website governance

CSI oversees each of the Cabinet's websites, their governance and maintenance. Personnel websites receive 3.5 million hits each year. CSI provides training and meets with the website author teams regularly to ensure website reliability and accuracy.

Expanding communications

The office continues to utilize new forms of communication, and is currently researching the use of Twitter, text messaging, and additional uses for video in communication plans. CSI supported members of the HumanaVitality communications team in developing and launching the WellCast video series, the first of which was published in April, 2016.

New program development

CSI continued to partner with other departments within the cabinet to support ongoing initiatives and launch new programs and services for state employees

Center for Strategic Innovation

Accomplishments

and health plan members. One such initiative included step challenges, encouraging health plan members to compete with co-workers and track their physical activities. A pilot step challenge was completed in June 2015, followed by subsequent challenges, including a 15-Day Dash with all KEHP members in September, a Personnel Cabinet challenge in March, and a Border Battle challenge with Indiana state employees in May.

CSI developed an internal webpage called PC Linked, giving employees an opportunity to share information and learn more about their coworkers. An internal newsletter,

the PC Insider, published in February to provide up-to-date, pertinent information to Personnel Cabinet employees.

Other new support initiatives included the expansion of iSTEP security training for human resource generalists and the development of a web form for Return to Work.

CSI also supported the Governor's Ambassador Awards, Public Service Recognition Week, open enrollment, health benefit fairs, Deferred Comp expos, the LivingWell Promise, EEO conference, training and employee assistance programs.



Executive Branch headlines

June 2016 Personnel Cabinet headlines

Featured program:
Kentucky Employee Assistance Program
To serve others, it's important to stay balanced yourself. The Kentucky Employee Assistance Program (KEAP) can help. KEAP is a confidential resource for employees who are experiencing job stress or a variety of other concerns. Watch this [video](#) to learn more and meet the team. Visit KEAP [here](#).



WellCast video:
How HumanaVitality has worked for Kae Cooper
Kae Cooper, a teacher at Elizabethtown Community and Technical College, tells us how she has lost weight and earned points - and how she's now saving up for an iPad

Fallen law enforcement officers honored



Governmental Services Center

Who we are

The Governmental Services Center (GSC) develops and delivers traditional classroom workshops, develops online modules, and manages technological learning resources for state employees. They also transition traditional modules to online modules.

Our
favorite number
this year:

7,340

GSC's online courses allowed 7,340 employees to complete training at their workstation.

The Certificate of Supervisory Essentials (CSE) focuses on the most important procedures and best practices for supervisors employed by the Commonwealth of Kentucky. Since the program's inception in 2014, 303 employees have successfully completed the requirements for the certificate.

Successful participants can:

- Describe federal and state anti-discrimination statutes
- Identify and discuss behaviors that might contribute to a disrespectful or hostile work environment
- Identify ways to be proactive in creating a respectful work environment
- Effectively manage the performance and behavior of employees

The CSE is designed for state employees who are currently in supervisory positions or wish to prepare themselves to step up to a supervisory role.

Governmental Services Center

Accomplishments

The Certificate of Supervisory Essentials (CSE) Program

GSC offered two enrollment periods allowing 312 participants the opportunity to enter the program. During this fiscal year, 213 employees successfully completed all requirements and were awarded the certificate.

Kentucky Enterprise Learning Management System (KELMS)

GSC completed user acceptance testing for the Winter 2016 upgrade to the KELMS online system for training.

Training reports were developed, allowing agency security contacts to access historical data stored in the Commonwealth's Enterprise Business Intelligence environment.

Consulting Services

During this reporting period, GSC engaged 15 separate agencies to develop and deliver customized training based on agency needs. Services were provided to Adult Education, several boards and commissions, Veteran's Affairs, Kentucky Horse Park, Kentucky Board of Nursing, Department of Corrections, and others.

Classroom/Online Opportunities

GSC provided 165 classroom opportunities allowing 2,752 employees face-to-face development opportunities.

GSC's online courses allowed 7,340 employees to complete training at their workstation.

Work toward reorganization

The Governmental Services Center worked together with the Office of Diversity and Equality to merge and form the Office of Diversity, Equality, and Training (ODE&T). Learn more on page 29.

Office of Diversity and Equality

Who we are

The Office of Diversity and Equality (ODE) 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

Our
favorite number
this year:

3,789

This is the total number of employees trained in the areas of Anti-Harassment, Diversity and Generations in the Workplace via monthly, onsite, agency requested and online training events. This number represents the importance the Commonwealth places on understanding and embracing the principles of inclusivity and diversity.

The Office of Diversity and Equality continued to partner with the Governmental Services Center's newly created Certificate of Supervisory Essentials program. Demand for the program is significant; ODE offers 240 training slots per month to meet the demand for workshops associated with the program.

Additionally, ODE continues to offer workshops directly to state agencies upon request. Examples include collaborations with:

- Department of Agriculture
- Kentucky Board of Nursing
- Department of Juvenile Justice

Office of Diversity and Equality

Accomplishments

Equal Employment Opportunity

Consultation: ODE staff has continued to provide one-on-one consultation to cabinet/agency EEO and human resource professionals in complaint resolution, investigations (and participation therein), training and employment procedures.

Counseling: ODE staff has continued to counsel potential EEO complainants via

telephone, one-on-one meetings and email, on employee rights and complaint procedures.

Governor's Annual Equal Employment Opportunity Conference

ODE staff planned and implemented the 29th annual conference, with the theme "Involved." Held at the University of Louisville Shelby Campus Conference Center, training topics included:

- The Communication Puzzle: Investigate or Not?
- Building Trust
- The Veteran Leader: What Veterans Can Bring to your Organization and,
- Recognizing and Responding to Intimate Partner Violence in the Workplace

On behalf of the Personnel Cabinet, ODE also awarded the Charles W. Anderson Laureate Award to former Governor Steve Beshear, Heather French Henry and Ed Monahan.

EEO KHRIS Reporting

ODE has continued to assist outside cabinets/agencies with accessing EEO and affirmative action reports information in KHRIS for internal processes and report requirements.

Staff Development

ODE has committed to furthering staff education and development through various webinars and other EEO related training events, including the Equal

Executive Branch Female Utilization by EEO Job Category (as of June 30, 2016)*

Goal: 50.8%

JOB CATEGORY	TOTAL EMPLOYEES	FEMALE EMPLOYEES	Percent FEMALE
EEO GROUP 1: OFFICIALS & ADMIN	773	372	48.12%
EEO GROUP 2: PROFESSIONAL	17,747	10,535	59.36%
EEO GROUP 3: TECHNICIANS	1,794	596	33.22%
EEO GROUP 4: PROTECT SERV WRKR	3,650	668	18.30%
EEO GROUP 5: PARA PROFESSIONAL	2,289	1,704	74.44%
EEO GROUP 6: OFFICE & CLERICAL	1,029	821	79.79%
EEO GROUP 7: SKILLED WORKER	2,424	130	5.36%
EEO GROUP 8: SERVICE MAINTENANCE	1,413	584	41.33%
JUNE 2016 TOTAL	31,403	15,673	49.91%

*Beginning with the July-December 2011 reporting period, employees from the Unified Prosecutorial Service, the Secretary of State's Office, the Attorney General's Office, the State Auditor's Office, the State Treasurer's Office and the Department of Agriculture are not included in the "Executive Branch" utilization totals.

Office of Diversity and Equality

Accomplishments

Employment Opportunity Commission's (EEOC) Technical Assistance Program (TAPs) annual training. ODE staff also attended a one day, EEOC-led training on current EEO issues and investigation procedures.

Employee Training and Development

Anti-Harassment Training

ODE staff has conducted anti-harassment training for more than 3,022 state employees via regularly scheduled (monthly) onsite and online training events. This training provides participants with a broad understanding of harassment and discrimination in the workplace. The training topics include: defining harassment, the Personnel Cabinet's policy statement on harassment prevention, identifying unwelcome conduct and hostile environments, understanding agency liability and retaliation, and familiarizing trainees with complaint filing options for state employees. This training is offered in both classroom and online formats.

Diversity Training

ODE has trained 728 state employees on diversity and inclusion at monthly scheduled and onsite agency requested training events. This training, "Moving Kentucky Forward: Embracing Diversity and Inclusion in the Workplace," explores various topics concerning our changing workforce and work environments. Through an interactive format, trainees discuss diversity topics, including: the definition of diversity, the business case for diversity and

Executive Branch Minority Utilization by EEO Job Category (as of June 30, 2016)*

Goal: 12.2%

JOB CATEGORY	TOTAL EMPLOYEES	MINORITY EMPLOYEES	Percent MINORITY
EEO GRP 1: OFFICIALS & ADMIN	773	64	8.28%
EEO GRP 2: PROFESSIONAL	17,747	1,654	9.32%
EEO GRP 3: TECHNICIANS	1,794	131	7.33%
EEO GRP 4: PROTECT SERV WRKR	3,650	261	7.15%
EEO GRP 5: PARA PROFESSIONAL	2,289	303	13.24%
EEO GRP 6: OFFICE & CLERICAL	1,029	117	11.37%
EEO GRP 7: SKILLED WORKER	2,424	84	3.47%
EEO GRP 8: SERVICE MAINTENANCE	1,413	189	13.38%
JUNE 2016 TOTAL	31,403	2,796	8.90%

*Beginning with the July-December 2011 reporting period, employees from the Unified Prosecutorial Service, the Secretary of State's Office, the Attorney General's Office, the State Auditor's Office, the State Treasurer's Office and the Department of Agriculture are not included in the "Executive Branch" utilization totals.

inclusion, the changing demographics of America, the personal barriers to inclusion (prejudice, bias, stereotypes, etc.), the organizational barriers to inclusion (communication, generation gap, policies & procedures, etc.), the impact of self-awareness and perception on inclusion, and the strategies for raising diversity awareness and cultural competency. This training is offered in a classroom format.

Office of Diversity and Equality

Accomplishments

Generations Training

ODE has trained 39 employees on “Bridging the Generation Gap in the Workplace” through the regular monthly training rotation and onsite agency requested training events.

This training addresses the growing concerns over generational conflict in our work environments. For the first time in American history, there are four distinct generations in the workplace. In this interactive training, participants identify the four generations and discuss the experiences/events that shaped the group characteristics of each, identify the problems associated with the generation gap, compare and contrast the value and potential outcomes of

generational interaction, and develop strategies for effective cross generational communication. This training is offered in a classroom format.

Affirmative Action

ODE continues to maintain and monitor the Executive Branch Affirmative Action Plan and providing guidance to cabinets/agencies on quarterly reporting requirements and other affirmative action related issues.

Reporting

ODE continues to monitor employment trends within state government. Along with producing the January – June 2015 and July - December 2015 Semi Annual Reports on Female & Minority Employment, ODE has continued to work with the Division of Employee Management to develop reporting structures within the Kentucky Human Resource Information System (KHRIS) that more accurately represent the race and gender hiring data for the executive branch.

Job Classifications

ODE staff continues to consult the Class & Compensation Branch on designating proper EEO classifications for newly created job specifications.

Title VI Plan

ODE has maintained the Personnel Cabinet’s Title VI Plan, regarding the prohibition of discrimination based on race, sex and national origin in federally funded programs, in accordance with state statute.

Personnel Cabinet Female Utilization by EEO Job Category (as of June 30, 2016)

Goal: 50.8%

JOB CATEGORY	TOTAL EMPLOYEES	FEMALE EMPLOYEES	Percent FEMALE
EEO GRP 1: OFFICIALS & ADMIN	12	9	75.00%
EEO GRP 2: PROFESSIONAL	180	135	75.00%
EEO GRP 3: TECHNICIANS	18	9	50.00%
EEO GRP 4: PROTECT SERV WRKR	--	--	--
EEO GRP 5: PARA PROFESSIONAL	1	1	100.00%
EEO GRP 6: OFFICE & CLERICAL	3	3	100.00%
EEO GRP 7: SKILLED WORKER	--	--	--
EEO GRP 8: SERVICE MAINTENANCE	--	--	--
JUNE 2016 TOTAL	214	157	73.36%

Office of Diversity and Equality

Accomplishments

Partnerships

In various capacities, ODE staff has partnered with the following organizations:

- Kentucky Employee Mediation Program
- Kentucky Future Business Leaders of America
- Governmental Service Center (GSC)
- Kentucky's FFA Convention
- Council on Post-Secondary Education
- Division of Career Opportunities
- Kentucky State Martin Luther King Jr. Commission
- IPMA-HR Kentucky Chapter
- Kentucky Employees Credit Union
- Frankfort Human Rights Commission
- Governor's Reentry Task Force Steering Committee

Finally, ODE staff continued to support cabinet-wide initiatives, programming and events and ODE staff members continue to serve on various cabinet committees. ODE is committed to doing its part in raising employee morale and ensuring the Personnel Cabinet and all state agencies continue to be an inviting and inclusive workplace.

Personnel Cabinet Minority Utilization by EEO Job Category (as of June 30, 2016)

Goal: 12.2%

JOB CATEGORY	TOT EMPS	MIN	percent MIN
EEO GRP 1: OFFICIALS & ADMIN	12	1	8.33%
EEO GRP 2: PROFESSIONAL	180	24	13.33%
EEO GRP 3: TECHNICIANS	18	1	5.56%
EEO GRP 4: PROTECT SERV WRKR	--	--	--
EEO GRP 5: PARA PROFESSIONAL	1	--	--
EEO GRP 6: OFFICE & CLERICAL	3	--	--
EEO GRP 7: SKILLED WORKER	--	--	--
EEO GRP 8: SERVICE MAINTENANCE	--	--	--
JUNE 2016 TOTAL	214	26	12.15%

Work toward reorganization

The Governmental Services Center and the Office of Diversity and Equality have merged. We are now known as the Office of Diversity, Equality, and Training (ODE&T). The creation of this new office is unique in that we are the only entity created as a result of merging two formerly separate offices into one, expanded team. This move presents the opportunity to build upon the platform that currently provides all employees with the skill and knowledge base necessary for both personal and professional growth. ODE&T will continue to provide learning opportunities and consulting services to assist individuals and agencies in order to improve performance, and cultivate a harassment and discrimination free workplace that values each individual employee, and provides them opportunities to reach and achieve their fullest potential. Ultimately, merging these two offices will lead to a partnership that promotes both individual and organizational success across all executive branch agencies.

Our vision and values have not changed—we will develop, retain and advocate for a well-trained, well-prepared workforce that values inclusion, diversity and promotes equal opportunity for all.

Office of Employee Relations

Who we are

The Office of Employee Relations provides leadership and support to other state agencies through various programs including workers compensation, group life insurance, return to work, workplace relations, employee recognition, and employee assistance.

Our
favorite number
this year:

22

The number of employees providing services under our programs.

Office of Employee Relations

Accomplishments

Workers' Compensation

- The Workers' Compensation Branch (WCB) has received and processed 3,692 First Report of Injuries for injuries occurring in Fiscal Year 2015-16.
- The branch provides coverage for approximately 85,000 employees in 120 counties throughout the Commonwealth.
- The branch provides coverage for approximately 18,000 volunteer ambulance and firefighters in 118 counties in the Commonwealth.
- The branch has received and processed 1,502 temporary total disability benefit checks for leave reimbursement. There

has been \$118,838.85 in subrogation recoveries received during FY 15-16.

- Subrogation law has changed significantly, reducing recoveries.
- One hundred eight claims went into litigation and were assigned to defense attorneys.

Employees in the Worker's Compensation Branch (WCB) focus on customers' individual needs and on cost containment. Branch employees maintain strategic relationships with over 200 agency contacts to begin the management of a claim immediately. During severe weather or other emergencies, WCB employees are proactive with emergency management centers to assist injured employees. The

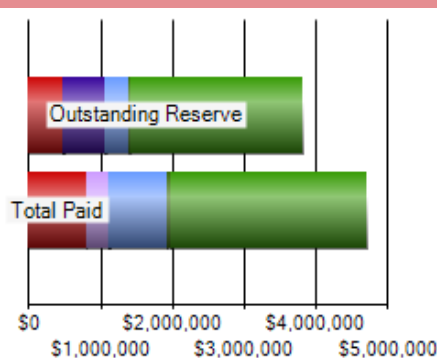
Total expenses for Fiscal Year 15-16

Medical claims: 1,883

Total claims reported: 3,392

Totals by class

Class	Total Paid	Out. Reserve
EXPENSE	\$795,987.02	\$480,168.53
IND.COMPROMISE	\$0.00	\$94.00
IND.FATALITY	\$306,413.15	\$1.00
IND.PPD	\$15,000.00	\$577,353.45
IND.TPD	\$3,837.10	\$367.19
IND.TTD	\$806,831.89	\$328,600.99
LEGAL	\$39,501.06	\$26,898.94
MEDICAL	\$2,745,781.18	\$2,389,562.89



Overall totals

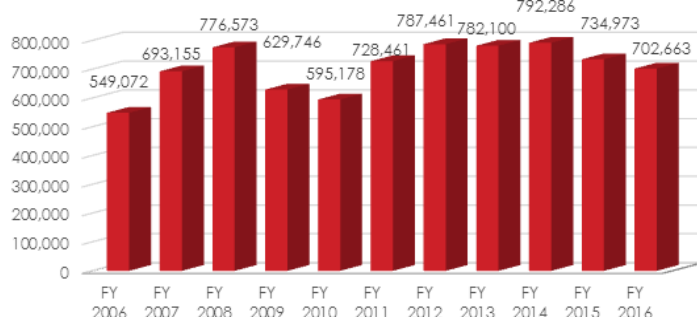
Total Paid:	\$4,713,351.40
Outstanding Reserves:	\$3,803,046.99
Third Party Recovery:	\$5,319.38
Total Incurred:	\$8,511,079.01
Carrier Reimbursements:	\$0.00
Net Incurred:	\$8,511,079.01

Office of Employee Relations

Accomplishments

WCB and the Return-To-Work Branch are participating in the multiyear State Health and Medical Preparedness Advisory Committee (HMPAC) to improve the response in a catastrophic emergency. While this was a year of numerous weather emergencies including snow, flooding and tornadoes, there was not a dramatic injury increase for emergency personnel or regular employees. The Workers' Compensation Program has worked closely with the Safety Program and the Return-to-Work Program to prevent and reduce injuries. The WCB has continued to focus on customer needs with knowledgeable employees ready to assist agencies and injured employees. Although First Report of Injury forms are submitted electronically, our employees take serious/catastrophic injury reports by telephone during business hours to begin immediate management of benefits.

Return-to-Work Program
Direct Cost Savings with Modified Duty Programs
Fiscal Years: 2006-2016

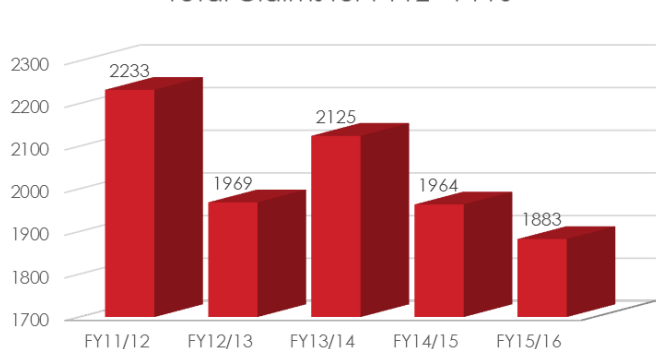


The Return-to-Work Program (RTWP)

The RTWP consults with employers to assist them in developing a Temporary Modified Duty Program (TMPD). In our consulting role, we educate the employer on the importance and benefit of providing modified duty for an employee recuperating from a work-related injury. Research shows that an injured employee recovers more quickly when returned to work as soon as medically possible. The RTWP plays an integral part in providing agencies with the resources and information needed in order to make the most informed decision regarding their ability to return their injured employees to work.

The data in the chart above shows the cost saving benefits for agencies. The figures shown are strictly based on direct cost savings and do not take into account the indirect cost savings to an agency once an employee returns to work. The RTWP has been an official branch since 2005. In the past 11 years the program has recognized a savings in temporary total disability benefits of over \$10 million.

Total Claims for FY12 - FY16



Office of Employee Relations

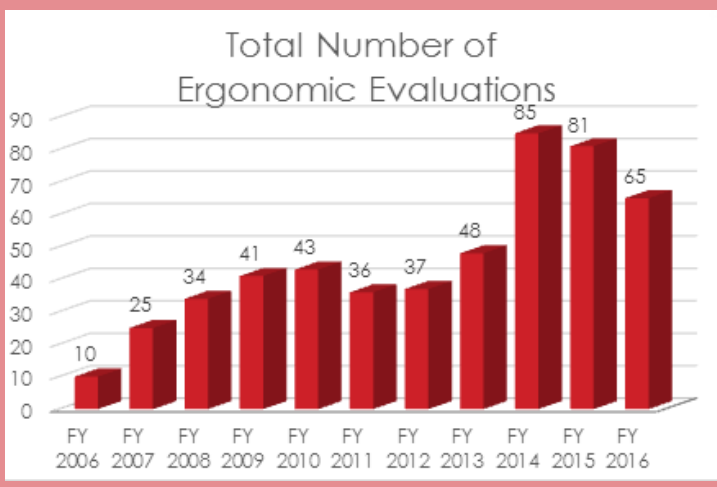
Accomplishments

Ergonomic Evaluations

The Return-to-Work Program continues efforts to educate employers and employees on the proper ergonomic standards for workstations. It is certainly best to conduct ergonomic evaluations prior to any injury occurring, however, an ergonomic evaluation can occur any time during an employee's recuperation period in order to assist with return to work issues. Ongoing training is provided upon agency request. The RTWP also conducts job analysis to assist agencies in determining an employee's essential functions. This helps the agency and employee during the reasonable accommodation process.

family member have a serious health condition. This office works closely with the legal office in advising agencies about their responsibilities for FMLA and the processes they are to follow.

- Sick Leave Sharing (SLS) and Annual Leave Sharing (ALS) allow employees to donate leave time to their co-workers in case of health related issues or catastrophic loss of property.
- The Americans with Disability Act bans discrimination based on disability, and assures all individuals equal access to employment opportunity, state and local government programs, public places, and telecommunications.



Executive Safety Advisory Committee (ESAC)

The Executive Safety Advisory Committee includes representatives from various agencies who meet monthly to discuss safety and health. Experts from inside and outside state government present information to the committee. ESAC shares accident numbers, claim counts, and monthly and quarterly accident/incident rates.

The Return-to-Work Program also is home to the Family and Medical Leave (FML), Sick Leave Sharing (SLS), and Annual Leave Sharing (ALS) Coordinator, and the Personnel Cabinet's Americans with Disability Act (ADA) Coordinator.

- The FMLA guarantees an eligible employee at least 12 weeks of unpaid leave should they or an immediate

National Safety Month

In addition to working with other cabinets, the Safety Program works within the Personnel Cabinet to help ensure the health and safety of its employees. In June, the cabinet participated in National Safety Month activities. Educational information was shared with employees in an entertaining way while teaching them about prescription drug safety, situational

Office of Employee Relations

Accomplishments

awareness, water safety, distracted driving, and emergency preparedness. A wide variety of free safety educational information is available to employees in the Kentucky State Office Building on an ongoing basis.

Safety Training

“Fundamentals of Safety and Health” is an online training class designed to provide standardized, statewide safety training. This course, available through GSC, teaches basic skills needed to keep workers safe. Sixteen interactive safety trainings are available on the Safety Program webpage, seven of which are available in Spanish. Participants may print a certificate after successful completion of the course. The State Safety Manual and other helpful resources are available online.

In June, the State Safety Program hosted an Active Aggressor Shooter Training. The training was conducted by the Kentucky Office of Homeland Security and was open to all State Office Building employees as well as ESAC committee representatives. In total, 337 employees attended the training.

Blood Drives

The office coordinated six blood drives, alternating between the American Red Cross and Kentucky Blood Center, registering 597 donors and collecting 544 units of blood.

Safety Certifications

Ten employees within the Personnel Cabinet are scheduled to be certified or recertified in first-aid, CPR, and AED use.

Adoption Reimbursement Program

For employees who wish to adopt, the Commonwealth of Kentucky provides financial assistance of up to \$3,000 (\$5,000 for children with special needs) to help cover adoption expenses. With the exception of Kentucky State Police, this benefit is only available to executive branch employees covered by 18A. In FY 15-16, the adoption benefit program received and approved twenty (20) applications from 9 agencies. The approved reimbursements totaled \$67,561.

Kentucky Employees Charitable Campaign (KECC)

Each year the Personnel Cabinet administers the Kentucky Employees Charitable Campaign (KECC) to all employees who receive their paychecks through the Commonwealth. Nearly \$1.2 million dollars was raised for local charities in 2015. This year's campaign is being chaired by Governor Matt Bevin and will be launched on August 10, 2016 via a “virtual” kickoff coordinated with the United Way of Kentucky. The overall goal for this year is \$1,145,000.

Employee Recognition Branch

- **Employee Suggestion System**
Employees can now submit ideas for improvements through the online Kentucky Human Resource Information

Office of Employee Relations

Accomplishments

System. This efficient process helps to identify the Commonwealth as a leader in recognizing and managing employee ideas. The form is simple, user-friendly and fast. Employees receive immediate confirmation of their suggestion and are able to track it throughout the process. During Fiscal Year 15 - 16, employees submitted 296 suggestions. Awards totaling \$14,671.33 were presented to 40 state employees. Implemented suggestions represented a first-year savings of \$344,990.42.

- **Governor's Ambassador Award**

The seventh Kentucky Governor's Ambassador Awards program occurred on October 7, 2015. Five individuals and a team of public service employees received recognition in six categories: customer service, courage, leadership, professional achievement, teamwork, and community service and volunteerism. Employee Relations received 63 nominations involving 143 individuals. A selection committee reviewed and selected three finalists in each category. The governor then selected the six overall winners in each category. Nominees attended the awards ceremony, and award recipients received the honor of having a personalized engraved brick placed along Ambassador Avenue outside the Thomas D. Clark Center for Kentucky History.

- **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 online toolkit of ideas for use by other agencies. The governor proclaimed Sunday, Oct. 4 - Saturday, Oct. 10 as Kentucky Public Employee Recognition Week. The Personnel Cabinet sponsored the eighth statewide poster contest for school-aged children to increase awareness of state employee achievements and contributions. The theme for the poster contest was "State Employees – 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.

- **Employee Recognition Certificates**

KRS Chapter 18A employees received service certificates in honor of their dedicated completion of 5, 10, 20, 30 and 40 years of service from the Personnel Cabinet. Fiscal Year 15-16 recognition certificates were processed for 3,770 employees. Retirement certificates were presented to 1,226 employees. The number of certificates presented totaled 4,996.

Office of Employee Relations

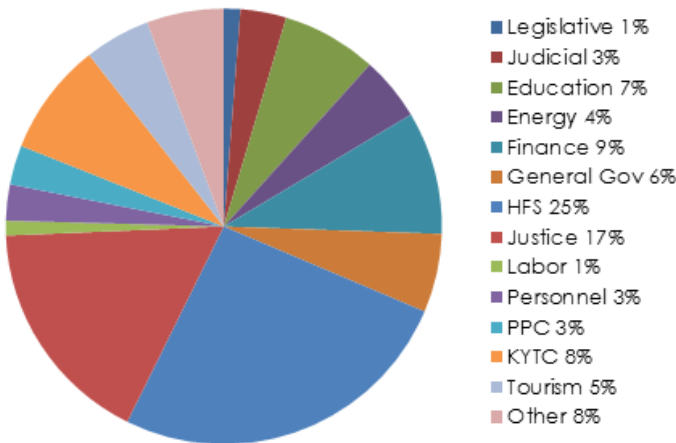
Accomplishments

Kentucky Employee Assistance Program

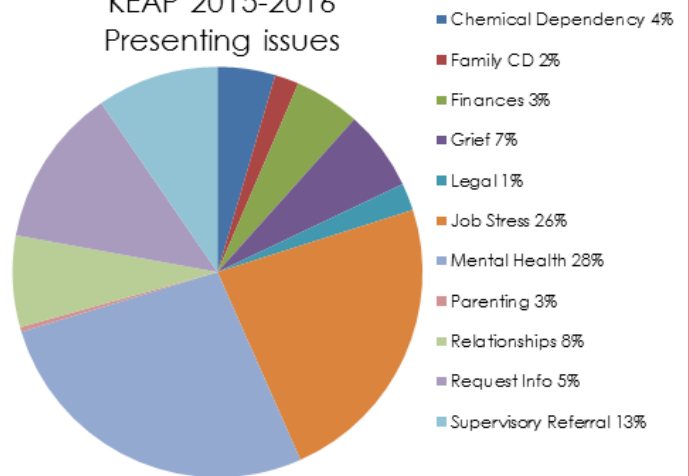
During Fiscal Year 15-16, The Kentucky Employee Assistance Program provided direct employee assistance services to 834 state employees and/or their family members. The cabinets in which employees most utilized services were the Cabinet for Health and Family Services (25 percent) and the Justice and Public Safety Cabinet (17 percent). Issues most frequently presented included mental/emotional health (28 percent) and job stress (26 percent). KEAP staff provided more than

134 live presentations resulting in numerous contacts. Topics ranged from Anxiety Awareness, Building Resilience, Stress Management and Verbal De-escalation. The number of workshops presented in live webinar format continues to grow, allowing participation without the need to travel. KEAP staff presented at a number of agency events and conferences as well as health fairs. In addition, staff consulted with many agency personnel offices on how to effectively address troubled employee situations.

KEAP utilization by agency 2015-2016



KEAP 2015-2016 Presenting issues



Workplace Relations Branch

The Kentucky Employee Mediation Program (KEMP) provides dispute resolution for Executive Branch employees. We offer two free services. In addition to the program manager, there are 26 state employees who are part-time, volunteer mediators.

- Mediation is usually between two employees. They can be co-workers or employee and supervisor. Anyone can request this service. In Fiscal Year 15-16, 28 mediations were conducted, involving 109 participants. Sixty-two percent were referrals from the Personnel Board. Settling an appeal through mediation instead of a hearing saves the Commonwealth hundreds of thousands of dollars. The matter is settled much quicker, with fewer employees, and both sides are more likely to be satisfied with the outcome.
- Workplace Resolutions are used when an entire group is conflicted. A manager or above must request the service. The mediators meet with each person in the group individually, and then make recommendations to the requesting manager. Eleven Workplace Resolutions were completed, with 176 participants.
- There were 1,203 contacts in the form of phone calls, emails, and personal visits. These were requests for information and for services.

Kentucky Group Life Insurance Branch

This branch administers the state-sponsored life insurance contract. Duties include maintaining the eligibility database, processing enrollment, generating bills, reconciling payments, issuing refunds, managing claims, generating and mailing summaries of coverage, maintaining accounts, and providing training and customer service for insurance coordinators. Eligible employees receive \$20,000 of basic insurance coverage and accidental death and dismemberment coverage free of charge. Employees may choose to purchase dependent and optional plans. Coverage is contracted through Nationwide Insurance Company. Nationwide is responsible for approving and processing death claims, providing underwriting services, and completing conversion account setup.

The branch administers group life insurance for 137,458 eligible employees at 476 locations. Of this number, 18,649 employees have elected additional coverage under the optional policies and 15,228 employees have elected to cover family members with a dependent plan. Beginning with the 2015 calendar year, the branch began a new two-year contract with Nationwide Insurance Company resulting in significant cost savings for the Commonwealth.

Who we are

DHRA oversees the Commonwealth's employment application process; state payroll functions; maintenance of permanent employee personnel records; classification and compensation system for employees, records retention, and the statewide Performance Management Program.

In September 2015, the Personnel Cabinet enhanced the Sick Leave Sharing Program.

The enhancement offers much greater visibility of the program and an opportunity for willing employees to donate to even more co-workers across the Commonwealth.

Eligible employees that are seeking donations can elect to have their name and agency information included on a master listing that is available to agency HR staff.

When employees are considering donation, typically upon a planned separation, such as retirement, their agency can share the listing for the purpose of selecting the recipient(s) of their donation.

The Sick Leave Sharing Enterprise Program has been a great way to increase an employee's chances to receive donations while also reducing the amount of unused leave upon separation.

On December 22, 2015, Executive Order 2015-050 was issued to enforce a moratorium on hiring and a reduction of workforce.

This order required that all personnel actions, including the establishment of new positions, be justified by the Agency Head submitting the request. It further required that those related to unclassified (or non-merit) positions be approved by the Secretary of the Governor's Executive Cabinet and those related to classified (or merit) positions be approved by the Secretary of the Personnel Cabinet, if determined to be essential. To most effectively and efficiently implement this order, two new processes were created.

The Governor's Non-Merit Candidate portal was created for unclassified positions.

At the core of this new process is the ability for potential candidates to electronically submit applications and resumes for consideration to fill unclassified positions. This did not previously exist for unclassified positions. When an agency determines there is an essential need to fill a new or existing unclassified position, this portal is used to search for potential candidates. Upon making a selection the agency submits all required documentation from their Agency Head, along with the candidate's application and resume, through this portal

that automatically routes it through the appropriate channels. Final determination is then provided through this same portal.

To address classified positions, the Request for Merit Hiring Action process was created. Before a position can be posted through the Career Opportunities System, the agency must complete the Request for Merit Hiring Action form, which requires providing information related to the position and budget, detailed justification for their need, as well as approval by the Agency Head. It is submitted electronically through the Business Request process, where the Commissioner of the Department of Human Resources Administration can provide a preliminary review and then escalate the request to the Secretary of the Personnel Cabinet for final review and determination, which is returned to the agency electronically.

Communications

DHRA is responsible for providing oversight and guidance to agencies on the administration of HR as well as processes involving KHRIS & Career Opportunities Systems (COS). In support of this, 11 issues of the "KY-HR: Policy & Procedure Publication" were created and distributed to agency HR staff. Additionally, DHRA continued to maintain the Personnel Cabinet's Human Resource (HR) website for agency HR staff.

Department of Human Resources Administration

Accomplishments

Employee communications

DHRA is responsible for disseminating relevant HR information to state employees. This is accomplished through a variety of ways, though most regularly through the KHRIS Employee-Self Service welcome screen. Twenty-four advertisements were coordinated for this space just this year, while DHRA also continued to support and maintain information on the Personnel Cabinet's employee and career's website, to include the Employee Handbook.

Payroll delivery

Aside from the regularly scheduled execution of the state payroll, DHRA successfully implemented a deferral of the June 30, 2016 pay to July 1, 2016, as mandated by the 2014-2016 Budget Bill passed by the General Assembly.

Performance Management

As part of the oversight of the statewide Performance Management Program, DHRA performed audits on 3-10 percent of each Cabinet's employee performance evaluations for a total of 799. To successfully support this program, "Performance Matters" training on the employee performance evaluation system was conducted for 381 evaluators and interested employees.

Record retention

DHRA provides continued oversight of the Cabinet's Records Retention schedule. Quarterly reviews were performed and DHRA assisted all areas with the creation and/or change process as necessary. DHRA also facilitated meetings and coordinated assistance from KDLA and



Department of Human Resources Administration

Accomplishments

provided guidance throughout the year on adherence and interpretation of the schedule.

Training

In addition to DHRA's responsibility to provide necessary HR process and system information to agencies, DHRA is also responsible for delivering training to agency HR staff required to perform HR functions within the Kentucky Human Resource Information System (KHRIS). Many division staff members are involved in these classes as trainers and subject matter experts. Trainings are offered to new employees in addition to current employees wishing to re-take the course(s) as a refresher. Counts of employees trained per course, for the reporting period, are:

- Human Resource Generalist – 32
 - Benefits Administration Refresher – 8
 - Organizational Management Refresher - 13
 - Personnel Administration Refresher - 14
 - Time Management Refresher - 5
 - Payroll Refresher – 6
- County Fees/Human Resource Generalist – 10
- County Fees/Payroll 200 - 6
- Time Keeper – 92
- Time Administrator – 32
- Organizational Management 200 – 38
- Personnel Administration 200 – 53
- Payroll 200 – 14

Training (employee)

Through various avenues, DHRA has always provided reminders to employees on a

number of HR issues. During this last year, DHRA expanded that by requiring all state employees to complete the online course entitled "Overview of Executive Branch Ethics." This course, in addition to Accurate Time Reporting and Security Awareness (presented by COT), is now required for all new employees. Current employees are required to complete the course by the end of the 2016 calendar year.

Division of Career Opportunities (DCO)

This division's responsibility is to operate a centralized applicant and employee certification program, operate the state register programs, including the administration of layoff plans and reemployment lists as required by KRS 18A.113 through KRS 18A.1132 and KRS 18A.115, 18A.130 and 18A.135, and coordinate outreach programs such as recruitment and administrative internship programs. DCO consists of the following branches: HR Certification, Applicant Services, and Register.

Division accomplishments include:

Customer Service

DCO handles a large variety of customer service tasks, including:

- Walk-ins (Assisting applicants in the computer lab): 139
- Career Opportunities System (COS) helpdesk email responses: 4,809
- Phone calls (Applicant Services): 13,129
- Veterans assisted: 703

Department of Human Resources Administration

Accomplishments

- Veteran's preference assigned: 464
- Veteran's outreach emails sent: 2,472
- Total applicants in COS: 270,038 [New applicants: 22,738]
- Job submissions: 248,355
- QA reviews (performed on selected candidates prior to appointment): 7,918
- Applications reviewed for minimum qualifications (MQR): 43,180
- Applications reviewed for immediate fill registers: 10,945
- Registers certified- 10-day postings: 5,559 / immediate fills: 1,371

Applicants/Employees

DCO monitors the statewide hiring process and plays an essential role in assisting applicants, current state employees and veterans through the application process. Our top priority is customer service. During the last fiscal year, DCO conducted an online survey, which identified COS users that were active based on a 6-month period. They provided beneficial feedback, which prompted us to enhance the customer experience through better communication and information now found on our website during this fiscal year.

Agency-HR & Managers

DCO provides exceptional agency customer service. DCO offers outreach assistance for agency HR personnel through on-going agency visits and provides COS training and presentations. In addition, DCO features and spotlights jobs on our website in order to continuously assist agencies with hard to fill positions.

Projects

DCO is in the process of launching the newly renovated COS training for all agency level user types. The training will be beneficial for agencies who will have COS access. These courses will be required for all agency level users types.

System Support (Business)

DCO continuously submits essential change requests that not only improve upon COS, but are beneficial to the customers that use the system.

Recruitment

DCO continues to participate in various recruitment events for state agencies. DCO reaches out to agency counterparts and the Office of Diversity and Equality for assistance with these important events, on a regular basis. During this period, DCO participated in 13 different events.

Division of Employee Management (DEM)

This division is responsible for executing the state payroll, for processing personnel actions for Chapter 18A, Chapter 16, Department of Education- Adult and Technical Education, and LRC, for maintaining employees' official personnel file, overseeing and monitoring compliance of the Employee Performance Evaluation System, and for classification, and compensation. The Division is also responsible for implementing lay-off plans,

monitoring and assisting agencies in complying with the provisions of the Fair Labor Standards Act (FLSA), and the review and implementation of reorganizations. DEM consists of the following branches: Organizational Management, Classification and Compensation, Personnel Administration, and Payroll.

Division accomplishments include:

Desk Audits

To ensure that employees were properly classified, DEM completed 12 classification desk audits, 9 of which were board ordered.

Job Class Specification Changes

DEM is responsible for maintaining the job class specifications of jobs used by state agencies. This is a constant project and at times other areas assist in this review. Based on those ongoing reviews during the current reporting period the following changes took place:

- Abolished 45 job class specifications
- Revised 312 job class specifications
- Established 17 job class specifications

Personnel Action Processing

DEM is responsible for the final processing of all HR actions. Over the course of this reporting period, DEM reviewed and approved 35,360 individual personnel actions. 30,512 annual increments and 5,741 probationary increases were processed primarily through mass upload.

The total number of personnel actions processed for this Fiscal Year total 71,613.

Personnel Files/Records

DEM is responsible for the maintenance of all personnel records. During this current reporting period, 11,052 records were scanned into these files. These documents are typically multiple pages in length and consist of supporting documentation to personnel actions, written reprimands, records inspection documents, etc.

Reorganizations

DEM is responsible for the implementation of agency reorganizations. During this current reporting period, 15 were implemented. As a part of that process, statewide agency organizational charts were also maintained.

Salary Surveys

To stay knowledgeable of current compensation practices in surrounding states and in an effort to remain competitive, DEM participated in 71 salary surveys from states within the National Compensation Association of State Governments.

Service Verifications

With the responsibility of maintaining employees' official personnel files, DEM is also responsible for providing verifications, based on those official records. 170 service verifications were completed during this review period.

Department of Human Resources Administration

Accomplishments

State Payroll

Responsible for executing the state payroll, DEM processed \$1,663,343,201.53 in payroll for an average of 42,1196 employees during this review period. As a result, DEM was successful in preparing and disseminating 49,258 Wage and Tax Statements (W-2) for 2015.

Division of Technology Services (DTS)

This division is responsible for the design, development, implementation, and ongoing support of cabinet information technology (IT) and projects which impact internal and external human resource administration initiatives. DTS consists of the following: Director's Office, Access Control Branch, Application Development Branch, System Analysis Branch, and Systems Integration Branch

Division accomplishments include:

IT security

Responsible for ensuring proper system and user security, DTS launched phase II of the iSTEP portal to train and educate external users electronically on the cabinet's IT and IT security policies and procedures. This followed last year's initial roll out to internal users in the Personnel Cabinet.

IT support

DTS maintains a ticketing system to track the technical support they provide. During the current review period, DTS supported 5,895 IT-related incident tickets. Of those, 349 were change requests for HR systems, while 5,546 were logged as DTS incidents for access requests, production support requests, defects, staff work task requests, and desktop/IT support.

DTS projects

DTS completed the following projects:

- ACA project completed with the distribution of the first forms in January 2016
- Implemented self-time recording for the Personnel Cabinet
- Completed support for Open Enrollment for Plan Year 2016
- Completed proof of concept (POC) to move KHRIS databases off the zOS mainframe that was a success

DTS projects in progress:

- Administrative Office of the Courts (AOC) project to implement all AOC HR processes in KHRIS with a targeted go live date of August 1, 2016
- Cost allocation redesign with KYTC for FHWA compliance
- FICA tax compliance changes required for January 2016
- Began project, after successful POC, to move KHRIS databases off the zOS mainframe to a much less costly infrastructure option providing a significant budget savings by FY18

Beginning July 16, 2016, DTS will move to the Office of Administrative Services. This move aligns with the responsibility and duties of the division as it supports the vision and strategic roadmap for technology within the Personnel Cabinet and across the enterprise.

473,137

Total number of system users supported by the Personnel Cabinet's Enterprise HR Systems: KHRIS, COS, and KELMS.

Department of Employee Insurance

Who we are

The Department of Employee Insurance (DEI) administers the Kentucky Employees' Health Plan (KEHP), a \$1.7 billion, self-funded health insurance program which provides benefits to nearly 290,000 public employees and their dependents. DEI also operates a flexible spending account program for public employees.

Our
favorite number
this year:

\$1,425,122,204

DEI along with our vendors, Anthem and CVS/Caremark, have provided medical and pharmacy benefits to our members totaling \$1,425,122,204.

Department of Employee Insurance

Program spotlight

LivingWell Promise grows wellness awareness and engagement

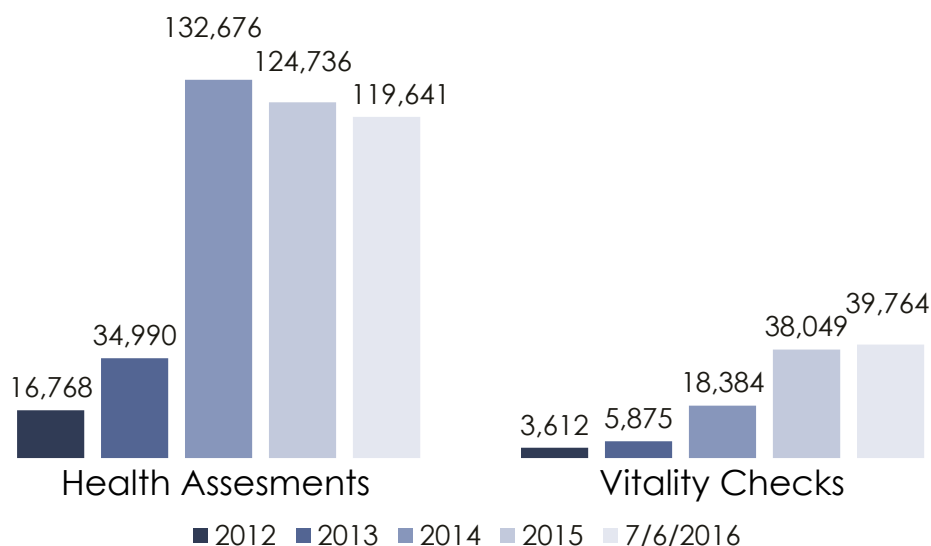
In calendar year 2014, KEHP introduced health insurance plan options which included a wellness component. These plan options were continued in plan years 2015 and 2016. The four health insurance plan options are the LivingWell Consumer Driven Health Plan (CDHP), the LivingWell PPO, the Standard PPO and the Standard CDHP. The LivingWell Promise is an agreement from the planholder to complete the HumanaVitality Health Assessment or biometric screening between January 1 and May 1 each year. In return for fulfilling the promise, planholders are eligible to choose from a LivingWell health insurance plan the next plan year.

The LivingWell plans offer better benefits in the form of lower member co-insurance, lower deductibles, and lower out-of-pocket maximums. The two standard plans do not contain a LivingWell Promise requirement. KEHP had a 97 percent success rate in members fulfilling their LivingWell Promise in 2015 and a 98 percent success rate in 2016.

Through LivingWell and HumanaVitality, KEHP's wellness vendor, members are becoming more aware of their health status and concerns. Awareness is key to making lifestyle changes.

Between January and June of 2016, members completed approximately 120,000 health assessments and nearly 40,000 Vitality Checks.

Members with Vitality Silver Status grew to almost 30,000 members as of June 2016. In plan year 2015, 10.9% of members were considered engaged in wellness activities through HumanaVitality. The claims trend for those engaged members was -10.7 percent, compared to members not engaged who had only a -5.9 percent claims trend.



Department of Employee Insurance

Accomplishments

Plan savings with new vendor implementation

As of June 2016, medical and pharmacy claims trend was 10.2 percent combined with a trend of -10.0 percent for medical and 10.5 percent for pharmacy. Due to lower plan medical and pharmacy expenses, improved member consumerism, and continued wellness participation KEHP will be able to offer members no premium increases and the same health plan options and coverage levels as 2015 for the 2016 plan year.

Diabetes Prevention Program a covered benefit under KEHP

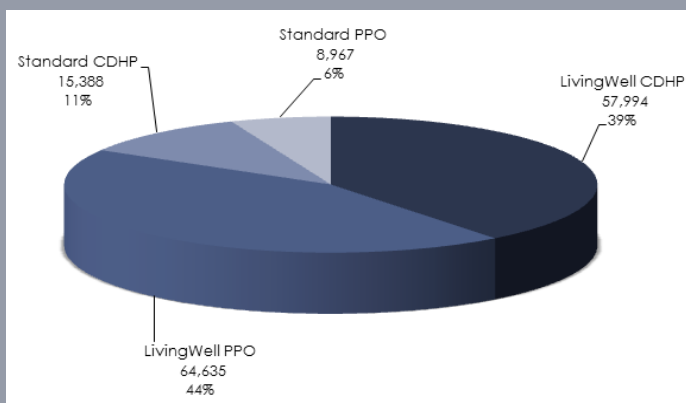
KEHP offers eligible members the opportunity to attend a Diabetes Prevention Program (DPP) to help lower

the risk of Type 2 Diabetes. Members may participate in an approved DPP for free and it can improve their health through stress reduction, weight loss and increased physical activity with the support of a certified lifestyle instructor. Members receive individual and group support while improving their health and reducing their risk. As of June 30, 2016, 332 KEHP members were actively participating in 62 DPP classes. Those KEHP DPP participants lost an average of 10.6 pounds (3,523 total pounds), exercise an average of 167 minutes a week and have lowered their A1C levels from 6.0 to 5.58.

Diabetes Value Benefit

Starting January 1, 2016, KEHP diabetic members pay a reduced co-pay and co-insurance, with no deductible, for most of their maintenance diabetic prescriptions and supplies. This benefit has seen an increase of 9 percent in diabetic prescriptions. At the same time, the member out-of-pocket cost decreased from 20 percent to 7 percent. This will translate into plan savings as members remain adherent with their medications preventing more expense diabetic issues.

Planholders by plan



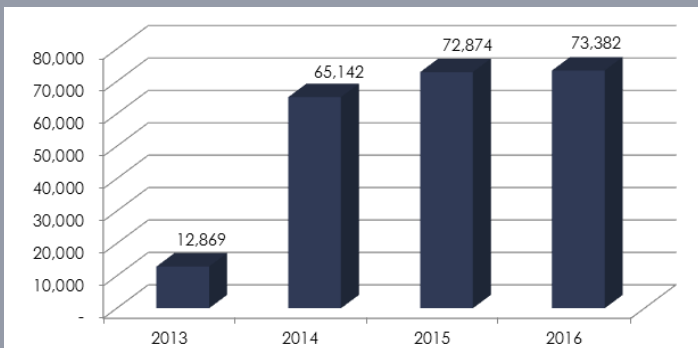
KEHP step challenges

KEHP sponsored a statewide step challenge from September 15 – 30, 2015. Members were encouraged to join a walking team and use a fitness tracker to record their progress. There were 671 teams which included 11,731 walkers across the Commonwealth walking a total of 3,878,191,152 steps!

Department of Employee Insurance

Accomplishments

Planholders in CDHP



KEHP competed against the state of Indiana in a Border Battle Step Challenge from May 1-31, 2016. Together the 13,262 participating members stepped over 3.1 billion steps or a total of 3,104,731,820 steps! KEHP won the battle by a daily average of 562 steps.

LiveHealth Online

On June 1, 2015, KEHP launched LiveHealth Online, a telehealth benefit available at no cost to members. KEHP members can contact a doctor 24/7 for health concerns such as cold and flu symptoms, allergies, sinus infections and more. If needed, LiveHealth Online can also submit a prescription request. As of June 30, 2016, 10,307 KEHP members had registered with 3,324 doctor visits.

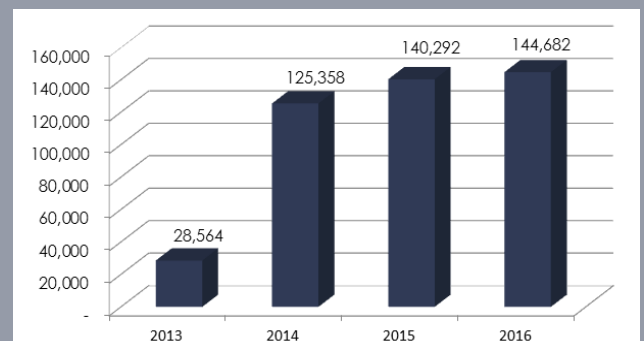
Increased migration to consumer driven health plans

In Plan Year 2015, more than 140,000 members were covered by a Consumer Driven Health Plan (CDHP) versus 28,500 in 2013. This represents significant savings for the plan as well as an increase in member education related to health insurance related costs.

HIPAA privacy and security risk assessment and policy review

KEHP worked with an outside consulting firm on a comprehensive review of the physical, administrative and technical safeguards of the protection of individually identifiable health information maintained by the Personnel Cabinet, COT and KEHP. Additionally, KEHP will update its policies to improve safeguards of KEHP member information.

Covered lives in CDHP



Department of Employee Insurance

Accomplishments

Division of Financial & Data Services

Open enrollment

To support a passive or non-mandatory open enrollment for more than 160,000 planholders and their dependents, KEHP conducted 14 benefit fairs across the Commonwealth, and offered computer kiosks at all locations to assist members with online enrollment. More than 3,000 members attended the benefit fairs and more than 1,500 flu shots were given.



During open enrollment, our customer support staff answer more than **1,000 phone calls** each day.

Staff traveled across the Commonwealth to provide open enrollment training to insurance coordinators (ICs) and human resource generalists (HRGs).

Division of Insurance Administration

Management of multiple vendors

Files were managed for funding, enrollment, claims and daily work for previous vendors, while handling the implementation of new vendor processes, documentation, files, coding, reports, testing and Open Enrollment planning, implementation and testing.

Financial Management

Managed daily operations of reconciliation, payments, funding, reports and banking of previous vendors, while managing the implementation for the new vendors' banking processes, process documentation, reporting, funding templates, new ASO fee processes, and claims reconciliation processes, while working with calendar year end financial reconciliation.

Premium Billing

Managed daily billing and premium reconciliation, reporting, and customer service for health premiums, flexible spending accounts, and health reimbursement arrangement contributions and administration fees.

Deferred Compensation Authority

Who we are

The Kentucky Public Employees' Deferred Compensation Authority (Authority) is the state agency authorized to administer the national award winning voluntary supplemental Internal Revenue Code Sections 457 and 401(k) defined contribution retirement plans sponsored by the Commonwealth.

Our
favorite number
this year:

565

KDC's position in *Pension & Investments* magazine's ranking of the largest retirement funds for 2016. In the U.S., there are more than 50,000 plans sponsored by employers. Our ranking this year is 34 slots higher than 2015. There are currently more than 75,000 participants with more than \$2.5 billion in total assets at KDC.

Deferred Compensation Authority

Program spotlight

After nearly a decade of delays and deliberation, the Authority, on September 1, 2015, was able to begin offering participants both a professional advice and managed account option.

The advice component is being offered by Morningstar at no additional cost to participants. With the advice product, the participant receives an investment recommendation. The participant then elects to take an action to implement or forego Morningstar's recommendation. The managed account component is a fee-for-service arrangement and is known as ProAccount. It is offered through a partnership between Nationwide Retirement Solutions (NRS) and Wilshire Associates. With the managed account, Wilshire determines the investments to be made and NRS implements the changes without input from the participant.

Participants of all ages with large and small account balances have gravitated to these new products. To demonstrate the popularity of these options, in just ten months the following has taken place:

- 1) ProAccount assets under management
 - December 31, 2015 - \$14,000,000
 - June 30, 2016 - \$33,615,000 (1,156 participants)
- 2) Morningstar site accessed by 1,127 participants through mid-May 2016

A high percentage of enrollees are electing to use ProAccount to professionally manage their accounts. Assets under management by ProAccount are increasing at a rate exceeding \$10 million per quarter and is expected to increase as more participants consider this program.

Deferred Compensation Authority

Accomplishments

Participant Asset Fees

The Authority Board considered the need to take action regarding participant asset fees and determined no changes should be made this year. Based on the Board's latest decision and prior years' fee reduction actions, the Board has now reduced participant asset fees in nine of the previous 20 years, resulting in 'recurring' annual asset fee savings to participants of approximately \$4.5 million. The total accumulated annual participant asset fee savings has now reached approximately \$60 million.

Fiscal Year 2016 Budget

For the 20th year, the Authority has completed the fiscal year under its approved budget. The Authority spent 85.6% of its fiscal year 2016 budget. This result is possible due to the exemplary stewardship exercised by the Board pertaining to the administrative cost of our program. The Board takes its fiduciary responsibilities very seriously and has exercised exceptional care, custody and control in the utilization of the participant fees collected. In addition, Authority staff acts frugally in incurring expenditures to administer this program on the Board's behalf. It is the Authority's practice to incur expenses on an essential rather than a desirable basis. As a result of the prudent actions of the Board and staff, this program remains financially vibrant.

Fee Equalization Provision

On September 1, 2015, the Fee Equalization Program was introduced. This provision

returns any revenue sharing proceeds received from mutual funds to the participants investing in those funds. As of June 30, 2016, approximately \$1 million has been allocated back to participants' accounts on a pro rata basis. The allocation of revenue sharing from certain mutual funds occurs throughout each year. It is estimated the annualized revenue sharing amount will be \$1.2 million for fiscal year 2017.

Investment Education Expos

The 2015 Investment Education Expo series proved to be the most successful of the 20 years history to this event. The theme this year was Retirement Readiness. The 2015 journey began in Covington with stops in Frankfort and Louisville and ending in Hopkinsville. Attendance at the 2015 expo series was a record breaking 1,700 plus attendees. A total of 566 individuals met with NRS Marketing Staff which produced: 128 enrollments, 124 reinstatements/increases and 18 incoming rollovers.

Attendees also had the opportunity to meet with representatives of the Kentucky Retirement System, Kentucky Teachers' Retirement System, Social Security Administration and Personnel Cabinet. In addition, an in-depth Retirement Readiness workshop was conducted and well attended.

Pension & Investments Magazine Recognition

Annually, this magazine ranks the top

Deferred Compensation Authority

Accomplishments

1,000 largest retirement funds. The rankings include both defined benefit and defined contribution retirement plans from both the private and public sectors. The rankings were based upon total assets as of September 30, 2015. The Authority ranked 565th with \$2.610 billion in assets compared to 599th last year with \$2.5 billion. This is out of a universe exceeding 50,000 plans.

Marketing Production

During fiscal year 2016, a total of 6,170 individuals enrolled in the Authority program, representing approximately 8% of our current participant base. Participants rolled over into this program over \$16 million enabling them to better consolidate their retirement savings and substantially reduce the cost of administration. The marketing team conducted over 4,000 employer site visits to perform group meetings, seminars and one-on-one visits. Over 49,000 employees were seen as a result of the site visits.

Asset Fee Holiday

Since the Internal Revenue Service has declined to rule on the Authority's request to own our office building, the dollars set aside for this purpose are now expected to be returned to participants. The proposed process for returning these dollars to participants is through what staff is calling an asset fee holiday. This fee holiday would suspend both the mutual funds and Fixed Contract Fund asset fees for a period of six months. The fee holiday is expected to increase participant account values by approximately \$2.7 million at the conclusion of the fee holiday period. Adoption of the participant asset fee was presented to the Board at the September 9th meeting. It was endorsed by the Board and will commence on January 1, 2017 and expire June 30, 2017.

Employee statistics

Employee compensation

Average gross annual salary	\$42,620.20
Average employer paid annual benefits:	
Retirement	\$15,750.35
FICA	\$2,846.91
Health Insurance	\$7,656.77
Life Insurance	\$11.82
Total benefits	\$26,265.85
Average annual employee compensation	\$68,886.05

Last annual increment increase (1%) - 2015/16

Last 5% annual increment – 2001

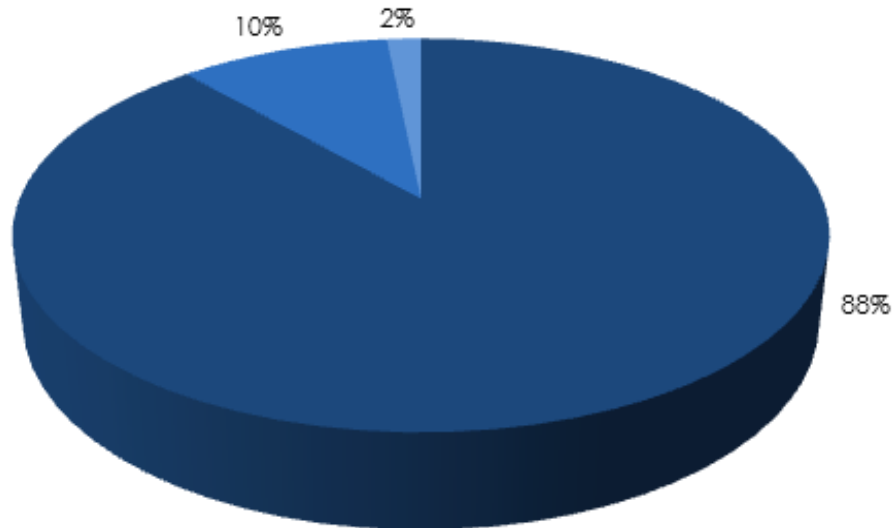
Last time wage equity was applied to adjust our salary schedule - 2007

Employee statistics

State government employee count

Excludes interims
As of June 30, 2016

■ Executive 31,479 ■ Judicial 3,558 ■ Legislative 576



Employee statistics

Employees by race and gender

