

1 AN ACT relating to state employee compensation.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔Section 1. KRS 18A.110 is amended to read as follows:

- 4 (1) The secretary shall promulgate comprehensive administrative regulations for the
5 classified service governing:
- 6 (a) Applications and examinations;
 - 7 (b) Certification and selection of eligibles;
 - 8 (c) Classification and compensation plans;
 - 9 (d) Incentive programs;
 - 10 (e) Lay-offs;
 - 11 (f) Registers;
 - 12 (g) Types of appointments;
 - 13 (h) Attendance; hours of work; compensatory time; annual, court, military, sick,
14 voting, and special leaves of absence, provided that the secretary shall not
15 promulgate administrative regulations that would reduce the rate at which
16 employees may accumulate leave time below the rate effective on December
17 10, 1985; and
 - 18 (i) Employee evaluations.
- 19 (2) The secretary shall promulgate comprehensive administrative regulations for the
20 unclassified service.
- 21 (3) (a) Except as provided by KRS 18A.355, the secretary shall not promulgate
22 administrative regulations that would reduce an employee's salary; and
- 23 (b) As provided by KRS 18A.0751(4)(e), the secretary may submit a proposed
24 administrative regulation providing for an initial probationary period in excess
25 of six (6) months to the board for its approval.
- 26 (4) The secretary may promulgate administrative regulations to implement state
27 government's affirmative action plan under KRS 18A.138.

- 1 (5) (a) The administrative regulations shall comply with the provisions of this chapter
2 and KRS Chapter 13A, and shall have the force and effect of law after
3 compliance with the provisions of KRS Chapters 13A and 18A and the
4 procedures adopted thereunder;
- 5 (b) Administrative regulations promulgated by the secretary shall not expand or
6 restrict rights granted to, or duties imposed upon, employees and
7 administrative bodies by the provisions of this chapter; and
- 8 (c) No administrative body other than the Personnel Cabinet shall promulgate
9 administrative regulations governing the subject matters specified in this
10 section.
- 11 (6) Prior to filing an administrative regulation with the Legislative Research
12 Commission, the secretary shall submit the administrative regulation to the board
13 for review.
- 14 (a) The board shall review the administrative regulation proposed by the secretary
15 not less than twenty (20) days after its submission to it;
- 16 (b) Not less than five (5) days after its review, the board shall submit its
17 recommendations in writing to the secretary;
- 18 (c) The secretary shall review the recommendations of the board and may revise
19 the proposed administrative regulation if he deems it necessary; and
- 20 (d) After the secretary has completed the review provided for in this section, he
21 may file the proposed administrative regulation with the Legislative Research
22 Commission pursuant to the provisions of KRS Chapter 13A.
- 23 (7) The administrative regulations shall provide:
- 24 (a) For the preparation, maintenance, and revision of a position classification plan
25 for all positions in the classified service, based upon similarity of duties
26 performed and responsibilities assumed, so that the same qualifications may
27 reasonably be required for, and the same schedule of pay may be equitably

1 applied to, all positions in the same class. The secretary shall allocate the
2 position of every employee in the classified service to one (1) of the classes in
3 the plan. The secretary shall reallocate existing positions, after consultation
4 with appointing authorities, when it is determined that they are incorrectly
5 allocated, and there has been no substantial change in duties from those in
6 effect when such positions were last classified. The occupant of a position
7 being reallocated shall continue to serve in the reallocated position with no
8 reduction in salary;

9 (b) For a pay plan for all employees in the classified service, after consultation
10 with appointing authorities and the state budget director. The plan shall take
11 into account such factors as:

- 12 1. The relative levels of duties and responsibilities of various classes of
13 positions;
- 14 2. Rates paid for comparable positions elsewhere taking into consideration
15 the effect of seniority on such rates; and
- 16 3. The state's financial resources.

17 Amendments to the pay plan shall be made in the same manner. Each
18 employee shall be paid at one (1) of the rates set forth in the pay plan for the
19 class of position in which he is employed, provided that the full amount of the
20 cost of living adjustment~~[annual increment]~~ provided for by the provisions of
21 KRS 18A.355, and the full amount of an increment due to a promotion, salary
22 adjustment, reclassification, or reallocation, shall be added to an employee's
23 base salary or wages;

24 (c) For open competitive examinations to test the relative fitness of applicants for
25 the respective positions. The examinations shall be announced publicly and
26 applications accepted at least ten (10) days prior to certification of a register,
27 and may be advertised through the press, radio, and other media. The secretary

1 shall continue to receive applications and examine candidates on a continuous
2 basis long enough to assure a sufficient number of eligibles to meet the needs
3 of the service. Except as provided by this chapter, he shall add the names of
4 successful candidates to existing eligible lists in accordance with their
5 respective ratings. The secretary shall be free to use any investigation of
6 education and experience and any test of capacity, knowledge, manual skill,
7 character, personal traits, or physical fitness, which in his judgment, serves the
8 need to discover the relative fitness of applicants;

9 (d) As provided by this chapter, for the establishment of eligible lists for
10 appointment, upon which lists shall be placed the names of successful
11 candidates in the order of their relative excellence in the respective
12 examinations. Except as provided by this chapter, an eligible's score shall
13 expire automatically one (1) year from the date of testing, unless the life of the
14 score is extended by action of the secretary for a period not to exceed one (1)
15 additional year. Except for those individuals exercising reemployment rights,
16 all eligibles may be removed from the register when a new examination is
17 established;

18 (e) For the rejection of candidates or eligibles who fail to comply with reasonable
19 requirements of the secretary in regard to such factors as age, physical
20 condition, training, and experience, or who have attempted any deception or
21 fraud in connection with an examination;

22 (f) Except as provided by this chapter, for the appointment of a person whose
23 score is included in the five (5) highest scores earned on the examination;

24 (g) For annual, sick, and special leaves of absence, with or without pay, or
25 reduced pay, after approval by the Governor as provided by KRS
26 18A.155(1)(d);

27 (h) For lay-offs, in accordance with the provisions of KRS 18A.113, 18A.1131,

1 and 18A.1132, by reasons of lack of work, abolishment of a position, a
2 material change in duties or organization, or a lack of funds;

3 (i) For the development and operation of programs to improve the work
4 effectiveness of employees in the state service, including training, whether in-
5 service or compensated educational leave, safety, health, welfare, counseling,
6 recreation, employee relations, and employee mobility without written
7 examination;

8 (j) For a uniform system of annual employee evaluation for classified employees,
9 with status, that shall be considered in determining eligibility for discretionary
10 salary advancements, promotions, and disciplinary actions. The administrative
11 regulations shall:

- 12 1. Require the secretary to determine the appropriate number of job
13 categories to be evaluated and a method for rating each category;
- 14 2. Provide for periodic informal reviews during the evaluation period
15 which shall be documented on the evaluation form and pertinent
16 comments by either the employee or supervisor may be included;
- 17 3. Establish a procedure for internal dispute resolution with respect to the
18 final evaluation rating;
- 19 4. Permit a classified employee, with status, who receives either of the two
20 (2) lowest possible evaluation ratings to appeal to the Personnel Board
21 for review after exhausting the internal dispute resolution procedure.
22 The final evaluation shall not include supervisor comments on ratings
23 other than the lowest two (2) ratings;
- 24 5. Require that an employee who receives the highest possible rating shall
25 receive the equivalent of two (2) workdays, not to exceed sixteen (16)
26 hours, credited to his or her annual leave balance. An employee who
27 receives the second highest possible rating shall receive the equivalent

1 of one (1) workday, not to exceed eight (8) hours, credited to his or her
2 annual leave balance; and

3 6. Require that an employee who receives the lowest possible evaluation
4 rating shall either be demoted to a position commensurate with the
5 employee's skills and abilities or be terminated; and

6 (k) For other administrative regulations not inconsistent with this chapter and
7 KRS Chapter 13A, as may be proper and necessary for its enforcement.

8 (8) For any individual hired or elected to office before January 1, 2015, and paid
9 through the Kentucky Human Resources Information System, the Personnel Cabinet
10 shall not require payroll payments to be made by direct deposit or require the
11 individual to use a Web-based program to access his or her salary statement.

12 (9) To the extent that KRS 16.010 to 16.199 and administrative regulations
13 promulgated by the commissioner of the Department of Kentucky State Police
14 under authority granted in KRS Chapter 16 conflict with this section or any
15 administrative regulation promulgated by the secretary pursuant to authority granted
16 in this section, the provisions of KRS Chapter 16 shall prevail.

17 ➔Section 2. KRS 18A.355 is amended to read as follows:

18 (1) An annual **cost of living adjustment**~~increment of not less than five percent (5%) of~~
19 ~~the base salary or wages of each state employee~~ shall be granted to each employee
20 on **the employee's**~~his~~ anniversary date. **The cost of living adjustment for each**
21 **year of a biennium shall be the average of the consumer price index for all urban**
22 **consumers as published by the federal Bureau of Labor Statistics for the two (2)**
23 **calendar years prior to the biennium and shall not be less than zero (0).** The
24 employee's base salary or wages shall be increased by the amount of the **cost of**
25 **living adjustment**~~annual increment~~. When any increment due to a promotion,
26 reallocation, reclassification or salary adjustment is granted an employee, the
27 employee's base salary or wages shall be increased by the amount of such

- 1 increment. An employee's base salary or wages shall not be increased by the amount
2 of lump-sum payment awarded under KRS 18A.110(7)(j).
- 3 (2) The branch budget recommendation submitted to the General Assembly under KRS
4 Chapter 48 shall include a request for the amount of the cost of living
5 adjustment~~[annual increment]~~ expressed as a percentage of each employee's base
6 salary or wages and a request for the total appropriation needed to fund the cost of
7 living adjustment~~[annual increment]~~. The cost of living adjustment~~[annual~~
8 ~~increment]~~ shall be uniform for all employees. The financial plan enacted under the
9 provisions of KRS 48.300 shall contain the cost of living adjustment~~[annual~~
10 ~~increment]~~ expressed as a percentage of each employee's base salary or wages, and
11 the total appropriation needed to fund the cost of living adjustment~~[annual~~
12 ~~increment]~~.
- 13 (3) The budget reduction plan submitted and enacted under the provisions of KRS
14 Chapter 48 shall provide that a reduction of the cost of living adjustment~~[annual~~
15 ~~increment]~~ granted under this section shall be made only after other cost savings
16 measures, as provided by KRS 18A.1132, are taken. Any such reduction shall be
17 uniform for all state employees and shall comply with the provisions of this chapter
18 and KRS Chapter 48.