



'SERVING THE PEOPLE WHO SERVE THE PEOPLE'

*Kentucky*  
PERSONNEL  
CABINET

ANNUAL  
REPORT  
2009 -2010

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**2009 - 2010  
ANNUAL REPORT**

*Kentucky*  
**PERSONNEL CABINET**

ALL INFORMATION CONTAINED IN THIS  
REPORT IS AS OF JUNE 30, 2010.



**STEVEN L. BESHEAR**  
GOVERNOR

## PERSONNEL CABINET

**NIKKI R. JACKSON**  
SECRETARY

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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, 2010

Dear Governor Beshear, Legislative Research Commission and Personnel Board:

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

In keeping with our desire to share our successes and continue to promote our employment "brand," pursuant to KRS 18A.030 (2) (l), I am pleased to submit to you the Annual Report of the Personnel Cabinet for the fiscal year ending June 30, 2010.

This past year continued to be a period of growth and transformation for the Cabinet as we worked to radically modernize our human resources practice. We solidified our four strategic goals and continue the work of addressing each. Those goals are:

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



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

The Personnel Cabinet continues to seek innovative ways to further our Mission, Vision and Values as we "serve the people who serve the people."

Sincerely,

A handwritten signature in black ink that reads "Nikki R. Jackson". The signature is fluid and cursive, with the first name being the most prominent.

Nikki R. Jackson, Secretary

Personnel Cabinet

# KENTUCKY PERSONNEL CABINET

‘SERVING THE PEOPLE WHO SERVE THE PEOPLE’

## OUR MISSION

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

## OUR VISION

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

## OUR VALUES

### INTEGRITY

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

### QUALITY

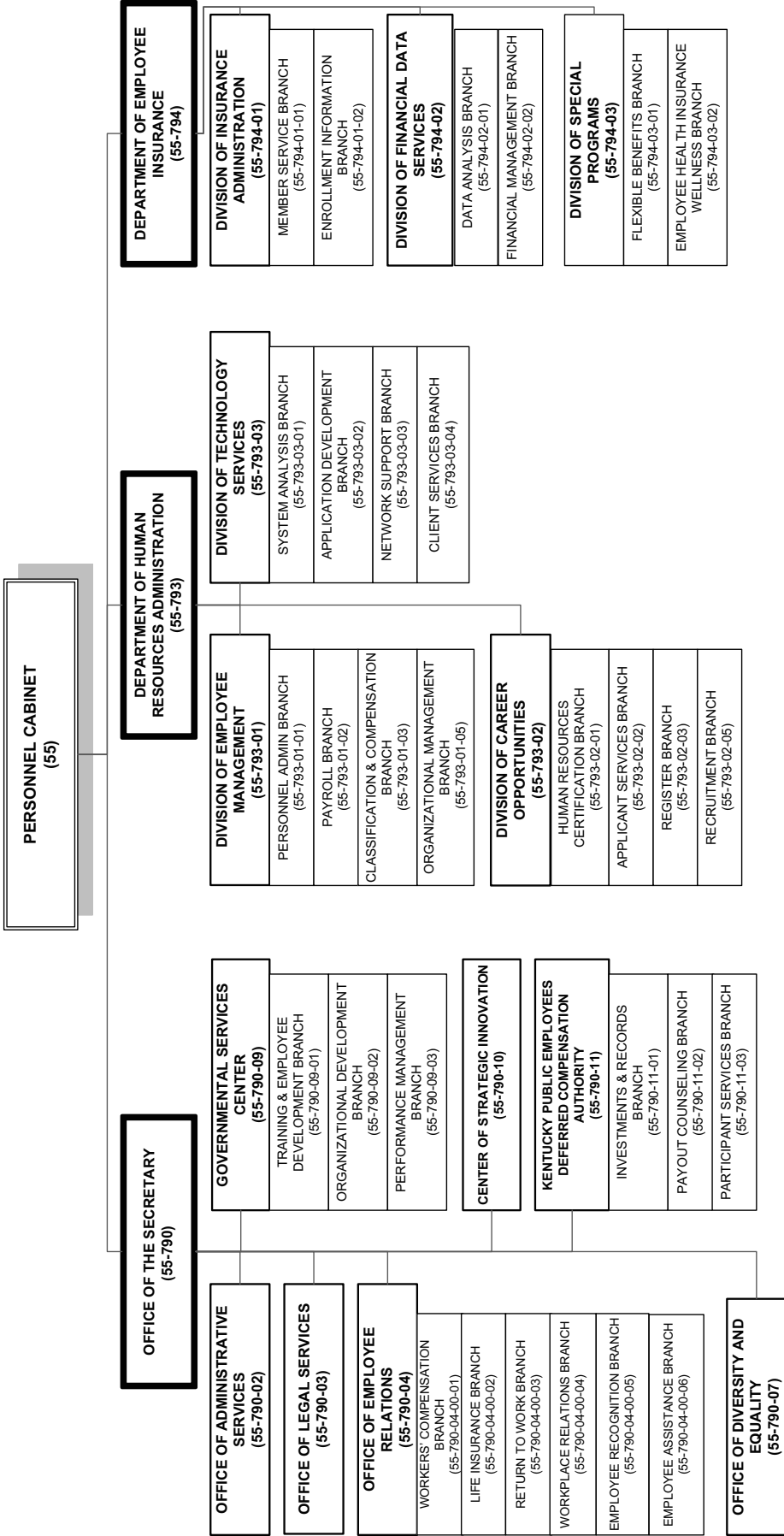
We are committed to providing quality customer service. We will continually review our business processes based on customer needs and establish measures by which we will monitor our effectiveness.

### DIVERSITY

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

### INNOVATION

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



# 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.

## ACCOMPLISHMENTS

The Personnel Cabinet's strategic planning process began with the development of our mission, vision and values. In the second phase, each department or office conducted a S.W.O.T. analysis, examining its Strengths, Weaknesses, Opportunities and Threats. The executive leadership team has now completed phase three, which we are calling our "Big Questions."

The Big Questions represent the goals that the Cabinet will continue to work toward over the next year. The Questions were developed by analyzing all of the S.W.O.T. input from each department,

plus discussion around the role and future aspirations of the Cabinet. All of this information was distilled into four broad categories, which were then framed as "How will we..." questions. The answers to these questions drive the operational and action planning for the entire cabinet.

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

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

## HOW WILL WE CREATE A LEARNING AND DEVELOPMENT CULTURE?

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



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

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

## HOW WILL WE ENHANCE CUSTOMER VALUE?

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



# OFFICE OF ADMINISTRATIVE SERVICES

## RESPONSIBILITIES

The Office of Administrative Services provides the resources necessary for the Cabinet's departments and offices to fulfill their mission. All parts of the Office strive to "Make Kentucky state government the best place to work" and to "create a positive work environment that values all employees."

The Office manages the internal administration of the Personnel Cabinet including budget, accounting, purchasing and contracting, facilities, human resources, payroll and benefits, and internal audit. The Office works closely with all parts of the Cabinet also 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 Personnel Cabinet again finished the fiscal year (FY 2010) under budget and under its personnel cap. Administrative Services prepared the Cabinet's budget request for the Office of the State Budget Director and the Kentucky General Assembly. The Office was able to work with the Kentucky Human Resources Information System capital project (KHRIS) to keep the Project going despite very limited resources and a delay in the Kentucky General Assembly passage of a State Budget. We were able to allocate scarce resources to greatest effect, and it helped make a difference. The change from the original KHRIS Project implementation vendor back to Commonwealth management led to a need for extensive contracting under trying circumstances. We successfully contracted with individual vendors for hardware, software, and services to allow KHRIS to move forward.

In the course of the year, Administrative Services was able to assist parts of the Cabinet to retain

key staff and attract valuable new employees. We implemented the new One-to-One mentoring program that has been quite successful for employees who took advantage of it, and we hope to expand the program in the next fiscal year. A survey indicated significant satisfaction among program participants. The Office's Payroll Administrator began leading the Employee Morale and Recognition Innovation Team during FY 2010. Administrative Services conducted a number of moves of employees during the year and added swipe lock security to all of the Cabinet offices on the first floor of the State Office Building.

## Cabinet Budget

The Cabinet has three primary appropriation units—General Operations, Deferred Compensation, and Workers' Compensation. Workers' Compensation expended the most dollars, \$21 million in FY 2010, General Operations expended \$19.9 million, and Deferred Compensation expended \$7.1 million. The KHRIS capital project expended \$10.1 million and at June 30 had \$20.8 million remaining in the project. The Cabinet has maintained services to the public and to other state agencies despite budget reductions and the ongoing structural imbalance in the Commonwealth's overall budget.

65.4% of the Cabinet's budget in General Operations went for salaries and benefits, 21.5% went for contracts, 9.2% went for internal services, and 3.6% went for other expenses. Contract expenditures largely went for hardware and software maintenance, auditing, actuarial services, legal services, support for computer systems, etc. and generally were not discretionary. Internal services included security, rent, utilities, telecommunications, and services from the Commonwealth Office of Technology. "Other" expenses included copier rent, postage, printing, supplies, commodities, travel, training, dues and subscriptions, and capital outlay.

# DID YOU KNOW?

KHRIS contractors came from nine different countries -

- Australia
- China
- France
- Germany
- India
- Israel
- South Africa
- Taiwan
- Vietnam

## PERSONNEL CABINET GENERAL OPERATIONS JUNE 30, 2009 BUDGET STATUS 100% OF FISCAL YEAR

	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	YTD AMT	Budget	% YTD
<b>Personnel Costs</b>															
Salary & Wages	814,009	832,728	837,021	854,854	838,161	815,931	816,144	816,563	817,506	757,346	829,300	852,347	9,881,910	10,157,500	97.29%
Benefits	246,953	254,456	256,292	257,904	256,863	250,325	260,509	263,610	262,277	246,219	265,056	273,126	3,093,591	3,162,700	98.00%
Wkrs. Comp & Training	49,936	1,775	6,085	2,353	1,567	566	2,423	398	1,212	9,148	1,073	632	77,169	135,900	56.78%
Ajilon LLC	0	42,176	14,904	6,533	19,815	36,237	16,510	0	17,640	19,782	18,636	24,734	216,967	217,000	99.98%
CGI Technologies	0	0	0	0	0	0	0	0	0	0	0	352,394	352,394	92.64%	
Humana Flex	16,031	18,035	15,866	15,965	15,958	-148,306	68,451	0	0	0	0	0	0	0	0.00%
IBM Corp	165,572	124,718	119,297	119,297	185,936	116,210	116,210	116,210	116,210	0	0	-1,109,934	69,725	672,500	10.37%
Open Portal Solutions (IDMS)	60,000	60,000	0	120,000	0	120,000	60,000	59,211	54,783	60,000	51,864	107,647	753,505	762,400	98.83%
Susan Turner	44,488	0	0	0	0	0	0	0	0	0	0	1,725	1,725	2,000	86.25%
Thomson Reuters (Medstat)	0	0	44,488	347,916	58,108	135,814	90,543	45,271	45,271	45,271	43,046	70,271	566,690	566,700	100.00%
Pricewaterhouse Cooper	0	0	0	31,780	0	0	0	66,085	0	36,633	43,046	64,213	669,671	904,100	74.07%
Potter and Company	0	0	0	0	0	0	0	0	19,404	0	470,880	34,905	66,685	66,700	99.98%
SAP Public Services	0	0	0	0	13,056	16,720	26,286	16,720	22,096	30,400	0	82,005	259,325	259,400	99.97%
Sierra Infosys	807	0	1,322	4,171	4,879	1,732	14,249	11,251	10,233	74,382	23,810	392,073	538,909	577,600	93.30%
Other Contract Costs	10,821	-1,175	0	10,821	-1,175	0	9,646	0	10,821	-1,175	0	0	38,582	42,500	90.78%
Security	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00%
Janitorial	1,408,616	1,330,713	1,295,274	1,771,595	1,393,169	1,398,899	1,480,970	1,401,319	1,377,453	1,278,007	1,800,979	1,146,139	17,083,133	18,397,800	92.85%
<b>Subtotal</b>															
<b>Operating Costs</b>															
Utilities	59,685	110	110	52,952	110	110	52,952	110	110	52,952	233	227	219,662	222,700	98.64%
Rent	179,739	0	0	162,651	0	162,651	0	0	0	162,651	0	0	667,691	672,400	99.30%
Other Rent	1,713	9,457	1,440	15,880	8,452	3,047	5,778	3,134	5,649	4,140	9,279	7,718	75,688	95,200	79.50%
Maintenance	210	0	8,274	16,828	0	0	166	0	0	3,127	13,759	254,217	296,581	376,300	78.81%
Postage	7,048	6,148	127,087	11,272	10,191	5,692	8,011	31,215	5,480	4,083	2,637	6,916	225,782	294,300	76.72%
Misc. Services	5,798	4,231	13,704	97,963	1,648	9,536	20,516	4,216	2,153	459	7,447	3,936	171,609	246,200	69.70%
Telecommunications	0	4,824	8,210	8,023	8,439	1,689	8,187	2,102	8,373	2,030	4,661	9,604	63,141	68,300	92.45%
Computer Services	0	131,300	33,060	113,103	31,886	13,173	30,905	123,733	45,875	157,401	62,149	96,681	839,265	859,100	97.69%
Supplies	569	4,979	7,008	7,284	8,762	4,021	2,274	3,955	3,527	6,654	1,949	7,276	58,259	97,700	59.63%
Commodities	138	1,726	894	11,473	2,142	1,789	2,539	3,258	363	827	14,232	65,383	104,793	109,600	95.61%
Travel	3,814	3,459	6,201	9,715	6,622	-1,890	913	2,254	1,666	1,664	4,491	1,104	40,012	54,400	73.55%
Dues, Subscriptions, Other	14,198	3,667	2,219	5,922	2,492	3,175	1,884	3,127	1,286	1,469	3,010	9,902	52,351	70,200	74.57%
<b>Subtotal</b>	272,911	169,902	208,207	510,064	80,745	40,343	296,775	177,104	74,503	397,458	123,847	462,973	2,814,834	3,166,400	88.90%
<b>Capital Outlay</b>	0	8,827	0	0	0	0	0	0	0	0	0	10,327	19,154	40,800	46.95%
<b>Total</b>	1,681,527	1,509,442	1,503,481	2,281,659	1,473,914	1,439,242	1,777,746	1,578,423	1,451,956	1,675,465	1,924,826	1,619,440	19,917,120	21,605,000	92.19%

## Available Cash Balances

As of July 13, 2010

13CB	General Administration	112,636.18
13CC	Deferred Comp	5,865,025.45
13CD	GSC	426,925.83
13CE	Emp Relations	61,427.40
13CF	Personnel Administration	1,460,231.94
13CG	Emp Insurance	79,140.89
2423	Life Insurance	70,302.88
3803	Work Comp	11,237,777.88
723K	Benefits Assessment Fee	<b>241,528.38</b>

As of July 16, 2010

## ALLOTMENTS

Fund Type	Function Type	Type Name	Functions	Budgeted		Expended	Encumbered	Unobligated	Available
				Annual	YTD				
1300	790A	General Administration	AA02, AA03	3,100,000.00	3,100,000.00	2,938,352.58	0.00	161,647.42	<b>161,647.42</b>
1300	790C	Governmental Services Center	CA02	1,450,000.00	1,375,000.00	1,182,315.89	0.00	267,684.11	<b>192,684.11</b>
1300	790E	Employee Relations	EA02	775,000.00	850,000.00	808,594.40	0.00	(33,594.40)	<b>41,405.60</b>
2400	790E	Employee Relations	EBA2	600,000.00	600,000.00	536,474.19	0.00	63,525.81	<b>63,525.81</b>
1300	793F	Personnel Administration	*All	9,505,000.00	9,505,000.00	8,836,651.40	0.00	668,348.60	<b>668,348.60</b>
1300	794H	Public Employee Health Ins	*All	6,175,000.00	6,175,000.00	5,614,731.95	0.00	560,268.05	<b>560,268.05</b>
		Subtotal		<b>21,605,000.00</b>	21,605,000.00	19,917,120.41		1,687,879.59	
0100	55HC	State Group Health Insurance	H100	1,831,300.00	1,776,400.00	1,776,281.69	0.00	55,018.31	<b>118.31</b>
1300	55BA	Deferred Compensation	BA02	7,236,200.00	7,236,200.00	7,061,458.83	0.00	174,741.17	<b>174,741.17</b>
3800	55EB	Workers' Compensation	EBB2	26,710,700.00	23,500,000.00	20,976,386.95	0.00	5,734,313.05	<b>2,523,613.05</b>
		Cabinet Total		57,383,200.00	54,117,600.00	49,731,247.88		4,386,352.12	

## DID YOU KNOW?

The Cabinet had 222 permanent full-time employees on June 30, 2010 and 224 permanent full-time employees a year earlier.

- 9.73% of the Cabinet's employees are African-American
- 0.88% are Asian-American
- 0.44% are Hispanic
- 72.57% of the Cabinet's employees are female
- 27.43% are male

# DEFERRED COMPENSATION JUNE 30, 2010 BUDGET STATUS 100% OF FISCAL YEAR

	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	YTD AMT	Budget	% YTD
<b>Personnel Costs</b>															
Salary & Wages	105,734	106,630	110,768	113,553	109,328	115,131	113,847	115,506	114,396	115,145	115,763	116,960	1,352,762	1,352,800	100.00%
Benefits	31,629	32,682	32,318	31,841	34,773	34,473	36,041	36,166	36,109	36,197	37,044	41,265	420,538	420,600	99.99%
Wkrs. Comp & Training	308	390	623	308	0	420	308	0	0	308	711	0	3,377	3,400	99.32%
Aon	0	0	26,498	0	26,417	0	2,092	24,000	0	0	0	26,993	106,000	106,000	100.00%
Potter and Company	0	0	0	0	0	28,900	0	0	0	0	0	0	28,900	28,900	100.00%
NRS Administration	352,083	352,083	352,083	352,083	352,083	352,083	352,083	352,083	352,083	352,083	352,083	352,083	4,225,000	4,225,000	100.00%
NRS Staff	18,417	18,417	18,417	18,417	18,417	18,417	18,417	18,417	18,417	18,417	18,417	18,417	221,000	221,000	100.00%
Mercer, Investment Advice Consultant	0	0	0	30,661	0	0	7,990	0	0	0	0	0	38,651	39,300	98.35%
William M. Mercer Consulting	0	0	0	8,125	0	0	8,125	0	8,930	0	0	8,968	34,148	34,200	99.85%
Reed Weitkamp Shell & Vice	0	24,867	22,055	22,061	22,439	10,094	15,463	13,453	9,559	23,562	10,375	15,221	189,151	189,200	99.97%
Investment Advice Program	0	0	0	0	0	0	0	0	0	0	0	0	0	167,000	0.00%
Other Contracted Services	0	0	0	0	0	1,921	0	7,500	80	0	0	9,987	19,489	19,500	99.94%
Security	0	750	0	0	750	0	750	0	0	750	0	0	3,000	3,000	100.00%
Janitorial	885	885	885	885	885	885	885	885	885	885	885	885	10,620	10,700	99.25%
<b>Subtotal</b>	<b>509,057</b>	<b>536,704</b>	<b>563,647</b>	<b>577,934</b>	<b>565,092</b>	<b>562,325</b>	<b>556,001</b>	<b>568,011</b>	<b>540,458</b>	<b>547,347</b>	<b>535,279</b>	<b>590,779</b>	<b>6,652,635</b>	<b>6,820,600</b>	<b>97.54%</b>
<b>Operating Costs</b>															
Utilities	1,004	1,169	1,093	924	953	1,108	1,262	1,331	1,373	1,202	935	1,334	13,687	13,700	99.90%
Rent	27,818	0	0	27,818	0	0	27,818	0	0	27,928	0	0	111,383	111,400	99.99%
Other Rent	350	1,860	350	1,501	2,396	350	1,713	1,380	1,300	1,582	1,882	1,383	16,046	16,200	99.05%
Maintenance	0	0	1,218	0	735	152	199	0	0	0	0	28,659	30,962	37,200	83.23%
Postage	30	985	771	1,357	1,725	687	958	0	1,269	3,094	4,534	10,882	26,294	26,300	99.98%
Misc. Services	1,047	4,005	53,992	1,203	1,351	3,960	1,505	2,406	5,857	5,700	1,526	4,911	87,464	87,500	99.96%
Telecommunications	0	1,415	895	1,279	1,475	759	1,428	721	1,721	768	1,226	1,864	13,552	13,600	99.65%
Computer Services	0	2,696	2,692	2,696	2,696	2,182	2,170	2,170	2,282	2,282	2,282	4,556	28,704	28,800	99.67%
Supplies	0	3,586	1,137	2,309	2,275	3,462	1,124	4,859	988	2,106	1,014	2,851	25,710	25,800	99.65%
Commodities	0	0	59	75	394	2,014	960	0	355	2,461	1,639	24,329	32,286	32,300	99.96%
Travel	601	3,097	4,434	3,706	529	246	130	44	0	359	191	39	13,375	13,400	99.82%
Dues, Subscriptions, Other	60	454	89	1,488	54	992	0	79	115	362	96,329	-95,950	4,072	4,100	99.31%
<b>Subtotal</b>	<b>30,910</b>	<b>19,268</b>	<b>66,730</b>	<b>44,357</b>	<b>14,583</b>	<b>15,911</b>	<b>39,268</b>	<b>12,990</b>	<b>15,260</b>	<b>47,844</b>	<b>111,557</b>	<b>-15,142</b>	<b>403,535</b>	<b>410,300</b>	<b>98.35%</b>
<b>Capital Costs</b>															
	0	0	0	0	0	0	0	0	0	0	0	5,289	5,289	5,300	99.79%
<b>Total</b>	<b>539,967</b>	<b>555,973</b>	<b>630,377</b>	<b>622,290</b>	<b>579,675</b>	<b>578,236</b>	<b>595,270</b>	<b>581,001</b>	<b>555,719</b>	<b>595,191</b>	<b>646,836</b>	<b>580,926</b>	<b>7,061,459</b>	<b>7,236,200</b>	<b>97.59%</b>

Misc. Services includes payment to Hays Companies for Fiduciary Liability Insurance (9/09)

\*The \$96,262.67 listed under Other for May 2010 was corrected in June. It was a distribution of a Revenue, not an expenditure.

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

	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	YTD AMT	Budget	% YTD	
<b>Beginning Balance-13CC</b>	6,280,775															
General Fees from Public (R404)	276,242	475,506	582,238	607,247	300,268	777,539	589,671	345,462	645,910	638,911	28,550	1,040,338	6,307,881	6,940,800	90.88%	
Contributions-Employee Volntry (R733)	8,835	76	0	0	1,050	1,650	0	0	0	1,100	1,400	0	14,111	0	0.00%	
Interest Income (R771)	7,101	24,726	13,908	12,746	12,593	8,604	10,031	8,394	9,179	8,541	8,234	18,223	142,280	300,000	47.43%	
Op Transfer to Agency Rev Fund (T113)	0	0	0	0	0	0	0	0	0	0	0	-57,500	-57,500	-57,500	100.00%	
Op Transfer from Agency Rev Fund (N113)	0	0	0	0	0	0	0	0	2,308	0	0	0	2,308	0	0.00%	
<b>Total</b>	292,177	500,308	596,146	619,993	313,911	787,793	599,702	353,856	657,398	648,551	38,184	1,001,061	6,409,080	7,183,300	89.22%	
<b>Expenditures</b>	169,467	555,973	630,377	622,290	209,175	727,910	816,096	580,956	553,596	597,314	276,336	1,321,887	7,061,376			
<b>Cash Balance</b>	6,403,485	6,347,820	6,313,590	6,311,292	6,416,029	6,475,913	6,259,519	6,032,418	6,136,219	6,187,457	5,949,305	5,628,479	5,628,479			

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

	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	YTD AMT
<b>Beginning Balance-723H</b>	1,949,980												
General Comms from Other State Agy (R433)	39,284	0	0	0	0	0	0	0	0	0	0	0	39,284
Contributions-Employee Volntry (R733)	15,451,811	11,588,717	12,128,760	11,541,700	11,097,742	12,701,879	12,483,874	10,952,444	12,790,885	11,443,288	12,038,394	14,650,427	148,869,920
Interest Income (R771)	-7,101	0	0	758	-758	4,247	1,393	10	32	18	10	61	-1,329
<b>Total</b>	15,483,994	11,588,717	12,128,760	11,542,458	11,096,984	12,706,126	12,485,267	10,952,454	12,790,917	11,443,306	12,038,404	14,650,488	148,907,874
<b>Expenditures</b>	15,085,344	12,124,804	11,906,530	11,590,689	11,138,903	12,892,203	11,880,160	11,628,312	12,345,955	11,970,584	11,773,689	14,464,689	148,801,863
<b>Cash Balance</b>	2,348,630	1,812,542	2,034,773	1,986,542	1,944,623	1,758,546	2,363,653	1,687,795	2,132,756	1,605,478	1,870,193	2,055,992	2,055,992

# WORKERS' COMPENSATION JUNE 30, 2010 BUDGET STATUS 100% OF FISCAL YEAR

	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	YTD AMT	Budget	% YTD
<b>Personnel Costs</b>															
Salary & Wages	39,643	39,487	39,448	40,715	38,516	38,760	38,789	38,789	38,789	39,034	39,128	39,347	470,445	650,000	72.38%
Benefits	12,585	12,874	12,866	11,722	11,989	12,031	13,024	13,024	13,024	13,070	13,370	13,389	152,968	200,000	76.48%
Wkrs. Comp & Training	1,736,413	1,517,921	1,471,581	1,787,488	1,640,765	1,526,540	1,860,087	1,375,272	1,618,103	1,693,280	1,498,553	1,407,015	19,133,018	23,297,700	82.12%
Contract Costs	0	0	56	0	29,460	0	0	0	0	0	63	49	29,628	89,000	33.29%
CCMSI Administration	0	0	137,114	197,426	86,773	89,797	79,482	0	159,118	84,144	83,966	171,451	1,089,271	1,500,000	72.62%
Security	0	425	0	0	425	0	425	0	0	425	0	0	1,700	3,000	56.67%
<b>Subtotal</b>	<b>1,788,642</b>	<b>1,570,707</b>	<b>1,661,065</b>	<b>2,037,351</b>	<b>1,807,928</b>	<b>1,667,128</b>	<b>1,991,807</b>	<b>1,427,085</b>	<b>1,829,033</b>	<b>1,829,953</b>	<b>1,635,081</b>	<b>1,631,251</b>	<b>20,877,030</b>	<b>25,739,700</b>	<b>81.11%</b>
<b>Operating Costs</b>															
Utilities	2,481	0	0	2,481	0	0	2,481	0	0	2,481	0	0	9,922	15,000	66.15%
Rent	6,194	0	0	6,194	0	0	6,194	0	0	6,194	0	0	24,776	33,000	75.08%
Other Rent	0	116	0	537	0	181	256	132	233	0	233	137	1,824	6,000	30.41%
Maintenance	0	0	378	0	0	0	0	0	0	0	88	671	1,138	30,000	3.79%
Postage	0	690	532	950	857	459	671	0	889	450	191	0	5,689	13,000	43.76%
Misc. Services	0	0	0	27,980	0	19,059	0	0	0	0	0	0	47,039	795,000	5.92%
Telecommunications	0	249	439	269	268	70	415	68	363	66	225	413	2,847	8,000	35.58%
Computer Services	0	0	0	0	0	0	0	0	0	0	0	0	0	17,000	0.00%
Supplies	100	0	0	0	253	0	0	0	0	0	0	0	253	6,000	4.22%
Commodities	0	0	0	0	0	0	0	0	0	0	509	2,610	3,218	15,000	21.45%
Travel	0	0	124	0	483	519	31	244	379	0	0	271	2,051	11,000	18.65%
Dues, Subscriptions, Other	0	0	0	0	0	0	0	0	0	600	0	0	600	4,000	15.00%
<b>Subtotal</b>	<b>8,774</b>	<b>1,055</b>	<b>1,473</b>	<b>38,410</b>	<b>1,862</b>	<b>20,289</b>	<b>10,048</b>	<b>444</b>	<b>1,863</b>	<b>9,791</b>	<b>1,246</b>	<b>4,102</b>	<b>99,357</b>	<b>953,000</b>	<b>10.43%</b>
<b>Capital Outlay</b>															
<b>Total</b>	<b>1,797,416</b>	<b>1,571,762</b>	<b>1,662,537</b>	<b>2,075,762</b>	<b>1,809,790</b>	<b>1,687,416</b>	<b>2,001,854</b>	<b>1,427,529</b>	<b>1,830,897</b>	<b>1,839,744</b>	<b>1,636,326</b>	<b>1,635,353</b>	<b>20,976,387</b>	<b>23,500,000</b>	<b>89.26%</b>

\*Misc Services note: Reimbursement of costs for nurses located in state facilities

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

	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	YTD AMT	Budget	% YTD
<b>Beginning Balance-3803</b>	7,359,071														
General Fees from Other State Agy (R434)	19,210,409	1,056,219	1,339,608	0	69,035	1,733,340	0	110	862,025	0	862,025	0	25,132,771	23,700,000	106.05%
Refund of Prior Year Expenditure (R881)	26,132	0	96,931	0	0	0	141,468	0	0	0	0	0	264,531	0	0.00%
Transfer from Agency Rev Fund (N113)	0	0	0	0	0	0	0	1,616	0	0	0	0	1,616	0	0.00%
<b>Total</b>	<b>19,236,541</b>	<b>1,056,219</b>	<b>1,436,539</b>	<b>0</b>	<b>69,035</b>	<b>1,733,340</b>	<b>141,468</b>	<b>110</b>	<b>863,641</b>	<b>0</b>	<b>862,025</b>	<b>0</b>	<b>25,398,917</b>	<b>23,700,000</b>	<b>107.17%</b>
Expenditures	1,797,416	1,571,762	1,662,537	2,075,762	1,809,790	1,687,416	2,001,854	1,427,529	1,830,662	1,839,979	1,636,326	1,692,853	21,033,887		
<b>Cash Balance</b>	<b>24,798,196</b>	<b>24,282,653</b>	<b>24,056,655</b>	<b>21,980,893</b>	<b>20,240,138</b>	<b>20,286,062</b>	<b>18,425,675</b>	<b>16,998,257</b>	<b>16,031,235</b>	<b>14,191,256</b>	<b>13,416,955</b>	<b>11,724,102</b>	<b>11,724,102</b>		

FY09 premiums deferred until FY10 = \$1,468,196

# 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 but not limited to: drafting legal pleadings, memoranda, proposed statutes, regulations and opinions; representing the Cabinet and its employees in administrative hearings and trials before state and federal courts; acting as the Cabinet's Custodian of Records for the Kentucky Open Records Act; consulting with other agencies on the application and enforcement of state and federal personnel laws and regulations; testifying before legislative committees; serving as an expert witness in trials concerning the Kentucky personnel system; and conducting training on personnel issues affecting the Commonwealth.

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

## ACCOMPLISHMENTS

During the fiscal year of 2009-2010, the Office of Legal Services:

- Reviewed and consulted with agency attorneys and administrators with respect to 325 appeals filed with the Personnel Board.
- Represented the Personnel Cabinet in 29 appeals filed with the Personnel Board.
- Represented Personnel Cabinet at status conferences, filing of pleadings, etc. in various Franklin Circuit Court cases.
- Processed 180 requests submitted under the Kentucky Open Records Act and notified agencies and employees in appropriate cases.
- Responded to 366 Investigative Requests for Employment for U.S. Office of Personnel Management.
- Reviewed and either approved, denied or requested further information on hundreds of background check files.
- Reviewed and either approved, or requested additional documentation regarding disciplinary actions, including 128 dismissals and 487 suspensions.
- Reviewed and approved 1,057 terminations; 313 terminations from probation.
- Reviewed and approved 7 temporary reassignments of other agency employees.
- Reviewed and approved 88 special investigative leave letters from other agencies.
- Fielded numerous telephone calls from state employees regarding issues relating to personnel matters, human resource, benefit information, open records and background checks.
- Reviewed and approved settlement agreements of Personnel actions involving executive branch agencies.
- Provided ongoing legal assistance to the KHRIS project.
- Attended monthly Personnel Board meetings and provided a summary of the Cabinet's activities.
- Attended Legislative Committee hearings.
- Attended and briefed Personnel Council.
- Filed Emergency Amendment to Administrative Regulation 101 KAR 2:066, which established veterans' preference in the hiring process.



- Actively engaged with the Governor's Employee Advisory Council.
- Participated in GEAC unit negotiation sessions and reviewed all provisions of GEAC tentative unit agreements.
- Redrafted the 2010 Plan Documents for the Kentucky Employees' Health Plan.
- Attended meetings on Group Health Insurance Board.
- Conducted training on the state personnel system as well as state and federal employment law.
- Reviewed various RFPs, and MOAs.
- Assistance in compliance with federal legal requirements for Public Health Insurance Program (commonly known as the Kentucky Employees' Health Plan).
- Provided legal support during the 2010 legislation session.
- Renewed Public Employees' Health Insurance Program vendor contracts and business associate agreements with Humana, Inc., Express Scripts, Inc. and other vendors.
- Participated with GEAC and proposed changes to Master Agreement.
- Filed Kentucky Employees' Health Plan Summary Plan Descriptions for 2010 with LRC following review by the Cabinet for Health & Family Services.
- Counseled Department for Employee Insurance on annual audits.
- Facilitated HB 143, 2009 General Assembly, with the Office of State Budget.
- Conducted legal analysis and implementation of COBRA subsidy on behalf of KEHP.
- 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 Department of Labor, IRS and HHS concerning the aforementioned healthcare reform legislation.
- Conducted legal analysis of Early Retiree Reinsurance Program and filed application on behalf of DEI as "plan sponsor" with HHS.
- Presented information concerning the impact of federal healthcare reform to several interested entities.
- Conducted legal analysis on Medicare Secondary Payer concerning Kentucky Retirement Systems and implement new DEI protocols and procedures.
- Provided legal analysis throughout Dependent Eligibility Audit.
- Drafted HIPAA Business Associate Agreements.
- Oversaw HIPAA compliance for DEI and KEHP.

# CENTER OF STRATEGIC INNOVATION

## RESPONSIBILITIES

The Personnel Cabinet's Center of 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, legislative liaison, technology services and planning. 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 4 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 to 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 assist and help develop the majority of the electronic and print communications sent to all state employees on behalf of

the Personnel Cabinet. The CSI is also responsible for the Cabinet's press releases, meeting notices and the issuance of public information. In addition, one of the CSI team members holds the lead communications role on the Kentucky Human Resources Information System (KHRIS) project team.

- The Research and HR consulting arm of CSI helps to shine a light on to state and national best practices in the HR field including the areas of: work-life effectiveness, customer service experience, employer of choice and organizational effectiveness. Over the last year a member of the CSI team has also held the lead role as the Organizational Readiness team lead on the Kentucky Human Resources Information System (KHRIS) project.
- CSI continues to provide graphic support and concept development services for the entire Personnel Cabinet in addition to collaborating across the enterprise on projects with other agencies.

## ACCOMPLISHMENTS

### How will we enhance customer value?

- The development and promotion of various communications tools to provide employees with the tools they need to participate in Cabinet offered programs and initiatives including: Journey to Wellness programs, Governor's Ambassador Awards, Employee Suggestion System, Public Employee Appreciation Week, Diversity Day, and the First Onsite Clinics.
- Assisted with the marketing internal communications of the One-2-One mentoring program.
- Created an Employee Bulletin format to become more consistent and efficient when communicating to employees.

- In conjunction with the Department of Employee Insurance, the Center of Strategic Innovation consulted and assisted with various employee communications regarding Open Enrollment including the 2010 plan year benefits selection guide, Open Enrollment posters and the Open Enrollment website.
- Continuous internal audits conducted on the internal and external websites for up-to-date and accurate information.

### **How will we promote a one employer concept across state government?**

- Developed an enterprise-wide communications plan to help guide greater collaboration across state government for HR communications.
- Worked with leaders from across the Commonwealth to identify and develop a new web based software program to be used for the internal review and analysis of legislation.
- CSI re-launched the enterprise wide state employee newsletter in the winter of 2009.
- CSI created and launched, Take 5, a social media series of YouTube videos produced to inform all state employees about the options and services available to them as employees of the Commonwealth.
- Collaborated with the Department of Forestry to design and produce a logo for the 2010 Arbor Day celebration at the Arboretum in Lexington.
- Shared ideas, research and information with KCTCS regarding their strategic restructure of their Human Resource Department.

### **How will we become an employer of choice?**

- Nominated the Journey to Wellness program for the 2010 Council of State Government Innovations Award. The program was selected as one of eight regional finalists.
- Also engaged in new external partnerships to expand our core competencies for methodologies and best practices for becoming an employer of choice, including exchanges, with the University of Kentucky Martin School, Kentucky Community and

Technical College and the United States Army.

- The transformation of HR in Kentucky State Government articles featured in several regional and national publications including: The HR Manager, SHRM HR Magazine, The Public Manager and HR News.
- The Journey to Wellness program was featured in the regional HR Magazine providing guidance on how to implement a successful worksite wellness program.
- Worked with various legislative leaders and Governor's Office to collaborate on the passage of several bills during the 2010 Regular Legislative Session including the Kentucky Employees' Deferred Compensation HB 202.
- Continue to support and consult with the Innovation Champion teams implemented last year.
- Assisted with the development and completion of the Records Retention schedule update.
- The Personnel Cabinet's website was recognized as a benchmark by the state of California.
- Developed the Quest for Courage Initiative to encourage managers and employees to identify different types of courage and how courage can be applied to attain work-life balance.

### **How will we create a learning and development culture?**

- The Personnel Cabinet developed Leadership Institute to help meet the growing expectations of Executive Branch leaders in the areas of: strategic alignment, employee and team development and state leadership. In 2009, CSI continued the work of the Cabinet's Leadership Institute, by implementing the Quest for Courage series.
- CSI also has begun to grow the Cabinet's core competencies of learning and development by researching and developing more opportunities for mutual exchange and learning with Kentucky State University and the University of Kentucky Martin School.

- The CSI team has worked to re-engage CMS users with new and innovative trainings, while also preparing the team for the Cabinet's web transition to SharePoint.



# 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 KY Employee Mediation Program (KEMP) and the Workplace Resolutions Program.
- The Employee Recognition Branch directs the KY Employee Suggestion System, the Governor's Ambassador Award, Public Employee Recognition Week, and employee service certificate distribution.
- The KY Employee Assistance Program (KEAP) is dedicated to helping employees find solutions to personal problems that may hinder effectiveness at work.

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

Employee Relations spearheaded an interagency workgroup to address workplace violence. The

purpose of the Workplace Violence Prevention Guide is to establish a common framework for managing and preventing violence-related issues in the workplace. The guide supports the Commonwealth's interagency effort to consolidate resources and training, promote workplace wellness and safety, and suggest workplace violence prevention strategies for Commonwealth of Kentucky employees. The Workplace Violence Prevention Guide is available on-line and may be found on the KEAP webpage. Workplace Violence Prevention training for both employees and supervisors is available on-line through the Governmental Services Center.

## ACCOMPLISHMENTS WORKERS' COMPENSATION BRANCH

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

Over the past year, the WCB has continued to focus on saving as well as increasing efficiency and innovation. Program savings are documented by independent program audits. The Return-to-Work and Loss Prevention programs combined with Managed Care and claims handling expertise continue to provide positive influences on this trend despite the rising cost of medical services and the economy.

Development is underway for Workers' Compensation and OSHA programs in the second phase of KHRIS implementation.

## REPORTED CLAIMS

- Received and processed 4,248 First Report of Injury forms for FY 09-10
- Provides coverage for approximately 85,000 employees in 120 counties throughout the Commonwealth
- Provides coverage for approximately 27,200 volunteer ambulance workers and firefighters in 118 counties in the Commonwealth
- Received and processed 1,776 temporary total disability benefit checks for leave reimbursement
- \$135,111 in subrogation recoveries
- Pharmacy Benefit Program realized \$609,198 in savings
- 100 claims went into litigation and were assigned to defense attorneys
- \$774,440 of duplicate medical charges were billed and not paid
- Saved \$380,426 with PPO reductions in addition to the state fee schedule

## GROUP LIFE INSURANCE ADMINISTRATIVE BRANCH

The current Group Life Insurance contract with Nationwide Insurance Company will expire December 31, 2011. The current Basic Insurance and AD&D (accidental death and dismemberment) rate per thousand is \$.0575. Coverage, in the amount of \$20,000, is provided free of charge to each employee. Cost to the employer is \$1.28 per employee per month for this coverage.

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

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

The branch administers group life insurance for 145,000 eligible employees at 429 locations. Of this number, 16,714 employees have elected additional coverage under the optional policies and 14,589 employees have elected to cover family members with a dependent plan.

## RETURN-TO-WORK BRANCH

The Return-to-Work (RTW) Branch works directly with the Safety Program and the Workers' Compensation Branch to increase the oversight of workers' compensation claims and reduce costs. The RTW Branch is staffed with two employees; a manager who is a Certified Rehabilitation Counselor and Certified Case Manager, and one support staff member. The RTW Branch works directly with employers to consult and assist them in developing Temporary Modified Duty Programs. These programs allow injured employees to return to work as soon as medically released by their physicians. Research shows that an injured employee recovers more quickly when returned to work as soon as possible. Data for this previous fiscal year demonstrates the savings the Return-to-Work Branch has produced:

- Number of participating employers: 71
- Total number of employees returning to full duty work: 684
- Total savings in temporary total disability benefits: \$595,178

The total savings indicated above does not account for the cost savings due to lowered settlement amounts (due to employee returning to work) nor does it account for any indirect savings due to the employees return to work; i.e., overtime, temporary staff being hired. The Return-to-Work Branch continues efforts to educate employers and employees on the proper ergonomic set-up for work station areas. It is best to conduct ergonomic reviews prior to an employee sustaining an injury or illness. This leads to issue awareness and increases injury prevention. However, the ergonomic review process can occur anytime during an employee's recuperation period in order to assist with return to work. During FY 09-10, the Return-to-Work Branch conducted 58 ergonomic reviews. Staff continues to provide training related to the Americans with Disabilities Act (ADA) and

Americans with Disabilities Act Amendments Act (ADAAA). The RTW manager serves as the ADA coordinator for the Personnel Cabinet.

## WORKPLACE RELATIONS BRANCH

The Kentucky Employee Mediation Program (KEMP) provides dispute resolution for Executive Branch employees. Either employees or managers may request this service. During FY 09-10, 66 mediations took place, reflecting a 15% increase from the previous fiscal year. Twenty-three were referrals from the Personnel Board.

Twenty Workplace Resolutions were held. A manager or above may request this process when an entire workgroup is conflicted. A team of facilitators will talk with each member of the group separately and develop recommended solutions.

In addition to the program manager, there are 21 volunteer part-time mediators. Nine new mediators were certified, making a total of 20 certified mediators. The volunteer mediators are state employees who work in various cabinets.

Presentations were given to 333 people, including the Governor's EEO Conference; Kentucky Educational Television (KET) managers; KET ombudsmen; Kentucky Transportation Cabinet; Administrative Office of the Courts; Certified Public Managers; and the Governor's Employee Advisory Council (GEAC).

There were 2,853 contacts in the form of phone calls, emails, and in person. These were requests for information, mediation, and Workplace Resolutions.

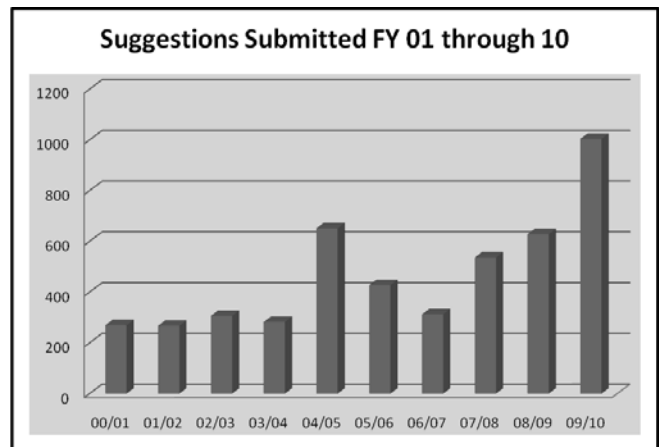
Along with serving state employees in the Executive Branch, KEMP mediators have provided mediations to the Legislative Branch and to some "quasi" agencies when time permits.

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

## EMPLOYEE RECOGNITION BRANCH

### Employee Suggestion System

State government employees use an Internet-based system to submit improvement suggestions on-line. This efficient process helps to identify the Commonwealth as a leader in recognizing and managing employee ideas. The form is simple, user-friendly, and fast. Employees receive immediate confirmation of their suggestion and are able to track it throughout the process. Since launching the on-line system, the number of suggestions submitted has greatly increased. During FY 09-10, employees submitted 1,004 suggestions. Awards totaling \$19,653 were presented to 41 state employees through the Employee Suggestion System. Implemented suggestions represented a first-year savings of \$356,225. The following chart shows the substantial increase in suggestions submitted each year since the creation of the on-line system.



### Public Employee Recognition Week

Each year, during Kentucky Public Employee 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 5 through Sunday, October 11 as KY Public Employee Recognition Week at a public signing in the Rotunda and used this occasion to introduce the Governor's Ambassador Award. The Personnel Cabinet sponsored the second statewide poster contest

for school age children to increase awareness of the achievements and contributions made by state employees. A total of 537 entries were received. The theme for the poster contest was "State Employee--Making a Difference Every Day in Every Way." Banners proclaiming this special week were on display outside the Capitol, State Office Building, Transportation Cabinet, and the Cabinet for Health and Family Services.

### Governor's Ambassador Award

The first Kentucky Governor's Ambassador Awards program was held October 13, 2009. Twenty 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. Ninety-eight nominations were submitted, involving more than 300 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 3,212 employees. Service pins were presented to 1,499 employees with 16 years of service. Recognition certificates were processed for 2,809 employees acknowledging 5 and 10 years of service. Retirement certificates were presented to 2,784 employees. The total number of certificates presented to state government employees (career, recognition and retirement) totaled 8,805.

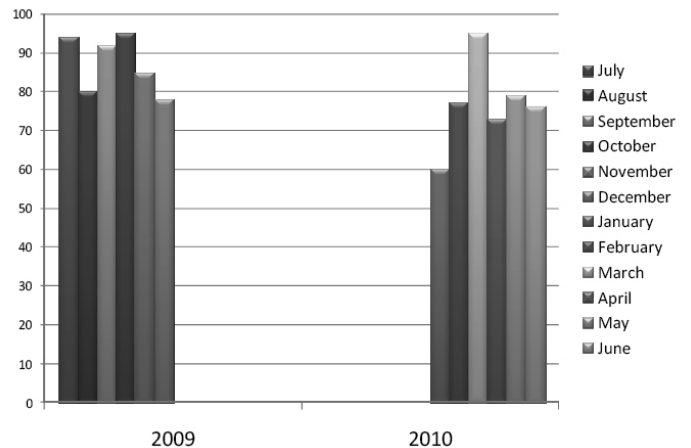
### Kentucky Employee Assistance Program

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.

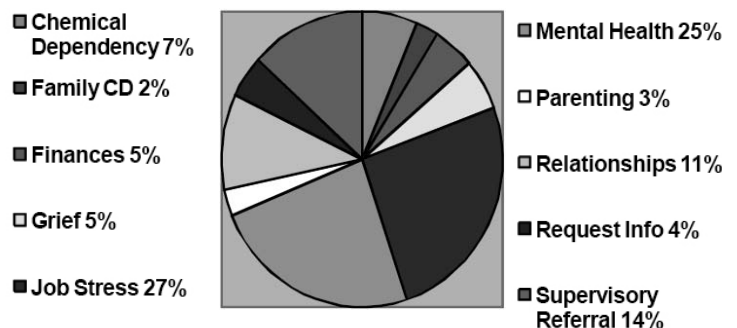
The cabinets in which employees most utilized our services were Health and Family Services (25%) and Justice and Public Safety (18%). The issues most frequently presented include: job stress (27%); mental/emotional health (25%); and supervisory referrals (14%).

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



### Presenting Issues





20	Introduction to KEAP
17	KEAP for Supervisors/Performance Matters
15	Grief/Critical Incident Responses
11	Training People How to Treat You
11	Stress Management
10	Verbal De-escalation Skills
6	Employee Money Management
5	Time Management
4	Agency Health Fairs
1	Anxiety Management
1	Facing Challenges of Eldercare
1	Depression Awareness
1	KEAP & KDLA (webinar)
1	Smoking Cessation
1	KEAP as a Management Tool

who meet monthly to discuss safety and health issues. The safety director shares accident numbers, claim counts, monthly and quarterly accident/incident rates based on the number of accidents per hours worked.

The first annual ESAC Safety Awards were given at the June meeting. The awards recognized cabinets with departments/divisions or offices that had no lost time injuries for calendar year 2009. Six cabinets received plaques and 27 departments, divisions or offices received safety certificates for their accomplishments.

The baseline rate is internationally recognized as a way of measuring safety performance. Baseline rates are recorded to measure our progress in reducing the number of workplace injuries and enabling a comparison with other cabinets and other states. One of the primary measures of success in a safety program is the reduction in workplace injuries and associated costs. The Safety Director shares workers' compensation claim data with ESAC members monthly. In FY 09-10 most cabinets experienced an increase in the number of claims submitted to workers' compensation although they realized a reduction in the cost per claim. For specifics, see the workers' compensation report and graphs.

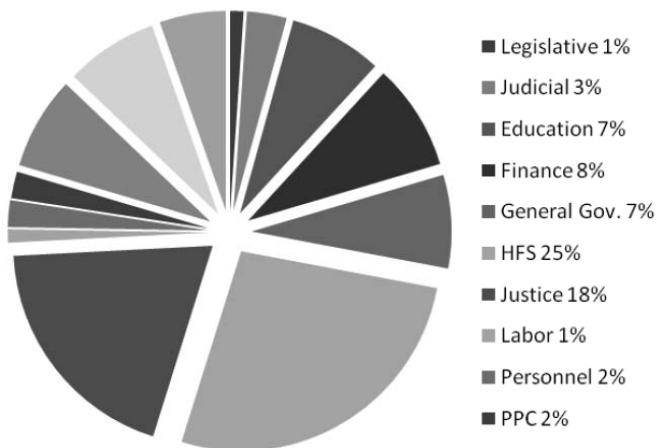
### Safety Training

The effort to provide standardized, state-wide safety training continued this year. The "Fundamentals of Safety and Health" class teaches managers and supervisors the basic skills needed to keep workers safe. In FY 09-10, three instructor led classes were held off-site by agency request. "Fundamentals" is available on-line for a specific time period each month. Five hundred sixty employees have taken advantage of this service, saving the Commonwealth both time and money.

### National Safety Month

In addition to working with other cabinets, the Safety Program works within the Personnel Cabinet to help ensure the health and safety of its employees. In June, the Cabinet participated in National Safety Month. Each week, employees received an e-mail with important information related to that week's safety theme. Themes included Prescription Drug Overdose Prevention,

### Agency Utilization



### Kentucky Safety Program

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

### Executive Safety Advisory Committee

The Executive Safety Advisory Committee (ESAC) is comprised of representatives from each cabinet

Teen Driving Safety, Preventing Overexertion at Work and at Home, Dangers of Cell Phone Use While Driving, and Summer Safety. Safety tips were featured on the Personnel Cabinet website and a number of articles and web links were posted online.

**Other activities:**

- Coordinated 6 employee blood drives, collecting 674 units of blood;
- Trained 25 employees in First-Aid, CPR, and AED.

**Claim Count for Each Cabinet - 7/1/09 thru 6/30/10**

CABINET	Paid	Out Reserve	Recovered	Total Incur	Claim Count	Cost per Claim
JUSTICE & PUBLIC SAFETY CABINET (54)	\$1,199,255.08	\$1,449,175.89	\$19,431.49	\$2,628,999.48	572	\$4,598.15
HEALTH & FAMILY SERVICES CABINET (53)	\$533,150.26	\$481,210.74	\$13,239.41	\$1,001,121.59	319	\$3,138.31
TOURISM, ARTS & HERITAGE CABINET(50)	\$717,882.14	\$727,967.62	\$0.00	\$1,445,649.76	305	\$4,739.84
GENERAL GOVERNMENT/CABINET (31)	\$804,660.38	\$779,208.86	\$0.00	\$1,383,869.24	286	\$4,838.70
VOLUNTEER FIRE FIGHTERS (91)	\$723,925.36	\$526,542.59	\$0.00	\$1,250,467.95	239	\$5,232.08
UNIVERSITY & COMMUNITY COLLEGE	\$269,072.39	\$294,243.91	\$0.00	\$563,316.30	220	\$2,560.53
ENERGY CABINET (57)	\$239,372.46	\$171,985.30	\$0.00	\$411,357.76	76	\$5,412.60
COUNTY OFFICES (90)	\$252,926.80	\$301,052.87	\$0.00	\$553,979.67	60	\$9,232.99
EDUCATION CABINET (51)	\$84,213.31	\$97,379.28	\$0.00	\$181,592.59	55	\$3,301.68
FINANCE & ADMINISTRATION CABINET (39)	\$156,248.47	\$81,189.48	\$0.00	\$237,437.95	46	\$5,161.69
JUDICIAL BRANCH (20)	\$93,618.37	\$174,291.52	\$3,782.86	\$264,147.03	46	\$5,742.33
PUBLIC PROTECTION CABINET (58)	\$14,153.21	\$45,276.86	\$0.00	\$59,430.07	13	\$4,571.54
LABOR CABINET (56)	\$8,130.11	\$12,445.24	\$0.00	\$20,575.35	8	\$2,571.92
PERSONNEL CABINET (55)	\$1,196.62	\$4,122.62	\$0.00	\$5,319.24	4	\$1,329.81
VOLUNTEER AMBULANCE PERSONNEL (92)	\$800.76	\$0.00	\$0.00	\$800.76	3	\$266.92
KENTUCKY LOTTERY CORPORATION (80)	\$5,793.66	\$2,381.25	\$1,782.85	\$6,392.06	2	\$3,196.03
LEGISLATIVE BRANCH (10)	\$10,722.68	\$59,916.72	\$0.00	\$70,639.40	2	\$35,319.70
COUNTY CENTERS (44)	\$173.46	\$0.00	\$0.00	\$173.46	1	\$173.46
<b>Totals:</b>	<b>\$4,915,095.52</b>	<b>\$5,208,390.75</b>	<b>\$38,216.61</b>	<b>\$10,085,269.66</b>	<b>2257</b>	<b>\$4,468.44</b>

## **Adoption Benefit Program**

- During FY 2009-2010, 27 applications were approved, totaling \$83,947.19. Since its inception in 1999, this program has provided \$702,619.54 in assistance to 235 employees;
- Winner of Dave Thomas Foundation for Adoption – Best Adoption-Friendly Workplaces 2010.

## **Family Medical Leave**

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

## **Employee Engagement and Volunteerism**

The Employee Engagement and Volunteerism programs were launched in October 2008. Employee satisfaction leads to employee engagement; and engaged employees have a sense of personal attachment to their work

and a positive effect on their organization. As an employer, the Personnel Cabinet seeks to identify and develop the strengths and talents of our workforce. Employee surveys help management to better understand employee attitudes on issues such as commitment, loyalty, and engagement. Employee Volunteerism is in line with the Personnel Cabinet's statement of "Serving the People Who Serve the People." We strive to create a culture in which our employees go one step beyond and extend a helping hand to our communities.

### **Projects Include:**

- Creation and distribution of customer services surveys for Executive Safety Advisory Committee
- Development of internal One-to-One mentoring program for Personnel Cabinet employees;
- Coordinating community service events and collaborations with KECC, Community Action Champions and Diversity Champions.



# GOVERNMENTAL SERVICES CENTER

## RESPONSIBILITIES

The Governmental Services Center (GSC) is comprised of the Executive Director's Office and the Organizational Development, Performance Management, and Training and Employee Development branches.

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

The Organizational Development Branch manages GSC's technological learning resources and transitions traditional modules to online modules so they can be accessed via multiple venues. The branch also manages and maintains the Pathlore Learning Management System, the current state government training database.

The Performance Management Branch promotes awareness of, provides assistance with, provides training for, and monitors compliance of the employee performance evaluation program.

The Training and Employee Development Branch develops and delivers traditional classroom workshops, develops online modules, provides special consulting services, and administers the employee educational assistance, Certificate of Management Fundamentals, and Kentucky Certified Public Manager programs.

## ACCOMPLISHMENTS

- The development and deployment of 10 online workshops through a partnership with KYTrain.
- The development of classroom and online modules addressing merit system topics regarding merit system law, the selection process, disciplinary actions, and performance

management.

- The establishment of a training consortium for resource sharing and promoting the concept of "one employer."
- The creation and distribution of the 2009 evaluation annual report and 2009 audit listings electronically. Providing the handbook and reports electronically has produced an estimated cost savings of more than \$4,500 per year.
- The improvement and creation of tools to assist in communicating resources to state employees through the website.

## How Will We Make Kentucky State Government an Employer of Choice?

### Needs Assessment

In 2009 a needs assessment was sent to over 2,500 supervisors and managers to survey what skills they felt their employees needed to assist them with the critical tasks facing their agencies. The objective of the needs assessment team was to gather all relevant information for better planning, communication, development, and delivery of future GSC offerings. With approximately a 25% return, the top areas of need identified were communication skills, customer service, ethics and values, decision making and time management. The top challenges facing agencies were lack of funding and budget restrictions, limited resources, and poor employee morale.

In June and July 2009, the GSC assessment team focused on the KCPM program. We took a phased approach, with the first phase consisting of scheduled interviews with Executive Branch leaders and representatives of different Cabinets and various agencies to assess the structure and effectiveness of the current KCPM program. GSC

deployed a survey targeting state managers, past graduates, and current participants.

In June 2009, GSC underwent a five-year review for reaccreditation in accordance with the procedures of the National Certified Public Manager (CPM) Consortium. Reaccreditation was awarded in September 2009 during the national conference.

## Community

Team members were active in the development of the Cabinet's mentoring program. They also participated in Personnel Cabinet Innovation Teams, including the Community Action Committee and Morale and Recognition Committee.

## How Will We Create a Learning and Development Culture?

### Classroom

GSC currently offers the following classroom training opportunities:

- Assessing Organizational Performance
- Business Writing
- Communication Skills
- Conflict Management
- Coping With Difficult Behaviors
- Creative Thinking
- Customer Service
- Customer Service: Spanish I
- Customer Service: Spanish II\*
- Facilitation Skills
- Fundamentals of Budgeting
- Generations at Work
- Influential Leadership
- Introduction to Leadership
- Introduction to Project Management
- Leadership Communication
- Managing Organizational Change
- Managing Work Relationships

- Overview of the Merit System
- Performance Matters
- Practicing Leadership
- Presentation Skills
- Process Improvement
- Problem Solving and Decision Making
- Strategic Planning
- Structured Behavioral Interviewing
- Team Building
- Train the Trainer
- Working Through Change

\*Still in development

## Performance Management

The Performance Management branch conducted "Performance Matters" awareness sessions for approximately 422 evaluators and interested employees.

## Merit System

Four merit system modules were developed in this reporting period:

- Disciplinary Actions
- Hiring and Selection Process: Best Practices
- Overview of the Merit System
- Performance Management

The "Overview of the Merit System" classroom component has been finalized and is available for scheduling. The online component is in the final stage of completion scheduled for fall of 2010. The "Hiring and Selection Process" and "Disciplinary Actions" classroom components have been finalized and are awaiting legal review. Development of the "Performance Management" classroom component is complete and scheduled for piloting in August 2010.

## Online

Ten online courses have been developed and are now available on KYTrain:

- Americans With Disabilities Act
- Anti-Harassment
- Executive Branch Ethics
- Family and Medical Leave Act
- Fundamentals of Safety
- Overview of the Merit System
- Spanish I
- Spanish II (In Beta testing)
- Workplace Violence (Employee)
- Workplace Violence (Supervisor)

More than 6,000 participants have enrolled in these online offerings since rollout began in November 2009.

## Special Consulting Requests

GSC responded to 48 special consulting requests, representing 31 different state agencies, during this reporting period. Requests ranged from customized training programs to facilitation of team meetings.

## Kentucky Certified Public Managers Program

The Kentucky Certified Public Manager Program® is a nationally accredited management certificate program that is challenging, disciplined, and comprehensive. It is comprised of a 300-hour broad based development program designed to foster leadership inclusive of state government core values. As part of a National Certified Public Manager Consortium, this certification program offers practical skills and coursework that builds upon management training programs offered through GSC and state agencies. Additionally, the participants attend undergraduate courses offered by Kentucky State University's public administration program.

GSC graduated the first cycle of the 2006-designed KCPM program in December 2008. During this reporting period, 48 participants completed the requirements of the

KCPM program and graduated. Two cohorts, representing 37 participants, currently remain and are being encouraged to complete the requirements and graduate this fall.

## Certificate of Management Fundamentals

The Certificate of Management Fundamentals (CMF) is an ongoing, non-application based program currently requiring eleven workshops and one applied project. During the 2009-2010 year, five participants completed the CMF. Currently, the 20 participants of the Governor's Minority Management Training Program (GMMTP) are 80% complete with their CMF coursework.

## Employee Educational Assistance Program (EEAP)

During this period, 16 EEAP exceptions were requested, and these 16 exception requests were granted due to the courses/programs not offered at KSU.

The 2009 fiscal year EEAP audit has been completed, and all expenditures identified in the e-Mars accounting report have been reconciled with total dollars spent by the Cabinets. GSC is in the process of finalizing the audit report which will be distributed to participating Cabinets at the end of July 2010.

## How Will We Promote a One-Employer Concept Across Kentucky State Government?

### Training Consortium

GSC facilitated establishment of a training consortium, comprised of representatives from multiple agencies, to share training resources and ideas. The training consortium has been extremely well received and is gaining momentum. The consortium meets quarterly.

### Performance Management

The Performance Management Branch has monitored and provided assistance to agencies in the administration of the employee performance evaluation system resulting in verification of the following achievements:

- 24,115 or 98.0% of all eligible employees met with their supervisor to discuss and sign their 2009 annual evaluation.
- 26,069 or 98.1% of all eligible employees met with their supervisor during the required 2010 performance planning meeting to discuss their work duties and expectations.
- Reporting for the first 2010 interim review meeting is currently being created.

## How Will We Enhance Customer Value?

### Methodologies

During this reporting period, GSC redesigned several classes based on feedback from our participants. We also reviewed current training content for possible alternative delivery methods to make training more easily accessible and increase employees' ability to participate. Two major changes include the online offerings and the development of customizable training templates available for agency use.

### Resources

We reviewed and updated the employee evaluation system supervisor and employee handbooks and made both of them available online. We also worked with the Division of Technology Services to create and distribute the 2009 evaluation annual report and 2009 audit listings electronically. Providing the handbook and reports electronically is not only more efficient and customer friendly, it has produced an estimated cost savings of more than \$4,500 per year.

GSC's websites have undergone numerous updates this reporting period. The "GSC Advantage" and associated resources have been posted on our main website for better access and to reduce email traffic. Current tools available for managing performance were reviewed, improvements and additions were made, and they are now available on our website. The EEAP website was updated to provide frequently asked questions, updated liaison lists, testimonials, process flow and instructions for participation.

## DID YOU KNOW?

During the 2009-2010 year, GSC conducted 88 traditional classroom workshops, training a total of 1,613 participants.

## DID YOU KNOW?

Lack of development opportunities is one of the leading reasons employees quit. (The Gallup Organization white paper, "Discoveries About Great Managers and Great Workplaces," October 2000.)

PARTICIPANT INFORMATION SFY 2009/2010

Cabinet	Traditional	Specials
Tourism, Arts, and Heritage	121	15
Economic Development	3	
Education	120	6
Energy & Environment	311	138
Environmental & Public Protection		2
Finance & Administration	109	26
General Government	102	30
Health & Family Services	189	80
Judicial Branch		
Justice & Public Safety	200	2
Kentucky State University		
Labor	58	18
Legislative Branch		36
Local Government		
Personnel	161	25
Public Protection	54	
Transportation	185	106
<b>TOTAL</b>	<b>1613</b>	<b>484</b>
<b>Workshop Information</b>		
	# offered	# completed
Regular Workshops	88	1613
Specials	25	484
Performance Matters	20	422
Online	48	3661
<b>TOTAL</b>	<b>181</b>	<b>6180</b>
<b>KCPM Information</b>		
CMF Completed		5
CPM Completed		48



# KY PUBLIC EMPLOYEES' DEFERRED COMPENSATION AUTHORITY

## RESPONSIBILITIES

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

## ACCOMPLISHMENTS

Kentucky's deferred compensation plans have again this fiscal year maintained their high ranking among the other Government Deferred Compensation plans. Based on the most recent survey data available from the National Association of Government Defined Contribution Administrators (NAGDCA) for IRC Section 457 Plans, the Authority continues to rank 21st in the nation in terms of both 457 Plan assets and in terms of the number of participants and 9th with respect to the 401(k) Plan. According to the latest NAGDCA survey, Kentucky also continues to rank ahead of several more populous states. A separate December 31, 2008, NAGDCA report (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, in the February 8, 2010, 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 580th in the nation compared to 659th last year. A significant gain from the previous year.

During fiscal year 2009-2010, the Authority Board of Trustees (Board):

1. Based on earlier fee reduction actions, the

Board has now reduced participant fees in 9 of the previous 14 years, resulting in 'recurring' annual savings to participants of approximately \$4.3 million. The total accumulated annual savings has now reached approximately \$35 million.

2. Received from NAGDCA a 2010 Leadership Recognition Award for its process improvement team which was established to enhance upcoming administrative initiatives. This is the 13th time Kentucky has been recognized in the past 15 years for outstanding achievement in the administration of the Authority program. No other NAGDCA member has received this prestigious award as many times.
3. Received notice the 2010 NAGDCA Awards Committee reviewed all of the 2010 Leadership Recognition Award submissions and chose the top 3 projects for a special 'Award of Distinction.'" Kentucky's submission was selected to receive one of these awards.
4. Issued request for proposals to perform record keeping, marketing and communication services for the Authority's program. It was the decision of the Board to engage ING Institutional Plans Services (ING) to provide these services, replacing Nationwide Retirement Solutions who provided these services for the past 20 plus years. The new contracts with ING are expected to reduce operating cost by approximately \$1 million dollars over the next 3 fiscal years while also providing several program enhancements.
5. Issued 2 separate request for proposals to provide consulting and advice services for the Authority's mutual funds investments and stable value investments.

In addition, the Authority has achieved yet another record-breaking year in terms of participation in the plans. Participation in the Authority program increased by more than 1,200 participants during the 2010 fiscal year, representing approximately a 2% increase over the fiscal year which ended June 30, 2009. Assets at June 30, 2010 rebounded from \$1.4 billion to \$1.6 billion and were approximately \$200 million greater than the amount reported at the end of fiscal year 2009.

The following graphs, charts and tables represent the combined results from the Authority's 457 and 401(k) supplemental retirement plans through June 30, 2010:

- Participant Volume – Graph 1 and the accompanying table further substantiate the record breaking growth rate the Authority continues to experience even through recent turbulent financial times. The number of plan participants (with account balances) increased from 74,417 as of June 30, 2009 to 75,675 at June 30, 2010. This represents an increase of 1,258 participants or a 1.69% increase as of the 2010 fiscal year end.
- Plan Assets – Graph 2 and the accompanying table shows that 2009 plan assets, on a calendar year basis, were significantly greater than for 2008 (2009 - \$1.605 billion vs. 2008 - \$1.307 billion). Assets, on a fiscal year basis, have also increased significantly from \$1.401 billion as of June 30, 2009 to \$1.600 billion on June 30, 2010, representing a \$200 million or approximately a 14.28% increase.
- Plan Trends – Several important trends continued during fiscal year 2009-2010 within the deferred compensation program.
  - Investments – Graph 3 indicates for the 11th time in 14 years, quarterly participant investments have increased (a reversal of last year's decline). Quarterly participant investments increased significantly from \$32.7 million as of June 30, 2009 to \$36.0 million as of June 30, 2010. This represents an increase of \$3.3 million or approximately 10.1%.
  - Plan Assets Allocation – Graph 4 and the accompanying table demonstrates that
- Investments – Graph 6 demonstrates that while quarterly participant investments as of June 30, 2010 had increased in comparison to June 30, 2009, annual deferral investments actually decreased this fiscal year. Annual deferral investments totaled \$138.4 million as of June 30, 2010 compared to \$163.3 million at June 30, 2009, representing a \$24.9 million or 15.25% decrease. The percentage of the investments into the 401(k) Plan versus the 457 Plan increased approximately 3.18% to approximately 63.38%. For the fiscal year ended June 30, 2010, the dollars invested in the 401(k) Plan exceeded those invested in the 457 Plan by nearly \$41.4 million. This year participant IRA investments equated to approximately \$4.4 million an increase of nearly \$2.0 million from the prior fiscal year. These results indicate participants increasing interest in the Authority's Deemed IRA program. IRAs, while still comparatively small in relation to the other supplemental savings opportunities, is the fastest growing segment of the overall program.

for the 15th consecutive year, participants invested more into the mutual funds than into the Fixed Contract Fund (FCF). This is also the 14th consecutive year in which investments into the mutual funds were greater than into the FCF in 'each' quarter of the year, as indicated by Graph 3. Graph 5 indicates the allocation of assets is now \$861.7 million (53.86%) in the stock mutual funds, \$105.2 million (6.58%) in the bond mutual funds/money market fund and \$605.5 million (37.85%) in the FCF. The remaining 1.71% or \$27.4 million represents insurance company benefit accounts and participant loans.

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

Table 1

**Total Participants by Year  
(With Account Balances)  
6/30/1994 - 6/30/2010**

<b>Year</b>	<b>Participants</b>
6/30/1994	32,024
6/30/1995	33,781
6/30/1996	34,589
6/30/1997	37,330
6/30/1998	41,016
6/30/1999	46,187
6/30/2000	51,099
6/30/2001	55,749
6/30/2002	58,756
6/30/2003	59,773
6/30/2004	62,437
6/30/2005	64,689
6/30/2006	67,490
6/30/2007	70,247
6/30/2008	73,884
6/30/2009	74,417
6/30/2010	75,675

Graph 1

**Total Participants by Year (With Account Balances) As of June 30, 2010**

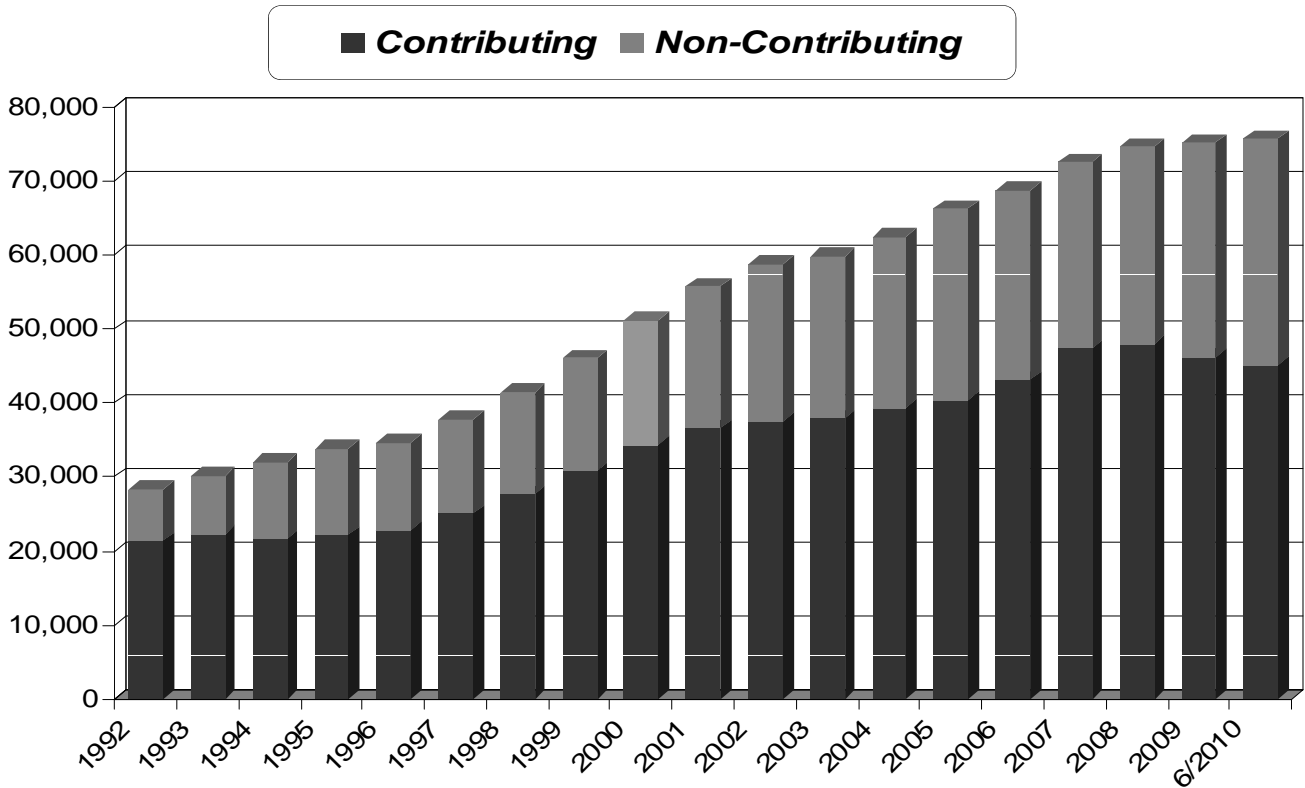


Table 2

**Asset Growth by Year**

(Excluding Life Insurance and Uninvested Receipts)

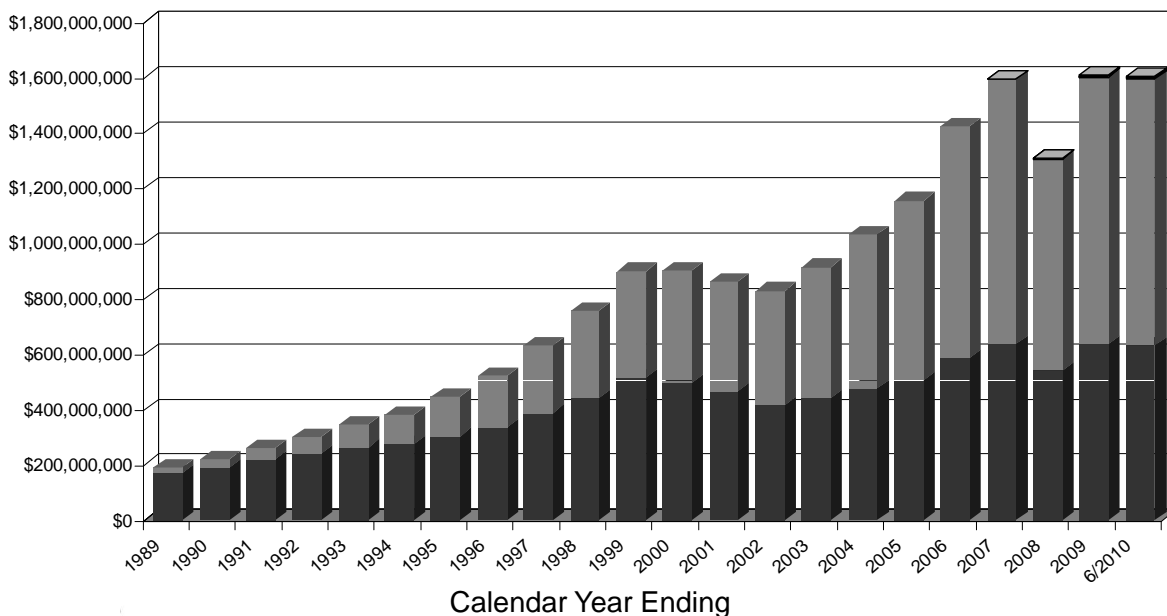
Year	Assets
12/31/1995	\$445,688,072
12/31/1996	\$518,994,025
12/31/1997	\$631,499,204
12/31/1998	\$755,721,008
12/31/1999	\$897,692,891
12/31/2000	\$899,064,718
12/31/2001	\$892,252,657
12/31/2002	\$827,735,663
12/31/2003	\$1,002,971,334
12/31/2004	\$1,118,341,380
12/31/2005	\$1,248,596,528
12/31/2006	\$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
6/30/2010	\$1,600,089,838

Graph 2

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

Participants Accounts			Assets	
457 (Plan I)	33,422	Calendar YTD decrease .33%	457 (Plan I)	\$628,579,078.53
401(k) (Plan II)	60,786		401(k) (Plan II)	\$961,869,854.78
Traditional IRA	272		Traditional IRA	\$4,319,948.24
Roth IRA	2,191		Roth IRA	\$5,090,047.70

■ 457 (Plan I) ■ 401(k) (Plan II) ■ Traditional IRA □ Roth IRA



Graph 3

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

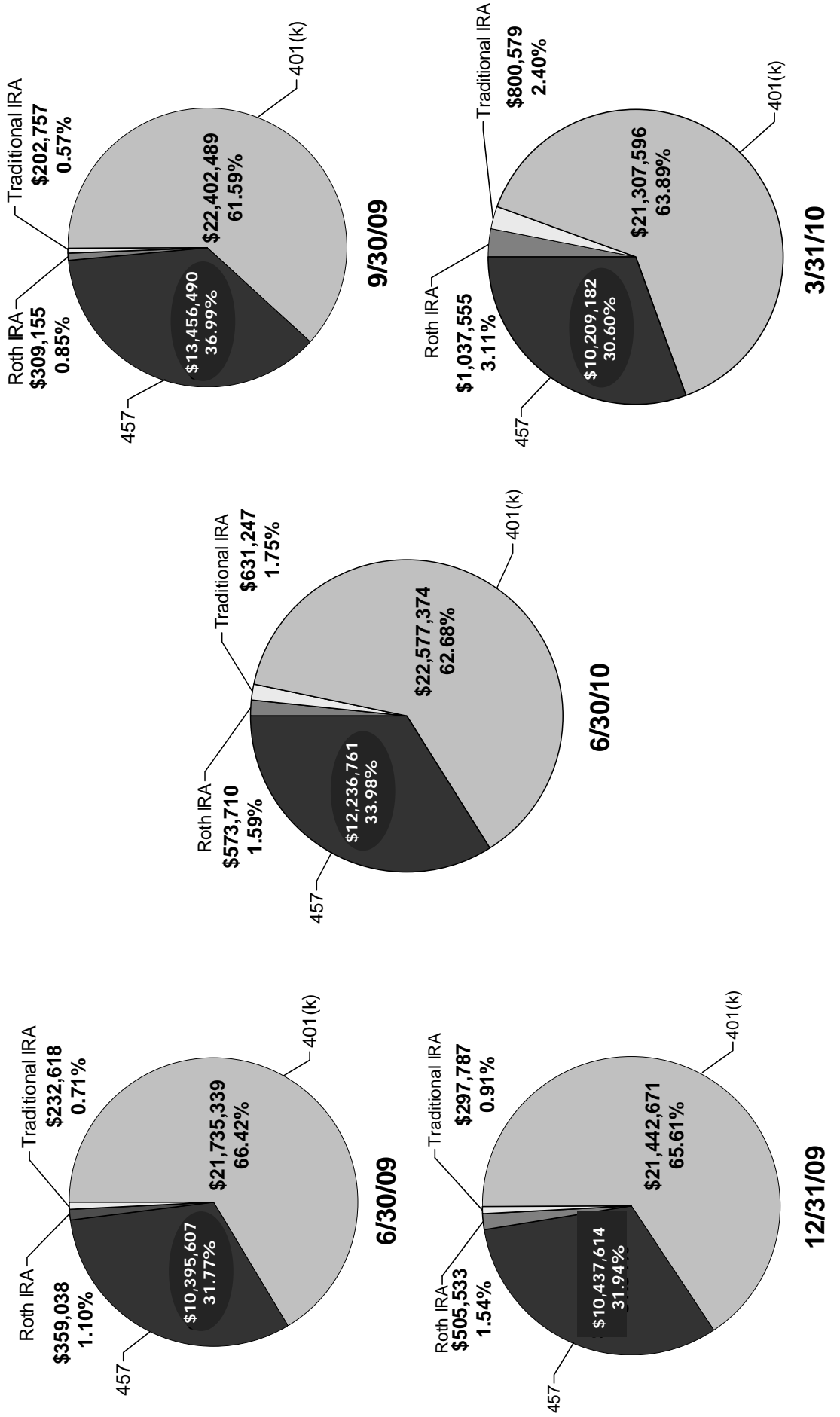


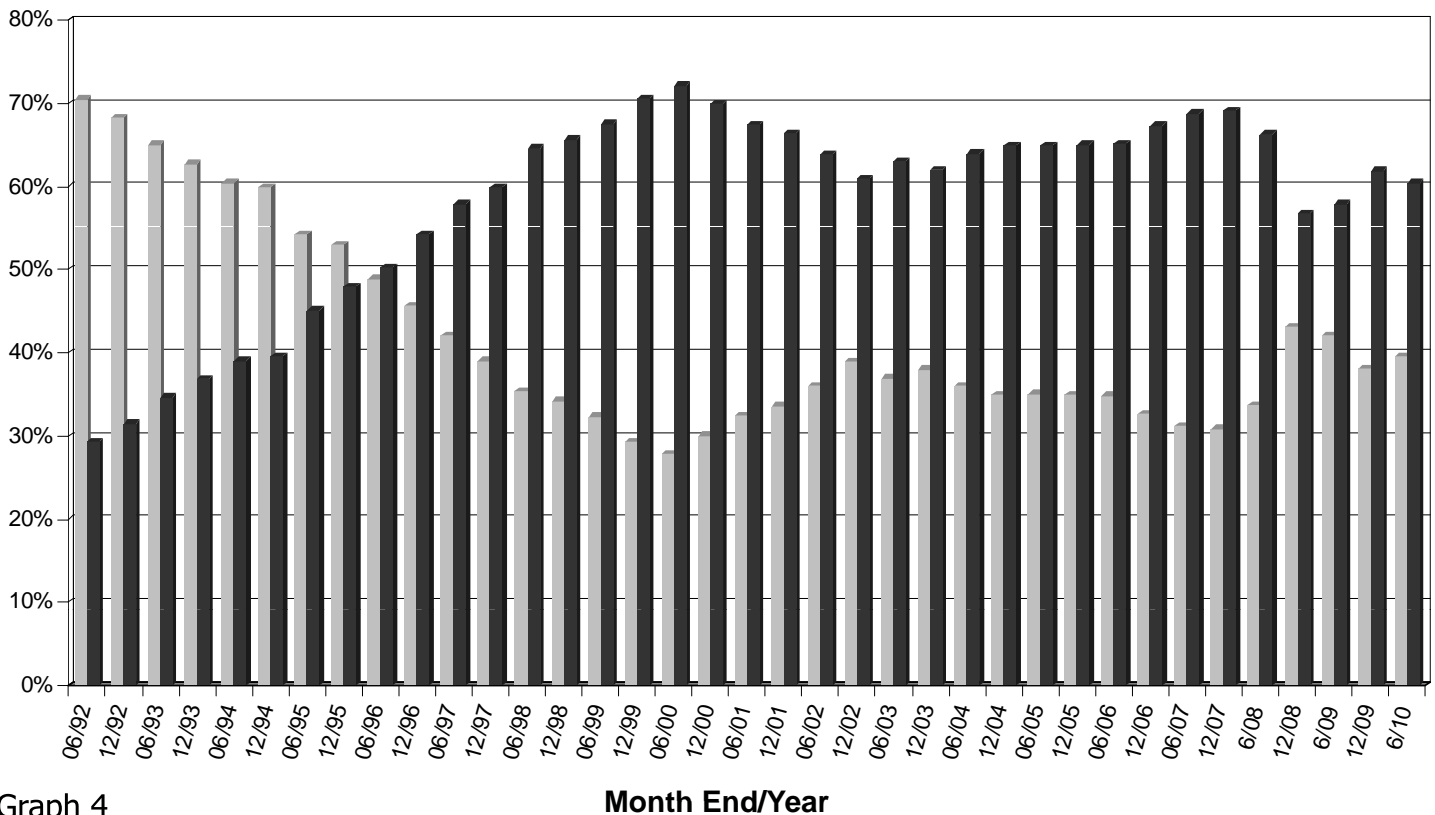
Table 4

**Assets - Fixed and Variable**  
**Second Quarter 2003 to Second Quarter 2010**

Year	Fixed	Variable
06/03	\$330,321,165	\$565,503,670
12/03	\$346,607,857	\$656,227,878
6/04	\$356,360,773	\$688,354,792
12/04	\$372,453,803	\$745,887,577
6/05	\$387,788,869	\$764,858,495
12/05	\$436,204,265	\$812,170,473
6/06	\$453,729,486	\$850,997,401
12/06	\$463,034,505	\$957,169,656
6/07	\$478,003,505	\$1,056,393,856
12/07	\$491,385,778	\$1,099,889,315
6/08	\$523,844,082	\$1,029,854,002
12/08	\$564,180,361	\$742,432,970
6/09	\$589,515,421	\$811,419,200
12/09	\$611,979,421	\$993,121,416
6/10	\$632,901,611	\$966,957,318

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

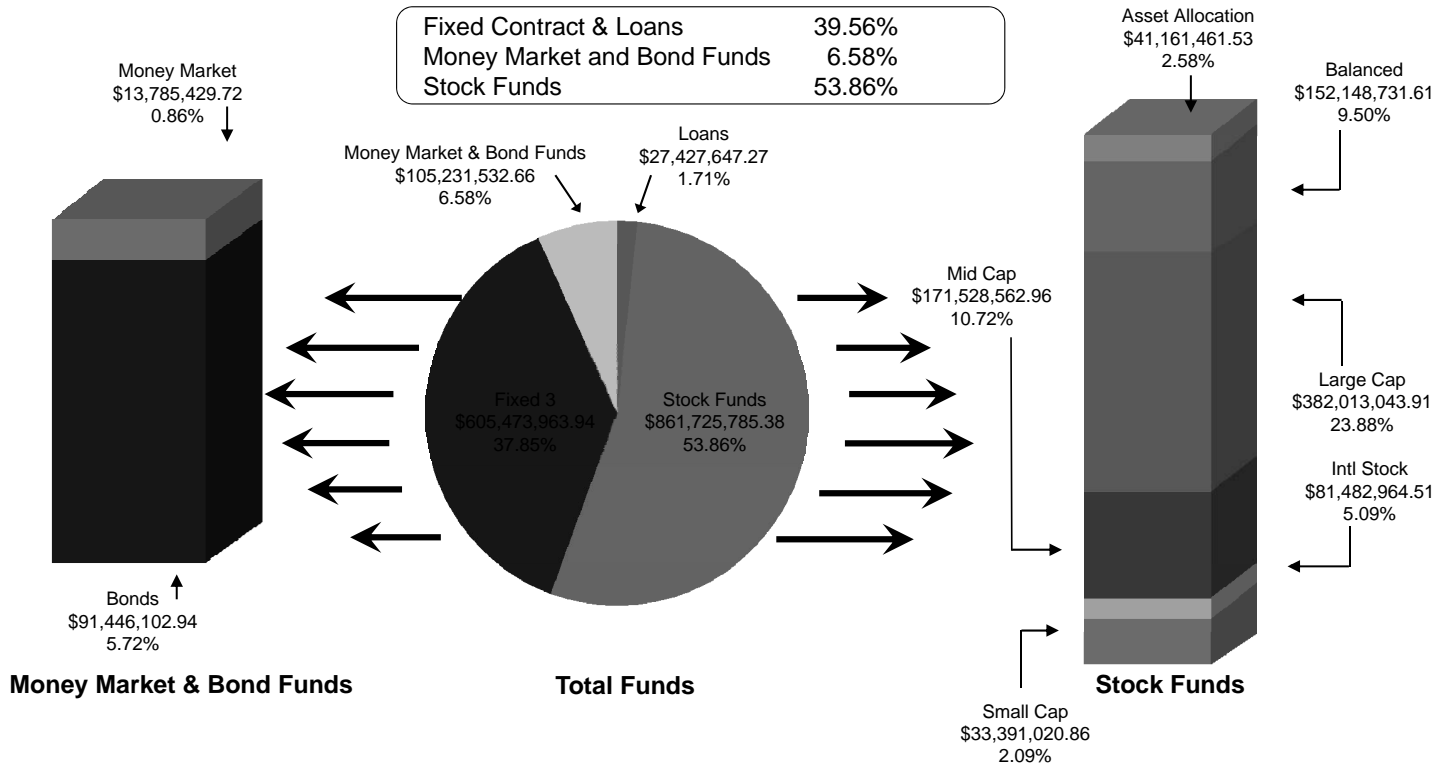
■ *Fixed Contract, Payouts, & Loans* ■ *Mutual Funds & Variable Annuity*



Graph 4

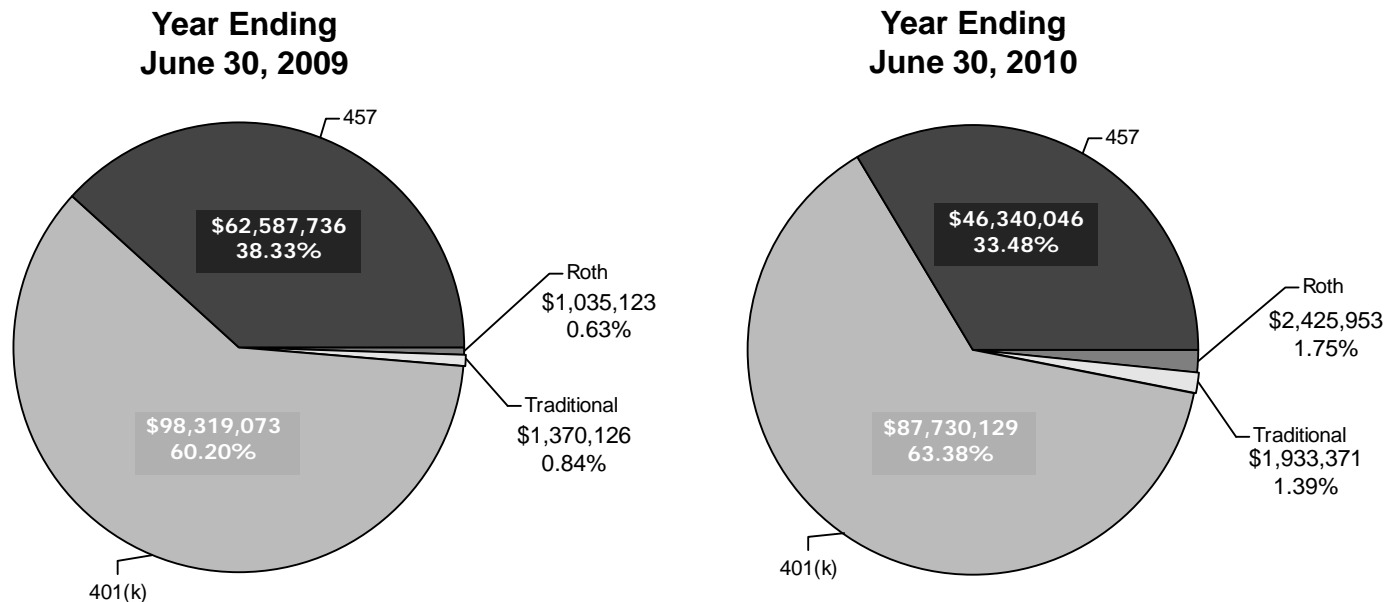
# Allocation of Plan Assets (Excluding Life Insurance and Uninvested Receipts)

Graph 5



# Annual Deferral Investments (Excluding Life Insurance)

Graph 6



# OFFICE OF DIVERSITY & 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. ODE reports the state's progress to the Secretary of Personnel, the Governor's Office and the Legislative Research Commission through the Semi-Annual Report on Female and Minority Employment.

In accordance with our commitment to proactive compliance with state and federal equal employment opportunity laws, ODE provides consultative guidance to state agencies on the investigation of discrimination complaints. ODE oversees agency responsiveness through the monitoring and reviewing discrimination complaint data. (The office asserts its investigative authority as a last resort after referring matters to the cabinet/agency level.) The staff provides technical assistance, training, and resources on affirmative action planning, equal opportunity compliance and workforce diversity initiatives to the various cabinets and agencies of the Commonwealth.

## ACCOMPLISHMENTS

At the beginning of the 2009-2010 fiscal year, ODE developed a strategic plan to guide the direction of our office towards cultivating an equitable and diverse workplace free from harassment and discrimination for all state employees. Intended to signify our commitment to the employees of the Commonwealth, these guiding principles, our "We Will" statements, are the mechanism to which we have measured our accomplishments.

### **We will proactively adhere to regulatory requirements under federal and state laws.**

- Per federal regulation, ODE compiled the biennial EEO-4 Report submitted to the Equal Employment Opportunity Commission (EEOC), identifying minority and female employment within state government according to EEO Job Category and employment field.
- ODE completed two Semi-Annual Reports on Female and Minority Utilization, presented to the Secretary of Personnel and the Governor's Office. These reports measure Commonwealth employment numbers to the female and minority utilization goals of 52.42% and 10%, respectively. The reports also identify employment trends over several reporting periods and provide context and analysis for both the overall and cabinet-level utilization. According to the employment numbers as of June 30, 2010, (report to be published this new fiscal year) state government was comprised of 8.67% minorities and 49.03% females. Three cabinets met utilization goals for both females and minorities: Economic Development, Health & Family Services and Personnel. Three Cabinets met the utilization goals for only females: Education, General Government and Labor. The Labor Cabinet attained the 10% goal for minority utilization at the December 2009 reporting period before falling slightly below the goal for this most recent period. The Semi-Annual Reports on Female and Minority Employment are posted online: <http://personnel.ky.gov/diversity/AffirmativeAction>
- The State EEO Coordinator attended trainings on EEOC Legal Updates and Genetic Information Non-discrimination Act of 2009 at the IPMA Southern Region Conference. This training is instrumental in allowing ODE to



maintain the highest standards in consulting cabinets and agencies on policies and properly handling any complaints from state employees fielded by our office.

- ODE continues to diligently provide guidance to state employees who call alleging to have experienced discrimination or harassment and to EEO Coordinators involved in investigating complaints.

### **We will foster a work environment throughout state government where employee rights are known and valued.**

- Designed an Employee Rights Brochure detailing for Commonwealth employees the laws pertaining to EEO, harassment and discrimination. This brochure provides information on the definitions of harassment and discrimination and provides an overview of an employee's options in filing a complaint with his/her cabinet or agency, the Office of Diversity & Equality or other outside state and federal agencies. ODE is currently developing a strategy for distributing this brochure to all state employees.
- The Anti-Harassment Training Module was modified to include the most up-to-date information regarding EEO regulation and to include sexual harassment. Previously, anti-harassment and sexual harassment have been the topics of two separate trainings. ODE now provides face-to-face comprehensive anti-harassment training on a monthly basis. The training schedule is posted on our webpage and distributed monthly with the EEO Coalition Newsletter, "The Evolution". The Anti-Harassment Training has also been provided to agencies, upon request, across state government.
- Developed an online Anti-Harassment Training course, in collaboration with the Governmental Services Center, now made available to agencies, free of charge. This online training course is a comprehensive look at anti-harassment policy and mirrors the face-to-face training provided monthly.
- As of June 30, 2010, ODE has trained 2,954

state employees on anti-harassment.

- In conjunction with the Center for Strategic Innovation, ODE produced a segment of the Personnel Cabinet's video series Take 5 on employee rights. This segment covers most of the basic information on what constitutes harassment and discrimination, the Commonwealth's policy on harassment and discrimination prevention and the avenues available to employees for pursuing a complaint if he/she feels they have been harassed or discriminated against. The video has been posted on the Personnel Cabinet's website, the cabinet's YouTube page and distributed to all state employees via email.
- Likewise, ODE collaborated with the Center for Strategic Innovation in producing another segment of the Personnel Cabinet's Take 5 series on the various trainings offered by the Office of Diversity & Equality. This video provides employees with course descriptions [anti-harassment, diversity, sexual harassment (for special cases) and religious discrimination] and explains the process of either registering for a monthly training session or requesting special training for an agency.
- Executive Director presented EEO information to Kentucky's Black In Government (BIG) chapter. The presentation was titled, "What does Harassment Look Like?"

### **We will strive for a state government workforce that reflects the diversity of the Commonwealth.**

- ODE staff met with the Governor's Chief of Staff and Executive Secretary of the Cabinet on how to best move forward with cabinet and agency leaders on progressing towards attaining utilization goals.
- ODE staff developed and distributed Cabinet Utilization Pre-Consultation Packets to cabinet secretaries and HR administrators. These packets contain information on hiring processes, EEO compliance, recruitment, retention, diversity initiatives and employee

orientation. ODE will use this information to compile best practices in hopes of raising utilization, ensuring EEO compliance and standardizing EEO practices across the enterprise.

## **In Development**

- ODE is currently in the midst of revising the state's Affirmative Action Plan to show compliance with Governor Beshear's Executive Order 2008-473. Initial brainstorming and drafting are complete and ODE plans to present a revised plan, one up to date with current EEO regulation and one that strengthens the Commonwealth's commitment to develop a state government workforce that reflects the citizens of the Commonwealth, before the end of the 2010 calendar year.
- Cabinet Utilization Consultations
- Minority Recruitment Guide

## **We will develop a workforce (present and future) that values diversity.**

- ODE developed and implemented comprehensive diversity training for state employees, "Moving Kentucky Forward: Embracing Diversity in the Workplace." The training is designed to raise awareness about the various dimensions of diversity within the workforce and to challenge participants to reject the use of stereotypes and prejudicial bias in dealing with coworkers and customers. The training also focuses on the business case for diversity and the innovative and creative potential associated with a diverse workforce.
- ODE provided comprehensive diversity training to state government employees on a monthly basis. The training schedule is posted on our webpage and distributed monthly with the EEO Coalition Newsletter, The Evolution. The diversity training, "Moving Kentucky Forward: Embracing Diversity in the Workplace," has also been provided to agencies upon request.
- As of June 30, 2010, ODE has trained 224 employees on diversity.
- To continue professional development in

EEO and diversity, the ODE staff completed a webinar training titled "Practical Steps for Defeating Bias in the Workplace with Dr. Sondra Thiederman."

- ODE's Executive Director represented the Personnel Cabinet at UK's forum "From Campus to the Workplace: Understanding the Competency of Diversity."
- The 13th Annual Governor's Diversity Day was held on May 9, 2010. To promote diversity education within the constraints of a limited budget, ODE modeled the Diversity Day program after the previous year's format. Again, instead of hosting a daylong, conference-style event in Frankfort, the Office of Diversity & Equality assisted schools with organizing their own events tailored to their specific diversity goals. To assist with this endeavor, the Office of Diversity & Equality supplied schools with a Diversity Day Toolkit. This toolkit provided resources to help plan customized, effective and relevant diversity day events for students.

The Governor's Diversity Day Video Project was a unique chance to foster dialogue on diversity among some of Kentucky's students. Governor Beshear and Secretary Jackson, in a special "Governor's Diversity Day Message" posted on YouTube, announced the 2010 video project winner, Warren County's Plano Elementary. ODE distributed this message to participating schools around the state.

- In recognition of excellent programming for the Governor's Diversity Day, the ODE staff visited Peaks Mill Elementary to meet with second, third and fourth grade students who created a "diversity quilt" to represent how individual differences can create a wonderful tapestry - a lesson in unity through diversity.
- ODE staff attended the SHRM Diversity Training at Fasig-Tipton with Craig Clayton, nationally recognized diversity consultant.
- ODE's Executive Director presented on the importance of Cultural Competency to state government managers at the Kentucky IPMA conference.
- To recognize the wonderful diversity found

in America and the Commonwealth, and to celebrate the rich heritage of this diversity, ODE designed and published web pages to raise awareness of the heritage months designed by the United States Congress. The purpose is to increase understanding and provide insight into the trials and triumphs of various groups of people to motivate and inspire all employees. Web pages included historical information, detailed special events throughout the Commonwealth, recognized contributions to the arts, government, business, sports and education by influential members of these communities. Additionally, the production of heritage month websites, as opposed to previous years' heritage month programs, increases the number of employees reached and greatly reduces the cost to taxpayers. The following pages were successfully published this fiscal year:

- Hispanic Heritage Month (September 2009)
- Native American Heritage Month (November 2009)
- Black History Month (February 2010)
- Women's History Month (March 2010)
- Asian/Pacific American Heritage Month (May 2010)

### **We will help prepare minorities throughout state government for management and leadership positions.**

- ODE houses the Governor's Minority Management Trainee Program, a leadership development course designed to prepare minorities for managerial positions within state government. This program includes training in Certified Management Fundamentals (with GSC) and enrichment courses on leadership, public speaking, community service, networking, the merit system and diversity. Program participants entered their second year in May of 2010.

### **We will aim to standardize the EEO Practices of Cabinets and agencies throughout state government.**

- ODE developed a comprehensive Monthly EEO Reports, submitted by cabinet and agency EEO Coordinators, used to track and monitor compliance with EEO laws and regulations. Data from these reports provide ODE with a snapshot of training needs (identifying areas of common discrimination) and allows ODE to assist cabinets and agencies with their EEO complaint processes.
- ODE has continued its consultative partnership with the Department of Human Resources Administration on the development of affirmative action and EEO reporting requirements for the KHRIS system, in hopes of increasing efficiency and ensuring compliance with federal and state laws and regulations.
- ODE consulted KHRIS developers and Transportation officials on how to best collect EEO-1 data (a report required by the Federal Highways Administration for funding) in the KHRIS system to ensure both effective means for collection and compliance with EEOC regulation.
- ODE provided consultation to the Department of Human Resource Administration and on how the Career Opportunities System can best collect demographic data during the hiring process while still maintaining compliance with EEO hiring regulations.
- ODE planned and sponsored the 23rd Annual Governor's EEO Conference, held in Louisville, Kentucky on July 9, 2009. The conference's theme was "The State of Diversity & Equality" and featured speakers and workshops on a wide array of EEO, diversity and HR topics. The Governor's EEO Conference is the main opportunity for continuing education for EEO and HR professionals in state government.
- In an effort to promote the standardization of EEO practices and to effectively distribute information on changing EEO regulations and updates, as well as promote diversity initiatives across state government, ODE has

continued to publish the EEO Coordinator's Coalition Newsletter, 'The Evolution'.

- ODE sponsored EEO Coordinator's Quarterly Forums throughout the year to promote continuing education for EEO professionals. Two areas of particular interest included ADA and diversity. In light of recent amendments to the ADA, ADA and EEO Coordinators attended a workshop by State ADA Coordinator Norb Ryan on the changes to the law. Mr. Ryan also provided a general overview of the ADA and best practices for cabinet and agency officials in ensuring compliance. Coordinators also attended ODE's newly developed diversity training "Moving Kentucky Forward: Embracing Diversity in the Workplace" as an effort to secure buy-in from officials across state government for this new, interactive, innovative presentation on the importance of diversity in state government.
- ODE held discussions with the Governor's Office for Minority Empowerment on the complaint processes, developing partnerships and educating procurement officials on diversity and cultural competencies.

### **In Development**

- ODE has initiated the planning of the 24th Annual Governor's EEO Conference. The 2010 conference, considering budget restraints on all state government cabinets and agencies, will be held at the Transportation Cabinet Conference Center on November 9, 2010 at a nominal cost to participants. This year's conference will provide the same quality training to EEO and HR professionals at a greatly reduced cost to taxpayers.

### **We will systematically develop innovative approaches to address assessed needs and gathering customer feedback.**

- ODE attended the University of Kentucky Institute for Workplace Innovation's (iWin) presentation on "Kentucky's Aging Workforce."
- ODE representative attended the Business Diversity Network of Kentucky's forum: "How to Maintain Diversity Initiatives during

Challenging Economic Times"

- ODE representative continued building partnerships with diversity professionals in the Commonwealth and attended the YUM! Global Diversity & Business Diversity Network of Kentucky, Inc.'s presentation, "Keeping Diversity Alive through Networking! 'Unthink' Networking: A Dialogue on Diversity."
- ODE expanded distribution of information on EEO, affirmative action and diversity to include HR Consortium. This expansion is designed to have a larger impact on standardizing processes and build useful partnerships in ensuring compliance.
- ODE staff participated in the Minority Empowerment Summit Steering Committee.
- Design and conduct an EEO Coordinators needs assessment survey for 2010 to identify needed trainings and program development.

### **In Development**

- Training Evaluation Database

### **We will form useful partnerships.**

- ODE staff consulted the Martin Luther King Junior Commission on innovative ways to market MLK Day Celebration activities in Kentucky's school system - modeled on the success of the Governor's Diversity Day program. ODE staff also participated in selecting the Martin Luther King Day Citizen of the Year recipient
- ODE collaborated with the Kentucky Commission on Women's annual program, "The 2010 Kentucky Women Remembered and Recognition of Women's History Month."
- ODE Executive Director presented information to Korean Students (here in partnership with the Personnel Cabinet and the UK Martin School for Public Policy) on EEO policy and diversity initiatives.
- ODE held several meetings with staff from the Kentucky Commission on Human Rights on policy development, conference planning and developing a working relationship between agencies focused on EEO and civil rights.

- ODE staff provided volunteer support to the Governor's Office for Minority Empowerment and the Kentucky Long-Term Policy Research Center in hosting the 2009 Governor's Empowerment Conference.
- ODE Executive Director provided the keynote at Second Annual Diversity Conference for Lourdes Hospital in Paducah, KY
- ODE collaborated with the Legislative Research Commission in sponsoring the 2010 Black History Month Celebration in the Capitol Rotunda.
- ODE staff met with Judy "JJ" Jackson, UK's VP for Institutional Diversity, to develop a partnership between higher education and state government in raising diversity awareness and cultural competency in the future Kentucky workforce. ODE staff attended a workgroup organized by Dr, Jackson, hosted at Kentucky State University.

## **We will value a creative and enjoyable work experience.**

- ODE staff has participated in Cabinet initiatives devoted to increasing employee engagement and enrich the work experience. Committees include:
  - Cabinet's web management team
  - Personnel Mentoring Committee & Program
  - Diversity Champions
  - Community Action Champions
  - Employee Morale Champions
  - Wellness Champions
- ODE employees recognized by cabinet for success in demonstrating cabinet values. Of the 4 employee of the quarter "Walk the Talk" awards given, two recipients were from ODE. Colene Elridge was recognized for her commitment to Diversity and Clinton Morris for his use of Innovation.

## **In Development**

- A continued commitment to exploring innovative approaches to maintain high office morale and employee engagement

<b>Statewide Minority Utilization Table</b>						
<i>As of June 30, 2010</i>						
<b>EEO Job Category</b>	<b>Total Employees</b>	<b>Total Minority Employees</b>	<b>Minority % Goal</b>	<b>Current Minority %</b>	<b>UNDER UTILIZED</b>	<b>No. Minority Needed</b>
<b>OFFICIALS &amp; ADMINISTRATORS</b>	2,916	217	10.00%	7.44%	YES	74.6
<b>PROFESSIONALS</b>	16,196	1,442	10.00%	8.9%	YES	177.6
<b>TECHNICIANS</b>	1,802	129	10.00%	7.16%	YES	51.2
<b>PROTECTIVE SERVICE WORKERS</b>	3,343	224	10.00%	6.7%	YES	110.3
<b>PARA PROFESSIONALS</b>	2,240	314	<b>10.00%</b>	14.02%	<b>NO</b>	0
<b>OFFICE &amp; CLERICAL</b>	1,947	136	10.00%	6.99%	YES	58.7
<b>CRAFTSMEN</b>	2,429	129	10.00%	5.31%	YES	113.9
<b>SERVICE MAINTENANCE</b>	1,668	230	<b>10.00%</b>	13.79%	<b>NO</b>	0
<b>JUNE 2010 TOTAL</b>	32,541	2,821	10.00%	8.67%	YES	433.1
<b>JUNE 2009 TOTAL</b>	31,848	2,782	10.00%	8.74%	YES	402.8
<b>CHANGES</b>	+693	+39		-0.07%		+30.3

# Equal Employment Opportunity Data\*

\*As of June 30, 2010

Statewide Female Utilization Table As of June 30, 2010						
EEO Job Category	Total Employees	Total Female Employees	Female % Goal	Current Female %	UNDER UTILIZED	No. Female Needed
OFFICIALS & ADMINISTRATORS	2,916	1,207	52.42%	41.39%	YES	321.6
PROFESSIONALS	16,196	9,435	<b>52.42%</b>	58.26%	<b>NO</b>	0
TECHNICIANS	1,802	644	52.42%	35.74%	YES	300.6
PROTECTIVE SERVICE WORKERS	3,343	541	52.42%	16.18%	YES	1211.4
PARA PROFESSIONALS	2,240	1,756	<b>52.42%</b>	78.39%	<b>NO</b>	0
OFFICE & CLERICAL	1,947	1,600	<b>52.42%</b>	82.18%	<b>NO</b>	0
CRAFTSMEN	2,429	146	52.42%	6.01%	YES	1127.3
SERVICE MAINTENANCE	1,668	627	52.42%	37.59%	YES	247.4
<b>JUNE 2010 TOTAL</b>	<b>32,541</b>	<b>15,956</b>	<b>52.42%</b>	<b>49.03%</b>	<b>YES</b>	<b>1,102</b>
<b>JUNE 2009 TOTAL</b>	<b>31,848</b>	<b>15,569</b>	<b>52.42%</b>	<b>48.89%</b>	<b>YES</b>	<b>1,125.8</b>
<b>CHANGES</b>	<b>+693</b>	<b>+387</b>		<b>+0.14%</b>		<b>-23.8</b>

Personnel Cabinet Minority Utilization Table As of June 30, 2010						
EEO Job Category	Total Employees	Total Minority Employees	Minority % Goal	Current Minority %	UNDER UTILIZED	No. Minority Needed
OFFICIALS & ADMINISTRATORS	41	5	10.00%	12.2%	<b>NO</b>	0
PROFESSIONALS	160	17	10.00%	10.63%	<b>NO</b>	<b>0</b>
TECHNICIANS	12	1	10.00%	8.33%	YES	0.2
OPARA PROFESSIONALS	1	0	10.00%	0%	YES	0.1
OFFICE & CLERICAL	8	2	10.00%	25%	<b>NO</b>	
<b>JUNE 2010 TOTAL</b>	<b>222</b>	<b>25</b>	<b>10.00%</b>	<b>11.26%</b>	<b>NO</b>	<b>0</b>
<b>JUNE 2009 TOTAL</b>	<b>223</b>	<b>26</b>	<b>10.00%</b>	<b>11.66%</b>	<b>NO</b>	<b>0</b>
<b>CHANGES</b>	<b>-1</b>	<b>-1</b>		<b>-0.4%</b>		<b>0</b>

**Personnel Cabinet Female Utilization Table**  
*As of June 30, 2010*

<b>EEO Job Category</b>	<b>Total Employees</b>	<b>Total Female Employees</b>	<b>Female % Goal</b>	<b>Current Female %</b>	<b>UNDER UTILIZED</b>	<b>No. Female Needed</b>
<b>OFFICIALS &amp; ADMINISTRATORS</b>	41	22	<b>52.42%</b>	53.66%	<b>NO</b>	<b>0</b>
<b>PROFESSIONALS</b>	160	124	<b>52.42%</b>	77.5%	<b>NO</b>	<b>0</b>
<b>TECHNICIANS</b>	12	7	<b>52.42%</b>	58.33%	<b>NO</b>	<b>0</b>
<b>PARA PROFESSIONALS</b>	1	1	<b>52.42%</b>	100%	<b>NO</b>	<b>0</b>
<b>OFFICE &amp; CLERICAL</b>	8	7	<b>52.42%</b>	87.5%	<b>NO</b>	<b>0</b>
<b>JUNE 2010 TOTAL</b>	<b>222</b>	<b>161</b>	<b>52.42%</b>	<b>72.52%</b>	<b>NO</b>	<b>0</b>
<b>JUNE 2009 TOTAL</b>	<b>223</b>	<b>162</b>	<b>52.42%</b>	<b>72.62%</b>	<b>NO</b>	<b>0</b>
<b>CHANGES</b>	-1	-1		-0.1%		0



# 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

In 2009, DEI updated KEHP's logo and added an apostrophe at the end of the word "Employees." This simple change signified an important fact about KEHP – namely that KEHP is our members' health plan.

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 Commissioner reports directly to the Deputy Secretary of the Personnel Cabinet. The Commissioner's Office is charged with overseeing the mission of the department and its daily operations. In January 2010, DEI conducted an employee survey for input on various areas of the Department including training and development programs; work environment; job satisfaction and employee recognition programs. Based on the survey results, the DEI leadership team developed an action plan to ensure that the objectives of the survey were met; the action plan also addressed the Cabinet's "Four Big Questions".

The Department retained the services of Chapman Kelly, Inc., an independent firm, to administer a dependent eligibility audit of more than 100,000 dependents. Chapman Kelly specializes in verifying health plan eligibility and has audited verification documentation for hundreds of thousands of dependents for some of the largest employers in the United States. The Dependent Eligibility Verification Program is part of KEHP's commitment to control health care costs by ensuring only eligible dependents are covered under the health plan. Covering individuals who are not eligible raises the cost of health coverage for everyone, which is reflected in the premiums deducted from every member's paycheck.

KEHP is expecting to see a return on investment of at least \$4 million. KEHP is also developing new processes, with the guidance of Chapman



Kelly, to ensure we collect the appropriate documentation for members adding dependents to the plan to help control future costs.

## **Division of Insurance Administration**

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

### **Member Services Branch**

The Member Services Branch is chiefly responsible for providing customer service to KEHP members, assisting with Open Enrollment, and educating KEHP members on health insurance issues. Other functions include assisting KEHP members with claims and other inquiries; maintaining KEHP's Smoking Cessation Program; serving as a liaison between members and KEHP's COBRA administrator; acting as a liaison between Medicare, third party administrators, and members; processing member eligibility grievances; maintaining grievance information and statistics; obtaining contracts for all new groups joining KEHP; conducting benefit fairs for open enrollment; providing training for Insurance Coordinators and assisting other departments as needed.

### **Enrollment Information Branch**

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

## **Division of Financial and Data Services**

The Division of Financial and Data Services consists of two branches, the Financial Management Branch (FMB) and the Data Analysis Branch (DAB).

### **Financial Management Branch**

The Financial Management Branch is responsible for implementing and maintaining the Premium Billing and Reconciliation (PB&R) database — collecting premiums and administrative fees paid by each agency participating in KEHP. This is accomplished by creating monthly invoices for participating agencies through the PB&R database and by contacting insurance coordinators on a monthly basis regarding discrepancies. The Financial Management Branch is also responsible for reimbursing KEHP's third party administrators for claims and administrative fees, along with reconciling any discrepancies to the contractual obligations. The Financial Management Branch oversees the KEHP Trust Fund and produces statutory and ad hoc reports for the Governor, the General Assembly, the Kentucky Group Health Insurance Board, the Advisory Committee of State Health Insurance Subscribers, various advocacy groups, and other interested parties. During 2010, the former Flexible Benefits Branch staff members were transitioned into FMB. These staff members continue to provide customer service to KEHP members who participate in a Healthcare or Dependent Care Flexible Spending Account, who participate in a health plan with a Health Reimbursement Account, or who waive health insurance and receive the employer contribution to a Health Reimbursement Account. The Flexible Benefits staff is also responsible for maintaining the eligibility and enrollment database for all participants; serving as a liaison to Insurance Coordinators and Third Party Administrators to ensure that all enrollment and eligibility needs are met; and reconciling each agency's Web billing account.

### **Data Analysis Branch**

The Data Analysis Branch analyzes, evaluates and interprets health insurance data from all available sources and prepares reports based on such

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

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.

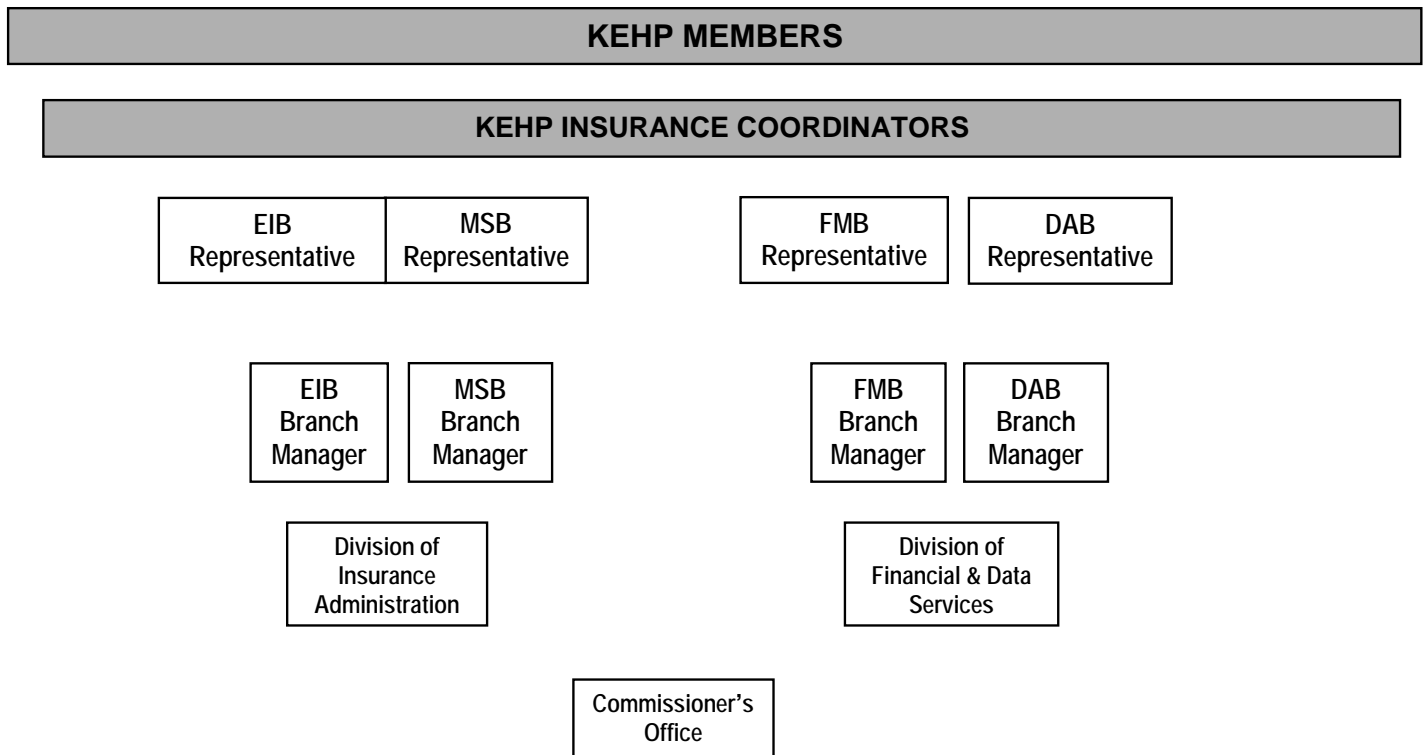
## DID YOU KNOW?

The Member Services Branch staff have answered over 22,682 phone calls.

## ACCOMPLISHMENTS

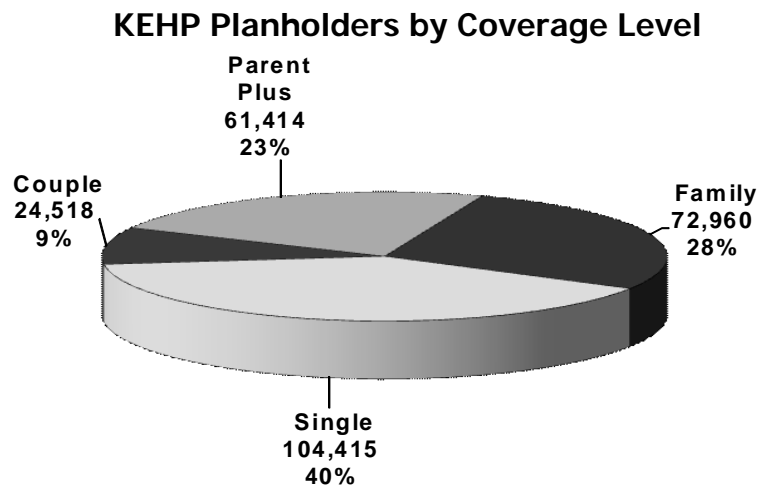
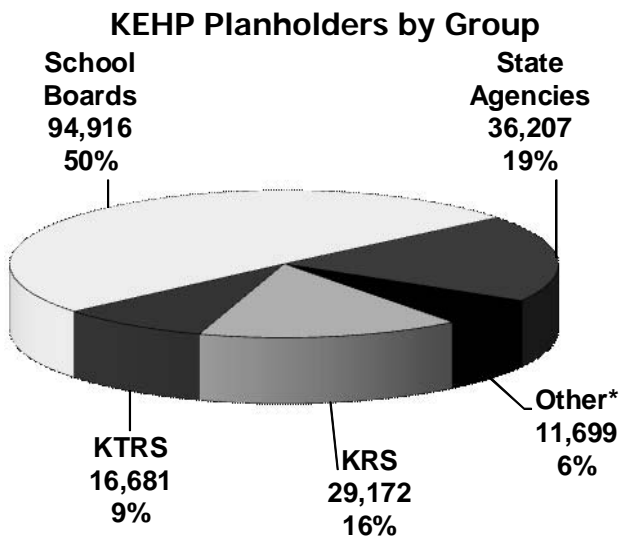
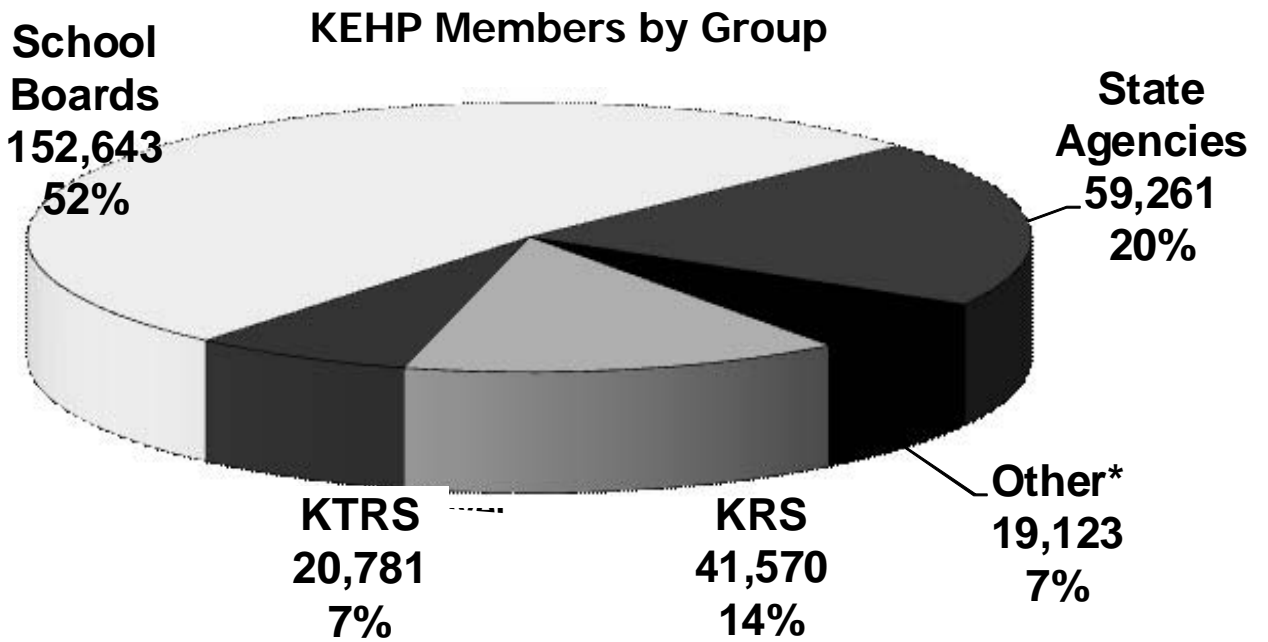
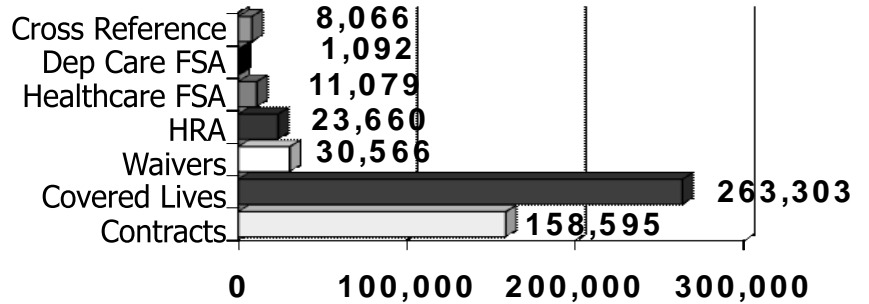
With "Members Matter" as the guiding mantra, the Department of Employee Insurance (DEI)

### DEI ORGANIZATIONAL PYRAMID with MEMBERS MATTER FOCUS



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

### KEHP Participation

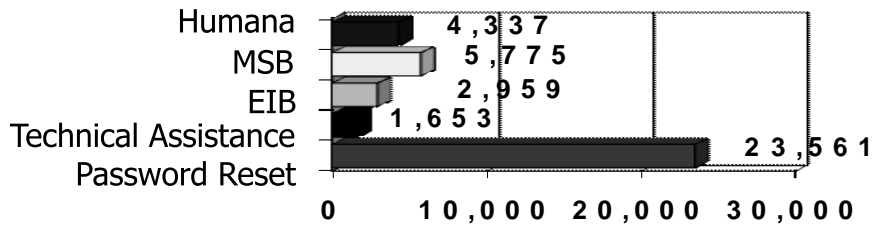


## Highlights of DEI's key accomplishments:

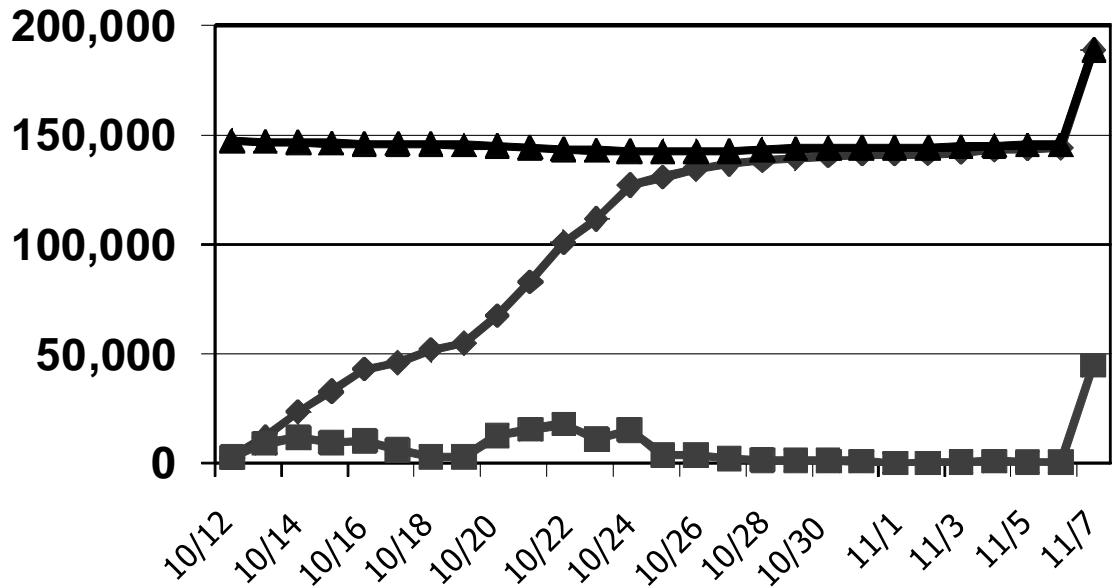
- Continued to improve KEHP operations while functioning with 13% fewer staff (and a corresponding reduction in salary expenditures) than in the previous administration.
- Incorporated a Benefits Analyzer tool with the online web-enrollment system. This tool allowed active members to view their health insurance claims history, anticipate changes for the new plan year, evaluate their preferences for plan options and then select the health insurance plan that best fit their needs based on individualized plan comparisons. Members of the Kentucky Teachers' Retirement System also received a paper-based version of the Benefits Analyzer tool.
- Updated Web Enrollment and Group Health Insurance (GHI) systems; extended KEHP branding to the Web Enrollment system with KEHP logo and colors; integrated Virgin HealthMiles enrollment to Web Enrollment.
- Developed new Open Enrollment Web Tutorial with voice-over instructions.
- Offered web enrollment system to KCTCS retirees.
- Plan Year 2009-maintained combined KEHP medical and pharmacy trend at only 7.8% (well below national average of 10%); offered two \$0 contribution plans for employee-only coverage; kept employee rate increases for KEHP dependent coverage at 5% or less; increased employee participation in consumer-directed benefit plans from 2% to 25%.
- Conducted 18 Benefit Fairs across the Commonwealth; piloted computer kiosks at several locations to assist members with online enrollment.
- Trained 890 Insurance Coordinators (IC) on eligibility issues and benefits, and more than 1,000 ICs participated in online HIPAA Training.
- Worked with the Center for Strategic Innovation to develop a user-friendly Benefit Selection Guide.
- Signed eight new groups to the KEHP.
- Fully supported implementation of KHRIS with DEI staff serving as functional leads, testers, and trainers; employees spent many hours creating testing material, training materials, functional specifications, blue print mappings, security role mapping, report specifications, query development, conversion planning and attending planning meetings for the KHRIS project during this fiscal year while continuing to carry their current production workloads.
  - Conducted KHRIS Bootcamp Training sessions for DEI staff.
  - Conducted KHRIS blueprint validation sessions.
  - DEI employees participated in several phases of testing for the KHRIS project while continuing to carry their normal production workloads before and during the open enrollment period when workloads are extremely heavy.
- Ensured the fiscal responsibility of KEHP through large substantiation recovery efforts of \$1.2 million in the Flexible Benefits Branch.
- Continued publishing a regular Insurance Coordinator e-newsletter.
  - The Newsletter Task Force team ensures input from all areas of the DEI and is led by Enrollment Information Branch.
- Virgin HealthMiles key accomplishments include:
  - Enrolled nearly 12,000 participants in the Virgin HealthMiles Program
  - Traveled 3,279,082 miles
  - Burned 93,688 calories
- Journey to Wellness key accomplishments include:
  - Wear Red Day – Multiple cabinets raised money for American Heart Association; Wellness Director conducted a Heart

**DID YOU KNOW?** Over 11,000 employees participate in a Healthcare FSA.

## OPEN ENROLLMENT CALL VOLUME



## DAILY WEB ENROLLMENT VOLUME



### DID YOU KNOW?

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

- Healthy presentation
- Lost 6,500 pounds in the Weight Wise Challenge – the winner losing 45 pounds!
- Opened four on-site medical clinics in Frankfort; performed glucose checks in partnership with a diabetes awareness promotion and promoted allergy awareness in partnership with Dr. Ahn
- St. Patrick's Day Parade – 86 people gathered for a health walk down Capitol Avenue to Second Street and back to the Capitol steps
- F.A.S.T. Pitch to End Stroke event with minor league baseball team
- Women's Health Awareness – First Lady's Walk at Capitol
- Small Steps to a LEANer You presentation
- Relationship building – Executive staff presentation at EEC; presentation to

### ● # Cumulative

- Bluegrass Society of Human Resource Managers on Implementing Wellness on a Budget; cover of "The Human Resource Magazine" with article discussing strategies for successful worksite wellness programs; partnerships with Agriculture, Parks, CHFS, Cooperative Extension, and Kentucky State University.
- Culture change – Physical activity/healthy meeting policies implemented; smoke-free entrances established at Kentucky State Office Building; walking route created at Kentucky State Office Building.
- Promotion of Humana Services – Humana Health Assessment and Health Coaching, and disease management programs.

**DID YOU KNOW?** The Enrollment Information Branch responded to 34,782 calls from Insurance Coordinators and Members.

# DEI ACTIVITIES RELATED TO THE BIG QUESTIONS

## How Will We...

### Make Kentucky state government an employer of choice?

- Continued to implement and improve employee recognition across Department
  - FRED Award – five individuals and teams recognized from July to December
  - Blue Ribbon Award – five individuals and teams recognized from July to December
  - Turtle Club Award – one person inducted in the club for a total of four members
- Conducted an employee survey to get staff feedback related to recognition, job satisfaction, work environment, training and development, and overall engagement. After the survey, a focus group was then conducted to review the Leadership Team's action plan steps related to recognition. Employee survey and focus group feedback were taken into consideration in development of the action plan to address three key areas of improvement:
  1. Improve employee satisfaction with DEI's recognition program, decreasing the number of employees who disagree or strongly disagree to less than 5% (currently 28%).
  2. Continue to build on social connectivity throughout the department by incorporating social activities into department meetings at least quarterly and address two-way communication at Division and Branch level.
  3. Determine training needs to address operational and individual needs across DEI for both professional and technical development; draft division training plans by July 1, 2010.
- Continued to offer Flexible Work Options.
- Expanded social responsibilities to include the Simon House, Habitat for Humanity, Reading is Fundamental (RIF), the Grace

Place, Frankfort flood relief, a soup kitchen, nursing homes and other local charity requests.

- DEI adopted all six Simon House families for Christmas and provided six to nine gifts for each family member – that included six mothers and eight children total. Throughout the year, DEI continued to donate supplies to the Simon House.
- Participated in the Cabinet-wide March of Dimes Fundraiser.
- Donated several hundred dollars to the annual Kentucky Employees Charitable Campaign.
- Continued to support department-wide paper recycling programs and recycled approximately 9,000 plastic bottles.
- Supported Wellness activities through Journey to Wellness programs and Virgin HealthMiles
- Promote unity and team work with various activities such as the annual picnic and team-building activities.

### Create a learning and development culture?

- Encouraged participation in professional development programs with one enrollee in the Kentucky Certified Public Manager Program and two enrollees in the Certificate of Management Fundamentals Program.
- Incorporated development into DEI Department meetings with training topics such as FISH Philosophy, Give 'em the Pickle for customer service, and high performing teams.
- Included wellness activities in Department meetings.
- Provided development on technical topics related to KEHP operations including pharmacy benefits by Express Scripts, Inc., and health insurance by Humana.
- All staff received multiple training related to KHRIS: Benefits, Benefit Accounting, Employee Self Service and Manager Self Service.
- Encouraged development of DEI Leadership team through participation in the Personnel

Cabinet's Leadership Institute, Five Dysfunctions of a Team workshop, and Myers-Briggs personality type training to better understand the work habits and personalities of each other.

- Continued with team development activities at the Division level within Division of Financial and Data Services and Division of Insurance Administration.
- Encouraged and continued training and development through training at the Tower and the Government Service Center (GSC).

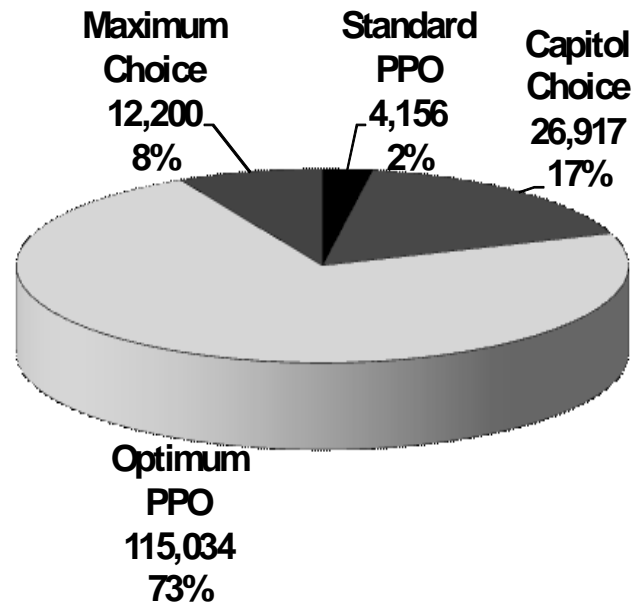
**Promote a one-employer concept across Kentucky state government?**

- Fully supported implementation of KHRIS with DEI staff serving as functional leads, testers, and trainers.
- Continued close communication and training for more than 1,000 Insurance Coordinators from state agencies, retirement systems, school systems, and quasi agencies.

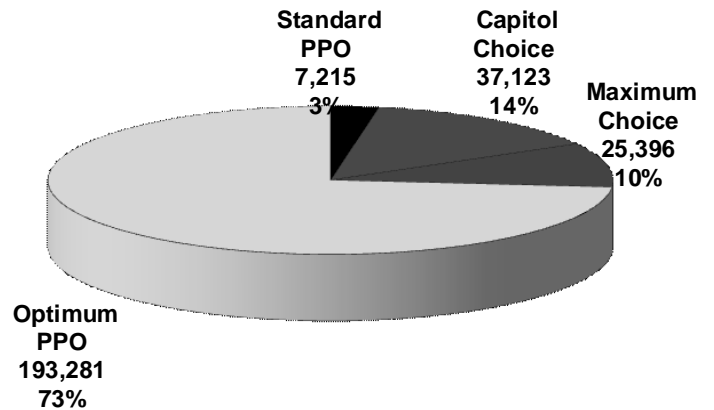
**Enhance customer value?**

- Increased Members Matter focus on all processes and communications.
- Continued the publishing of the IC Newsletter.
- Website Task Force updated internal and external DEI pages.
- Kiosks were available at benefit fairs during the annual Open Enrollment season.

**KEHP Planholders by Health Insurance Plan**



**KEHP Members by Health Insurance Plan**



# 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

### Department of Human Resources Administration DHRA

#### Employer of Choice

- (Commissioner's Office) Living our strategic plan by way of strategic planning oversight, CMS developments, Records Retention Schedule overhaul, Employee Recognition, Risk taking, developing and earning trust
- (DTS) Continual dedication to and oversight of KHRIS implementation
- (DCO) Veteran's Outreach
- (DEM) Successful W-2 preparation and dissemination for 54,000+ employees

#### Create a learning and development culture

- (DCO & DEM) Development and enhancement of Divisional/Office newsletters
- (DTS) Microsoft Office 2007 Migration, Testing and Training
- (DEM) Dissemination of new and updated HR procedures
- (DCO) Divisional workflow mapping and cross-training

#### Enhance customer value

- (DEM) Comprehensive agency audits
- (DCO) Best Practices discussions – internal and external (working with vendors - Kenexa, Agency HR Administrators, COS Users)
- (DTS) Migration, testing and implementation of key HRIT systems (FrontPage, MS Office 2007, MS Windows 7)

#### Promote a one-employer concept across Kentucky state government

- (DCO) Onsite agency visits (better understand business processes and offer assistance)
- (DTS) Rebuild of KHRIS internal to the Commonwealth hosted by COT (transition from AoD to COT)
- (DEM) Review and execution of multiple House and Senate bills

### Department of Human Resources Administration 2009 – 2010 Strategic Planning Efforts

#### 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; and oversight of 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:

- The Personnel Administration Branch is responsible for maintaining the Commonwealth's employees official personnel file, processing agency personnel actions,



assisting Human Resource Administrators, and providing documents and service records for state employees.

- 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.
- The Classification and Compensation Branch is responsible for assisting agencies in the creation or modification of job classifications, the salary schedule, and the review and approval of agency reorganizations. This branch works closely with the Governor's Office for Policy and Management (GOPM) to assist in "cap" issues and budget impact for legislative decisions, such as the state employee annual increment.
- The Organizational Management Branch is responsible for reviewing and supporting business processes related to classification and compensation and undertaking special projects as assigned. It is also responsible for oversight of the Enterprise Structure in the Kentucky Human Resource Information System (KHRIS). In addition, the branch will serve as a security administrator for the Personnel Cabinet by attaching security for the enterprise wide human resource systems: CICS, COS, and KHRIS.

## DID YOU KNOW?

Employee Management administers the Voluntary Optional Insurance Program which allows for 64 different insurance companies to be available for payroll deduction.

## DID YOU KNOW?

The retention period for a personnel file is 70 years. This branch oversees, scans and maintains 1 million documents a year for employee personnel files!

### **How the Division of Employee Management...**

#### **Helps make Kentucky State Government an Employer of Choice:**

The Division of Employee Management helps make Kentucky State Government an Employer of Choice by providing oversight and guidance in assisting state agencies compliance with statutes and regulations governing Chapter 18a. They also promote Human resource best practices. Examples include:

- Successful preparation and dissemination of 54,334 Wage and Tax Statements (W-2).
- Processing of \$2,197,880,592.72 in payroll for an average of 41,371 state employees.
- Receiving and completing approximately 3,200 service records requests
- Processing approximately 1,700 requests for inspection of records.
- Reviewing and processing 217 12:050's.

#### **Creates a Learning and Development Culture:**

The Division of Employee Management helps to create a learning and development culture by offering agency training on statewide personnel and payroll systems. In addition, division staff are offered a variety of continued learning opportunities to aide their growth in professional development. Examples include:

- Conducting 8 Payroll Classes which trained 55 agency HR Administrators.
- Completion of a combined 300+ hours of

staff training.

- Dissemination of new and updated HR procedures

### **Enhances Customer Value:**

The Division of Employee Management enhances customer value by accurately maintaining statewide personnel and payroll systems, conducting classification to ensure integrity of the classification system, conducting and participating in national and southeastern surveys to compare current trends and offering necessary reports to evaluate agency efficiency. Examples include:

- Continued streamlining and automation of batch job flows into Scheduler.
- Changing all Federal Tax Tables for calendar and mid-year.
- Making changes to Local Taxes to keep updated and current.
- Responding to 24 salary survey requests.
- Completed 43 comprehensive agency audits.
- Creating and distributing quarterly turnover reporting for agency response at year-end.
- Processing of 401 Special Wage Payment Letters to employees who separated and were over the age of 65, for Social Security Administration.

### **Promotes a one-employer concept across Kentucky State Government:**

The Division of Employee Management promotes a one-employer concept across Kentucky State Government by being actively engaged in current legislation affecting state employees as a whole, managing the state's personnel, payroll, classification and compensation systems, and overseeing shared statewide processes. Examples include:

- Reviewing and executing multiple House and Senate bills.
- Processing 73,511 personnel actions (31,479 increments)
- Abolishing 4 classifications.
- Revising 61 classifications.
- Establishing 10 classifications.
- Review and implementation of 19 reorganizations.
- Managing agency advertising on employee paycheck stubs.
- Printing and distributing 40,000+ forms for 2009 KECC.
- Creating and distributing 6 issues of the UPPS newsletter "Personnel Issues and You" to agency HR staff.
- Maintenance of statewide agency organizational charts.

### **Division of Career Opportunities**

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.

The merit employment function of Kentucky State Government, including the recruitment, and placement of competitive (new) employees and the promotion of existing employees under KRS 18A.005-18A.200 and 101 KAR and all related statutes and regulations which relate to the merit staffing and employment functions of the Commonwealth.

This includes administering such statutes as: KRS 61.300 dealing with qualifications of non-elective peace officers, KRS 61.373 restoration of employees to positions previously held after released from military duty, in addition to other statutes and regulations that relate to the employment of individuals in 427 different state job classes which require a license or certification

## **DID YOU KNOW?**

This Branch administers over 2,179 classifications (1360 for 18A) and 10 salary schedules for both the Executive and Legislative branches of state government.

to perform the duties assigned to the position.

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

- 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/Compensation Branch of DEM to ensure clear understanding in interpretation of class specifications.
- The Applicant Services Branch provides direct customer support to applicants through the use of a dedicated e-mail help desk; offer phone support and one-on-one walk-in support in the DCO Computer lab. Applicant Service staff assist applicants with questions related to completing applications; searching and applying for jobs and general questions related to employment with the Commonwealth. In addition, they assist agencies in recruiting efforts by attending career fairs; managing the Internship program; and assisting agencies with external recruitment advertisements. The Applicant Services branch is also responsible for outreach efforts with veterans to provide guidance regarding the employment process.
- 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 DTS on technical system upgrades and enhancements; custom reporting and user technical training.
- 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 100,000 unique applicant profiles in the system.

All of our branches function to maintain alignment to the Cabinet's four goals in the following ways:

In 2009, the Division of Career Opportunities embarked on a mission to better integrate the branches by developing cross functional teams addressing our alignment with the 4 Big Questions. All members of the division are involved in at least one cross-branch team that addresses:

### **Employer of Choice:**

We will attract and retain a qualified workforce by developing a state-of-the-art recruitment site. During the 2009 – 2010 fiscal year, the team has increased the number of staff trained in the usage of CMS in order to update and add website pages. In addition, the team has focused on researching "best practices" in recruitment sites and has developed a content outline for the new website. Work will continue over the next fiscal year to develop and roll-out the new site.

### **Creating a Learning and Development Culture:**

We will develop human resources professionals. The focus in 2009 – 2010 for this team has been the development a cross-branch focus on workflow mapping our business processes and developing detailed procedures; in doing so we have identified numerous areas for efficiency and process improvement. The next phase of this project is divisional cross-training so that staff will have a full understanding of the entire life cycle of the talent acquisition process.

## Enhance Customer Value:

We will improve access to employment opportunities by focusing on efficiency improvements with the Applicant Tracking System—Career Opportunities System (COS). The focus areas for the 2009-2010 period have been on developing strategies and methodologies to archive and purge outdated applicant forms to improve indexing and processing speed. The process is currently in a staging environment and is being worked on with DTS to develop a database to recover the archived files if needed. In addition, DCO has worked to seek out issues faced by agency HR administrators and develop “best practices” in utilizing COS to their advantage to improve their internal hiring processes. A list of FAQ’s is being developed with scripted answers to post to the DCO website and to provide to agency users. In addition, several system enhancements have been or in process of being implemented based on agency feedback.

## Promote a one-employer concept across Kentucky state government:

We will create communities of shared best practices by developing an HR Recruiter Roundtable consisting of a cross-functional representation of DCO and agency representatives who directly work in the areas of recruitment and selection. The roundtable has been successful so far and has focused on barriers to recruitment specifically with veterans. Continued roundtables are planned quarterly with the goal of developing shared best practices that can be incorporated into a toolkit that all agencies can utilize.

## DID YOU KNOW?

The KHRIS functional team has solved over 180 gaps that were remaining from the original KHRIS design.

## DID YOU KNOW?

ADB has been able to complete over 5,000 hours of custom software modifications on the rebuild of the KHRIS application.

## 2009–2010 Highlights:

- Veterans outreach continues; Q2 saw a 50% increase in appointment of veterans (from 4% to 6% of total appointments).
- Completed the first round of shell account creation for veterans; approximately 3,500 shell accounts created for applicants with DD214 records on file, but no COS accounts; 2nd round of shell accounts being completed on approximately 2,000 additional veterans; will be completed Q3 of CY 2010
- Completed manual task of capturing dismissals in COS. Employees terminated from merit positions since 2008 will not be certified to the dismissing agency.
- Hosted HR Roundtable for Recruiters in May focusing on the GI Bill as an option for agencies to consider as a recruiting strategy and benefit to employees.
- Worked with DTS to update the COS Training presentation; will participate in custom training for Revenue in Q3.
- Implemented numerous outreach initiatives to agencies to enhance relationships and gain better understanding of agency business processes.
- Completed Audit of Immediate Fill positions based on CY2009 usage and recommended removal of 24 positions from Immediate Fill status; currently reviewing agency justifications for continued use of certain titles; final determination will be completed Q3.
- 2nd Quarter 2010 vs 2nd Quarter 2009

Job submissions are increased by 1% and veterans assisted are decreased by 12% (however, veteran outreach activity has increased through weekly presentations at OET); New Applicants are increased by 13% and Registers Certified are down by 5%; numbers are expected due to economy.

- Provided training presentations on "Recruitment/Selection" for the SHRM Essentials Class; "Employee Engagement" for the IPMA chapter meeting and "Volunteerism to Enhance Your Career Development" at the National SHRM Student and Annual Conference.

**Division of Career Opportunities Business Statistics  
(July 1, 2009 – June 30, 2010)**

	2010 total	% change 08 - 09
Walk-Ins (Applicants utilizing Computer Lab)	330	<b>-70%</b>
Paper Apps.	27	<b>-80%</b>
Previous Apps Copied	76	N/A
COShelp E-mails	3162	<b>-17%</b>
QA Reviews	2915	<b>27%</b>
Rejections	2335	<b>-29%</b>
Registers Certified	2030	<b>26%</b>
Imm Fills Certified	625	<b>-6%</b>
Job Submissions	171946	<b>78%</b>
New Applicants	19944	<b>-14%</b>
Veteran's Assisted	414	<b>-61%</b>
Phone Calls Applicant Processing	8270	7%

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

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

## Division of Technology Services

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

**Application Development Branch (ADB)** is responsible for the development and support of the Kentucky Human Resources Information System (KHRIS) application including; reports, interfaces, conversions, enhancements, forms, workflows, and queries. In addition to KHRIS responsibilities, the ADB supports existing applications and develops new Personnel Cabinet applications, provides reports on current and historic personnel and payroll data, database support for the Group Health Insurance (GHI) and Group Life Insurance (GLI) applications, and provides oversight of the GHI & GLI IT vendor.

### Enhance Customer Value:

Enhanced reporting tools via procurement of SAP Business Objects and implementation of reporting strategy.

### Employer of Choice:

Development/implementation of integrated HCM ERP solution (KHRIS).

### Creating a Learning and Development Culture:

Training and knowledge sharing for Commonwealth staff in the development of and support for KHRIS.

### Promote a one-employer concept across Kentucky state government:

Broaden reporting access to Agency HR users of KHRIS through implementation of Business Objects reporting tool and KHRIS standard reports

**DID YOU KNOW?**

End user support for the Career Opportunities System (COS) is provided for 2,354 Commonwealth end users and 110,230 applicant end users.

## Client Services Branch

The Client Services Branch (CSB) provides help desk support for Personnel Cabinet information systems, provides training to Personnel Cabinet and external customers of HR information systems, system administration of RWD training system and COS. The CSB also assists DTS and the Personnel Cabinet in special projects as needed.

### Enhance Customer Value:

Trained Cabinet users on Microsoft Office '07, continued customer training on COS, and assisted with planning KHRIS training.

### Employer of Choice:

Training/support and implementation of integrated HCM ERP solution (KHRIS).

### Creating a Learning and Development Culture:

Training and knowledge sharing for Commonwealth staff for their help desk role to support KHRIS. Continued training development and deliver to end users of Personnel Cabinet systems.

### Promote a one-employer concept across Kentucky state government:

Integration of COS and KHRIS training with standard business processes and consistency across the enterprise.

## Network Support Branch (NSB)

The NSB is responsible for end-user support of hardware/software, security, connectivity, Entrust, and email. The NSB provides support and administration of Personnel Cabinet servers, Filenet imaging system, KHRIS Basis and security, wireless connectivity, and is responsible for the Personnel Cabinet's phone system, virus protection and IT procurement for hardware and maintenance.

### Enhance Customer Value:

Implementation of enhanced imaging solution via implementation of Filenet adapter to integrate with KHRIS.

### Employer of Choice:

Ongoing support of Personnel Cabinet users' access to hardware and applications to ensure efficient, effective tools to perform their job.

## **Creating a Learning and Development Culture:**

Staff training for professional development to support Personnel Cabinet end users and hardware as well as providing staff the opportunity to “learn on the job” when implementing new software.

## **Promote a one-employer concept across Kentucky state government:**

Ensure COT enterprise standards in the Personnel Cabinet

## **Systems Analysis Branch (SAB)**

The SAB is responsible for the business process analysis, configuration, and documentation for KHRIS and COS. The SAB provides project management for KHRIS, COS and project management assistance with OPS, the GHI & GLI systems' vendor. In addition, the branch is responsible for on-going support of COS.

## **Enhance Customer Value:**

Business analysis and solutions for 180 gaps from original KHRIS design.

## **Employer of Choice:**

Analysis/configuration and implementation of integrated HCM ERP solution (KHRIS).

## **Creating a Learning and Development Culture:**

Training and knowledge sharing for Commonwealth staff in the configuration of and support for KHRIS.

## **Promote a one-employer concept across Kentucky state government:**

Analysis of HR business processes, configuration and implementation of KHRIS.

## **2009–2010 Highlights:**

### **Division of Technology Services**

- 76 DTS Commonwealth and contract employees completed HIPAA training to ensure knowledge of HIPAA and compliance as IT professionals supporting systems containing PHI

### **Application Development Branch**

- Performed multiple data loads of the legacy data in preparation for KHRIS go-live
- Generated all KECC forms and reports
- Development of over 5,000 hours of custom

KHRIS development due to rebuild

- Oversight of transition of KHRIS environment hosting internal to the commonwealth at COT

### **Client Services Branch**

- Provided a centralized location for requesting Personnel Systems access. Now Non-Merit App request, COS, CICS and DocDirect access request are sent to one location to be logged into the Cabinet's ticket tracking system
- Created and published a new COS end-user training manual to the website
- Worked with the Network Support Branch to Install Entrust on all Personnel Cabinet machines ensuring that users are complaint with the Cabinet's Electronic Security Policy
- Developed and provided Microsoft Office 2007 training for 113 Personnel Cabinet employees
- Conducted quarterly COS Agency level 1 & 2 courses for agencies training over 40 agency users since July 1, 2009
- CSB has assisted with 393 COS Support tickets during the past fiscal year
- CSB answered over 7,000 password reset and Member Services calls during the 2010 Open Enrollment cycle

### **Network Support Branch**

- Upgrade of SAN environment
- Approval for the FileNet/SAP adapter to allow continued use of our imaging system through KHRIS
- Partial completion of a cabinet-wide install and upgrade of Entrust email encryption
- Approval and successful blocking of a social networking site with known security risks
- Full Open Enrollment with 0 downtime related to hardware issues
- Manually repaired approximately 2/3 of the Cabinet's PCs after the distribution of a faulty detection file from our virus protection software provider
- Completed FileNet/SAP adapter installation in-house rather than through a consulting contract, saving the Commonwealth

approximately \$70,000

- Cabinet-wide rollout of MS Office 2007.

### **Systems Analysis Branch**

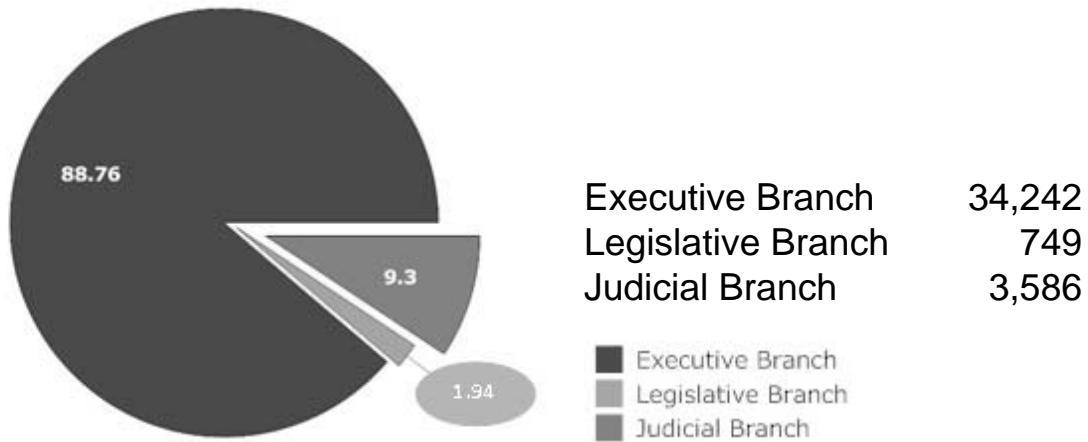
- Configured system to solve for open gaps in design
- Identified system solutions for recent federal and state legislative changes
- Provided oversight of the conversion of data from multiple legacy systems
- Completed a reports analysis to identifying any additional reporting needs and reduced the number of KHRIS custom reports to 47
- The KHRIS Project Management Office managed the tasks of 100+ KHRIS team members
- Completed 3 successful test conversions, transferring over 200,000 records in each cycle.



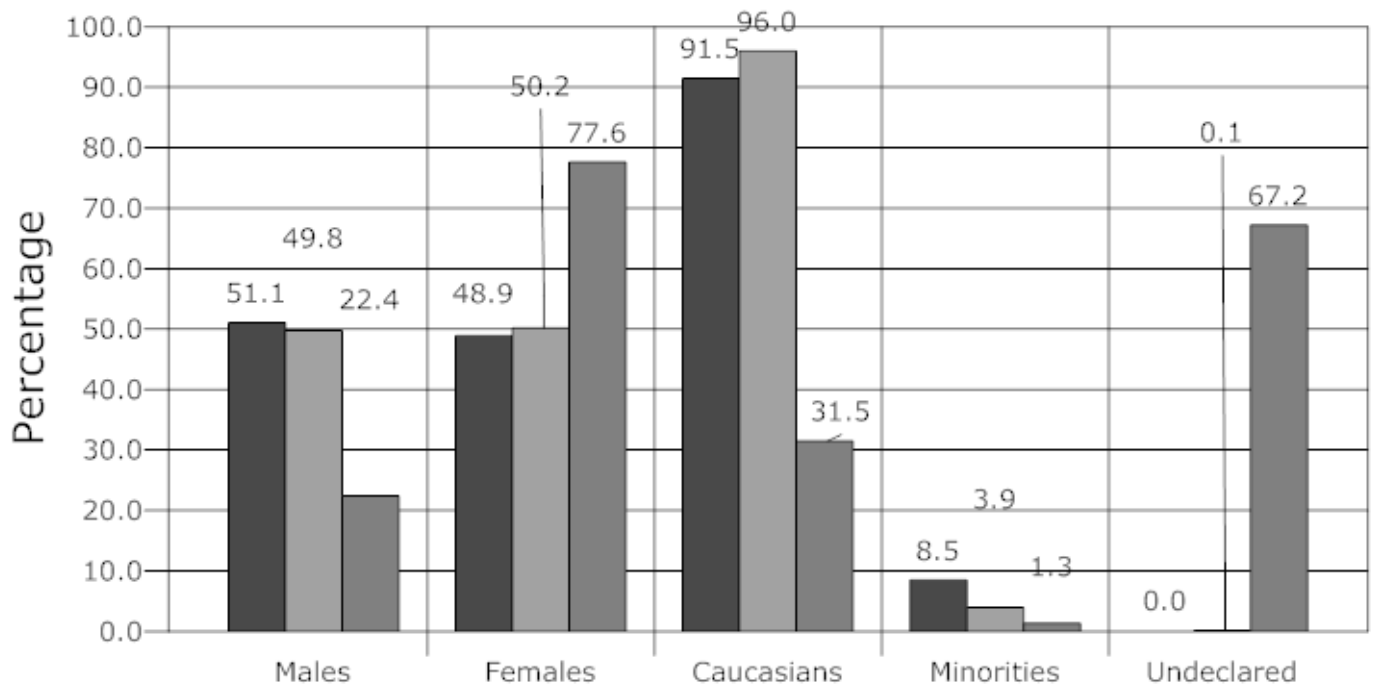


# EMPLOYEE STATISTICS

## NUMBER OF EMPLOYEES IN STATE GOVERNMENT (EXCLUDING INTERIMS, AS OF JUNE 30, 2010)

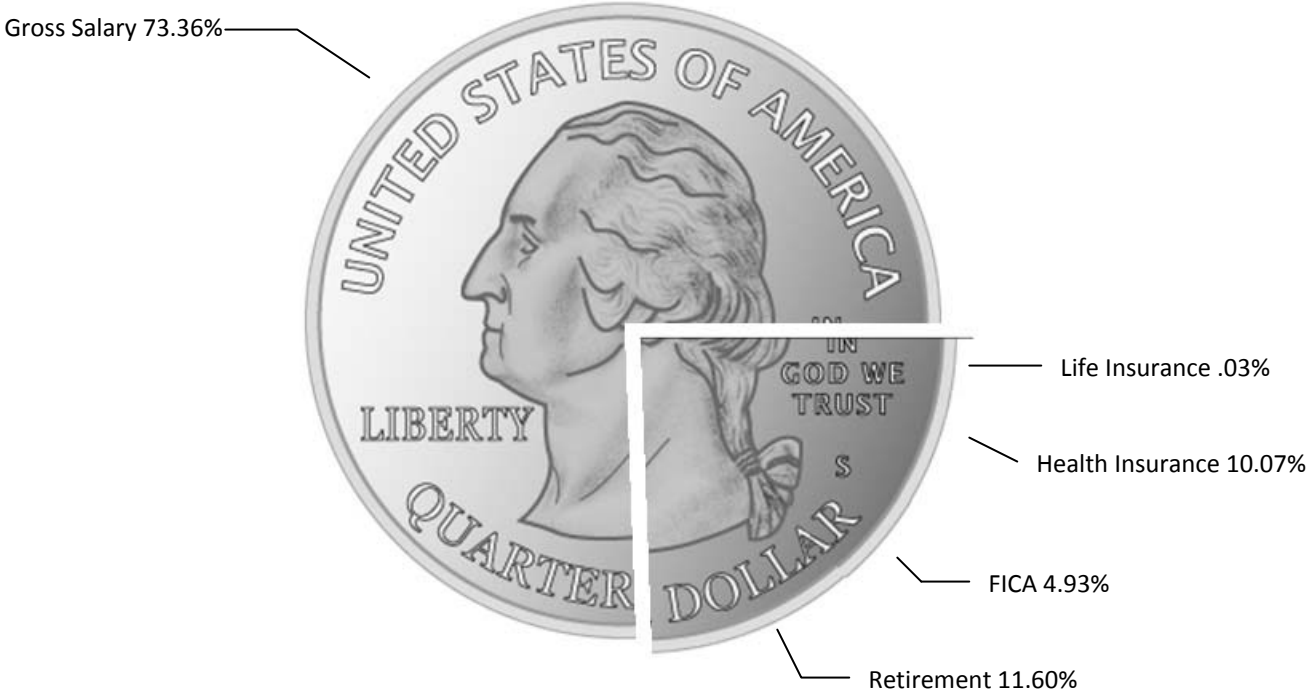


## EMPLOYEE STATUS BY RACE AND SEX (as of June 30, 2010)



**EMPLOYEE COMPENSATION  
EXECUTIVE BRANCH  
(EXCLUDES INTERIMS)**

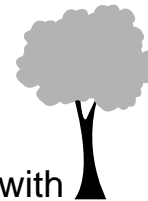
Average Gross Annual Salary	\$38,337.93
Average Employer Paid Annual Benefits	
Retirement	\$6,060.57
FICA	\$2,577.41
Health Insurance	\$5,263.67
Life Insurance	\$17.06
TOTAL Benefits	\$13,918.71
Average Annual Employee Compensation	\$52,256.64







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

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