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Mary Elizabeth Bailey
SECRETARY

MEMORANDUM

PERSONNEL MEMO 26-04

TO: Constitutional Officers
Cabinet Secretaries
Agency Heads
Human Resource (HR) Administrators

FROM: Mary Elizabeth Bailey, Secretary

DATE: March 2, 2026

RE: Regulation Amendments – 101 KAR 2:120, 2:140, 2:230

Several amendments to Personnel Cabinet regulations will become effective on March 3, 2026, to include the following revisions:

101 KAR 2:120 – Incentive Programs: Along with general maintenance edits, the regulation is amended as follows:

1. **Section 1(3)(b):** This section is amended to exempt from eligibility those suggestions that arise from a documented request from agency leadership requesting ideas or proposals relating to new programs, initiatives, or changes to existing program or initiatives.
2. **Section 1(3)(e):** This section is revised to clarify that an agency is required to notify the employee of the “disposition” of the suggestion within ninety (90) days. The requirement to provide a status update every sixty (60) days is removed. A new provision is also added to grant an agency an extension of time to respond to the employee’s suggestion if extenuating circumstances exist that necessitate a delay in response.
3. **Section 1(5):** This section is revised to clarify that payment for an award shall be issued by the Personnel Cabinet within thirty (30) calendar days after receiving the affected agency’s notice of implementation and final approval of the suggestion.

101 KAR 2:140 – Workers’ Compensation Fund and Program: Along with general maintenance edits, the regulation is amended as follows:

1. **Section 3 (Assessments):** Language is added to clarify that premiums shall be calculated each budgetary biennium.
2. **Section 4 (Benefits):**
 - **Subsection (1):** To ensure consistency with Kentucky Revised Statute Chapter 342, the chapter of statutes that governs Kentucky Workers’ Compensation law, this section was amended to

remove various program details that may become inconsistent if statutory revisions occur. Instead, reviewers are advised that benefits will be provided “in accordance with Kentucky Workers’ Compensation law, including KRS Chapter 342.”

- **Subsection 2:** This section is amended to add provisions to clarify the following with regard to leave buyback:
 - **Paragraph (f):** An agency shall not restore accumulated leave until the workers’ compensation check or payment endorsed or approved by the employee is received by the agency.
 - **Paragraph (g):** If the employee does not return the endorsed or approved workers’ compensation check or payment to the agency but retains the full benefit of paid leave, the agency may deduct a sum equal to the unremitted workers’ compensation income benefits from the employee’s regular payroll check. This amendment ensures that the employee is not paid more than that to which they are entitled.
 - **Paragraph (h):** The employee may revoke the leave buyback election at any time by providing written notification to the agency. Revocation shall not apply to any workers’ compensation income benefits for those periods of time for which the employee received paid leave.
- 3. **Section 5 (Notification Procedures):** Subsection 2(c) is revised to clarify that all documentation received by an agency relating to workers’ compensation shall be submitted to the Personnel Cabinet as soon as possible.
- 4. The regulation also incorporates revised forms:
 - Form WCF-1, January 2025 and
 - Form WCF-2, November 2025

101 KAR 2:230 – Kentucky Employee Mediation and Workplace Resolution Programs: Along with general maintenance edits, the regulation is amended as follows:

1. Section 1:

- **Subsection 3(d):** A provision is added to permit the termination of a mediation session if all necessary parties are not in attendance.
- **Subsection 3(e):** Provisions are added to permit parties of Personnel Board mediations to submit a confidential written statement of the case to the mediator no later than three (3) workdays prior to the scheduled mediation. The written statement shall be no more than 500 words. The written statement will be considered a confidential communication with the mediator, shall not be shared with the other party, and shall not be subject to disclosure of any subsequent proceedings regarding the mediated matter, except as required by state and federal law.
- **Subsection 3(g)** – A revision is made to clarify that all mediation communications, including documents, shall remain confidential as permitted by state and federal law.
- **Subsection 3(h)** – A new provision is added to state that a mediation shall not be recorded.
- The regulation also incorporates a revised Kentucky Employee Mediation Program Referral Form, January 2025.

The Personnel Cabinet’s Office of Employee Relations (OER) will provide additional guidance, as necessary, to Human Resource Administrators on these changes. Please direct questions to Donna Shelton, Executive Director, Office of Employee Relations, at donna.shelton@ky.gov.