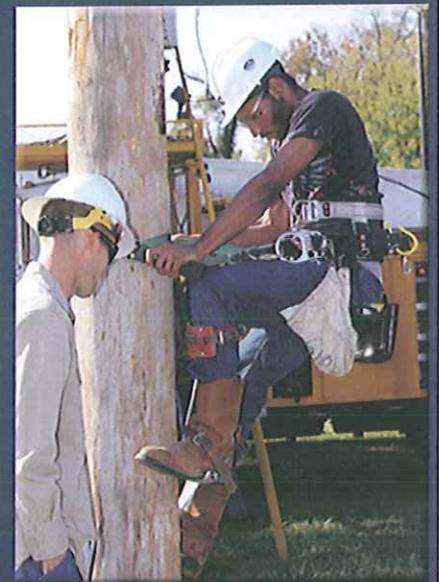
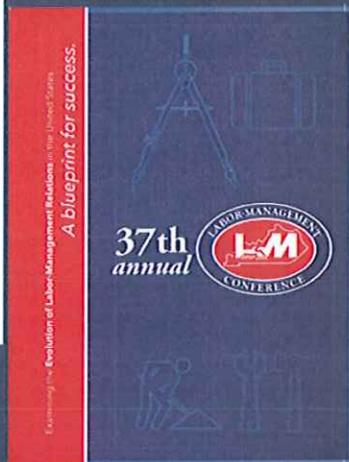
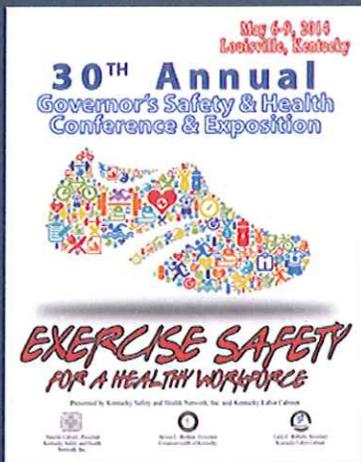




Annual Report

2013-2014



Governor Secretary
 Steven L. Beshear Larry L. Roberts

An overview of the programs and services of the Kentucky Labor Cabinet



KENTUCKY LABOR CABINET

PROGRAM INFORMATION AND ANNUAL REPORT

Fiscal Year 2013-2014





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* Kentucky Occupational Safety and Health Review Commission is affixed to the Labor Cabinet for administrative/budget purposes only.



**KENTUCKY LABOR CABINET
OFFICE OF THE SECRETARY
DEPARTMENT OF WORKPLACE STANDARDS
1047 U.S. HWY 127 SOUTH
FRANKFORT, KENTUCKY 40601
502-564-3070
www.labor.ky.gov**

**KENTUCKY LABOR CABINET
DEPARTMENT OF WORKERS' CLAIMS
657 CHAMBERLIN LANE
FRANKFORT, KENTUCKY 40601
502-564-5550
www.labor.ky.gov/workersclaims/**

**GENERAL ADMINISTRATION AND PROGRAM SUPPORT SERVICES
(GAPS)
CAPITAL PLAZA TOWER
500 MERO STREET
FRANKFORT, KENTUCKY 40601
502-564-5525**

**OFFICE OF INSPECTOR GENERAL
SUITE 61 WILKINSON BLVD.
FRANKFORT, KENTUCKY 40601
502-564-1985**





PUBLICATIONS OF THE LABOR CABINET

OFFICE OF THE SECRETARY

The Kentucky Labor Cabinet Annual Report
Cabinet Newsletter

DIVISION OF EMPLOYMENT STANDARDS, APPRENTICESHIP AND MEDIATION

Kentucky Wage and Hour Law (Poster)
Kentucky Child Labor Laws (Poster)
Kentucky Wage Discrimination Based on Sex (Poster)

OCCUPATIONAL SAFETY AND HEALTH PROGRAM (COMPLIANCE, EDUCATION & TRAINING)

Bloodborne Pathogens*
Electrical Safety*
General Industry Checklist*
Hazard Communication*
Kentucky Labor Cabinet Brochure
Kentucky Census of Fatal Occupational Injuries
Kentucky Occupational Injuries and Illnesses Survey, 2011
Kentucky Occupational Safety and Health Facts and Services*
Kentucky Occupational Safety and Health Standards for General Industry*
Kentucky Occupational Safety and Health Standards for Construction Industry*
Kentucky Supplement to Construction Standards*
Kentucky Supplement to General Industry Standards*
Kentucky Survey of Occupational Injuries and Illnesses
Lockout/Tagout*
Machine Safeguarding*
Mechanical Power Press Safety*
Noise and Hearing Conservation
Personal Protective Equipment for General Industry*
Powered Industrial Trucks*
Requirements for Means of Egress and Fire Protection*
Respiratory Protection
Safety and Health Protection On the Job (Poster)
Safety Partners Program Brochure
Tuberculosis Guidelines



Voluntary Protection Partnership of Kentucky (Brochure)

Voluntary Protection Partnership of Kentucky (Packet)

Welding, Cutting and Brazing*

Your Back and Your Job*

* *Publications available at Labor Cabinet website*

Publications may be obtained by writing the appropriate division at the following address:

Kentucky Labor Cabinet
1047 U. S. Highway 127 South, Ste. 4
Frankfort, Kentucky 40601
<http://www.labor.ky.gov>

DEPARTMENT OF WORKERS' CLAIMS

Acute Low Back Problems in Adults

2011 Kentucky Workers' Compensation Guide Book

Benefit Schedules

2011 Workers' Compensation Guidebook

Shortcut Formula for Past Due Interest Calculator

PPD Calculator

Medical Index Numbers (A thru Z)

Medical Index Numbers by Specialty

Discount Rate Orders

Lump Sum Settlement Discount Tables

New HIPPA Regulation and Disclosure Form

U.S. Supreme Court Decision "Any Willing Provider"

Workers' Compensation Coverage for Healthcare Workers

2005 Vocational Rehabilitation Poster

2006 Treatment Guidelines Subcommittee Reports

Publications may be obtained by writing the appropriate division at the following address:

Department of Workers' Claims
657 Chamberlin Lane
Frankfort, Kentucky 40601
<http://www.labor.ky.gov/workersclaims>



PRINCIPAL OFFICERS OF THE LABOR CABINET

July 1, 2013 through June 30, 2014

Cabinet Secretary	Larry L. Roberts
Deputy Secretary	Rocky Comito
General Counsel	E.H. "Chip" Smith IV
Director, Division of Management Services	Patricia Dempsey
Commissioner, Department of Workplace Standards	Anthony Russell
Deputy Commissioner	Mike Donta
Director, Division of Occupational Safety and Health Compliance	Mike Donta (acting)
Director, Division of Occupational Safety and Health Education and Training	Kimberlee Perry
Director, Division of Workers' Compensation Funds	Robert Whittaker
Commissioner, Department of Workers' Claims	Dwight Lovan
Deputy Commissioner, Department of Workers' Claims	Wayne Logan
General Counsel, Department of Workers' Claims	Charles Lowther
Director, Division of Claims Processing, Department of Workers' Claims	Ingrid Bowling
Director, Division of Security and Compliance, Department of Workers' Claims	Scott Gasser
Director, Division of Information and Research, Department of Workers' Claims	Frances Davis
Director, Division of Ombudsman and Workers' Compensation Specialist Services, Department of Workers' Claims	Lucretia Johnson
Chair, Workers' Compensation Board	Michael W. Alvey
Chief Administrative Law Judge, Department of Workers' Claims	Robert L. Swisher
Executive Director, Occupational Safety and Health Review Commission	Eddie Jacobs
Chair, Occupational Safety and Health Review Commission	Faye Liebermann
Executive Director, Workers' Compensation Funding Commission	Bill Riggs
Executive Director, Office of General Administration Program Support	Holly McCoy-Johnson
Inspector General, Office of Inspector General for Shared Services	Alan Wagers
Chair, Workers' Compensation Nominating Committee	Grover Arnett



MISSION STATEMENT

The Labor Cabinet's mission is to administer Kentucky's workplace standards and workers' compensation laws through education, mediation, adjudication and enforcement in order to promote safe, healthful and quality working environments for employees and employers; to foster cooperative relationships between labor and management; and to promote fair compensation.



VISION

- To be a fair, aggressive, national leader in ensuring safe, equitable workplaces and in promoting cooperative labor-management relationships.
- To advocate quality working environments and fair compensation in the workplace.
- To have a highly-skilled, trained, and committed workforce, equipped with the latest technology to ensure the responsible administration and prompt delivery of Labor Cabinet services.



CORE VALUES

Integrity: To perform our duties ethically, impartially, professionally and consistently.

Accountability: Being ethically, fiscally, and professionally responsible in accordance with statutory and regulatory parameters.

Service: To utilize our resources efficiently and competently in order to meet the needs of those we serve in a respectful and courteous manner.

Innovative: To be adaptable and creative in our pursuit of continuous improvement in the delivery of services.

Commitment: Being dedicated to performing our duties to the best of our abilities while striving for continuous improvement to fulfill the Cabinet's mission.

Transparency: To maintain public confidence and trust.





BOARDS AND COMMISSIONS OF THE LABOR CABINET

KENTUCKY STATE LABOR RELATIONS BOARD

Brian C. O'Neill, *Chair*
Mollie Bowers
Barry Carter

PREVAILING WAGE REVIEW BOARD

William D. Hacker
William G. Finn

KENTUCKY STATE APPRENTICESHIP AND TRAINING COUNCIL

EMPLOYEE

Howard L. Dawes
Kyle T. Henderson
John Morrison
Anthony S. Herbert

EMPLOYER

Camilla Kay Moss
Kenneth Sheridan
Kristi Ann Payne
Angie College

AT LARGE

Frank O. McAfee

EX-OFFICIO

Anthony Russell, Commissioner, Department of Workplace Standards
Dr. Jay Box, Chancellor, Community and Technical College System
Beth Brinly, Commissioner, Department of Workforce Investment

OCCUPATIONAL SAFETY AND HEALTH STANDARDS BOARD

INDUSTRY

Van Mitchell
Vaughn Plummer, Ph.D.
L. Diane Snow

SAFETY & HEALTH

Donna M. Ringo
David Thomas Hart
Michael E. Neason



BOARDS AND COMMISSIONS OF THE LABOR CABINET

OCCUPATIONAL SAFETY AND HEALTH STANDARDS BOARD (Cont.)

LABOR

Donna S. Haynes
Ron L. Lynch
Steven M. Stone

AGRICULTURE

Randy M. Chrisman
Michelle Barnett
Patsy A. Poore

Larry L. Roberts, *Chair*; Secretary Labor Cabinet

KENTUCKY OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION

Employers

Cecil Green

Occupational Safety and Health Professionals

Joe F. Childers

Labor & Employees

Faye Lieberman, *Chair*

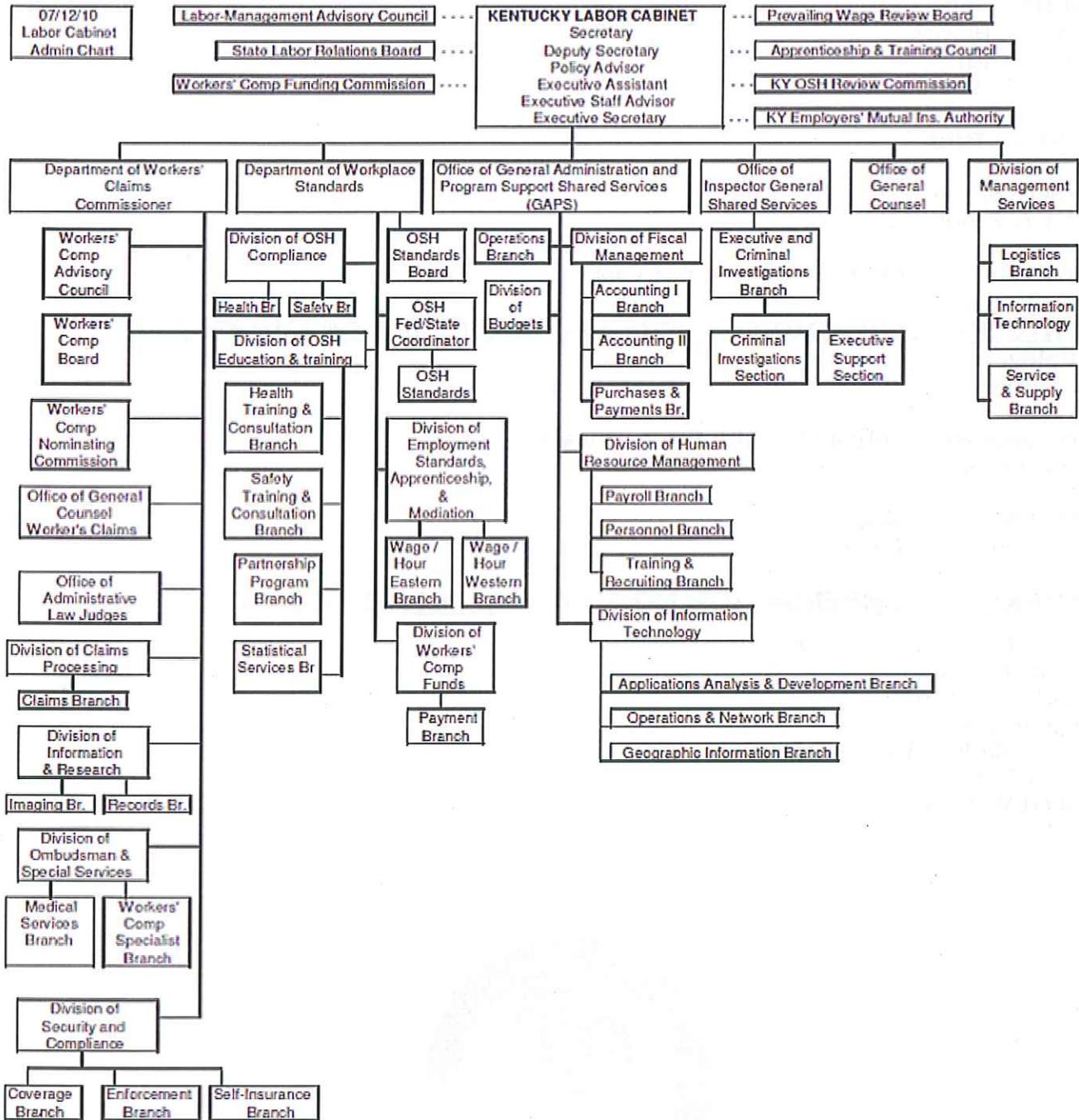
WORKERS' COMPENSATION NOMINATING COMMISSION

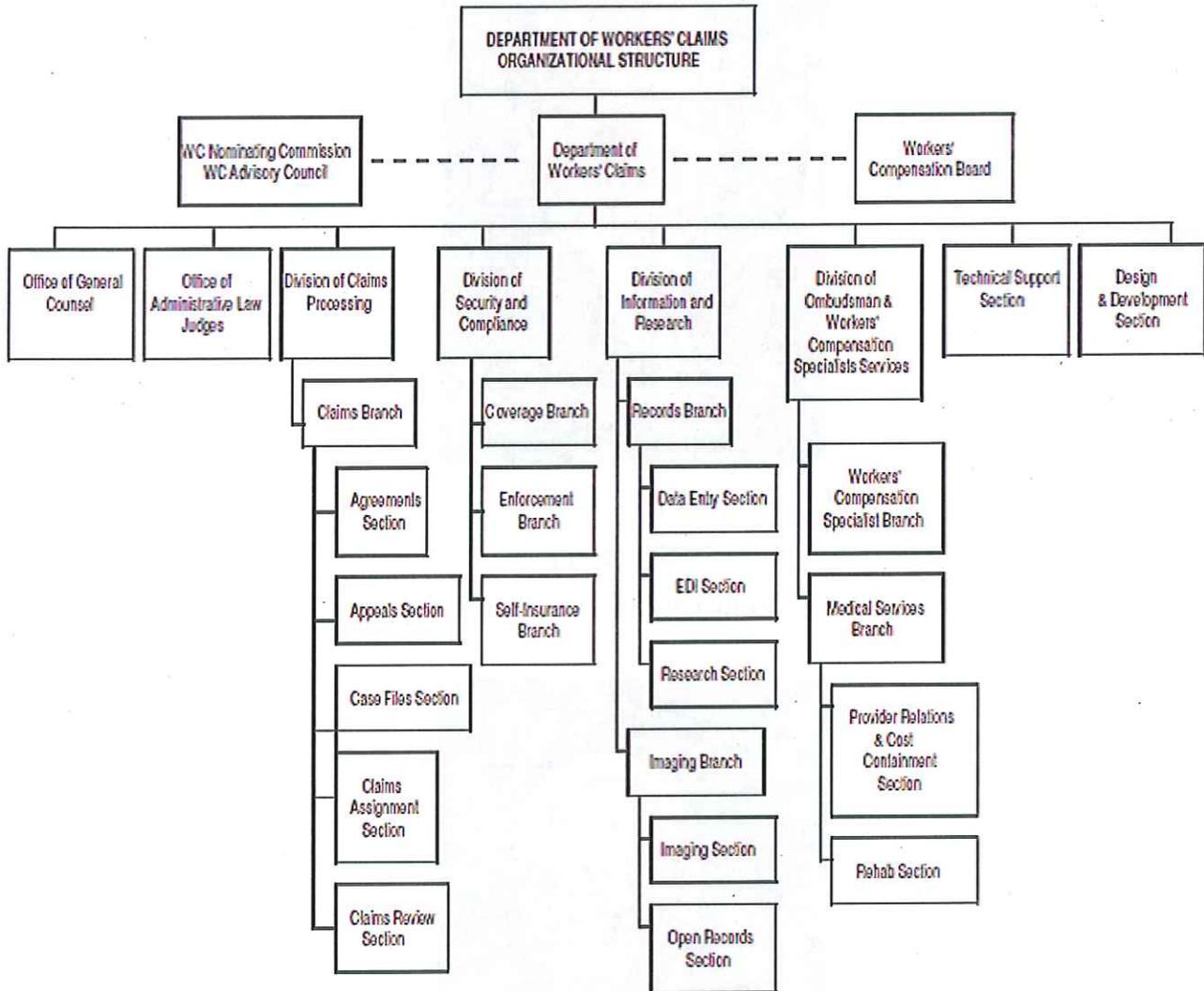
Honorable William Grover Arnett
Brockton L. Edwards
Charles E. McCoy
Roger Riggs
Honorable John Wathan Morgan
Sherri P. Brown
Robert W. Carlisle





LABOR CABINET ORGANIZATIONAL STRUCTURE







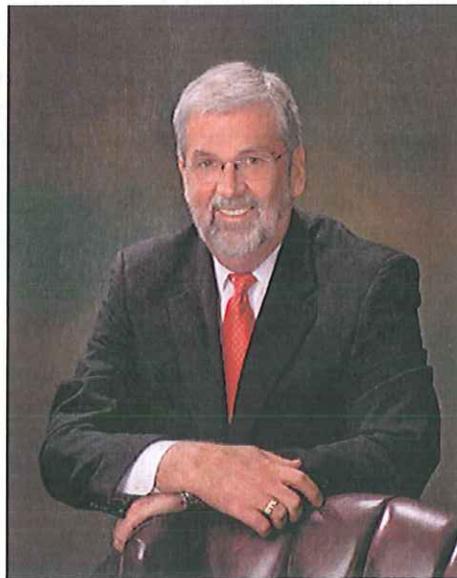
Larry L. Roberts
Secretary
Kentucky Labor Cabinet



Rocky Comito
Deputy Secretary
Kentucky Labor Cabinet



Anthony Russell
Commissioner
Department of Workplace Standards



Dwight Lovan
Commissioner
Department of Workers' Claims



CABINET HISTORICAL OVERVIEW

The Kentucky Labor Cabinet can trace its roots to 1936, when the Department of Industrial Relations brought together the Workman's Compensation Board, the Industrial Safety Board, and the Apprenticeship and Training Council under one agency (Governmental Reorganization Act, article XV). In 1962, the Department of Agriculture, Labor, and Statistics became the Department of Agriculture, and the Department of Labor was created to replace the Department of Industrial Relations. Then, in 1983, as a result of Executive Order 83-65, and its subsequent codification by the 1984 General Assembly, Kentucky officially established a Labor Cabinet.

In December 2003, Governor Ernie Fletcher combined the Labor Cabinet, the Natural Resources and Environmental Protection Cabinet, and the Public Protection Cabinet into one large cabinet called the Environmental and Public Protection Cabinet (EPPC). The Labor Cabinet was given departmental status under this reorganization. In 2009, Governor Steven L. Beshear issued Executive Order 2009-537, which gave cabinet status to the Department of Labor.

As outlined in KRS 336.040, the functions and duties of the Labor Cabinet include ensuring the safety of workers, administering the Worker's Compensation Board, promoting and enforcing laws relating to unfair practice, and investigating causes of occupational injuries.

The Labor Cabinet is comprised of the Office of the Secretary, the Office of General Counsel, the Department of Workers' Claims and the Department of Workplace Standards. In addition, the Labor-Management Advisory Council, the State Labor Relations Board, the Workers' Compensation Funding Commission, the Prevailing Wage Review Board, the Apprenticeship and Training Council, the Kentucky Occupational Safety and Health Review Commission, and the Kentucky Employers' Mutual Insurance Authority are affixed to the Cabinet for administrative purposes only. The Office of Inspector General (OIG) and the Office of General Administration and Program Support (GAPS) are also affixed to the Cabinet for administrative purposes and as a support arm for the Labor Cabinet, the Energy and Environment Cabinet and the Public Protection Cabinet. The Secretary of the Labor Cabinet serves as the appointing authority for both the OIG and GAPS. The Office of the Secretary also serves to coordinate and promote positive and progressive working relationships between labor and industry, while simultaneously enforcing Kentucky's labor laws. The Office of the Secretary includes six employees who carry out day-to-day administrative functions for the Office and the Cabinet-at-large.



PROGRAM AREA: OFFICE OF THE SECRETARY

DESCRIPTION: The Secretary of the Labor Cabinet serves as the chief executive officer and the appointing authority for the Cabinet. However, the Cabinet is unique in that a separate appointing authority exists for the Department of Workers' Claims. Under the authority of KRS 342, a Commissioner is appointed to head the agency, due to specific legal requirements associated with Kentucky's Workers' Compensation Program and the Workers' Compensation Board. The Secretary is also the Chairman of the Occupational Safety and Health Standards Board.

The primary responsibility of the Office of the Secretary is to ensure that divisions and offices falling under the auspices of the Cabinet work within the jurisdiction of Kentucky labor law to ensure equitable and fair treatment of the Commonwealth's nearly 1.9 million wage earning employees. Specifically, the Cabinet, according to regulation, shall have the duties, responsibilities, power, and authority relating to labor, wage and hour issues, occupational safety and health of employees, child labor, apprenticeship, mediation services, workers' compensation insurance, and all other matters under the jurisdiction of the Labor Cabinet.

FUNDING SOURCE: Funding for this appropriation unit is derived from assessments against workers' compensation insurance premiums (or simulated premiums for self-insurance) paid by all Kentucky employers pursuant to KRS 342.122. All assessments are collected, managed, invested, and disbursed by the Kentucky Workers' Compensation Funding Commission pursuant to KRS 342.122; KRS 342.1223; and KRS 342.1242.

APPLICABLE STATUTES: KRS 336.015; and KRS 342.



PROGRAM AREA: DIVISION OF MANAGEMENT SERVICES

DESCRIPTION: The Division of Management Services is responsible, in accordance with all applicable statutes, regulations, and policies for all fiscal functions of the Cabinet, including budgeting and accounts receivables and payables; the processing of all personnel documents and time and attendance records for payroll purposes; employee benefits; the information technology services for the Cabinet-at-large; all postal services for the Cabinet; and the routine maintenance of buildings and grounds. This division serves as the liaison between the Office of General Administration and Program Support Services (GAPS) and the Cabinet.

The Division has reduced its staff over the past few years, but currently includes 23 full-time employees.

FUNDING SOURCE: Funding for the Division of Management Services is derived from assessments against workers' compensation insurance premiums (or simulated premiums for self-insurance) paid by all Kentucky employers pursuant to KRS 342.122. All assessments are collected, managed, invested, and disbursed by the Kentucky Workers' Compensation Funding Commission pursuant to KRS 342.122; KRS 342.1223; and KRS 342.1242.

APPLICABLE STATUTES: KRS 336.122.

PROGRAM STATUS: The Division of Management Services is comprised of the Director's Office, the Logistics Branch, and the Information Technology Branch. The Director's staff processes all personnel documents for the Cabinet. The Office of General Administrative Program Support (GAPS) processes payroll for the Cabinet and moves other completed documents for fiscal processing through the procurement system.

In accordance with all applicable statutes, regulations, and policies, the Division of Management Services is responsible for providing administrative and technical support as well as routine maintenance to all organizational units within the Cabinet. The Division is comprised of a Human Resources office, the Logistics Branch, and the Information Technology Branch.

The goal of the Division's main office is to provide general support to staff and management in all areas of personnel to include the processing of all personnel documents as well as managing employee benefits, payroll functions to include time and attendance, and janitorial services to include facility and grounds maintenance. The main office is also responsible for building-wide telephone duties and visitor reception services.

The Logistics Branch is charged with the responsibility of fiscal and budgetary functions for the Cabinet as a whole. More importantly, the Branch must provide direction and education to management regarding the analysis, application, and operation of all fiscal/budgetary activities. The Branch is also responsible for maintaining all the inventory controls for property and equipment that the Cabinet owns.

The Information Technology Branch is charged with systems design, application, and support as well as end-user support relating to desktop computer applications. The Branch is also responsible for maintaining the Labor Cabinet's internet and intranet site for Cabinet employees and the general public.



The Division of Management Services has a cooperative and professional working relationship with the Office of General Administration and Program Support (GAPS) and remains dedicated to maintaining communications for the purpose of reliable and beneficial administrative support.

PROGRAM AREA: OFFICE OF GENERAL COUNSEL

DESCRIPTION: The Office of General Counsel (OGC) provides the Secretary and other executive officers with expert legal representation and assistance for enforcement of KRS 67C, 207, 337, 338, 339, 342, 343, and 345. The OGC is currently staffed by 11 personnel; seven are attorneys.

FUNDING SOURCE: Funding for the office is derived from assessments against workers' compensation insurance premiums (or simulated premiums for self-insurance) paid by all Kentucky employers pursuant to KRS 342.122. All assessments are collected, managed, invested, and disbursed by the Kentucky Workers' Compensation Funding Commission pursuant to KRS 342.122; KRS 342.1223; and KRS 342.1242.

APPLICABLE STATUTES: KRS 336. The mandate of the Kentucky Labor Cabinet under the Kentucky Revised Statutes (hereinafter "KRS") 336 et seq. is to protect the working women and men of Kentucky and to promote harmonious industrial relations. The OGC is the legal arm of the Cabinet and is responsible for enforcing KRS 207 (prohibition of discrimination based on disability or the human immunodeficiency virus); KRS 337 (wage and hour, prevailing wage, and prohibition of sex discrimination), KRS 338 (occupational safety and health), KRS 339 (child labor), KRS 342 (the special fund), 343 (The Apprenticeship and Training Program), KRS 67C.400 to 418 (collective bargaining for police officers), and KRS 345 (collective bargaining for firefighters).

PROGRAM STATUS: The OGC prosecutes wage and hour, prevailing wage, and occupational safety and health violations. The OGC had a successful year from July 2013 through June 2014. During this time, the Office collected \$84,991.99 in wages owed to workers. The office also filed liens to secure workers' wages totaling \$268,689.67.

The OGC collected \$581,970.82 in contested and delinquent occupational safety and health penalties which were deposited directly into the General Fund for the Commonwealth. Further, the OGC filed occupational safety and health liens for delinquent penalties. The value of these liens total \$626,800.00. The value of liens collected is anticipated to decrease as the Labor Cabinet has initiated collection of penalties through the Department of Revenue in lieu of the lien process.

The OGC also represented the Division of Workers' Compensation Funds in cases involving special fund and coal fund beneficiaries. Special fund beneficiaries are employees who developed a compensable occupational disease or who had a preexisting disability, disease or condition, and received a subsequent work injury (or for disease, a last injurious exposure) prior to December 12, 1996. Beneficiaries of the coal workers' pneumoconiosis fund are Kentucky coal workers with a compensable form of coal workers' pneumoconiosis and a last exposure to occupational coal dust after December 12, 1996.



PROGRAM AREA: DEPARTMENT OF WORKPLACE STANDARDS

DESCRIPTION: The Commissioner's Office serves as the oversight unit for all programs and functions assigned to the Department of Workplace Standards. The Department is comprised of the Divisions of Occupational Safety and Health Compliance (OSH); the Federal-State Coordinator's office; the Division of Employment Standards, Apprenticeship and Mediation; the Division of Occupational Safety and Health Education and Training (KYOSH E&T); and the Division of Workers' Compensation Funds (WCF). Each division's program area report is contained separately.

The Department of Workplace Standards has the primary responsibility of enforcing Kentucky's occupational safety and health laws, wage and hour laws, child labor laws, the administration of the Coal Workers' Compensation Funds and the Special Fund, and providing education, training, and consultation services to Kentucky's employers. In addition, this division is charged with the responsibility of providing mediation services and apprenticeship services when requested.

FUNDING SOURCE: The Department of Workplace Standards receives funding from the General Fund, federal funding received from the U.S. Department of Labor, Occupational Safety and Health Administration, and restricted agency dollars garnered through the Workers' Compensation Funding Commission under the authority of KRS 342.

APPLICABLE STATUTES: KRS 67; KRS 336; KRS 337; KRS 338; KRS 339; KRS 342; KRS 343; KRS 345; and KRS 388.

PROGRAM STATUS: The primary mission of this Department is to promote and provide timely, expert safety and health assistance to employers and employees to assure, as far as possible, every worker in the Commonwealth safe and healthful working conditions; to ensure fair and equitable enforcement of the wage and hour laws and occupational safety and health regulations; and to administer and provide legal representation of the special fund and the coal workers' pneumoconiosis fund.

The Department is also committed to providing safety training to every interested employer within the Commonwealth and to disseminate information relative to Kentucky's employment laws. The Department's objective is to partner with labor and industry to establish a cooperative relationship that will provide a safer, more productive work environment within the state of Kentucky.

Employers and employees, covered under KRS Chapter 338, benefit from the department's voluntary compliance services, by being better informed of Kentucky OSH regulations, thereby helping to eliminate injuries and illnesses, as well as reduce insurance carriers' premiums and other costs associated with workplace injuries and illnesses. Employees' and employers' morale and production are thereby affected in a positive manner.

Employers and employees, covered under KRS Chapter 337, benefit from the department's compliance services, by being better informed of Kentucky wage/hour regulations. The beneficiaries of the work performed by the Department of Workplace Standards are not only the working men and women of Kentucky, but every citizen of the Commonwealth benefits from a well-trained workforce and educated employers that actively seek methods to prevent injuries to workers and eliminate a drain on the state's economy.

The Hispanic Outreach Program has made great strides in servicing the Commonwealth's growing Latino community. Until the creation of this program, information regarding wage and hour disputes was often withheld by Latino workers due to cultural mores or miscommunications. The



Hispanic liaison has allowed this agency to converse better with Latino workers and employers, thus obtaining more detailed, factual information. This has resulted in the agency having collected more than \$2 million in unpaid wages primarily for Latino workers. The Hispanic liaison also promotes the Labor Cabinet at Latino community events. This outreach has created an unprecedented interaction, cooperation and trust with the Latino community. The Hispanic liaison provides translation of on-line training programs, outreach brochures and materials, as well as assisting OSH Inspectors and Wage & Hour Investigators during on-sight inspections.

The Commissioner's Office successfully helped organize several conferences during the past year: the Governor's Safety and Health Conference, the Apprenticeship Conference, and the Labor-Management Conference. These conferences are extremely important in bringing labor and management together in an effort to improve working conditions in the Commonwealth.

The ***Exchange of Information Agreement*** between the Kentucky Department of Revenue and the Kentucky Labor Cabinet has been implemented. The data sharing agreement is enabling the Labor Cabinet and the Department of Revenue to exchange information that not only assists the Labor Cabinet in the adjudication of cases and collections of unpaid penalties, but provides information to the Department of Revenue that will assist in the collection of taxes and penalties owed the Commonwealth by delinquent or non-compliant employers.

The Office of the Commissioner continues the agreement with the Finance and Administration Cabinet (FAC) to provide data sharing information relative to employers who have state and federal occupational safety and health violations and wage and hour violations, while attempting to bid on state contracts for construction projects. Any employer bidding on public projects is required by the FAC to disclose all previous and outstanding employer violations. This data is also being utilized for targeted enforcement inspections on contractors with a repeat history of violations and citations.

A significant enforcement focus is placed on employers who continue to misclassify employees as independent contractors, which often leads to noncompliance not only with Labor Laws but with revenue withholdings, unemployment insurance payments and benefits, worker's compensation coverage, and other areas that may generate revenue shortfalls. Wage theft continues to be a growing problem throughout the Commonwealth as wage collections for the fiscal year exceeded \$4.4 million, knowing that our agency's reduced resources only allow us to address the complaints that are received, we merely scratch the surface of this growing problem.

Labor-Management Conference

Established in 1977, the conference is governed by a Board of Directors and co-sponsored by the Kentucky Labor Cabinet and the Kentucky Cabinet for Economic Development. The Kentucky Labor-Management Conference serves as the centerpiece of the state's effort to promote labor-management cooperation as an enhancement to economic development. The event provides participants a relaxed atmosphere, apart from the work environment, that is conducive to positive, meaningful dialogue between labor and management. The 2013 Kentucky Labor-Management Conference had approximately 560 participants and 100 staff and volunteers.



PROGRAM AREA: DIVISION OF EMPLOYMENT STANDARDS, APPRENTICESHIP, & MEDIATION

DESCRIPTION: The Division of Employment Standards, Apprenticeship and Mediation (Employment Standards) is responsible for enforcing areas of Kentucky labor laws, including minimum wage, overtime, prevailing wage, child labor, wage discrimination based on sex, apprenticeship and training, and mediation.

The Apprenticeship Program encourages career employers and employees to enter into voluntary agreements of apprenticeship that will equip the apprentice with valuable skills. This program closely monitors apprenticeship programs to assure they are meeting the standards of providing quality training and instruction.

In addition to conducting investigations, the Division has the responsibility of preparing unresolved cases for litigation. Issues involving minimum wage, overtime, unpaid wages, illegal deductions, and remittance of gratuities that are not resolved are subject to administrative review. Case files are prepared for administrative hearings and the investigative staff, in concert with the Office of General Counsel, issues legal documents, such as tentative findings of fact. Investigators are required to work with attorneys, accountants, consultants and other professionals in the course of conducting investigations to ensure the workers of the Commonwealth are protected as provided by regulation.

The Division of Employment Standards, Apprenticeship and Mediation is currently staffed by 21 personnel, 15 of which are Employment Standards Investigators.

FUNDING SOURCE: The Division of Employment Standards, Apprenticeship, and Mediation is funded entirely from General Fund receipts.

APPLICABLE STATUTES: KRS 67; KRS 336; KRS 337; KRS 339; KRS 343; and KRS 345.

PROGRAM STATUS: The Division of Employment Standards, Apprenticeship and Mediation receives in excess of 2,200 complaints a year. Complaints and inspections reveal approximately 1,000 violations annually, which are, in over 95 percent of the cases, corrected by investigative personnel. Violations that are not resolved in the field are processed through an administrative procedure. Civil money penalties for cited violations are assessed, collected and forwarded to the General Fund. Back wages are collected and returned to over 15,000 employees annually.

In FY13-14, Employment Standards investigated and closed 2,239 wage and hour, prevailing wage, and child labor inspections. Back wages in the amount of \$4,437,759.64 were collected, which corrected 1,014 violations of Kentucky labor laws. The back wages collected represented a total of 4,422 Kentucky employees. Employment Standards assessed/collected \$253,287 in civil money penalties for wage and hour, prevailing wage and child labor violations. The total case backlog as of June 30, 2013 was 452 cases.

REGISTERED APPRENTICESHIP IN KENTUCKY

Registered Apprenticeship is a tried and proven model for training and developing a skilled workforce. Administered by the U.S. Department of Labor for the past 75 years, Registered Apprenticeship is poised for tremendous growth throughout the country in helping to eliminate the skills shortage acknowledged by businesses. Thirty-one states and territories, including Kentucky, administer the program within the states with oversight by the U.S. Department of Labor.



In FY13-14, Kentucky had 119 active programs, with 81 being individual sponsored programs and 38 being sponsored by Joint Apprenticeship Training Councils. Fourteen programs were added during FY13-14 and 27 were cancelled due to lack of participation or repeated violations of standards. Kentucky averaged approximately 2,076 active apprentices throughout this period.

The program is operating on provisional certification from the U.S. Department of Labor. Required changes to comply with 29 CFR 29 failed to pass the 2013 General Assembly. The 2014 session of the General Assembly passed the legislation, and we are currently in the process of updating the administrative regulations that pertain to apprenticeship. Once completed, the provisional certification should be converted to permanent status.

Pre-Apprenticeship Opportunities

In the fall of 2012, the Labor Cabinet began developing a policy on adult and youth pre-apprenticeship programs in order to create a career pathway to the Registered Apprenticeship programs. In partnership with the Office of Career and Technical Education within the Department of Education, the TRACK (Tech Ready Apprentices for Careers in Kentucky) was developed and was piloted in four Area Technology Centers throughout the state in the fall of 2013. All participants in the pilot successfully completed the program and were placed as apprentices in registered programs. The pilot program focused initially on Advanced Manufacturing, but has been expanded to the skilled building and construction trades beginning in the fall of 2014 and a plan for Information Technology and Health Sciences is being developed.

In the TRACK program, area businesses will work directly with the Area Technology Centers to develop and choose a curriculum that is focused on the needs of the business entity. The students accepted into this program will complete a block of four courses during their junior and senior years of high school, with the fourth block being a co-op/on-the-job training in the employers' facility. Upon successful completion of the program, the student will be awarded a certificate by the employer and through the Labor Cabinet as certification of the Pre-Apprenticeship program. They will then be credited with time and competency with direct entry into the Registered Apprenticeship program of the company as a full time employee.



**KENTUCKY
APPRENTICESHIP**
Earn. Learn. Succeed.

This will credit the Area Technology Center with a completer in the College and Career ready index and give the student credit in their career pursuit similar to dual college credit.



Partnerships

The Labor Cabinet has also been leading the efforts of marketing the benefits of a Registered Apprenticeship program through the apprenticeship subcommittee of the Kentucky Workforce Investment Board. The sub-committee identified some factors currently limiting apprenticeship opportunities within Kentucky. In order to reach its potential, a partnership is recommended to promote the benefits of apprenticeship to business, industry and the potential apprentice, and to identify and address the positive aspects of apprenticeship and the misconceptions that restrict its implementation. The partnership should also provide guidance for business and industry about the activities which are permissible under the child labor laws for students under 18 years of age.

The Labor Cabinet has played an instrumental role in development of the Kentucky Skills Network in which registered apprenticeship will be part of the outreach of our Cabinet for Economic Development, the Kentucky Career Centers, and the Workforce Solutions division of the Kentucky Community and Technical College System.

As a viable alternative to traditional postsecondary education, registered apprenticeships will appeal to a segment of the population concerned about earning a wage immediately while developing skills through a combination of hands-on learning and related classroom instruction.

Registered Apprenticeship Conference

The Labor Cabinet and the Apprenticeship Conference Steering Committee hosted the annual Registered Apprenticeship conference in conjunction with the Labor-Management conference at the Kentucky Dam Village state park on September 8-9, 2013. Approximately 80 participants from the apprenticeship community, business, labor, government and education participated in information sharing and exchanging best practices in Registered Apprenticeship. The Apprenticeship and Training Council, appointed by the Governor, met during the conference and conducted its regular business.



PROGRAM AREA: DIVISION OF OCCUPATIONAL SAFETY AND HEALTH, EDUCATION AND TRAINING (KYOSH E&T)

DESCRIPTION: The KYOSH E&T promotes voluntary compliance with the Kentucky Occupational Safety and Health rules and regulations by providing training, on-site consultations, distribution of technical and informational materials, gathering and monitoring statistical data concerning job injuries and illnesses, providing technical assistance and acting as a liaison between the Cabinet and the Kentucky Occupational Safety and Health Standards Board.

Since 1973, the KYOSH E&T has offered a full range of voluntary compliance services, including cost-free on-site consultation, technical assistance, training programs and publications. The partnership and recognition programs include the following: the Kentucky Voluntary Protection Partnership (VPP), which is similar to the Federal Voluntary Protection Program; the Safety Partnership Program (SPP), that offers long term assistance to smaller employers who have a history of high injury/illness rates and high workers' compensation costs; and the Construction Partnership Program (CPP), which focuses specifically on partnering with contractors and builders to address the unique issues of the construction industry. The Division of Education and Training also offers OSH Strategic Partnerships (OSP). This program is designed to broaden the impact of cooperative programs on worker safety and health by reaching out to groups of employers, employees, and labor organizations.

FUNDING SOURCE: The funding for the KYOSH E&T comes from restricted agency dollars (66 percent) collected through assessments from the Kentucky Workers' Compensation Funding Commission as described in KRS 342.122 and federal funding (34 percent) derived from a grant from the U.S. Department of Labor, Occupational Safety and Health Administration.

APPLICABLE STATUTES: The KYOSH E&T operates under the authority of KRS 342. KRS 388 (passed by the 1972 General Assembly) created the statutory authority for the Kentucky Occupational Safety and Health Plan submission under CFR 29, Section 18 C of the *Occupational Safety and Health Act of 1970*. On July 31, 1973 the state plan was approved for the development stage by the U.S. Department of Labor and a determination of final program approval was made under section 18(e) of the Act on July 22, 1985.

PROGRAM STATUS: The Kentucky Occupational Safety and Health Consultation Industrial Hygiene Training and Safety Training program is delivered by using highly qualified occupational safety and health professionals to help employers detect potential hazards at their worksite, and to establish and maintain safe and healthful workplaces. The consultation program is completely voluntary. The program does not issue citations with penalties, but employers are required to correct all identified hazards as a condition of receiving program services.

The KYOSH E&T's function is to assist private and public sector employers in the Commonwealth. This is primarily accomplished by providing cost-free consultative services and training programs to its clients. These activities should be understood to serve both moral and economic functions, as their goal is to prevent and minimize injuries and illnesses suffered by employees. Left alone, workplace injuries and illnesses, aside from their resulting human tragedies, could amount to a significant economic hardship for employers. According to the most recent data provided by the National Safety Council, the average cost to employers (i.e., wage and productivity losses, medical expenses, and administrative expenses) **is \$48,000 for each disabling injury, and \$1,290,000 for each fatal injury suffered by employees.**



Over the 2013-2014 fiscal year, the KYOSH E&T's consultants conducted over 340 consultative visits at worksites throughout the state, all at the request of employers. As a result, over 3,748 serious hazards were identified and corrected, saving millions of dollars in injury costs for the Commonwealth's employers and helping thousands of employees return home to their families safely each day.

In keeping with the understanding that education is the key to preventing workplace injuries and illness, the KYOSH E&T put significant effort into providing safety and health training for employers. Training seminars were conducted both onsite upon employer request, and in population centers (e.g., Louisville, Lexington, Somerset, Gilbertsville) throughout the calendar year, providing employers as much flexibility as possible to enroll their employees. For the 2013-2014 fiscal year, the Division conducted over 100 training seminars, during which 3,500 business owners, managers, and employees received cost-free training concerning a wide variety of topics, such as blood borne pathogens, recordkeeping, hazardous chemicals, and electrical safety. The agency has added internet-based training to its educational services as well. This electronic format has proven to be in huge demand with the number of users rapidly approaching 50,000.

KYOSH IMPACT

The Incident Mobile Post and Consultation Transport vehicle, dubbed KYOSH IMPACT, is a Class A state-of-the-art multi-purpose motor coach specifically constructed to support the Division of Compliance and the Division of Education and Training. KYOSH IMPACT is equipped with satellite service, surveillance equipment, internal and external monitors, workstations, and a host of other devices that will serve the KYOSH Program, employers, and employees throughout the Commonwealth. An incident response-outreach vehicle was a long range goal of the Cabinet and was made possible by a one-time federal grant.

As the name indicates, the vehicle will be deployed in response to occupational safety and health incidents and to support specialized strategic enforcement efforts. KYOSH IMPACT will also be utilized by the KYOSH E&T for outreach to traditional and non-traditional Labor Cabinet partners. IMPACT provides a means to contact populations the Cabinet might not otherwise reach.

Partnership Programs

The partnership programs were very busy over the last year and continue to grow. The highlight of the past year was the signing of the Louisville Bridges Project, the largest CPP project to date in the history of the program. The official signing took place August 19th in conjunction with a large media event highlighting the significance of the signing. The project consists of two new bridges over the Ohio River connecting Louisville to Indiana. The project cost approaches \$2 billion and is expected to be completed sometime in December of 2016.

The two bridges are broken up into six separate work sites, one of which contains an underground tunnel, the first tunnel the Partnership Branch has had the opportunity on which to work. Several days of training were conducted for the Labor Cabinet's Partnership staff before the first on-site safety audits were conducted. This training included a full day of safety orientation for each bridge project, and a week-long maritime safety course. This latter course, being an OSHA Training Institute course, familiarized Labor Cabinet staff with maritime standards and hazards which routinely are not covered by KYOSH, but are covered under the agreement of this partnership.



The Partnership Branch recently entered into another large project, the University of Kentucky Commonwealth Stadium remodel. The project is \$100 million plus, and is expected to run through August of 2015. Several other CPP projects were also started or successfully completed in the year's timeframe.

A very unique project was entered into in March 2014, at the Corvette Museum site in Bowling Green. The site made national news in the early morning hours of February 12th when a giant sinkhole opened inside the museum and swallowed eight historically significant Corvettes. The contractor hired to fix the unusual situation immediately called representatives from the partnership branch and inquired about the possibility of a partnership. Though smaller in scope than what we usually accept as a CPP partnership, we decided to bring this site on board because of the uniqueness of the situation.

Several CPP partners participated in the Federal OSH Falls Stand-Down campaign during the week of June 2-6, 2014. KYOSH personnel trained over 400 employees during the week at five separate construction locations with the use of the KYOSH IMPACT training vehicle. This was a very successful event and rave reviews were given by both employers and employees alike.

VPP continued to be a success and two new companies were added over the past year, Kimberly-Clark in Owensboro and Cintas in Grayson. The growth of the VPP program by two companies puts the total number of VPP participants within the state at 12, the most active VPP participants at any one time in Kentucky's VPP program history. The Partnership Branch also continues to mentor several companies striving to become VPP while also working very closely with the current participants to help ensure continued success within the program. Work is currently underway to improve the way in which employee perception surveys are delivered to the VPP participants, doing so with the use of Adobe Connect. Currently in use by the Division for other functions, this new way of delivering the survey to employees at VPP sites should cut down significantly on travel costs and time. The process is currently in the testing phase, but looks very promising.

SHARP continues to be a successful and growing program. There are 21 companies currently participating in the SHARP program, representing the largest number of SHARP companies at any one time in the history of the program. Five new companies have been added over the past year, and several more are in line to become SHARP over the next several months. Partnership program staff members work closely with SHARP participants to ensure that sites maintain the requirements needed for SHARP participation, and continue to work with companies striving to become SHARP.



Following is a list of all active Partnership sites for FY13-14:

SHARP COMPANIES

E.D. Bullard Co.
Federal Mogul
Multicorr
Washington Penn Plastics
American Woodmark
Univance Company
Sun Products
Gate Precast Inc.
ADI Louisville
National Office Furniture
Pittsburg Tank and Tower
Roll Forming, Inc.
3A Composites
Riken Elastomers
American Standard Brands
MVP Group International
Blair Technology Group
River Metals Recycling LLC
Shred It Document management
National Office Furniture
Crane Composites

Cynthiana
Maysville
Louisville
Frankfort
Monticello
Winchester
Bowling Green
Winchester
Louisville
Fordsville
Henderson
Shelbyville
Glasgow
Hopkinsville
Somerset
Mayfield
Covington
Newport
Lexington
Danville
Florence



SPP COMPANIES

Logan's Healthcare Linen

Shelbyville

VPP Companies

Dow Corning Corporation
GE Aircraft Engines
GE Infrastructure Aviation
Hunter Douglas
International Paper
L'Oreal (USA)
Performance Pipe
Raytheon Missile Systems
GE Energy Services and Repair
Veolia Water North America
Kimberly Clark
Cintas

Carrollton
Madisonville
Erlanger
Owensboro
Bowling Green
Florence
Williamstown
Louisville
Louisville
Ft. Knox
Owensboro
Grayson





Construction Partnerships CPP (site based)

- | | |
|------------------------------|---|
| 1. Abel Construction | UofL soccer complex, Louisville |
| 2. Alliance Construction | Lemons Mill school, Georgetown |
| 3. Codell | Centre Parkway Apartments, Lexington |
| 4. Congleton-Hacker | Central Baptist hospital, Lexington |
| 5. Messer Construction | UK academic science building, Lexington |
| 6. Messer | Champions court I dorms, Lexington |
| 7. Messer | Champions Court II, Lexington |
| 8. Messer | Woodland Glenn I & II dorms |
| 9. Messer | Woodland Glenn III |
| 10. Messer | Woodland Glenn IV |
| 11. Messer | Woodland Glenn V |
| 12. Scott Murphy Daniel | National Corvette Museum, Bowling Green |
| 13. Walsh Construction | Downtown bridge, Louisville |
| 14. Walsh/Vinci | East End bridge, Louisville |
| 15. Skanska/Congleton-Hacker | Commonwealth Stadium remodel, Lexington |

CPP association based

American General Contractors (AGC)

CPP training based

Builders Exchange
Eastern KY University
KY Association of Plumbing, Heating and Cooling Contractors
KY Roofing Contractor Association

For all new VPP or new SHARP companies, the Labor Cabinet now requests a letter from the Governor congratulating the company for their achievement. The Governor's Office will forward the letter to the Division of Education and Training for the Secretary to present to each company along with their plaque. This was implemented in 2012.

Online Learning

On January 31, 2012, the Labor Cabinet officially launched the electronic learning site located at Laborcabinetetrain.ky.gov. This safety and health learning destination was developed 100 percent in-house by the employees of the Division of Education and Training. Anyone with a high-speed internet connection is able to view the ever-growing library of content that includes interactive modules, live webinars and the very popular recorded webinars, all for free. The website launched with 20 interactive modules covering a variety of the most popular and most requested training topics. Since that time, several live webinars have been produced and recorded and many additional learning modules have been published to the site.

Currently, there are more than 40 different courses available on the site. Since its inception, greater than 40,000 learners have interacted with various instructional opportunities on the website.



Live Training Events

The Division of Education and Training provides in-person training as requested and during Population Center events scheduled each year in various locations. These training opportunities are provided at no cost to the employers and employees of the Commonwealth. The Population Center events have been enhanced by partnering with Eastern Kentucky University to provide OSHA Training Institute certificates to those completing the recordkeeping course. The Division has also worked with the KY Association of Plumbing, Heating and Cooling Contractors to have our classes approved for Certified Maintenance points for plumbers, HVAC technicians and electricians. During the period of July 2013-July 2014, four-day training events were held in Louisville, Lexington, Gilbertsville, and Somerset with Louisville hosting two events. In total, there were 40 Pop Center training courses provided from July to July with 1,173 participants in these courses.

Fall Prevention

The Division of Education and Training joined Federal OSHA's efforts to reduce falls in the workplace by participating in the 2014 Falls Stand-Down campaign. Several of the Commonwealth's employers joined in the efforts as outlined below. The Division also made extensive use of the KYOSH IMPACT, the Cabinet's outreach and command post vehicle.

KYOSH IMPACT EVENTS

Monday, June 2

Site: Commonwealth Stadium, Lexington

Host: Sanska

Approximately 95 employees participated representing seven employers.

Wednesday, June 4

Site: Metalsa Truck Plant, Elizabethtown

Host: Scott Murphy Daniel

Approximately 85 employees participated representing seven employers. The host served a cookout lunch and gave away door prizes.

Thursday, June 5

Site: Louisville Bridge Project, Louisville

Host: Walsh

There were two events. Approximately 70 Walsh employees participated in the 6:00 a.m. event at the Buddeke laydown yard. Approximately 55 Walsh employees attend the 12:30 p.m. Riverfront Park event.

Friday, June 6

Site: 3rd and Muhammad, Louisville

Host: AGC and BosseMattingly

Approximately 175 employees (including approximately 40 to 50 Latino employees) participated, representing 10 employers.

Total for KYOSH IMPACT stand-down events: approximately 480 employees participated, representing 25 separate employers.



Employers let us know through the Cabinet's "Stand Up and Be Recognized" page that they were participating in the stand-down. Approximately 7,600 employees from 37 employers participated in the stand-down.

Governor's Safety and Health Awards

The Governor's Safety and Health Award provides special recognition for outstanding safety and health performance and encourages development of programs designed to reduce and even eliminate occupational injuries and illnesses. The Governor's Safety and Health Award is given to employers and their employees, who together have achieved the minimum required number of hours worked without experiencing a lost-time injury or illness at their establishment.

The award is a certificate mounted on an attractive wooden plaque and signed by the governor, the secretary of the Labor Cabinet and the commissioner of the Department of Workplace Standards. The award is presented at the recipient's establishment or at the annual Governor's Safety and Health Conference and Exposition.

Thirty-four Kentucky employers were presented with the Governor's Safety and Health Award at this year's annual conference. An additional 26 companies were awarded at their facilities for a total of 60 awards for the 2013-2014 award period.

Statistical Branch

The Kentucky Labor Cabinet's Statistical Services Branch works to provide quality data to the private and public sectors. The data is provided on a yearly basis and covers occupational injuries and illnesses. This branch has been very successful in 2013 on collecting data for the 2012 Occupational Injuries and Illnesses Survey (SOII), and the Census of Fatal Occupational Injuries (CFOI).

Each year the Statistical Services Branch conducts surveys related to injury and illness statistics for the working men and women of the Commonwealth. The Survey of Occupational Injuries and Illnesses (SOII) is a mandatory survey that is conducted nationwide. The branch conducts this survey as well as the annual Census of Fatal Occupational Injuries (CFOI). All of these workplace injury surveys provide both state and nationwide data that can be used to identify trends and develop prevention strategies. Results of the SOII and CFOI surveys are published annually and are readily available to employers and employees via the Labor Cabinet website.

The work of the Statistical Services Branch provides tremendously useful cost-free information to everyone involved in the business of injury and illness prevention. The branch remained at the top of the region in terms of productivity and accuracy during 2013 and 2014 survey periods.

Injury and Illness Rate Update

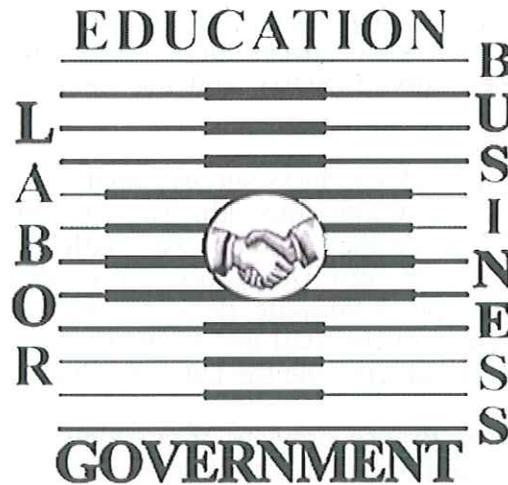
The total case rate for Kentucky of 4.2 per 100 full-time workers is holding steady compared to the national rate of 3.7 in 2011. The rates for 2013 have not been released.



Annual Governor's Safety and Health Conference and Exposition

The Kentucky Labor Cabinet and the Kentucky Safety and Health Network (KSHN) host an annual Safety and Health Exposition, held the second week of May in Louisville. The event is the largest safety and health exposition in the Commonwealth. The mission is to increase the awareness of safety and health in the workplace. The KSHN organization draws on the experience and knowledge of its members who represent business, education, government and labor. The Foundation is a sister organization to the KSHN. It is a private, non-profit corporation, established to award scholarships and educational research grants to increase the level of occupational safety and health knowledge in the Commonwealth of Kentucky. Since the year 2000, the Foundation has awarded over \$160,000 worth of scholarships to a multitude of deserving students.

The 30th Annual Governor's Safety and Health Conference and Exposition was held in May 2014. This event featured pre-conference courses, concurrent workshops, and outstanding keynote speakers. Scholastic Achievement for Education Awards, or "SAFE" awards, totaling \$46,000 were presented at the conference to 12 university students matriculating in the areas of occupational safety and health, industrial hygiene, or a closely related field. Kids Chance of Kentucky presented scholarships to children of Kentucky workers killed or seriously injured in work-related incidents.





**PROGRAM REVIEW: DIVISION OF OCCUPATIONAL SAFETY & HEALTH (KYOSH)
COMPLIANCE**

DESCRIPTION: The KYOSH Program was initially approved in 1973 and received final state plan approval on June 13, 1985. The primary purpose of the Program is to promote the safety, health, and general welfare of workers by ensuring that employers are preventing hazards to the safety and health of all employees arising from exposure to harmful conditions and practices in the work environment. The Program was further expanded on July 1, 1994 to improve safety and health practices in the workplace; to assure compliance with industrial health and safety regulations; and to expedite the processing of contested citations and appeals.

The General Assembly of Kentucky affirms that occupational accidents and diseases produce personal injuries and illness, including loss of life, as well as economic loss. Therefore, the enactment of legislation relative to the KYOSH Program declares that it is the purpose and policy of the Commonwealth to promote the safety, health and general welfare of its people covered by regulation by preventing any detriment to the safety and health of all employees, both public and private, arising out of exposure to harmful conditions and practices at places of work. In addition, the statutes declare that it is the intent of the KYOSH Program to preserve human resources by providing for education and training, inspection of workplaces, consultation services, research, reports and statistics and other means of furthering progress in the field of occupational safety and health. The key word in KYOSH regulation is *prevention*. Concentrated efforts continue daily to prevent workplace injuries. However, after an injury, illness, or fatality occurs, an inspection serves to correct safety or health hazard violations.

FUNDING SOURCE: The funding for the KYOSH Compliance comes from restricted agency dollars (66 percent) collected through assessments from the Kentucky Workers' Compensation Funding Commission as described in KRS 342.122 and federal funding (34 percent) derived from a grant from the U.S. Department of Labor, Occupational Safety and Health Administration.

APPLICABLE STATUTES: The Department of Workplace Standards, KYOSH Compliance operates under the authority of KRS 336, KRS 338, and KRS 342.

PROGRAM INFORMATION: Through a Safety Inspection Branch and a Health Inspection Branch, the division maintains a field staff of safety compliance officers and industrial hygienists who conduct inspections of workplaces in which hazardous conditions are identified, violations of safety and health standards are cited and abatement dates are assigned. In some cases, penalties and fines are assessed for violations. Penalties collected by KYOSH Compliance are returned to the General Fund. However, no General Fund dollars are allocated to the division. In FY13-14, KYOSH inspectors issued citations carrying \$3,025,025.00 in revised penalties and collected \$1,842,808.48 in penalties that were deposited into the General Fund.

Many daily activities of the KYOSH program offer accomplishments that are not measured easily. The impact of the on-site presence of KYOSH personnel, the hazards identified and corrected through inspection or consultation, the injuries, illnesses and fatalities prevented, while critically important, do not easily lend themselves singular classification as outstanding accomplishments. The day-to-day efforts of KYOSH Compliance field personnel and office personnel, nevertheless, should not go unrecognized.



INCREASED EMPHASIS TO REACH LATINO WORKERS IN KENTUCKY: Throughout the last two years, the Division assessed the Latino population in Kentucky and its need to serve that population. As a result, the post inspection guide was translated and printed in both English and Spanish. This document, left with each employer after an inspection, more clearly defines in the native language the process Labor Cabinet employees have communicated, timelines, and appeal procedures. Also during the year, a second bi-lingual compliance safety and health officer was hired, giving KYOSH Compliance the ability to better communicate while on inspections.

MANAGEMENT INFORMATION SYSTEM: This past fiscal year, KYOSH Compliance and Consultation continued to implement a custom-made database that has made a significant contribution to KYOSH Compliance. The implementation of this database has added features that places our program at the cutting edge, and gives KYOSH managers the tools that will be essential. The vendor was contracted after another state plan state implemented this system and touted its ease of use to Kentucky and other states. The system went live on December 14, 2012 after the vendor, Assured Consulting Services, provided employee and manager training.

All employees in the division have controlled access to the system and play vital roles in its everyday function. Administrative employees take complaints and referrals of unsafe work hazards by phone, mail, or email and enter them into the system. The complaints then go to managers for assignment to compliance officers. Compliance officers perform inspections based on these complaints, which are in addition to their regularly scheduled inspections of targeted companies.

After performing inspections, compliance officers file reports and violations into our system.

The completed inspection report and recommendations are sent to a supervisor for review. If the supervisor agrees with the report and recommendations, the case goes to a program manager for final approval.

The process is a workflow status queue, which allows the compliance officer, supervisor, and program manager all to be able to manage and monitor the activity of the caseload, perform reviews of the cases, require corrections, and even request further investigation before issuing a citation to an employer.

Citations packages are also generated through the system, which an administrative worker sends to employers by certified mail. The integration of these workflows has consolidated several databases and procedures into one single, efficient system.

As previously mentioned, once all of this information is entered in the system, the database holds many possibilities. First, the information is uploaded to Federal OSHA each night and backed up on our servers. OSHA receives the information into their national database where they can use the inspection information for their purposes including (but not limited to) monitoring, oversight, and statistical recordkeeping. The data on our servers can be manipulated many ways in the form of several reports generated by the system on demand, or by making customized reports through exporting into Microsoft Excel. Virtually any type of graph, chart, or search can be performed on the data through external sorting or filtering. The database at the time of implementation also included a migration of all of the old data (previous inspection information) going back to the beginning of the Kentucky program.



Through this migration, our new database now holds all inspection information collected in Kentucky, going back to the early 80's, giving us the ability to search and sort all inspections. We are very pleased with the purchase and implementation of the OSHA Express database and our ability to learn and administer the system. This tool is very useful in the daily working of the division, and will be for years to come.

INSPECTION TYPE EMPHASIS: In FY13-14, KYOSH Compliance conducted 183 total reported imminent danger inspections. These inspections usually involve fall, excavation, electrocution, asbestos, carbon monoxide, and confined space hazards. The division must respond to such imminent danger reports within one working day of receipt.

KYOSH Compliance received 71 fatality reports in FY13-14. Of those reports, 23 fatality investigations were conducted, while the remaining 48 were due to natural causes or criminal acts. The division must respond to fatality reports within one working day of receipt.

During FY13-14, Kentucky conducted 481 construction inspections, as identified by Standard Industrial Classification codes from OSH-1 forms. KYOSH Compliance remains focused on fall protection as the top construction standard cited in Kentucky during FY 2014. In FY13-14, Kentucky cited 29 CFR 1926.501 (duty to have fall protection) a total of 112 times with total proposed penalties of \$803,150.00.

In conjunction with a compliance emphasis program, Kentucky's fall protection regulation, 803 KAR 2:412, was amended in 2006 specifically to address residential construction. The regulation, which became effective on January 6, 2006, defines residential construction in Kentucky as construction work on a stand-alone single family dwelling, duplex, three-plex, or four-plex structure. Employees engaged in residential construction activities working 10 feet or more above a lower level who are exposed to unprotected sides and edges, leading edges, hoist areas, form work and reinforcing steel, or roofing work on roof slopes 3/12 or less, must be protected by guardrail systems, safety net systems, personal fall arrest systems, or a specific alternative measure established in the regulation.

KYOSH Compliance continues to focus on the hazards of combustible dust in the workplace and many of these inspections have resulted in the issuance of violations. The Kentucky Labor Cabinet entered into an interagency agreement in 2005 with the Office of Housing, Buildings and Construction, Division of Fire Prevention (state fire marshal). During the inspection of industrial facilities in which the potential for combustible dust hazards may exist, the state fire marshal will inform management of education and technical assistance services which are available from KYOSH E&T. If there are safety and health issues, the state fire marshal will make a referral to the Division of Compliance. If the KYOSH program becomes aware of the existence of fire and safety issue, it will notify the state fire marshal. Both the state fire marshal and the Division of Compliance will cooperate in the investigation of all fires and explosions involving combustible dust. The Labor Cabinet and state fire marshal are in cooperation in investigating jointly, when possible, and identifying facilities where there are combustible dust hazards.

KYOSH Compliance has entered into an arrangement with the Division of Air Quality in the Energy and Environment Cabinet, which will alert KYOSH to asbestos removal conducted in the Commonwealth. Employers are required to notify the Division of Air Quality at least 10 days in advance of any job involving asbestos removal.



KYOSH Compliance also receives notices of injuries involving occupational-related toxins and poisons from the Kentucky Regional Poison Center affiliated with Kosair Children's Hospital. These notices have resulted in citations and penalties, helping to protect employees from future exposures.

Kentucky extended the National Emphasis Program (NEP) for the petrochemical industry and adopted the Chemical safety NEP also.

During 2014, KYOSH maintained two occupational health and safety technicians (OHST), eight construction safety and health technicians (CHST), and two certified safety professional (CSP). At least two other compliance officers are studying for their CSP and Associate Safety Professional exams.

DIVISION CONCERNS: As a result of a reporting regulation that requires employers to report hospitalizations and all amputations within 72 hours, KYOSH Compliance received 210 reports of hospitalizations or amputations during FY13-14, 44 of which were amputations and 61 hospitalizations.

KYOSH Compliance is not without problems. The KYOSH Program was initially approved in 1973 and received final state plan approval June 13, 1985. Kentucky was the first state plan approved under the revised federal benchmarks. Those federal benchmarks were 23 safety compliance officers and 15 industrial hygienists for a total of 38 inspectors. In 1994, the Kentucky General Assembly expanded the KYOSH staff by 16 employees, with seven assigned KYOSH, bringing the total number of inspectors to 45. Today, KYOSH has 25 safety compliance officers and 14 industrial hygienists; a total of only 39 inspectors.

Inspecting a facility after an injury, illness, or fatality has occurred operates to correct safety or health hazards, but does nothing to prevent the injury, illness, or death of the employee(s) who were exposed to the hazardous condition before the inspection.

In addition to staffing shortages, the average number of hours required for a safety inspection has doubled over the past 25 years. One of the factors influencing this trend is the increase in the percentage of contested cases and the amount of documentation required to substantiate violations.

Since the Office of the Attorney General's Division of Administrative Hearings started hearing KYOSH cases in the mid-90s, evidentiary requirements were more strictly followed so that the method used to gather evidence can determine its admissibility in the administrative hearing. The process has necessitated a change in evidence-gathering; resulting in an increase in the time it takes the inspector to complete an inspection.

Employers are also becoming more savvy in non-disclosure techniques for fact finding during the initial investigation. Information needed for an administrative hearing is not often available during the first visit to the job site.

Employers also are discovering new ways to increase inspection time by claiming they have no employees, or by claiming that employees are independent contractors. The legal name of an entity is vital to the issuance and prosecution of violations. Extensive investigation is often necessary to discover the true legal name of the business, which adds time to the overall investigative process.



Collectively, all these issues have worked together to increase the amount of time an inspector must spend on each inspection.

The division has suffered substantial employee turnover in the past eight years. KYOSH cannot compete with private sector employee salaries for safety inspectors, nor can the Division compete with other state agencies which may provide more levels of classifications for personal advancement. Once an inspector reaches a certain level, he or she cannot advance further. This highly skilled employee is forced, as the result of the state's classification system, to remain in a position where salary advancements are non-existent. Morale suffers and the more experienced, highly sought after personnel leave the Division's employment for higher salaries and better benefits.

DIVISION STATISTICS: The following tables illustrate the successes and concerns of the KYOSH program, in addition to the business outcomes for the past several years. Additional personnel, adequate budget allocations for training, travel, publications, expert trainers, equipment, laboratory expenses, IT services, employee physicals, teaching publications, and research materials are essential to the statutory mandates for the KYOSH Program.

KYOSH Compliance is also responsible for the enforcement of the state's occupational safety and health anti-discrimination provisions. KRS 338.121(3) offers protection to employees from reprisals that could result from the exercise of rights afforded by the occupational safety and health statutes. A system of citations and penalties, appeals to the OSH Review Commission and reinstatement authority by the commissioner, while final determination is pending before the Review Commission, distinguish the Kentucky anti-discrimination effort. In addition, 803 KAR 2:240 allows any employee who believes he/she has been the victim of discrimination the right to file a complaint within 120 days of the alleged violation, as opposed to the 30 days allowed by federal law. The Division of Compliance received 121 alleged discrimination complaints in FY13-14. The division opened 37 alleged discrimination complaints and referred 99 complaints to other agencies or did not accept the discrimination complaints for investigation. Of the 35 investigations completed, two were issued with citations and penalties, four were settled, 29 were unfounded. The average time to complete a discrimination investigation is approximately 70 days.

Table 1.

Illustrates the total number of inspections, with 964 being conducted in 2012. The inspections conducted encompass 425 manufacturing, 469 construction and two maritime.

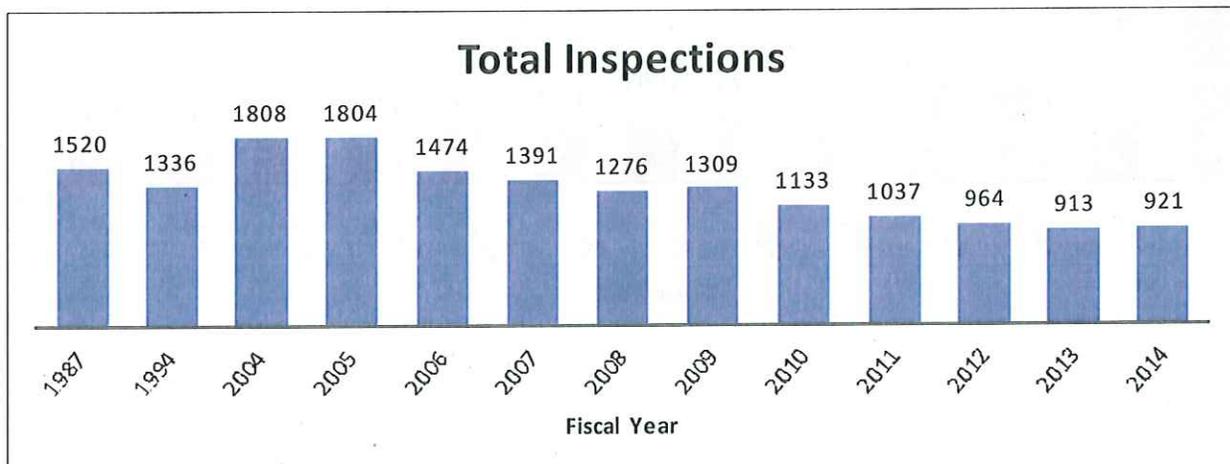




Table 2.

Illustrates the number of un-programmed inspections KYOSH has conducted during prior years. The percentages of un-programmed inspections (accident, complaint, referral, amputation, hospitalization, un-programmed related, follow-up inspections) out of the total number of inspections have been increasing over the years.

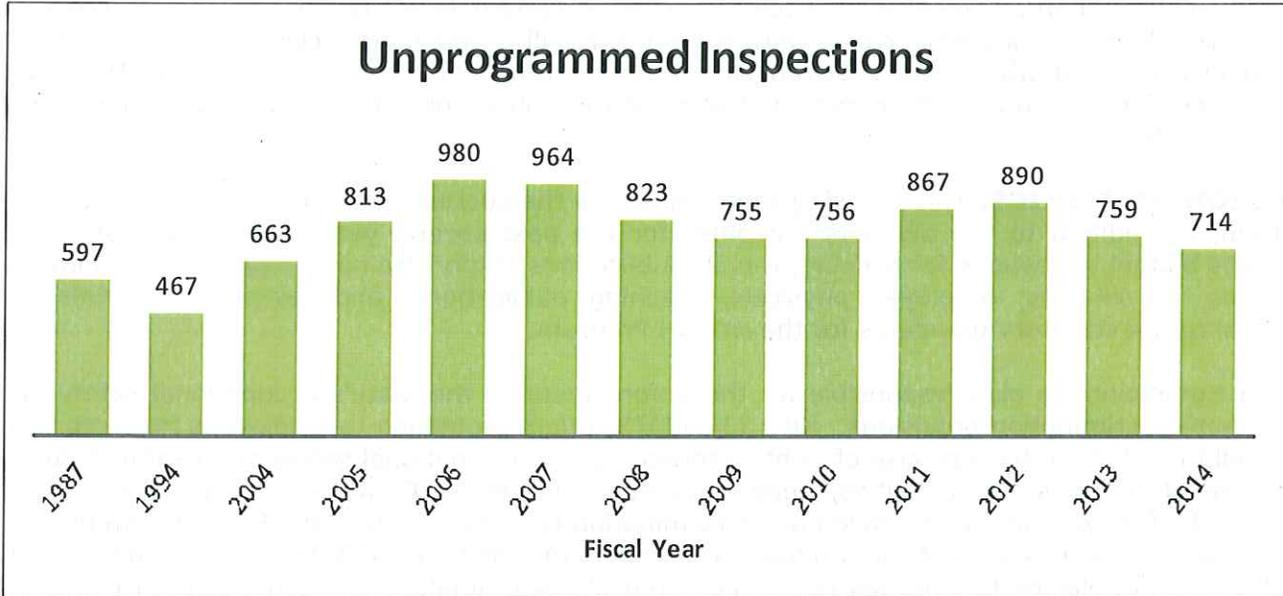


Table 3.

Illustrates KYOSH Compliance issued 1,077 citations in FY13-14, with 372 being considered a Serious, Willful or Repeat violation. Total initial penalties assessed were \$3,559,350.00.





Table 4.

Illustrates KYOSH Compliance issued 747 serious violations in 2014, amounting for 69.3 percent of their citations issued for the year.

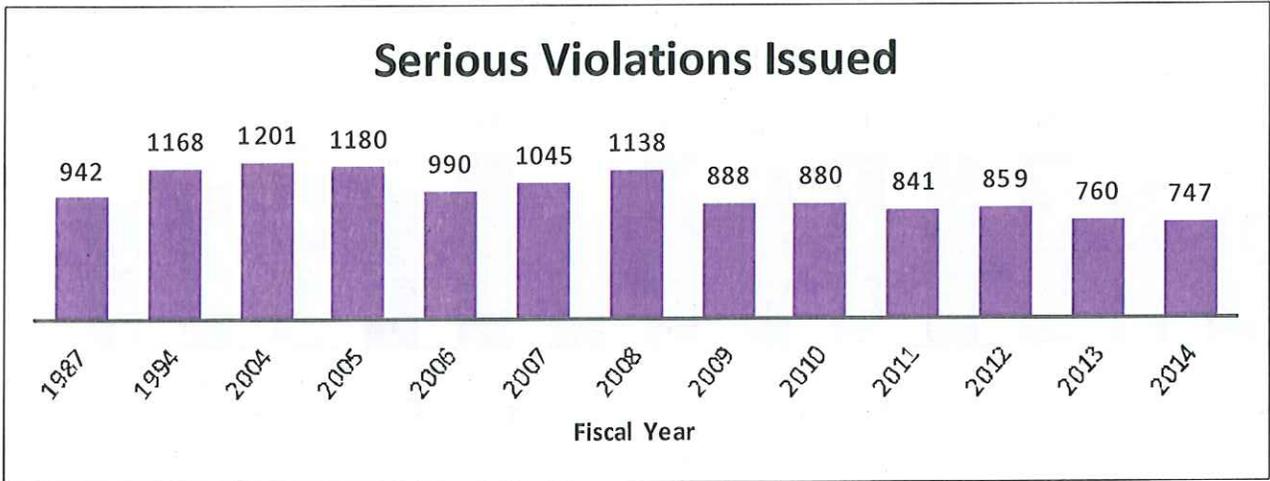


Table 5.

Illustrates total number of inspections from hospital reports. This reporting regulation became effective November 1, 2006. Some of the inspections for reported hospitalizations and amputations may have been conducted as complaints or referrals reported by the injured employee or his or her representative. Hospitalization and amputation inspections are not coded as referrals or complaints, but as programmed other. The ability to conduct more general schedule inspections and follow-ups may have prevented some of the amputations and hospitalizations.

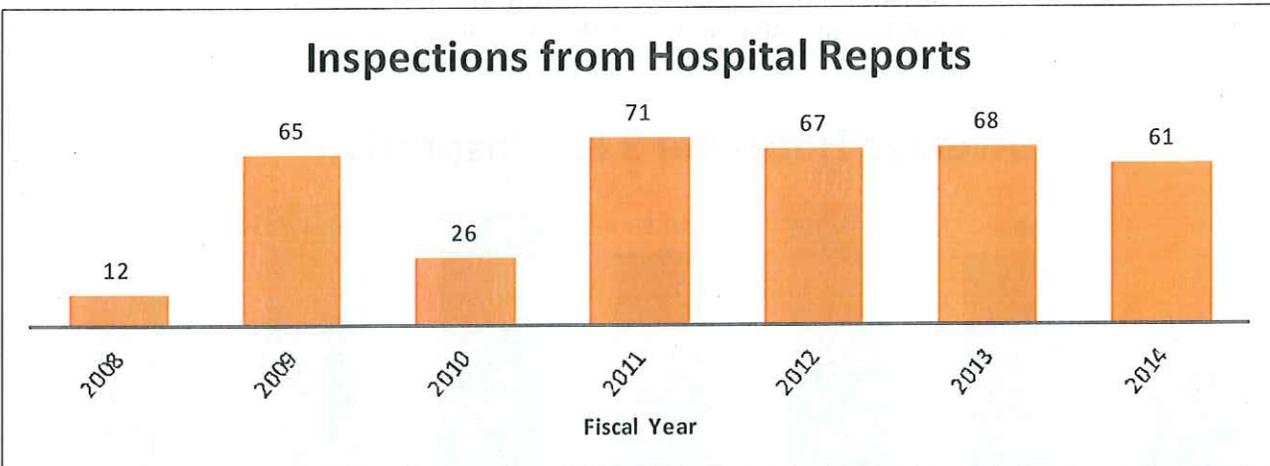




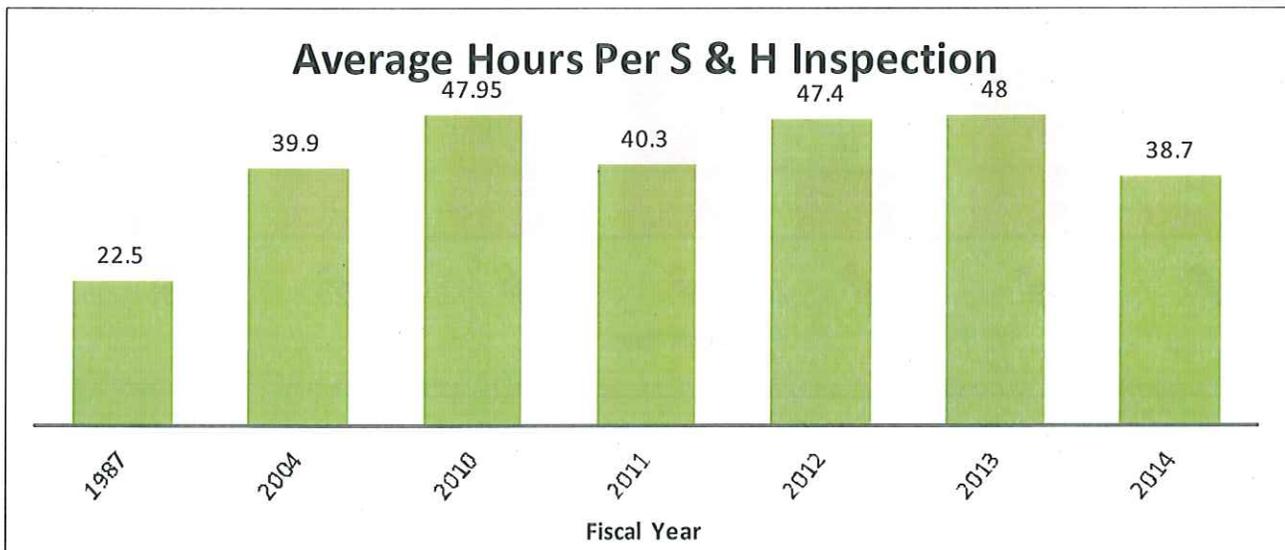
Table 6.

Illustrates the total number of safety and health inspectors conducting inspections with recorded hours during a reporting calendar year.



Table 7.

Illustrates the average number of hours spent on each safety and health inspection today as compared to the amount of time spent per inspection in 1987. Inspections conducted today are not the same as those conducted in 1987. Today, employers are more aware of methods to elude responsibility such as the employer/employee relationship and multi-employer liability. Additionally, attorneys are brought into inspections much earlier and at a much greater rate than in the past. Since the Occupational Safety and Health Review Commission (KOSHRC) has contracted with the Office of the Attorney General's Division of Administrative Hearings to hear KYOSH cases, the rules of evidence are adhered to more strictly and the manner in which and from whom evidence is gathered can determine whether or not it is admissible in a KOSHRC hearing.





PROGRAM AREA: DIVISION OF WORKERS' COMPENSATION FUNDS

DESCRIPTION: Pursuant to KRS 342.120, the Division of Workers' Compensation Funds is responsible for the administration of the special fund (Kentucky's "abolished" second injury fund) and the Kentucky coal workers' pneumoconiosis fund, including the maintenance of payment records. The division is headed by a director who oversees a professional administrative staff of six full-time employees.

FUNDING SOURCE: Appropriations for the special fund are derived from assessments against workers' compensation insurance premiums (or simulated premiums for self-insurance) paid by all Kentucky employers pursuant to KRS 342.122. The coal fund is funded entirely by employers engaged in the severance or processing of coal through assessments against workers' compensation insurance premiums (or simulated self-insurance premiums) and assessments against tons of coal severed pursuant to KRS 342.1242. All assessments are collected, managed and invested by the Kentucky Workers' Compensation Funding Commission pursuant to KRS 342.122; KRS 342.1223; and KRS 342.1242.

APPLICABLE STATUTES: The Division of Workers' Compensation Funds is operating under the authority of KRS 342.120; KRS 342.1242; KRS 342.732; and 803 KAR 25:009, Section 7.

PROGRAM STATUS: Major reform legislation in 1996, known as House Bill 1, abolished special fund liability for injuries (and for diseases, last injurious exposures) occurring after December 12, 1996. However, the reform legislation did not affect the incurred liability of the fund (actuarially valued at \$1.08 billion as of 06/30/2013), and the ongoing obligation to pay income benefits to beneficiaries who have awards against the special fund. Division records reflect that the fund has liability in 8,078 open claims, nearly all of which are payable for the life of the injured worker. Thus, even though fund liability as described above has been abolished, the Division will pay special fund income benefits for incurred liability well into this century.

The 1996 Reform Bill also created the coal workers' pneumoconiosis fund (coal fund) to assure that liabilities for coal workers' pneumoconiosis resulting from last exposures after December 12, 1996, be the financial responsibility of employers engaged in the severance and processing of coal. (See KRS 342.1241.) Beneficiaries of the coal workers' pneumoconiosis fund are Kentucky coal miners with a compensable form of coal workers' pneumoconiosis and a last exposure to occupational coal dust after December 12, 1996. The coal fund is liable for one-half of awarded income and retraining benefits, payable contemporaneously with employer paid benefits. (See KRS 342.1242.)

The relevant claims and benefit expense data for the funds are set forth in the tables below. As expected, special fund benefit payments declined somewhat in FY13-14, while coal fund benefit expense increased substantially compared to FY12-13. Increased coal fund activity resulted from resolution of coal workers' pneumoconiosis claims previously held in abeyance due to constitutional problems with the claims resolution procedure.

Special fund benefit expense should remain stable for FY14-15. However, benefit expense for the coal fund should continue to increase through the fiscal year (and beyond) due to increased mine closings and layoffs, and the need to resolve the growing backlog of pending claims.



Table 1.

Special Fund	Fiscal Year 2012-2013	Fiscal Year 2013-2014
Benefits Paid	\$61,197,463	\$58,861,483
Average Number of Benefit Payments Per Month	12,649	12,241

Table 2.

Coal Fund	Fiscal Year 2012-2013	Fiscal Year 2013-2014
Benefits Paid	\$1,362,447	\$3,325,052
Average Number of Benefit Payments Per Month	232	285
New Awards/Settlements	6	130



PROGRAM AREA: DEPARTMENT OF WORKERS' CLAIMS

DESCRIPTION: The Department of Workers' Claims is responsible for administering the Kentucky Workers' Compensation Act, Chapter 342 of the Kentucky Revised Statutes for the Commonwealth, its approximately 1.9 million wage earners, and its many employers ensuring fair treatment of persons injured on the job, and restoring injured persons to gainful employment expeditiously. This goal is accomplished through a sometimes complex system of administration, regulations, and adjudication.

Adopted in 1914, the original Kentucky Workers' Compensation Act was found unconstitutional, but after the offending provisions were rectified, it was reenacted in 1916, and has in some form been in the law since. Employees were granted replacement income and medical services for disability arising from on-the-job accidents, and in exchange, employers were afforded immunity from common law liability. Over the past 98 years, the Workers' Compensation Program has undergone major changes.

Efforts to impact the system by reducing litigated claims, increasing certainty of entitlement to income benefits and objectively controlling medical expenses demonstrated reduced costs to Kentucky employers during the early years. Unfortunately, with rising medical costs, a steady increase in the total cost of the system began to take place. However, since 2008, fewer injuries resulting in fewer claims and only slight increases in costs per claim have enabled the overall cost of the system to decrease by more than 40 percent. Continued efforts to manage increasing medical costs by emphasizing quality, and not merely quantity, should reduce costs even further.

Upholding the purpose of expeditiously delivering fair and reasonable wage and medical benefits to injured workers at a manageable cost to the employer remains the overriding goal in the oversight of Kentucky's workers' compensation system.

The Department of Workers' Claims is headed by a commissioner, who is appointed by the Governor and confirmed by the Senate. The commissioner acts as the appointing authority for the department. In addition to the Office of the Commissioner, the department is comprised of the Office of General Counsel, the Workers' Compensation Board, the Office of Administrative Law Judges, the Division of Claims Processing, the Division of Security and Compliance, the Division of Information and Research, and the Division of Ombudsmen and Workers' Compensation Specialist Services.

The primary objectives of the Department of Workers' Claims is the competent and responsive delivery of services to stakeholders, the desire to foster stakeholder knowledge of their rights and responsibilities under the Workers' Compensation Act, to ensure the prompt delivery of statutory benefits including medical services and indemnity payments, to include the stakeholder in the development of policy and delivery mechanisms that will expedite the delivery of benefits and services to the injured worker, to provide the public and policy makers with accurate and current indicators of the program performance, and to anticipate changes in the program environment and to respond appropriately.

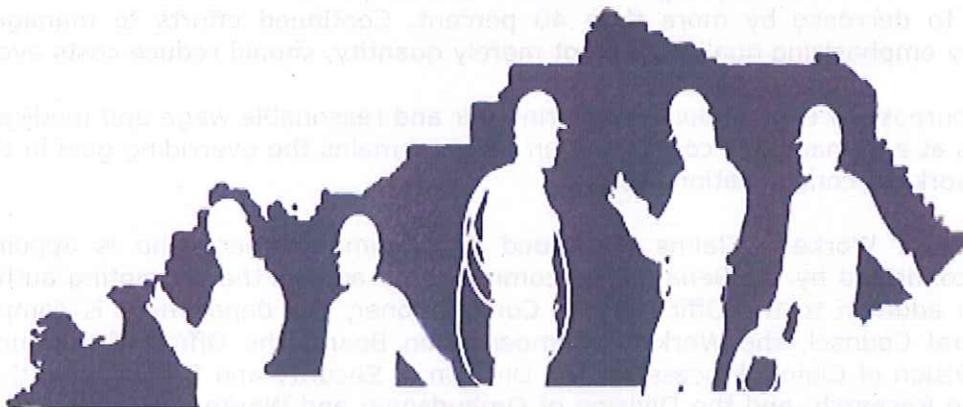
FUNDING SOURCES: The funding for the administration of the Department of Workers' Claims is



restricted agency receipts provided by assessments against workers' compensation insurance premiums (or simulated premiums for self-insurance) paid by all Kentucky employers pursuant to KRS 342.122. All assessments are collected, managed, invested and disbursed by the Kentucky Workers' Compensation Funding Commission pursuant to KRS 342.1223, and KRS 342.1242.

APPLICABLE STATUTES: The Department of Workers' Claims within the Labor Cabinet operates under the authority of KRS 11, KRS 342, and KRS 336.

PROGRAM STATUS: The Commissioner of the Department of Workers' Claims, under the directive of KRS 342.230(2) and KRS 342.435, will prepare and file an agency report for submission to the Governor under separate cover.



Department of Workers' Claims



**PROGRAM AREA: OFFICE OF GENERAL ADMINISTRATION AND PROGRAM SUPPORT
(GAPS)**

DESCRIPTION: The Office of General Administration and Program Support (GAPS) include the Office of the Executive Director, the Division of Human Resources Management, the Division of Fiscal Management, the Division of Budgets and the Division of Information Services. The Office of the Executive Director is responsible for final administrative and programmatic decision-making with regard to GAPS. GAPS serves as the administrative, personnel, fiscal, budget and technology support arm for the Labor Cabinet, the Public Protection Cabinet, and the Energy and Environment Cabinet.

FUNDING SOURCE: GAPS is funded with 42 percent restricted agency receipts, 57 percent General Fund dollars, and one percent federal funds.

APPLICABLE STATUTES: KRS 342 and KRS 12.050.

PROGRAM STATUS: The Executive Director's Office provides leadership and direction for each of the four divisions within GAPS and the Operations Branch.

The Executive Director's Office is responsible for executive oversight of all administrative support functions provided to the Energy & Environment, Labor and Public Protection Cabinets in areas of Fiscal Management, Human Resources Management and Budget. For the Energy & Environment and Public Protection Cabinets, this oversight also extends to Information Services.

The Executive Director's Office provides support and development for all department and agency re-organization plans.

The Operations Branch administers the Cabinets' motor pool, manages the Cabinets' fuel card program, establishes policies for vehicle operation, and coordinates with the Department of Insurance to ensure the vehicles have proper coverage.

Matters relative to lease and rental properties and equipment are also managed by the Operations Branch. This includes the state-owned facilities occupied by the Cabinets, as well as office and storage space and lands leased.

With the exception of the Labor Cabinet, the Operations Branch also maintains all the Cabinets' contracts for cell phones and other mobile communications equipment. Installation and maintenance of the Cabinets' office telephone systems and wiring of office computer systems is performed by the Branch as well.

GAPS/DIVISION OF FISCAL MANAGEMENT: The Division of Fiscal Management provides oversight, direction and support to the three cabinets in matters of purchasing, grants, accounting and contracts. The Division is assigned pre-audit authority for the three cabinets' numerous divisions and offices. In addition, the Division acts as liaison with the Finance and Administration Cabinet, the Legislative Research Commission, federal awarding agencies and the Auditor of Public Accounts.

The Division of Fiscal Management oversees all centralized accounting and purchasing functions of the three cabinets. The Division consists of the Director's Office and three branches. The Director serves as fiscal officer and eMARS security lead for the three Cabinets.



Additional responsibilities include negotiating an indirect cost plan, answering audit inquiries, issuing specialized reports, coordinating fiscal year-end closing and maintaining centralized fiscal documents according to the Library and Archives agreement.

GAPS/DIVISION OF HUMAN RESOURCES: The Division of Human Resources Management administers personnel policies, payroll policies and processing procedures, employment and development training and employee relations for 3,000-plus employees. The purpose of the Division is multifaceted, but can generally be divided into three categories:

1. Ensure legal compliance with state and federal employment law, including training in compliance;
2. Provide human resources guidance and assistance to over 500 Energy & Environment, Labor and Public Protection Cabinet supervisors and management staff; and,
3. Provide human resources guidance and administration to 3,000 Energy & Environment, Labor and Public Protection Cabinet employees.

The Division is comprised of the Director's Office and two branches: the HR Administration Branch and the Administration and Employee Support Branch.

The director's office, in addition to managing the coordination of the two branches, reviews and approves the recommendations from those branches, participates in resolving Cabinet disciplinary issues, provides human resources advice to executive management, performs special projects for the executive director of GAPS, provides leadership to improve the human resources process and climate in the Cabinet, acts as a liaison with the Personnel Cabinet, supervises and directs reports and other duties.

The HR Administration Branch provides human resources advice to employees and managers, reviews all requests for personnel and position actions for legal and policy compliance, reviews and processes all requests to fill positions, interfaces with the Personnel Cabinet to ensure timely processing of personnel/position actions, and advises director and executive management of human resources issues in assigned agencies. The branch also provides payroll support and assures semi-monthly paychecks are accurate, reconciles payroll issues, and facilitates special checks through the Personnel Cabinet and Treasury.

The Administrative and Employee Support Branch handles employee deductions and taxes, keeps official leave balances, provides administration of state life and health insurance programs and benefits administration services to employees and supervisors. The Administrative and Employee Support Branch also administers Family Medical Leave (FMLA) and sick leave sharing programs as well as ensures compliance with the Americans with Disabilities Act (ADA). In addition, the branch monitors compliance with the employee evaluation system.

The Division of Human Resources is conducting intensive compliance training on federal employment law; including diversity; equal employment opportunity; equal pay; anti-discrimination; anti-harassment and workplace violence for all three cabinets. Managers are also receiving training on public employment law, specifically KRS 18A, 101 KAR, and Ethics Policies. In addition, the division provides advice to employees and managers relating to requests for outside training and educational assistance, determines Cabinet training needs, develops and conducts new



employee orientation, provides training relating to EEO issues and Title VII compliance, provides training and disseminates information regarding Cabinet policies and procedures, and assists in recruiting to improve diversity in the Cabinet's workforce and to fill highly technical positions.

GAPS/DIVISION OF BUDGETS: The Division of Budgets has the responsibility of providing executive direction and leadership for budgeting and financial resources within the three cabinets. The division has the responsibility of developing, implementing and maintaining the Cabinet budget and financial policy. The budget analysts advise commissioners, executive officers, division directors and agency staff regarding budget development, understanding policy, implementation, maintenance, modification and historical data. Each analyst is assigned specific departments/agencies with the three cabinets. The division director plans finances and advises the cabinet secretaries and other executive staff on budget development, policy, implementation, maintenance, modification, historical data and directs and manages the Division of Budgets.

The Division of Budgets serves as liaison to the Office of the State Budget Director (OSBD) and the Legislative Research Commission (LRC). The Division is responsible for preparation and update of the Cabinet Biennial Budget, operating budgets, Six-Year Capital Budget Plan, and capital projects. Most agencies assign employees as contacts to provide the Division of Budgets with input concerning their budgetary needs, but all final budget development and oversight is done in the division at cabinet level.

GAPS/DIVISION OF INFORMATION SERVICES: The Energy and Environment Cabinet and the Public Protection Cabinet are supported by the Division of Information Services. The Labor Cabinet is supported by its own Information Technology Branch and receives no services from the division. The division's primary goal is to provide information technology support and facilitate the permitting, inspection, enforcement and other core business activities of the two cabinets served. The division establishes information technology policies based on administrative priorities, the requirements under state and federal laws and regulations, legislative initiatives and the concerns of private citizens.

To meet the division's mission, the structure includes the Application Analysis and Development Branch and the Geographic Information Branch.

Since this division does not support the Labor Cabinet, accomplishments of this division will be further highlighted in the Annual Reports of the Energy and Environment Cabinet and the Public Protection Cabinet.



PROGRAM AREA: OFFICE OF INSPECTOR GENERAL

DESCRIPTION: Defined in its mission statement, the Office of Inspector General (OIG) works to prevent, identify, and eliminate fraud, waste, abuse and mismanagement within the Labor, Public Protection and Energy and Environment Cabinets. The agency was created in 1999 and attached to the Office of the Secretary of the Labor Cabinet for administrative purposes only, per KRS 336.015(3)(j).

There are a few interesting twists to this agency. First, OIG is charged with investigating environmental crimes in addition to its other duties. Second, OIG is part of a shared services arrangement along with the Office of General Administration and Program Support Shared Services (GAPS). "Shared Services" is a relatively new concept in state government. GAPS and OIG are the only shared service agencies in the Commonwealth. This arrangement is part of a growing trend nationally in an "effort to conserve limited resources, eliminate duplication, and provide a uniform management system" to support three independent cabinets. (Memorandum of Agreement Among Energy and Environment Cabinet, Labor Cabinet, and Public Protection Cabinet, June, 2010.)

FUNDING SOURCE: Funding for this office is derived 61 percent from General Fund dollars and 39 percent from restricted agency receipts collected from assessments levied against workers' compensation insurance premiums (or similar premiums) per KRS 342.122.

APPLICABLE STATUTES: KRS 336.015(3)(j); Memorandum of Agreement Among Energy and Environment Cabinet, Labor Cabinet, and Public Protection Cabinet, June, 2010.

PROGRAM STATUS: OIG investigates violations of KRS Chapters 18A, 149, 151, 224, and 350 (including violations of Kentucky Administrative Regulations (KAR), Titles 101, 400 through 402, 405, and 802 through 825 promulgated pursuant to the Kentucky Revised Statutes). Personnel investigations identify wrongdoing by some employees and clear others of unfounded allegations. OIG's investigative reports are presented to the secretaries of the cabinets for their review as well as the Office of Legal Services. Violations of policies, statutes or regulations may result in private or public reprimands or dismissal. Some violations are referred to the Executive Branch Ethics Commission while others are referred for criminal prosecution either in Franklin County or in the county wherein the alleged criminal activity took place. OIG criminal investigations have resulted in convictions for misuse of confidential information, official misconduct, theft, possession of a forged instrument, illegal dumping and other violations of environmental regulations and statutes.



Kentucky Labor Cabinet
FY 2013-14
Budget and Personnel Positions

	Final Budget FY 2013-14	Capped Positions (Permanent Full- Time)
Office of the Secretary (Department 102)		
Secretary's Office	\$ 1,067,000.00	7
Division of Management Services	\$ 2,396,600.00	25
Office of General Counsel	\$ 1,383,400.00	<u>13</u>
	\$ 4,847,000.00	45
Department of Workplace Standards (Department 106)		
Commissioner's Office	\$ 406,300.00	4
Division of Employment Standards	\$ 1,757,100.00	26
Division of Compliance	\$ 4,426,100.00	53
Division of Education & Training	\$ 5,332,800.00	54
Division of Workers' Compensation Fund	\$ 70,928,700.00	<u>8</u>
	\$ 82,851,000.00	145
Department of Workers' Claims (Department 107)		
Commissioner's Office	\$ 2,789,100.00	21
Division of Information & Research	\$ 1,872,200.00	27
Division of Claim Processing	\$ 1,073,600.00	17
Office of Administrative Law Judges	\$ 6,001,100.00	53
Division of Security & Compliance	\$ 1,895,300.00	27
Workers' Compensation Board	\$ 1,088,600.00	9
Division of Ombudsman & WC Specialist	\$ 1,239,500.00	16
Office of General Counsel Workers' Claims	\$ 587,800.00	<u>7</u>
	\$ 16,547,200.00	177

SOURCE OF FUNDS:

According to KRS 342.122, a special fund assessment may be levied on the amount of workers' compensation insurance premiums and simulated premiums on self-insured employers to pay for administrative costs of the Labor Cabinet except for the Division of Employment Standards, Apprenticeship and Mediation and the Coal Workers' Pneumoconiosis Fund. Funding for the Coal Workers' Pneumoconiosis Fund is provided by an assessment of the workers' compensation insurance premiums paid by employers engaged in the severance and processing of coal and an assessment of the tons of coal severed. The funding for the Division of Employment Standards, Apprenticeship and Mediation is provided by a general fund appropriation. Approximately 34 percent of the Occupational Safety and Health programs are funded by grants from the U.S. Department of Labor.



Kentucky Labor Cabinet FY13-14 Annual Report

RECEIPTS

Office of the Secretary (Department 102) Rollup

Restricted Fund Carry-Forward from FY 2013	\$	337,858.68
Transfers From Workers' Comp. Funding Comm.	\$	3,491,000.00
Prior Year Refunds	\$	-
General Sales	\$	1,553.45
Misc. Donations	\$	-
Transferred Fund by GAPS for Indirect Cost	\$	-

Total Insurance Administration Funds \$ **3,830,412.13**

Federal Fund Carry-Forward from FY 2013	\$	-
Transfer from U.S. Department of Labor	\$	108,285.45
Off-Budget transactions	\$	-

Total Federal Funds \$ **108,285.45**

Office of the Secretary (Department 102) Totals \$ **3,938,697.58**

Secretary's Office

Insurance Administration Funds

Restricted Fund Carry-Forward from FY 2013	\$	43,640.45	\$	837,640.45
Transfers From Workers' Comp. Funding Comm.	\$	794,000.00		
Prior Year Refunds	\$	-		
General Sales	\$	-		
Misc. Donations	\$	-		
Transferred Fund by GAPS for Indirect Cost	\$	-		

Federal Funds

Federal Fund Carry-Forward from FY 2013	\$	-	\$	-
Transfer from U.S. Department of Labor	\$	-		

Secretary's Office Total Receipts \$ **837,640.45**

Division of Management Services

Insurance Administration Funds

Restricted Fund Carry-Forward from FY 2013	\$	212,958.04	\$	2,067,958.04
Transfers From Workers' Comp. Funding Comm.	\$	1,855,000.00		
Prior Year Refunds	\$	-		
General Sales	\$	-		
Misc. Donations	\$	-		
Transferred Fund by GAPS for Indirect Cost	\$	-		

Federal Funds

Federal Fund Carry-Forward from FY 2013	\$	-	\$	-
Transfer from U.S. Department of Labor	\$	-		

Division of Management Services Total Receipts \$ **2,067,958.04**

Office of General Counsel

Insurance Administration Funds

Restricted Fund Carry-Forward from FY 2013	\$	81,260.19	\$	924,813.64
Transfers From Workers' Comp. Funding Comm.	\$	842,000.00		
Prior Year Refunds	\$	-		
General Sales	\$	1,553.45		
Misc. Donations	\$	-		
Transferred Fund by GAPS for Indirect Cost	\$	-		

Federal Funds \$ **108,285.45**

Federal Fund Carry-Forward from FY 2013	\$	-		
Transfer from U.S. Department of Labor	\$	108,285.45		
Off-Budget transactions	\$	-		

Office of General Counsel Total Receipts \$ **1,033,099.09**



Kentucky Labor Cabinet FY13-14 Annual Report

EXPENDITURES

	<u>Restricted Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
Office of the Secretary			
Personnel	3,152,435.30	108,285.45	3,260,720.75
Operating	428,953.48	-	428,953.48
Awards	-	-	-
Capital Outlay	-	-	-
Total Expenditures for FY 14	\$ 3,581,388.78	\$ 108,285.45	\$ 3,689,674.23
<hr/>			
	<u>Restricted Funds</u>	<u>Federal Funds</u>	
Secretary's Office*			
Personnel	685,520.57	-	
Operating	92,788.69	-	
Awards	-	-	
Capital Outlay	-	-	
Total Expenditures	\$ 778,309.26	\$ -	
	<u>Restricted Funds</u>	<u>Federal Funds</u>	
Management Services			
Personnel	1,705,004.93	-	
Operating	237,575.45	-	
Awards	-	-	
Capital Outlay	-	-	
Total Expenditures	\$ 1,942,580.38	\$ -	
	<u>Restricted Funds</u>	<u>Federal Funds</u>	
Labor General Counsel			
Personnel	761,909.80	108,285.45	
Operating	98,589.34	-	
Awards	-	-	
Capital Outlay	-	-	
Total Restricted Fund Expenditures	\$ 860,499.14	\$ 108,285.45	

*These expenditures also include Dept 131 - Labor Relations Board



Kentucky Labor Cabinet FY13-14 Annual Report

RECEIPTS

Department of Workplace Standards

Total General Funds		\$ 1,757,100.00
Carry-Forward from FY 2013	\$ 4,388,121.51	
Transfers From Workers' Comp. Funding Comm.	\$ 66,829,133.13	
Transfer of Cash to GAPS	\$ (1,371,400.00)	
Prior Year Refunds	\$ 61.10	
Insurance Reimbursements	\$ 737,246.51	
Other Receipts	\$ 523,413.20	
Indirect Cost	\$ 24,958.72	
Transferred Fund by GAPS for Indirect Cost	\$ -	
Insurance Administration Funds		\$ 71,131,534.17
Carry-Forward from FY 2013	\$ 135,843.08	
Transfer from U.S. Department of Labor	\$ 3,098,064.74	

Federal Funds **\$ 3,233,907.82**

Department of Workplace Standards (Department 106) Totals **\$ 76,122,541.99**

Department of Workplace Standards Commissioner's Office

Total General Funds		\$ -
Carry-Forward from FY 2013	\$ 35,530.94	
Transfers From Workers' Comp. Funding Comm.	\$ 368,000.00	
Transfer of Cash to GAPS	\$ -	
Prior Year Refunds	\$ -	
Insurance Reimbursements	\$ -	
Other Receipts	\$ -	
Transferred Fund by GAPS for Indirect Cost	\$ -	
Total Insurance Administration Funds		\$ 403,530.94
Carry-Forward from FY 2013	\$ -	
Transfer from U.S. Department of Labor	\$ -	

Total Federal Funds **\$ -**

Commissioner's Office Total Receipts **\$ 403,530.94**

Division of Compliance

Total General Funds		\$ -
Carry-Forward from FY 2013	\$ 15,188.89	
Transfers From Workers' Comp. Funding Comm.	\$ 2,339,000.00	
Transfer of Cash to GAPS	\$ -	
Prior Year Refunds	\$ -	
Insurance Reimbursements	\$ -	
Other Receipts	\$ 8,256.00	
Transferred Fund by GAPS for Indirect Cost	\$ -	
Total Insurance Administration Funds		\$ 2,362,444.89
Carry-Forward from FY 2013	\$ 69,123.89	
Transfer from U.S. Department of Labor	\$ 1,362,067.67	

Total Federal Funds **\$ 1,431,191.56**

Compliance Total Receipts **\$ 3,793,636.45**

Division of Education & Training*

Total General Funds		\$ -
Carry-Forward from FY 2013	\$ 236,556.29	
Transfers From Workers' Comp. Funding Comm.	\$ 2,772,133.13	
Transfer of Cash to GAPS	\$ -	
Prior Year Refunds	\$ 61.10	
Insurance Reimbursements	\$ -	
Other Receipts	\$ -	
Indirect Cost	\$ 24,958.72	
Transferred Fund by GAPS for Indirect Cost	\$ -	
Total Insurance Administration Funds		\$ 3,033,709.24
Carry-Forward from FY 2013	\$ 66,719.19	
Transfer from U.S. Department of Labor	\$ 1,735,997.07	

Total Federal Funds **\$ 1,802,716.26**

Education & Training Total Receipts **\$ 4,836,425.50**



Kentucky Labor Cabinet FY13-14 Annual Report

Division of Employment Standards, Apprenticeship, & Mediation

Total General Funds		\$		1,757,100.00
Carry-Forward from FY 2013	\$		-	
Transfers From Workers' Comp. Funding Comm.	\$		-	
Transfer of Cash to GAPS	\$		-	
Prior Year Refunds	\$		-	
Insurance Reimbursements	\$		-	
Other Receipts	\$		-	
Transferred Fund by GAPS for Indirect Cost	\$		-	
Total Insurance Administration Funds		\$		-
Carry-Forward from FY 2013	\$		-	
Transfer from U.S. Department of Labor	\$		-	
Total Federal Funds		\$		-
Employment Standards Total Receipts				\$ 1,757,100.00

Division of Workers' Compensation Funds-Special Fund

Total General Funds		\$		-
Carry-Forward from FY 2013	\$		3,710,043.71	
Transfers From Workers' Comp. Funding Comm.	\$		57,850,000.00	
Transfer of Cash to GAPS	\$		(1,371,400.00)	
Prior Year Refunds	\$		-	
Insurance Reimbursements	\$		737,246.51	
Other Receipts	\$		349,914.50	
Transferred Fund by GAPS for Indirect Cost	\$		-	
Total Insurance Administration Funds		\$		61,275,804.72
Carry-Forward from FY 2013	\$		-	
Transfer from U.S. Department of Labor	\$		-	
Total Federal Funds		\$		-
Special Fund Total Receipts				\$ 61,275,804.72

Division of Workers' Compensation Funds-Coal Workers' Pneumoconiosis Fund

Total General Funds		\$		-
Carry-Forward from FY 2013	\$		390,801.68	
Transfers From Workers' Comp. Funding Comm.	\$		3,500,000.00	
Transfer of Cash to GAPS	\$		-	
Prior Year Refunds	\$		-	
Insurance Reimbursements	\$		-	
Other Receipts	\$		165,242.70	
Transferred Fund by GAPS for Indirect Cost	\$		-	
Total Insurance Administration Funds		\$		4,056,044.38
Carry-Forward from FY 2013	\$		-	
Transfer from U.S. Department of Labor	\$		-	
Total Federal Funds		\$		-
Coal Workers' Pneumoconiosis Fund Total Receipts				\$ 4,056,044.38

FY 2014 Fines & Penalties collected and deposited into the General Fund

Division of Compliance		\$	1,863,277.00
Division of Employment Standards, Apprenticeship, & Mediation		\$	162,382.73
		\$	2,025,659.73

* These Receipts also include receipts received for Dept 117 - OSH Standards Board



Kentucky Labor Cabinet FY13-14 Annual Report

EXPENDITURES

	<u>General Funds</u>	<u>Restricted Funds</u>	<u>Federal Funds</u>	<u>Total</u>
Department of Workplace Standards				
Personnel	1,456,004.96	4,748,466.32	3,077,208.36	9,281,679.64
Operating	208,510.81	1,290,901.29	88,828.04	1,588,240.14
Awards	-	62,402,194.62	35,016.96	62,437,211.58
Capital Outlay	-	89,168.32	89,168.33	178,336.65
Total Expenditures	\$ 1,664,515.77	\$ 68,530,730.55	\$ 3,290,221.69	\$ 73,485,468.01
Commissioner' s Office				
Personnel	-	368,212.80	-	368,212.80
Operating	-	33,169.64	-	33,169.64
Awards	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	\$ -	\$ 401,382.44	\$ -	\$ 401,382.44
Compliance				
Personnel	-	1,581,970.45	1,341,026.69	2,922,997.14
Operating	-	507,174.22	6,061.90	513,236.12
Awards	-	203,172.29	32,307.78	235,480.07
Capital Outlay	-	53,573.32	53,573.33	107,146.65
Total Expenditures	\$ -	\$ 2,345,890.28	\$ 1,432,969.70	\$ 3,778,859.98
Education & Training*				
Personnel	-	2,189,663.07	1,736,181.67	3,925,844.74
Operating	-	625,668.00	82,766.14	708,434.14
Indirect Cost	-	-	24,991.85	-
Awards	-	2,709.17	2,709.18	5,418.35
Capital Outlay	-	35,595.00	35,595.00	71,190.00
Total Expenditures	\$ -	\$ 2,853,635.24	\$ 1,882,243.84	\$ 4,710,887.23
Employment Standards				
Personnel	1,456,004.96	-	-	1,456,004.96
Operating	208,510.81	-	-	208,510.81
Awards	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	\$ 1,664,515.77	\$ -	\$ -	\$ 1,664,515.77
Special Fund				
Personnel	-	501,534.26	-	501,534.26
Operating	-	122,524.54	-	122,524.54
Awards	-	58,871,261.15	-	58,871,261.15
Capital Outlay	-	-	-	-
Total Expenditures	\$ -	\$ 59,495,319.95	\$ -	\$ 59,495,319.95
Coal Workers' Pneumoconiosis Fund				
Personnel	-	107,085.74	-	107,085.74
Operating	-	2,364.89	-	2,364.89
Awards	-	3,325,052.01	-	3,325,052.01
Capital Outlay	-	-	-	-
Total Expenditures	\$ -	\$ 3,434,502.64	\$ -	\$ 3,434,502.64

* These Expenditures also include Department 117 - OSH Standards Board



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RECEIPTS

Department of Workers' Claims

Insurance Administration Funds	<u>Restricted Funds</u>
Carry-Forward from FY 2013	\$ 1,213,610.22
Transfers From Workers' Comp. Funding Comm.	\$ 14,210,000.00
Prior Year Refunds	\$ -
General Services to Other State Agency	\$ -
General Sales	\$ 192,012.05

Department of Workers' Claims (Department 107) Totals **\$ 15,615,622.27**

Commissioner's Office

Insurance Administration Funds

	<u>Restricted Funds</u>
Carry-Forward from FY 2013	\$ 142,980.15
Transfers From Workers' Comp. Funding Comm.	\$ 1,785,000.00
Prior Year Refunds	\$ -
General Services to Other State Agency	\$ -
General Sales	\$ 192,012.05

Commissioner's Office Total Receipts

\$ 2,119,992.20

Division of Information & Research

Insurance Administration Funds

	<u>Restricted Funds</u>
Carry-Forward from FY 2013	\$ 143,362.55
Transfers From Workers' Comp. Funding Comm.	\$ 1,792,000.00
Prior Year Refunds	\$ -
General Services to Other State Agency	\$ -
General Sales	\$ -

Division of Information & Research Total Receipts

\$ 1,935,362.55

Division of Claims Processing

Insurance Administration Funds

	<u>Restricted Funds</u>
Carry-Forward from FY 2013	\$ 87,164.04
Transfers From Workers' Comp. Funding Comm.	\$ 970,000.00
Prior Year Refunds	\$ -
General Services to Other State Agency	\$ -
General Sales	\$ -

Division of Claims Processing Total Receipts

\$ 1,057,164.04

Office of Administrative Law Judges

Insurance Administration Funds

	<u>Restricted Funds</u>
Carry-Forward from FY 2013	\$ 469,944.16
Transfers From Workers' Comp. Funding Comm.	\$ 5,577,000.00
Prior Year Refunds	\$ -
General Services to Other State Agency	\$ -
General Sales	\$ -

Office of Administrative Law Judges Total Receipts

\$ 6,046,944.16

Division of Security & Compliance

Insurance Administration Funds

	<u>Restricted Funds</u>
Carry-Forward from FY 2013	\$ 109,842.27
Transfers From Workers' Comp. Funding Comm.	\$ 1,575,000.00
Prior Year Refunds	\$ -
General Services to Other State Agency	\$ -
General Sales	\$ -

Division of Security & Compliance Total Receipts

\$ 1,684,842.27



Workers' Compensation Board

Insurance Administration Funds

Carry-Forward from FY 2013
Transfers From Workers' Comp. Funding Comm.
Prior Year Refunds
General Services to Other State Agency
General Sales

Restricted Funds
\$ 103,887.14
\$ 955,000.00
\$ -
\$ -
\$ -

Workers' Compensation Board Total Receipts

\$ 1,058,887.14

Division of Ombudsman & WC Specialist

Insurance Administration Funds

Carry-Forward from FY 2013
Transfers From Workers' Comp. Funding Comm.
Prior Year Refunds
General Services to Other State Agency
General Sales

Restricted Funds
\$ 107,387.48
\$ 1,094,000.00
\$ -
\$ -
\$ -

Division of Ombudsman & WC Specialist Total Receipts

\$ 1,201,387.48

Workers' Claims Office of General Counsel

Insurance Administration Funds

Carry-Forward from FY 2013
Transfers From Workers' Comp. Funding Comm.
Prior Year Refunds
General Services to Other State Agency
General Sales

Restricted Funds
\$ 49,042.43
\$ 462,000.00
\$ -
\$ -
\$ -

Workers' Claims Office of General Counsel Total Receipts

\$ 511,042.43



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EXPENDITURES

Department of Workers' Claims	<u>Restricted Funds</u>
Personnel	12,710,468.98
Operating	2,187,392.61
Awards	-
Capital Outlay	75,601.52
Total Expenditures	\$ 14,973,463.11
<u>Commissioner' s Office</u>	<u>Restricted Funds</u>
Personnel	1,578,967.59
Operating	544,583.00
Awards	-
Capital Outlay	34,276.75
Total Expenditures	\$ 2,157,827.34
<u>Division of Information and Research</u>	<u>Restricted Funds</u>
Personnel	1,549,155.69
Operating	204,361.50
Awards	-
Capital Outlay	29,870.10
Total Expenditures	\$ 1,783,387.29
<u>Division of Claims Processing</u>	<u>Restricted Funds</u>
Personnel	930,766.68
Operating	117,195.44
Awards	-
Capital Outlay	-
Total Expenditures	\$ 1,047,962.12
<u>Office of Administrative Law Judges</u>	<u>Restricted Funds</u>
Personnel	4,693,736.34
Operating	894,271.15
Awards	-
Capital Outlay	11,454.67
Total Expenditures	\$ 5,599,462.16
<u>Division of Security and Compliance</u>	<u>Restricted Funds</u>
Personnel	1,464,656.16
Operating	207,724.15
Awards	-
Capital Outlay	-
Total Expenditures	\$ 1,672,380.31
<u>Workers' Compensation Board</u>	<u>Restricted Funds</u>
Personnel	930,446.34
Operating	90,026.21
Awards	-
Capital Outlay	-
Total Expenditures	\$ 1,020,472.55
<u>Division of Ombudsman & WC Specialist</u>	<u>Restricted Funds</u>
Personnel	1,089,050.91
Operating	107,309.83
Awards	-
Capital Outlay	-
Total Expenditures	\$ 1,196,360.74
<u>Workers' Claims Office of General Counsel</u>	<u>Restricted Funds</u>
Personnel	473,689.27
Operating	21,921.33
Awards	-
Capital Outlay	-
Total Expenditures	\$ 495,610.60



No individual in the United States shall, on the grounds of race, color, religion, sex, national origin, age, disability, political affiliation or belief, be excluded from participation in, or denied benefits of, or be subjected to discrimination under any program or activity under the jurisdiction of the Kentucky Labor Cabinet.

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