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CABINET FOR HEALTH AND FAMILY SERVICES

DEPARTMENT FOR PUBLIC HEALTH

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July 13, 2026

Senator Stephen Meredith, Co-Chair
Representative Kimberly Poore Moser, Co-Chair
c/o DeeAnn Wenk, Committee Staff Administrator
Interim Joint Committee on Health Services
Legislative Research Commission
Capitol Annex Room 488
702 Capital Avenue
Frankfort KY 40601

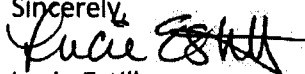
Re: 902 KAR 8:060. Salary adjustments for local health departments.

Dear Co-Chairs Meredith and Moser,

Following the Administrative Regulation Review Subcommittee meeting regarding 902 KAR 8:060, Salary adjustments for local health departments, the Department for Public Health proposes the attached agency amendment to 902 KAR 8:060. The proposed changes are to clarify that the lump sum merit payments are to be made to an individual employee, and the option for an across the board lump sum payment to all regular status employees is to be made on a designated payroll. These changes will provide further guidance to local health departments who decide to use the lump sum merit payment options as a reward for staff.

This agency amendment does not change the fiscal impact of this administrative regulation.

If you have any questions regarding this matter, please contact Julie Brooks, Department for Public Health, at (502) 229-3377.

Sincerely,

Lucie Estill
Staff Assistant
Office of Legislative and Regulatory Affairs

Agency Amendment

CABINET FOR HEALTH AND FAMILY SERVICES Department for Public Health Division of Administration and Financial Management (Amended at ARRS Committee)

902 KAR 8:060. Salary adjustments for local health departments.

RELATES TO: KRS 211.170(1), (2), 211.1751, 211.1752, 211.1755, 212.170, 212.870

STATUTORY AUTHORITY: KRS 194A.050(1), 211.1755(2)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 194A.050(1) requires the Cabinet for Health and Family Services to promulgate administrative regulations necessary to operate programs and fulfill the responsibilities vested in the cabinet. KRS 211.1755(2) requires the cabinet to promulgate administrative regulations establishing the policies and procedures of the local health department personnel program. This administrative regulation establishes the policies and procedures regarding salary adjustments for local health departments.

Section 1. Salary Upon Appointment. (1) The entrance salary of an employee entering employment shall be at the minimum of the range established for the class to which the employee is appointed, unless otherwise approved by the department, based on the criteria established in subsections (2) and (3) of this section.

(2)(a) Prior to the start date of a new employee, and upon approval by the department, a new minimum entrance salary may be established by an agency if it is determined that it is not possible to recruit qualified employees for a class of positions at the established entrance salary.

(b) If an appointment is made at the newly established minimum entrance salary, employees of the agency in the same class paid at a lower salary shall have their salaries

adjusted to the newly established minimum entrance salary.

(c)1. If a new minimum entrance salary is established by an agency for a specified class, in addition to the adjustment required by subsection (3) of this section, based on documented recruitment needs, or a new entrance salary is established by a compensation plan change, the department may approve a salary adjustment for employees in the same class.

2. The adjustment shall be a fixed amount provided to each employee in the classification and shall not exceed the amount of increase applied to the newly established minimum.

3. In fixing salaries for this adjustment, an appointing authority shall afford equitable treatment to all employees affected by the adjustment.

(3)(a) An appointment of an applicant who meets the minimum requirements for a position may be above minimum salary within the salary range applicable to the class, if:

1. The newly appointed employee has previous, relevant experience above the minimum requirements of the job;

2. It is necessary to attract qualified applicants; and

3. The newly appointed employee's hire rate does not exceed the salary of a present employee in the same classification with the comparable years of relevant experience, education, and training.

(b) If the individual possesses qualifications in training and experience in addition to the minimum requirements for the class, the rate of pay may be between the classification minimum and midpoint for appointment~~[newly appointed employee may receive a two (2) percent salary adjustment, not to exceed the midpoint, for each year of appropriate~~

~~experience and education or training in excess of the minimum requirements for the respective classification].~~

(c) An employee possessing the same qualifications, in the same class of positions, in the same agency, and who is paid below the entrance salary level as adjusted for the newly appointed employee, shall have his or her salary adjusted to the approved entrance salary level plus five (5) percent.

Section 2. Initial Probationary Salary Adjustment. (1) The appointing authority shall grant an employee a five (5) percent increase in salary upon successful completion of the required initial employment probationary period as established~~specified~~ in 902 KAR 8:080 Section 9(2). The salary adjustment shall take effect the first pay period following completion of the probationary period.

(2) Except as established~~provided~~ for in 902 KAR 8:080, Section 3(2)(a), an employee shall not be given an original probationary increment more than once for successful completion of the probationary period in the same classification.

Section 3. In-Range Salary Adjustment. (1) An appointing authority may request a salary adjustment not to exceed five (5) percent if an employee is assigned permanent job duties and responsibilities that are more complex and difficult than current job duties and grade level, but are less than those indicated through a reclassification.

(2) Only one (1) in-range salary adjustment shall be allowed for an employee per classification.

(3) The appointing authority may request to remove the in-range salary adjustment if the in-range duties are removed. The salary shall be decreased by the equivalent dollar amount of the increase at the time of~~revert to the previous amount prior to~~ the in-range

adjustment.

Section 4. Reclassification. (1) A position shall be reclassified if the duties and responsibilities of a position have materially changed.

(2) An agency may request a reclassification of a regular status employee to a different position:

(a) Within the same classification series that has more complex nonsupervisory job duties and responsibilities and has a higher grade level; or

(b) In a different classification series that has the same or higher grade level.

(3) A regular status employee to be reclassified shall:

(a) Meet the minimum requirements of the new classification; and

(b) Have not previously performed the primary duties of the new classification.

(4) An employee who~~[that]~~ is reclassified with or without probation to a position having a higher pay grade shall receive a salary increase that is the higher of:

(a) Five (5) percent of the employee's current salary;

(b) Three (3) percent for each grade increase to the new position, not to exceed ten (10) percent; or

(c) The minimum salary of the grade assigned to the new position.

(5) A reclassified employee shall serve a probationary period of thirteen (13) pay periods if the reclassification is to a supervisory position or a different classification series within the same grade. If the employee has performed satisfactorily, as determined by the employee's supervisor, the employee shall receive a five (5)~~[three (3)]~~ percent salary increase at the end of the probationary period.

Section 5. Promotion of an Employee to a Vacant Position. (1) An employee may be

promoted upon the request of an appointing authority if the employee meets the minimum requirements of the vacant position having a higher salary determined by the department to have more extensive and complex job duties and responsibilities.

(2) An employee who is advanced to a higher pay grade through a promotion shall receive a salary increase that is the higher of:

(a) Five (5) percent;

(b) Three (3) percent for each grade increase to the new position not to exceed ten (10) percent; or

(c) The minimum salary of the new position.

(3)(a) The employee shall serve a promotional probationary period of thirteen (13) pay periods and, except as established in~~provided by~~ paragraph (b) of this subsection, shall receive a five (5)~~three (3)~~ percent salary increase following satisfactory completion of the probationary period, as documented by the performance evaluation; or

(b) If the employee was promoted while serving an initial probation, this shall be considered a new initial probation, and the probation timeline shall start again from the date of promotion~~[the employee shall receive a five (5) percent increment in salary instead of a three (3) percent increase]~~.

Section 6. Demotion. If an employee is demoted, the appointing authority shall determine the salary in one (1) of the following ways:

(1) If an employee requests a voluntary demotion:

(a)1. The employee's salary shall be reduced by five (5) percent for one (1) grade; or

2. For multiple grades, three (3) percent for each grade decrease not to exceed ten (10) percent; and

(b) The employee's salary shall be reduced by an additional three (3) percent if the voluntary demotion is to a position that no longer requires supervisory responsibilities;

(2)(a) If the demotion is due to reorganization by the agency, the employee may retain the salary received prior to demotion. If the employee's salary is not reduced upon demotion[,], and funding is sufficient, the appointing authority shall explain the reason in writing and place the explanation in the employee's personnel files; or

(b) The salary of an employee who is demoted because of a documented disciplinary problem or inability to perform a duty or responsibility required of the position shall be reduced by ten (10) percent of their current salary or to the minimum of the new grade; and

(3) The salary of an employee demoted as a result of documented unsatisfactory performance during the promotional probationary period shall be reduced to the level prior to promotion.

Section 7. Salary Upon Reinstatement of a Former Employee. (1) A former employee may be reinstated to a position for which the employee was previously employed.

(2) The salary of an employee who~~[that]~~ is reinstated shall be at the higher of:

(a) The same pay rate the employee had been paid at the termination of service, if the time period between separation and reinstatement does not exceed three (3) years;

(b) The current established minimum entrance salary above the former salary; or

(c) Compensation plan changes.

Section 8. Salary Upon Re-employment. (1) A former employee may be re-employed to a position for which the employee was previously employed up to one (1) year after separation.

(2) The salary of an employee who~~[that]~~ is re-employed shall be:

(a) At the same pay rate the employee had been paid at the termination of service, if the period between separation and re-employment does not exceed one (1) year; or

(b) In accordance with Section 6(1) of this administrative regulation if re-employed to a lower classification.

Section 9. Lump Sum Merit Payment. (1) The appointing authority, with the approval of the department and as established in this section, may award a regular status, full-time, part-time 100 hour, or part-time employee an individual[a] merit lump sum payment.

(2) The appointing authority may grant an individual[a] lump sum merit payment to an employee meeting the eligibility criteria of this section in an amount not to exceed eight (8) percent of the employee's current salary or established minimum of the employee's classification grade during the annual evaluation period of twenty-six (26) pay periods.

(3) A lump sum merit payment may be granted by the appointing authority with the approval of the department, to an employee meeting the following eligibility criteria:

(a) The employee has completed the initial probationary period required on appointment; and

(b)1. The employee's job performance is consistently above what is normally expected or required by the job duties and responsibilities; or

2. The employee has successfully completed a special project of significant importance to warrant special attention.

(4) The appointing authority shall prepare and submit written documentation to the department that shall substantiate that the employee satisfies the eligibility criteria in this

section for the lump sum merit payment to be effective.

(5) The appointing authority shall inform the Board of Health of the number of lump sum merit payments granted during the fiscal year that exceed \$2,000 per payment unless the payment is based on the 902 KAR 8:096 annual evaluation.

(6) An agency may grant a one (1) time across the board lump sum ~~[merit]~~ payment on a designated payroll~~[across the board]~~ during the fiscal year to all regular status employees in recognition of the agency exceeding expectations.

(a) The flat amount per employee shall not exceed \$1,500~~[\$1,000]~~; and

(b) The appointing authority shall receive prior approval from the Board of Health and the department.

Section 10. Detail to Special Duty. (1) A regular status~~[An]~~ employee may be detailed to special duty on a temporary basis, not to exceed twenty-six (26) pay periods, to:

(a) Occupy a position and assume the job duties and responsibilities of an employee on an approved leave of absence or an employee who~~[that]~~ has separated from the agency; or

(b) To undertake a special project assigned by the appointing authority in addition to the employee's regular duties and responsibilities.

(2) An employee who is approved for detail to special duty shall receive a salary increase of five (5) percent during the detail to special duty.

(3) After completion of the special assignment, the employee shall be transferred to the classification or resume normal duties with the employee's salary reduced by an equivalent dollar amount of the increase at the time of the appointment to special duty~~[five (5) percent]~~.

(4) An employee shall be entitled to salary increases provided by the agency during the special assignment.

Section 11. Educational Achievement and Skill Enhancement Pay. (1) The job-related skill enhancement pay shall be granted to recognize and reward an employee who takes the initiative through his or her own efforts to increase job worth and significantly enhance his or her value to the agency by achieving a higher level of performance through a **[prescribed]** course of study in the employee's job field.

(2) An agency may elect not to participate in the educational achievement program if sufficient funds are not available.

(3) An employee shall not receive more than one (1) educational achievement salary increase.

(4) An appointing authority may grant a five (5) percent increase to an employee's salary for obtaining a high school diploma, high school equivalency certificate, or a passing score on the GED test:

- (a) Outside of work hours; and
- (b) While in the employment of the agency.

(5) An appointing authority may grant a five (5) percent increase to an employee's salary for postsecondary education or training if:

- (a) The department has determined the employee has completed 260 hours of job-related classroom instruction;
- (b) The employee began the course work after becoming an employee of the agency and completed the course work after establishing an increment date;
- (c) The employee has completed the course work within five (5) years of the date on

which it began;

(d) The course work has not previously been applied toward an educational achievement award;

(e) The agency has not paid for the course work or costs associated with it; and

(f) The employee was not on educational or extended sick leave when the courses were taken.

(6) An appointing authority may grant, with the approval of the department, an employee a lump sum merit payment not to exceed three (3) percent of the employee's grade minimum to an employee that presents a certificate, license, or other evidence of mastering a body of knowledge obtained through a [~~prescribed~~]course of study that is directly related to the position held and based on this evidence is identified as an approved program by the department.

(7) The salary adjustment for educational achievement shall not include on-the-job[~~on the job~~] training provided by or required by the agency as part of the assigned job duties and responsibilities.

Section 12. Other Salary Adjustments. (1)(a) An agency may submit a request to the department substantiating the need for a specific salary adjustment for a regular status employee in classified service to address:

1. Compensation issues of the agency that negated the ability of the agency to commit available financial resources to salary adjustments based on the most recent compensation plan changes;

2. Special working conditions;

3. After hours adjustment if working hours cannot be adjusted;

4. Internal or external equity issues among individual employees or groups of employees; or

5. Other specific circumstances.

(b) The request shall address:

1. The nature of the salary issue;

2. The consequences of the salary issue;

3. Recommendation of an equitable resolution; and

4. Other pertinent information substantiating the need for the salary adjustment.

(c) The department may undertake a review of the request to determine the validity of the request, the impact on the submitting agency, and the impact on other agencies.

(2)(a) An agency may grant a one (1) time salary adjustment for all employees during the fiscal year to:

1. Respond to retention and recruitment needs and issues of the agency based on the inability of the agency to attract and maintain a qualified workforce in order to provide services; or

2. Place the agency in a more favorable competitive market and equity position based on an assessment of comparable agencies.

(b) The salary adjustment shall be a ~~set~~**[prescribed]** amount given to an employee determined by:

1. Applying an amount not to exceed five (5) percent to the employee's grade minimum;

2. Applying an amount not to exceed five (5) percent to the employee's grade midpoint;

or

3. Specifying a fixed hourly amount that would be provided to an employee.

Section 13. Discretionary Salary Increases. (1) The appointing authority may grant, with the approval of the department, a salary increase not to exceed five (5) percent for a regular status employee or employees who have demonstrated, based on the current performance evaluation, excellent performance and achievement. This increase shall be limited to one (1) increase per evaluation year~~[annually]~~.

(2) The Board of Health may grant a salary increase for a regular status public health director or administrator who has demonstrated, based on the current performance evaluation, excellent performance and achievement. The increase shall be limited to one (1) increase ~~per evaluation~~~~[perevaluation]~~ year~~[annually]~~.

CONTACT PERSON: Krista Quarles, Policy Analyst, Office of Legislative and Regulatory Affairs, 275 East Main Street 5 W-A, Frankfort, Kentucky 40621; Phone: 502-564-7476; Fax: 502-564-7091; CHFSregs@ky.gov

Agency Amendment

FISCAL IMPACT STATEMENT

902 KAR 8:060: Salary adjustments for local health departments.

Contact Person: Julie Brooks

Phone: (502)229-3377

Email: julied.brooks@ky.gov

Contact Person: Krista Quarles

Phone Number: (502) 564-7476

Email: CHFSregs@ky.gov

(1) Identify each state statute, federal statute, or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 194A.050(1), 211.1755(2)

(2) Identify the promulgating agency and any other affected state units, parts, or divisions: The Division of Administration and Financial Management in the Department for Public Health, Cabinet for Health and Family Services is the promulgating agency.

(a) Estimate the following for the first year: The agency amendment does not change the fiscal impact of this administrative regulation.

Expenditures: The amendment to this administrative regulation will not impact expenditures for the promulgating agency.

Revenues: The amendment to this administrative regulation does not generate revenue.

Cost Savings: The amendment to this administrative regulation will not result in cost savings for the promulgating agency.

(b) How will expenditures, revenues, or cost savings differ in subsequent years? There will be no changes to expenditures, revenues, or cost savings in subsequent years.

(3) Identify affected local entities (for example: cities, counties, fire departments, school districts): Affected local entities include fifty-eight (58) local health departments.

(a) Estimate the following for the first year:

Expenditures: Expenditures to the individual local health department will be minimal and dependent on the number of employees who promote into a new position. Collectively, the expenditures for the fifty-eight (58) local health departments is \$210,000.

Revenues: The amendment to this administrative regulation does not generate revenue for the affected local entities.

Cost Savings: The amendment to this administrative regulation does not result in cost savings for the affected local entities.

(b) How will expenditures, revenues, or cost savings differ in subsequent years? The expenditures in subsequent years will be dependent on the staffing at the individual local health department. Revenues and cost savings will not change in subsequent years.

(4) Identify additional regulated entities not listed in questions (2) or (3): There are no additional regulated entities.

(a) Estimate the following for the first year:

Expenditures: Not applicable.

Revenues: Not applicable.

Cost Savings: Not applicable.

(b) How will expenditures, revenues, or cost savings differ in subsequent years? Not applicable.

(5) Provide a narrative to explain the:

(a) Fiscal impact of this administrative regulation: The fiscal impact of this administrative regulation will be minimal for the individual local health department. Collectively, the system will have approximately \$210,000 in expenditures on an ongoing basis.

(b) Methodology and resources used to determine the fiscal impact: In 2024, approximately seventy-five (75) local health department staff were promoted. Those individuals received a three percent increase at the time of their promotion. The amendment to this administrative regulation will result in local health department staff who promote receiving a five percent pay increase. The average salary of a local health department employee is \$56,000 per year. A five percent pay increase is \$2,800. $75 \times \$2,800 = \$210,000$.

(6) Explain:

(a) Whether this administrative regulation will have an overall negative or adverse major economic impact to the entities identified in questions (2) - (4). (\$500,000 or more, in aggregate) The amendment to this administrative regulation will not result in an overall negative or adverse major economic impact.

(b) The methodology and resources used to reach this conclusion: While collectively the amendment to this administrative regulation may result in an increase in expenditures of \$210,000, no single local health department will have expenditures that equal or exceed this amount.