

**CHAPTER 97****(SB 43)**

AN ACT relating to reorganization.

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

Section 1. KRS 12.020 is amended to read as follows:

Departments, program cabinets and their departments, and the respective major administrative bodies that they include are enumerated in this section. It is not intended that this enumeration of administrative bodies be all-inclusive. Every authority, board, bureau, interstate compact, commission, committee, conference, council, office, or any other form of organization shall be included in or attached to the department or program cabinet in which they are included or to which they are attached by statute or statutorily authorized executive order; except in the case of the Personnel Board and where the attached department or administrative body is headed by a constitutionally elected officer, the attachment shall be solely for the purpose of dissemination of information and coordination of activities and shall not include any authority over the functions, personnel, funds, equipment, facilities, or records of the department or administrative body.

I. Cabinet for General Government - Departments headed by elected officers:

1. The Governor.
2. Lieutenant Governor.
3. Department of State.
  - (a) Secretary of State.
  - (b) Board of Elections.
  - (c) Registry of Election Finance.
4. Department of Law.
  - (a) Attorney General.
5. Department of the Treasury.
  - (a) Treasurer.
6. Department of Agriculture.
  - (a) Commissioner of Agriculture.
  - (b) Kentucky Council on Agriculture.
7. Auditor of Public Accounts.

II. Program cabinets headed by appointed officers:

1. Justice Cabinet:
  - (a) Department of State Police.
  - (b) Department of Criminal Justice Training.
  - (c) Department of Corrections.
  - (d) Department of Juvenile Justice.

- (e) Office of the Secretary.
  - (f) Offices of the Deputy Secretaries.
  - (g) Office of General Counsel.
  - (h) Division of Kentucky State Medical Examiners Office.
  - (i) Parole Board.
  - (j) Kentucky State Corrections Commission.
  - (k) Commission on Correction and Community Service.
2. Education, Arts, and Humanities Cabinet:
- (a) Department of Education.
    - (1) Kentucky Board of Education.
  - (b) Department for Libraries and Archives.
  - (c) Kentucky Arts Council.
  - (d) Kentucky Educational Television.
  - (e) Kentucky Historical Society.
  - (f) Kentucky Teachers' Retirement System Board of Trustees.
  - (g) Kentucky Center for the Arts.
  - (h) Kentucky Craft Marketing Program.
  - (i) Kentucky Commission on the Deaf and Hard of Hearing.
  - (j) Governor's Scholars Program.
  - (k) Governor's School for the Arts.
  - (l) Operations and Development Office.
  - (m) Kentucky Heritage Council.
  - (n) Kentucky African-American Heritage Commission.
  - (o) Board of Directors for the Center for School Safety.
3. Natural Resources and Environmental Protection Cabinet:
- (a) Environmental Quality Commission.
  - (b) Kentucky Nature Preserves Commission.
  - (c) Department for Environmental Protection.
  - (d) Department for Natural Resources.
  - (e) Department for Surface Mining Reclamation and Enforcement.
  - (f) Office of Legal Services.
  - (g) Office of Information Services.
  - (h) Office of Inspector General.
4. Transportation Cabinet:

- (a) Department of Highways.
    - 1. Office of Program Planning and Management.
    - 2. Office of Project Development.
    - 3. Office of Construction and Operations.
    - 4. Office of Intermodal Programs.
    - 5. Highway District Offices One through Twelve.
  - (b) Department of Vehicle Regulation.
  - (c) Department of Administrative Services.
  - (d) Department of Fiscal Management.
  - (e) Department of Rural and Municipal Aid.
  - (f) Department of Human Resources Management.
  - (g) Office of the Secretary.
  - (h) Office of General Counsel and Legislative Affairs.
  - (i) Office of Public Affairs.
  - (j) Office of Transportation Delivery.
  - (k) Office of Minority Affairs.
  - (l) Office of Policy and Budget.
  - (m) Office of Technology.
  - (n) Office of Quality.
  - (o) Office of the Transportation Operations Center.
5. Cabinet for Economic Development:
- (a) Department of Administration and Support.
  - (b) Department for Business Development.
  - (c) Department of Financial Incentives.
  - (d) Department of Community Development.
  - (e) Department for Regional Development.
  - (f) Tobacco Research Board.
  - (g) Kentucky Economic Development Finance Authority.
6. Environmental and Public Protection Cabinet:
- (a) Public Service Commission.
  - (b) Department of Insurance.
  - (c) Department of Housing, Buildings and Construction.
  - (d) Department of Financial Institutions.
  - (e) Department of Mines and Minerals.

- (f) Department of Public Advocacy.
  - (g) Department of Alcoholic Beverage Control.
  - (h) Kentucky Horse Racing Authority.
  - (i) Board of Claims.
  - (j) Crime Victims Compensation Board.
  - (k) Kentucky Board of Tax Appeals.
  - (l) Office of Petroleum Storage Tank Environmental Assurance Fund.
  - (m) Department of Charitable Gaming.
  - (n) Mine Safety Review Commission.
7. Cabinet for Families and Children:
- (a) Department for Community Based Services.
  - (b) Department for Disability Determination Services.
  - (c) Public Assistance Appeals Board.
  - (d) Office of the Secretary.
    - (1) Kentucky Commission on Community Volunteerism and Service.
  - (e) Office of the General Counsel.
  - (f) Office of Program Support.
  - (g) Office of Family Resource and Youth Services Centers.
  - (h) Office of Technology Services.
  - (i) Office of the Ombudsman.
  - (j) Office of Human Resource Management.
8. Cabinet for Health Services.
- (a) Department for Public Health.
  - (b) Department for Medicaid Services.
  - (c) Department for Mental Health and Mental Retardation Services.
  - (d) Kentucky Commission on Children with Special Health Care Needs.
  - (e) Office of Certificate of Need.
  - (f) Office of the Secretary.
  - (g) Office of the General Counsel.
  - (h) Office of the Inspector General.
  - (i) Office of Aging Services.
9. Finance and Administration Cabinet:
- (a) Office of Financial Management.
  - (b) Office of the Controller.

- (c) Department for Administration.
  - (d) Department of Facilities Management.
  - (e) State Property and Buildings Commission.
  - (f) Kentucky Pollution Abatement Authority.
  - (g) Kentucky Savings Bond Authority.
  - (h) Deferred Compensation Systems.
  - (i) Office of Equal Employment Opportunity Contract Compliance.
  - (j) Office of Capital Plaza Operations.
  - (k) County Officials Compensation Board.
  - (l) Kentucky Employees Retirement Systems.
  - (m) Commonwealth Credit Union.
  - (n) State Investment Commission.
  - (o) Kentucky Housing Corporation.
  - (p) Governmental Services Center.
  - (q) Kentucky Local Correctional Facilities Construction Authority.
  - (r) Kentucky Turnpike Authority.
  - (s) Historic Properties Advisory Commission.
  - (t) Kentucky Tobacco Settlement Trust Corporation.
  - (u) Eastern Kentucky Exposition Center Corporation.
  - (v) State Board for Proprietary Education.
10. Labor Cabinet:
- (a) Department of Workplace Standards.
  - (b) Department of Workers' Claims.
  - (c) Kentucky Labor-Management Advisory Council.
  - (d) Occupational Safety and Health Standards Board.
  - (e) Prevailing Wage Review Board.
  - (f) Workers' Compensation Board.
  - (g) Kentucky Employees Insurance Association.
  - (h) Apprenticeship and Training Council.
  - (i) State Labor Relations Board.
  - (j) Kentucky Occupational Safety and Health Review Commission.
  - (k) Office of Administrative Services.
  - (l) Office of Information Technology.
  - (m) Office of Labor-Management Relations and Mediation.

- (n) Office of General Counsel.
  - (o) Workers' Compensation Funding Commission.
  - (p) Employers Mutual Insurance Authority.
11. Revenue Cabinet:
- (a) Department of Property Valuation.
  - (b) Department of Tax Administration.
  - (c) Office of Financial and Administrative Services.
  - (d) Department of Law.
  - (e) Department of Information Technology.
  - (f) Office of Taxpayer Ombudsman.
12. Tourism Development Cabinet:
- (a) Department of Travel.
  - (b) Department of Parks.
  - (c) Department of Fish and Wildlife Resources.
  - (d) Kentucky Horse Park Commission.
  - (e) State Fair Board.
  - (f) Office of Administrative Services.
  - (g) Office of General Counsel.
  - (h) Tourism Development Finance Authority.
13. Cabinet for Workforce Development:
- (a) Department for Adult Education and Literacy.
  - (b) Department for Technical Education.
  - (c) Department of Vocational Rehabilitation.
  - (d) Department for the Blind.
  - (e) Department for Employment Services.
  - (f) Kentucky Technical Education Personnel Board.
  - (g) The Foundation for Adult Education.
  - (h) Department for Training and Reemployment.
  - (i) Office of General Counsel.
  - (j) Office of Communication Services.
  - (k) Office of Workforce Partnerships.
  - (l) Office of Workforce Analysis and Research.
  - (m) Office of Budget and Administrative Services.
  - (n) Office of Technology Services.

- (o) Office of Quality and Human Resources.
  - (p) Unemployment Insurance Commission.
14. Personnel Cabinet:
- (a) Office of *the Secretary*~~[Administrative and Legal Services]~~.
  - (b) Department for Personnel Administration.
  - (c) *Office*~~[Department]~~ for Employee Relations.
  - (d) Kentucky Public Employees Deferred Compensation Authority.
  - (e) *Office of Administrative Services*~~[Kentucky Kare]~~.
  - (f) *Office of Legal Services*~~[Division of Performance Management]~~.
  - (g) *Office of Government Training*~~[Division of Employee Records]~~.
  - (h) *Department for Employee Insurance*~~[Division of Staffing Services]~~.
  - ~~{(i) Division of Classification and Compensation.~~
  - ~~{(j) Division of Employee Benefits.~~
  - ~~{(k) Division of Communications and Recognition.~~
  - ~~{(l) Office of Public Employee Health Insurance.}~~

III. Other departments headed by appointed officers:

1. Department of Military Affairs.
2. Council on Postsecondary Education.
3. Department for Local Government.
4. Kentucky Commission on Human Rights.
5. Kentucky Commission on Women.
6. Department of Veterans' Affairs.
7. Kentucky Commission on Military Affairs.
8. The Governor's Office for Technology.
9. Commission on Small Business Advocacy.
10. Education Professional Standards Board.

Section 2. KRS 18A.025 is amended to read as follows:

- (1) The Governor shall appoint the secretary of personnel as provided in KRS 18A.015, who shall be considered an employee of the state. He shall be a graduate of an accredited college or university and have at least five (5) years' experience in personnel administration or in related fields, have known sympathies with the merit principle in government and shall be dedicated to the preservation of this principle. Additional education may be substituted for the required experience and additional experience may be substituted for the required education.
- (2) The secretary of the Personnel Cabinet or his designee, shall be responsible for the coordination of the state's affirmative action plan, established by KRS 18A.138.

(3) There is established within the Personnel Cabinet the following offices, ~~and~~ departments, *and divisions* each of which shall be headed by *either* a commissioner, *executive director, or division director* appointed by the secretary, subject to the prior approval of the Governor, pursuant to KRS 12.040 or 12.050 *depending on the level of the appointment.* ~~except that~~ The Kentucky Employees Deferred Compensation Authority shall be headed by an executive director who shall be appointed by the authority's board of directors:

(a) Office of the Secretary, *which shall* ~~composed of the~~:

1. *Be responsible for the administration and coordination of the following programs* ~~Office of Administrative and Legal Services, which shall~~:

a. *The state Equal Employment Opportunity Program* ~~Provide all administrative information systems management to the cabinet~~;

b. *The state Minority Management Program* ~~Provide legal services to the cabinet and to executive branch agencies and their representatives, upon request~~; and

c. ~~Coordinate~~ The state's affirmative action plan established in KRS 18A.138; and

2. Kentucky Public Employees Deferred Compensation Authority, which shall be attached to the Office of the Secretary for administrative purposes only. The authority shall be governed by a board of trustees composed of seven (7) members including the secretary of finance and administration, ex officio; the secretary of personnel, ex officio; the state controller, ex officio; and four (4) at large members appointed by the Governor, one (1) of whom shall have at least five (5) years of investment or banking experience and one (1) of whom shall represent a nonstate employer. The authority shall be headed by an executive director who shall be appointed by the board of directors of the authority without the limitations imposed by KRS 12.040 and KRS Chapter 18A;

(b) Department for Personnel Administration, composed of the:

1. Division of *Employee* ~~Performance~~ Management, which shall *be responsible for payroll, records, classification, compensation, and performance management functions. The division shall also be responsible for implementing lay-off plans mandated by KRS 18A.113 to KRS 18A.1132 and shall monitor and assist state agencies in complying with the provisions of the Federal Fair Labor Standards Act (FLSA). The division shall*:

a. *Maintain the central personnel files mandated by KRS 18A.020 and process personnel documents and position actions*;

b. *Operate and maintain a uniform payroll system and certify payrolls as required by KRS 18A.125*;

c. *Maintain plans of classification and compensation for state service and review and evaluate the plans*; and

d. Coordinate and implement the employee performance evaluation systems throughout state government;

2. ~~Division of Employee Records, which shall~~:



- ~~a. Maintain the central personnel files mandated by KRS 18A.020;~~
  - ~~b. Process personnel documents and position actions;~~
  - ~~c. Operate and maintain a uniform payroll system;~~
  - ~~d. Implement lay off plans mandated by KRS 18A.113 to KRS 18A.1132;~~
  - ~~e. Certify payrolls as required by KRS 18A.125; and~~
  - ~~f. Monitor and assist state agencies in complying with the provisions of the Federal Fair Labor Standards Act (FLSA);~~
- 3.] Division of Staffing Services, which shall *be responsible for employment counseling, applicant processing, employment register, and staffing analysis functions. The division shall:*
- a. Operate a centralized applicant and employee counseling program;
  - b. Operate, *coordinate, and construct* the examination program for State employment;
  - c. Prepare registers of candidate employment; *and*
  - d. Coordinate outreach programs, such as recruitment and the Administrative Intern Program; ~~and~~
  - ~~e. Construct merit examinations; and~~
- 4.] ~~Division of Classification and Compensation, which shall:~~
- ~~a. Maintain plans of classification and compensation for the State Service; and~~
  - ~~b. Review and evaluate the plans;]~~
- (c) ~~Office~~ ~~Department~~ for Employee Relations, composed of the *following divisions:*
1. Division of Employee Benefits, which shall *consist of the following* ~~[be responsible for administering and assisting state employees with the following benefits and programs]:~~
    - a. Workers' Compensation *Program pursuant to* ~~[(KRS 18A.375)];~~
    - b. Life Insurance *Program pursuant to* ~~[(KRS 18A.205 to KRS 18A.220)];~~
    - c. Sick leave Sharing Program, *pursuant to* ~~[(KRS 18A.197)];~~
    - d. Annual Leave Sharing Program, *pursuant to KRS 18A.203;*
    - e. Health and Safety Programs (OSHA); and
    - f. *Employee Assistance Program* ~~[assessment and referral services provided to state employees];~~
  2. Division of Communications and Recognition, which shall:
    - a. Communicate with state employees about personnel issues and other relevant issues through publications;
    - b. Administer the employee incentive programs established by KRS 18A.202; and

- c. Provide dispute resolution assistance to state employees and agencies; ~~and~~
- (d) *Department for*~~Office of Public~~ Employee~~Health~~ Insurance, which shall be *responsible for*~~composed of~~ the:
1. Health Insurance Program, *pursuant to*~~(KRS 18A.225)~~; and
  2. Flexible Benefit Plan, *pursuant to* ~~(KRS 18A.227);~~
- (e) *Office of Administrative Services, which shall be responsible for the Personnel Cabinet's Administrative Services;*
- (f) *Office of Legal Services, which shall provide legal services to the Personnel Cabinet and to executive branch agencies and their representatives, upon request; and*
- (g) *Office of Government Training, which shall improve individual and organizational performance throughout state government through employee and managerial training, consultation, and survey research services.*
- (4) The cabinet shall include principal assistants appointed by the secretary, pursuant to KRS 12.050 *or 18A.115(g) and (h)*, as necessary for the development and implementation of policy. The secretary may employ, pursuant to the provisions of this chapter, personnel necessary to execute the functions and duties of the department.

Section 3. In order to reflect the reorganization effectuated by this Act, the reviser of statutes shall replace references in the Kentucky Revised Statutes to the agencies, subagencies, and officers affected by this Act with references to the appropriate successor agencies, subagencies, and officers established by this Act. The reviser of statutes shall base these actions on the functions assigned to the new entities by this Act and may consult with officers of the affected agencies, or their designees, to receive suggestions.

Section 4. Any other provision of law to the contrary notwithstanding, the General Assembly confirms Executive Order 2004-832, dated August 3, 2004, as amended by Executive Order 2004-903, dated August 17, 2004, relating to the reorganization of the Personnel Cabinet, to the extent it is not otherwise confirmed or superceded by this Act.

**Approved March 16, 2005.**