KRS Chapter 18A
Classification & Compensation Plan
Overview

• Introductions
• Overview of Kentucky State Government workforce
• Background and Methodology of the KRS Chapter 18A Classification and Compensation System
  • Understanding Disparities in Merit System Compensation
  • Compression
• Total Compensation
• Recommendations
• Conclusion
Recommendations

• A standard 40-hour work week for all employees, which would raise pay for workers on 37.5-hour work week schedule;
• Regular annual cost-of-living increases for state workers to maintain employees’ standard of living;
• Adjustments to the overall salary schedule;
• Comprehensive job classification review with resources to expedite the review currently underway;
Recommendations

- Flexible compensation options for specific compensation issues, including:
  - changes to locality premium adjustment
  - signing bonus
  - agency internal pay equity adjustments
  - adjustments due to new appointments
  - removal of ACE/ERA cap
  - pay grade changes
Recommendations

• Creation of a student loan forgiveness retention program as a key retention benefit;
• Pension reform for hazardous and State Police retirement systems;
• Adjustments to the “pension spiking” provisions to accommodate high inflation and to generally make pension plans more attractive for Tier 3 employees, and
• Increase staffing within the Department of Human Resources Administration.
**Approximate Cost of Major Recommendations**

<table>
<thead>
<tr>
<th>Initiative</th>
<th>General Fund</th>
<th>All Funds</th>
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<tbody>
<tr>
<td>Salary Increase (6%)</td>
<td>$81.5 million</td>
<td>$169 million</td>
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<tr>
<td>Job Review/Grade Changes</td>
<td>$37 million</td>
<td>$63 million</td>
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<td>40-Hour Work Week Conversion</td>
<td>$61 million</td>
<td>$111 million</td>
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<td>Student Loan Forgiveness Retention Program</td>
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<td>$20 million</td>
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<td>Job Classification Review assistance by Korn Ferry</td>
<td>$500,000</td>
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<td>Totals:</td>
<td>$200 million</td>
<td>$363.5 million</td>
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If all of the fiscal year 2024 compensation recommendations were implemented, and after the July 1, 2022 8% across-the-board salary increases, a state employee could receive an additional 24.4% base pay increase in fiscal year 2024.
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