

**STATE CONTRACTS:  
KENTUCKY'S ADMINISTRATION AND MANAGEMENT OF  
CONTRACTING FOR SERVICE WORKERS**



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September 1, 2005

Mr. Robbie Rudolph, Secretary  
Finance and Administration Cabinet  
702 Capitol Annex  
Capitol Annex  
Frankfort, Kentucky 40601

Re: Performance Audit of Kentucky's Administration and Management of Contracting for Service Workers

Dear Secretary Rudolph:

The enclosed report, State Contracts: Kentucky's Administration and Management of Contracting for Service Workers, is the second in a series of reports that examines state contracting. Our first report in the series focused on contracts for commodities. In this report, we review contracts for services and offer specific recommendations to strengthen the process by which state government decides to contract for a service as opposed to providing the service with new or existing state personnel.

We are required to remind you, pursuant to KRS 43.090(1), that the Office of State Budget Director must notify the Legislative Research Commission and the Auditor of the audit recommendations it has implemented and of the recommendations it has not implemented, and any reasons therefore, within sixty (60) days of the completion of the final audit. The audit report will be distributed pursuant to KRS 43.090.

Our Division of Performance Audit evaluates the effectiveness and efficiency of government programs as well as completing risk assessments and benchmarking of state operations. We will be glad to discuss this audit or the services offered by our office at any time. If you or your staff have any questions, please call Bob Gray, Director of the Division of Performance Audit, or me.

Sincerely,

A handwritten signature in black ink that reads "Crit Luallen".

Crit Luallen  
Auditor of Public Accounts



c: Governor Ernie Fletcher

House Speaker, Jody Richards

Senate President, David Williams

Representative Harry Moberly, Chair, House Appropriations and Revenue Committee

Senator Charlie Borders, Chair, Senate Appropriations and Revenue Committee

Senator Ernie Harris, Co-Chair, Program Review and Investigations Committee

Representative Tommy Thompson, Co-Chair, Program Review and Investigations Committee

Stan Cave, Chief of Staff

Brad Cowgill, State Budget Director

James Nelson, State Librarian and Commissioner, Department for Libraries and Archives

Robert Sherman, Director, Legislative Research Commission

Michael Meeks, CSA, Government Contract Review Committee

Greg Hager, CSA, Program Review and Investigation Committee

Dan Abner, Director of Office of Material and Procurement Services, Finance and Administration

Cabinet

Ed Ross, Office of the Controller, Finance and Administration Cabinet

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## EXECUTIVE SUMMARY

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### *Objective*

The purpose of this performance audit is to determine the effectiveness of Kentucky's approach in contracting for services and recommend ways to improve the process. This audit examines state government's practices related to evaluating, tracking and reporting the use of service contract workers to determine:

- The number of merit employees, non-merit employees, and service contract workers in state government.
- The amount of service contract expenditures.
- If decisions to contract for services are fully justified.
- If agencies have adequate guidance to ensure service contract workers should not be classified as state employees.
- Best practices in other states.

### *Audit Findings*

The audit reached the following findings about Kentucky's administration and management of contracts for service workers.

#### *Number of Service Contract Workers Cannot Be Determined*

The Commonwealth's accounting system (MARS) cannot be used to determine the total number of service contract workers in state government.

- As of June 3, 2005, Kentucky had 37,374 state employees – 32,066 merit employees and 5,308 non-merit employees.
- Adequate data is not available to determine the number of service workers under contract with state government.
- The actual number of hours worked is not recorded for all service contracts, so it is not possible to calculate the number of workers represented.
- Lack of this information makes it difficult to determine whether hiring additional state employees or contracting for services would be the most cost effective.

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## EXECUTIVE SUMMARY

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### *Service Contract Data Can Only Be Estimated*

Contract data can only be estimated because of the limitations with the Commonwealth's accounting system.

- Kentucky spent over \$655 million on 2,633 contracts for services in Fiscal Year 2004: \$547 million on 2,101 contracts for professional services, and \$108 million on 532 contracts for non-professional services.
- Expenditure data for professional services contracts included some contracts that were improperly classified and were actually contracts for non-professional services or, in some cases, commodities such as office supplies, tools, and boats.
- Non-professional services can be bundled with commodities in contracts – such as janitorial services contracts that contain commodities (such as soap, towels, and other supplies) in addition to personnel.

### *No Periodic Reporting of Available Service Contract Data*

There is no periodic reporting by the Finance Cabinet on the number and associated expenditures of Personal Service Contracts or non-professional service contracts. The APA requested this information, but the FAC could not readily or completely provide this information and the information provided varied widely.

### *Process for Classifying Service Contract Workers Unclear*

Kentucky lacks a clear process for determining whether a service contract worker should be classified as an employee.

- The Commonwealth could be liable for payment of Social Security taxes and penalties if an agency fails to properly classify a service contract worker.
- Under federal rules, a contract worker can be considered an employee under certain conditions - requiring the employer to pay Social Security taxes and withhold other taxes from the worker's wages.
- Individual Kentucky agencies make the final determination of whether to classify service contract workers as an employee.

### *Cost-Benefit Analysis Not Required in Contracting Process*

State agencies are not required to conduct adequate cost-benefit analyses when entering into service contracts.

- The Commonwealth's tool for determining the costs and benefits of a contract, known as the Proof of Necessity (PON) form, does not allow for adequate cost-benefit analysis and justification of outside service providers.

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## EXECUTIVE SUMMARY

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- Personal Service Contract training does not ensure agencies fully complete the PON form. The MARS Personal Service Contract training manual encourages minimal responses to justify contracts and permits boilerplate responses to questions.

### ***Adopting Best Practices From Other States Would Improve Kentucky's Contracting Process***

Contracting practices in Texas, Virginia, and Massachusetts were selected for review as examples of progressive practices in contracting oversight and management.

- Texas regularly identifies the number of service contract workers and associated costs in deciding whether to employ or contract.
- Virginia uses detailed cost-benefit analysis in the contracting process.
- Massachusetts uses a structured approach in its determination of the status of contractors and employees for tax purposes.

### ***Recommendations***

Recommendations to improve Kentucky's process of contracting for services include:

#### ***Report the Number of Service Contract Workers***

The Commonwealth should mandate that agencies report the number of service contract workers to the Finance Cabinet, and modify MARS to record the number of hours purchased through service contracts.

#### ***Use Appropriate Contract Designations***

The Finance and Administration Cabinet should ensure agencies use appropriate contract designations when establishing service contracts so that accumulated data is accurate.

#### ***Design MARS to Identify Contracts for Non-Professional Services***

MARS should be designed to allow for the designation of contracts for non-professional services even when services are bundled with commodity contracts.

#### ***Produce Regular Reports of Service Contract Information***

The Finance Cabinet should produce regular reports of service contract data that provide:

- Total number of service contracts by agency
- Total agency expenditures on service contracts
- Type of service purchased through each contract
- Amount of service purchased through contract

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## EXECUTIVE SUMMARY

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### *Develop System to Classify Contract Employees*

The Commonwealth should develop a system to ensure agencies properly classify service contract workers to minimize tax liability.

### *Conduct a Cost-Benefit Analysis*

The MARS Proof of Necessity form should be adapted to better conform with statutory and regulatory requirements to ensure that a thorough cost-benefit analysis is done in each instance in which service contract workers are hired.

### *Improve Contract Training*

The Finance and Administration Cabinet should ensure MARS Personal Service Contract training encourages agency responses that fully justify a decision to contract for services.

### *Adopt Best Practices From Other States*

The FAC should implement the following best practices identified in other states to ensure the most beneficial and cost-effective use of state employees and service contract workers:

- Develop a method to report Full Time Equivalents; similar to the approach used by the Texas State Auditor, that identifies the number of service contract workers.
- Require agencies to base contracting decisions on a cost-benefit analysis, similar to Texas and Virginia, that considers:
  - The total cost of providing the service with state personnel, including: salaries and benefits; materials and supplies; fixed asset purchases; and overhead costs.
  - The total cost of providing the service through a contract, including: contract price; contract administration and support costs; and other related costs.
  - Savings, if any, that would be generated by contracting as compared with providing the service with state personnel.
- Adopt a standard process for agencies to follow, similar to Massachusetts' use of SS-8 form criteria, to ensure agencies properly classify service contract workers.



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## ABBREVIATIONS

<b>APA</b>	<b>Auditor of Public Accounts</b>
<b>COMPETE</b>	<b>Commonwealth of Virginia Cost Comparison Program</b>
<b>COT</b>	<b>Commonwealth Office of Technology</b>
<b>FAC</b>	<b>Finance and Administration Cabinet</b>
<b>FTE</b>	<b>Full Time Equivalent</b>
<b>FY</b>	<b>Fiscal Year</b>
<b>HB</b>	<b>House Bill</b>
<b>KAR</b>	<b>Kentucky Administrative Regulations</b>
<b>KRS</b>	<b>Kentucky Revised Statutes</b>
<b>MARS</b>	<b>Management Administrative Reporting System</b>
<b>PON</b>	<b>Proof of Necessity</b>
<b>PSC</b>	<b>Personal Service Contract</b>
<b>RFP</b>	<b>Request for Proposal</b>

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## INTRODUCTION

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### *Audit Objective*

Kentucky's austere budget outlook continues to restrict state government spending. Meeting the challenge of providing state services without interruption will demand management solutions that reduce costs and improve efficiency. State policymakers need useful and reliable information about the Commonwealth's workforce, including state employees and service contract workers, to make informed decisions about how best to provide services for Kentuckians.

The Auditor of Public Accounts (APA) undertook this audit, the second performance audit of contracting in state government, to determine whether Kentucky is using a strategic and effective approach in contracting for services. This audit examines state government's practices related to evaluating, tracking, and reporting the use of service contract workers.

We focused on answering the following questions:

- Is the number of service contract workers known and reported?
- Are all service contract expenditures known and reported?
- Are decisions to contract for services fully justified?
- Do agencies have adequate guidance to determine whether service contract workers should be classified as state employees?
- Are there contracting practices used by other states that Kentucky should consider adopting?

### *Service Contracting Organization and Definitions*

The Commonwealth's service contracting decision process is largely decentralized and rests with individual state agencies, not the Finance and Administration Cabinet (FAC). It is up to the agencies to determine whether to contract with outside workers or provide services in-house. The prime concern of the FAC is whether service contracts comply with Kentucky's Model Procurement Code-KRS Chapter 45A.

KRS 45A.690(1)(f) defines a Personal Service Contract as "an agreement whereby an individual, firm, partnership, or corporation is to perform certain services requiring professional skill or professional judgment for a specified period of time at a price agreed upon." The term "Personal

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## INTRODUCTION

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Service Contract” is used to describe contracts that provide the Commonwealth with professional services, such as legal, engineering, architectural, and nursing.

The Commonwealth’s service contracts can be broken down into two broad categories:

- Personal Service Contracts for professional services
- Contracts for non-professional services

Definitions of service contract types:

- An **Award/Contract** is established to purchase a specific quantity or amount at a specific price;
- A **Master Agreement** establishes a price between an individual agency and a contractor for supplying specific goods or services, or both, at specific unit prices during a specified time period;
- A **Catalog Master Agreement** establishes a price between two or more state agencies and a contractor for supplying specific goods or services, or both, at specific unit prices during a specified time period;
- Both Master Agreements and Catalog Master Agreements may contain options for contract renewal for specified time periods.

A Personal Service Contract can be either a Master Agreement or an Award/Contract. A contract for non-professional services can be a Master Agreement, a Catalog Master Agreement, or an Award/Contract.

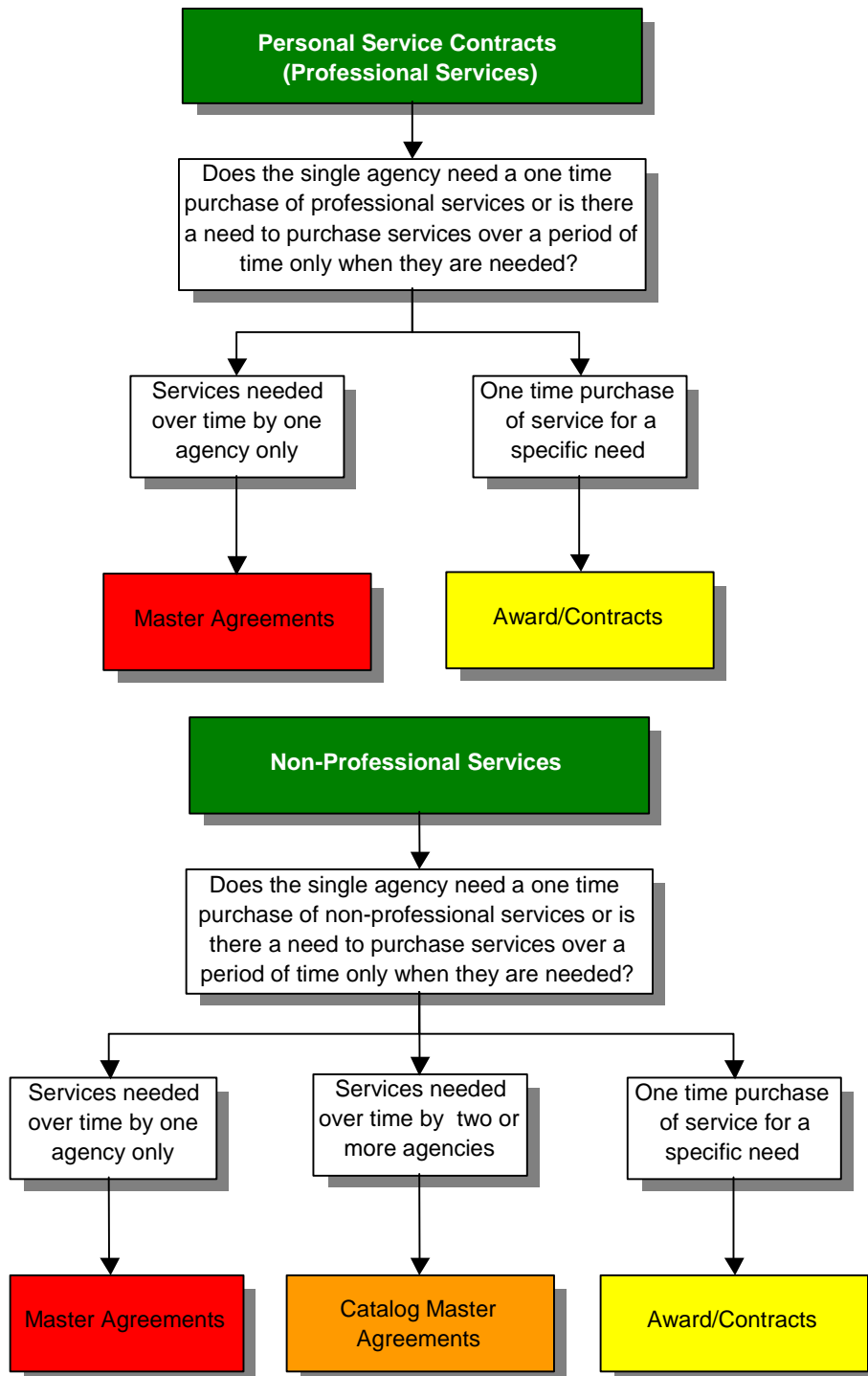
The following chart illustrates the decision-making process within the two categories. If more information related to creating a Personal Service Contract is needed, Appendix II outlines the required steps. Additionally, the APA’s February 2005 report, *Kentucky’s Administration and Management of Master Agreements and Catalog Master Agreements*, provides information on price contracts for non-professional services.

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# INTRODUCTION

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## Service Contract Types (Contracts with non-state entities only)



Source: Auditor of Public Accounts based on analysis of Finance and Administration Cabinet's Manual of Policies and Procedures.

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## INTRODUCTION

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### *Employee and Service Worker Definitions*

Kentucky law relating to state personnel defines “employee” as a “person regularly appointed to a position in the state service for which he is compensated on a full-time, part-time, or interim basis.” (KRS 18A.005(14)) Although the term “contract employee” is mentioned in state law, no statutory definition is provided. For this report, the APA will use the term “service contract worker” to refer to any person doing work for the state who is not employed as a state employee through Personnel Cabinet procedures but is working under a state contract for a specific purpose or a specific period.

Service contract workers are not subject to the same requirements as state employees, even though they may be doing similar work. The Executive Branch Code of Ethics, contained in KRS Chapter 11A, does not apply to service contract workers unless the contractor serves in a major management position. Therefore, the vast majority of service contract workers are not subject to ethics provisions prohibiting conflicts of interest, and are not required to file financial disclosure statements with the Kentucky Executive Branch Ethics Commission.

### *Reasons for Hiring Service Contract Workers*

There are various reasons that Kentucky state agencies contract for services rather than hire additional state employees:

- The permanent full-time employment cap of 33,000 set in KRS 18A.010 (2) (which is regularly suspended in Kentucky’s budget legislation) can be avoided.
- State pay levels are not competitive in certain categories.
- Contracting is faster and more flexible than Merit System hiring.
- Service contract workers can provide expertise needed for short-term, non-recurring projects.
- State personnel are not available or it is not feasible for state personnel to perform the needed service (state law permits the purchase of professional services by contract under these circumstances).
- Contracting is a growing trend in some states due to efforts to reduce the size of government.

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## Chapter 1: Lack of Service Contract Data and Reporting

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### Finding 1.1

**The total number of service contract workers cannot be determined through the Commonwealth's accounting system.**

The APA sought to determine whether a reduction in the number of state employees correlated to an increase in the number of state service contract workers. This evaluation was not possible because MARS does not track the number of contract workers performing professional or non-professional services.

According to statistics maintained by the Personnel Cabinet, the number of Merit and non-Merit state employees has declined from 39,279 in 2000 to 37,374 in 2005. The total compensation for state employees has remained steady at about \$1.9 billion per year for each of the last three fiscal years, according to the Governor's Office for Policy and Management (GOPM). About 75 percent of the compensation was for regular salaries and wages; the rest was for benefits.

**Table 1.1  
State Employment as of the Dates Provided**

Date	Number of Merit Employees	Non-Merit Employees	Total Employees
7/1/2000	33,453	5,844	39,297
7/1/2001	34,372	5,963	40,335
7/1/2002	34,612	5,786	40,398
7/1/2003	34,116	5,352	39,468
7/1/2004	32,712	5,064	37,776
6/3/2005	32,066	5,308	37,374

Source: Auditor of Public Accounts based on information provided by the Personnel Cabinet.

The use of service contract workers implies that the actual number of state workers exceeds 37,374. However, it is impossible to determine the exact number due to limited data.

The number of work hours provided under a Personal Service Contract is also not tracked. This information could be used to estimate the number of state employees needed to perform the contracted services.

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## Chapter 1: Lack of Service Contract Data and Reporting

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A full-time equivalent (FTE) in state government means one employee working 37.5 hours per week, or 1,950 hours per year. If, over a one-year period, a service contractor bills for approximately 2,000 hours, this would equate to one FTE state employee.

Some contracts are based on a total price instead of an hourly rate. It is not possible to determine the number of FTEs being used in these contracts, because there is no way to completely determine the total number of hours billed by contractors. When a service contract is established as a Master Agreement or Catalog Master Agreement, the number of hours billed by the contractor is recorded; however, when a service contract is established as an Award/Contract, then only a total amount paid is recorded. Estimating the number of workers or FTEs that are required to accomplish a task under a contract would make it possible to determine the number of state employees needed to perform the same work.

For example, the Commonwealth Office of Technology (COT) is able to determine the number of service contract workers that are in use at any given time. On March 31, 2005, COT was able to report that it was using 87 service contract workers. This demonstrates that an agency can determine how many service contract workers are being used. If a central report could be produced for all state agencies, important data would be easily accessible. This would, in turn, provide agencies with the ability to gauge the demand and evaluate and administer the services.

To account for the true size of the state workforce, policymakers need to be able to determine the number of state employees and the number of service contract workers. However, the available data does not provide state policymakers the needed information to perform an accurate or complete analysis.

### Recommendation 1.1

**The Commonwealth should mandate that agencies report the number of service contract workers to the FAC and modify MARS to record the number of hours purchased through service contracts.**



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## Chapter 1: Lack of Service Contract Data and Reporting

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### Finding 1.2

**Personal Service Contract data can only be estimated due to incorrect designations in the Commonwealth's MARS accounting system.**

MARS expenditures for Personal Service Contracts include some types of contracts that should not be classified as Personal Service Contracts. For example, commodity contracts for items such as office supplies, tools, and boats were found throughout the Personal Service Contract category during FY 2000 through FY 2004. This practice declined each fiscal year, making expenditures slightly more reliable for later years. According to the FAC, these errors were due to agencies applying the wrong MARS sub-type code to the commodity contracts. An FAC staff member referred to this occurrence as “garbage-in-garbage-out.”

Without removing the misidentified contracts, the data can only be used as an estimate instead of a true report of Personal Service Contract expenditures. The only way to remove incorrectly designated contracts would be to manually delete them. The need for manual deletion reduces the benefits of electronic data filing and makes it difficult to produce a regular and reliable report in a timely manner.

Better use of the correct contract codes by state agencies is needed to ensure an accurate account of expenditures made through Personal Service Contracts. Table 1.2 provides estimates of the Personal Service Contract expenditures as reported by the FAC.

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**Chapter 1: Lack of Service Contract Data and Reporting**

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**Table 1.2**  
**Personal Service Contracts**  
**Estimated Number and Expenditures**

<b>Fiscal Year</b>	<b>Total Expenditures</b>	<b>Total Contracts</b>
2000	\$667,796,639.90	1672
2001	\$469,083,497.57	2251
2002	\$603,229,168.92	2361
2003	\$487,285,254.42	2522
2004	\$547,062,830.30	2101

Source: Auditor of Public Accounts based on information provided by the Finance and Administration Cabinet's Office of Material and Procurement Service.

**Recommendation 1.2**

**The Finance and Administration Cabinet should ensure agencies use appropriate contract designations when establishing service contracts so that accumulated data is not corrupted.**

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**Finding 1.3**

**MARS cannot provide an accurate total of expenditures for non-professional services.**

There is no way to designate a "non-professional" service contract within MARS. This means that it is not possible to ensure that only these types of service contracts are included in a data query of MARS. The FAC had to manually review contract descriptions, rather than use automated methods, to make the determinations of non-professional services. There is a greater risk of human error introduced into such a process.

Table 1.3 shows the estimated number and expenditures of non-professional service contracts over the last five fiscal years, as reported by the FAC. The Finance Cabinet also noted a problem with the way that non-professional services data is entered in MARS. Contracts were listed as being for non-professional services when they were actually for various professional services.

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## Chapter 1: Lack of Service Contract Data and Reporting

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**Table 1.3**  
**Estimated Number and Expenditures of**  
**Non-Professional Service Contracts**

<b>Fiscal Year</b>	<b>Total Expenditures</b>	<b>Total Contracts</b>
2000	\$44,797,496.03	182
2001	\$155,610,337.08	312
2002	\$167,818,267.78	415
2003	\$124,764,227.14	473
2004	\$108,656,167.48	532

Source: Auditor of Public Accounts based on information provided by the Finance and Administration Cabinet's Office of Material and Procurement Service.

### ***Contracts for Non-Professional Services Bundled With Commodities***

Non-professional services data could include commodities with services. A Master Agreement or Catalog Master Agreement can be used when an agency needs, and a contractor can provide, both non-professional services and related commodities. As the first APA report on contracting demonstrated, MARS is not able to distinguish different products under the same contract. Bundling services and commodities makes it difficult, if not impossible, to determine how much of a single commodity or non-professional service the Commonwealth has purchased from a contractor.

Based on the data provided by the FAC, the Commonwealth used 532 contracts for non-professional services in FY 2004, at a total estimated cost of \$108,656,167. Although the total number of contracts may be correct, it is not possible to be certain that this number includes all non-professional services rendered because there is no designation of such on all contracts that apply. This, in turn, affects the FAC's ability to provide a total amount of expenditures.

### **Recommendation 1.3**

**The FAC should take steps to ensure that appropriate contract designations are used when establishing contracts for non-professional services.**

**MARS should be designed to allow for the designation of contracts for non-professional services even when services are bundled with commodity contracts.**

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## Chapter 1: Lack of Service Contract Data and Reporting

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### Finding 1.4

**Service contract data available in MARS is not regularly being reported in a useful and reliable manner.**

***Service Contract Expenditures and Related Data Is Not Regularly Reported***

There is no periodic reporting by the FAC on the number and associated expenditures of all service contracts, whether they are classified as Personal Service Contracts or non-professional service contracts. In an effort to obtain the number of service contracts used by the Commonwealth and related expenditures, the APA requested the following data collected by MARS from the FAC Office of Material and Procurement Services:

- Total number of service contracts
- Total expenditures made through service contracts
- Agencies that use each service contract and associated expenditures
- Type of service purchased through each contract and associated expenditures
- Amount of service purchased through a contract (Number of FTEs)

The FAC could not readily or completely accommodate the request for service contract expenditures data. In addition, the service contract data provided by the FAC varied widely. For example, one method used to provide the data resulted in total Personal Service Contract expenditures of nearly \$1.2 billion dollars for FY 2003. The final method of extracting the data produced a total of less than \$500 million for the same fiscal year.

Based on this wide variance and other attempts to obtain data, the APA concluded that the current methods of extracting service contract data can only be used to provide estimates. The following table highlights the types of services for which the Commonwealth contracts most frequently, along with estimated expenditures.

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## Chapter 1: Lack of Service Contract Data and Reporting

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**Table 1.4**  
**Top Ten Expenditures by Contract Service Type**  
**FY 2004**

<b>Personal Service Contracts (Professional Services)</b>	
<b>Service Types</b>	<b>Estimated Expenditures</b>
Miscellaneous Professional Services*	\$323,360,521.59
Engineering Services, Professional	\$70,704,073.85
Family and Social Services	\$25,579,632.60
Health Related Services	\$19,795,226.21
Architect Services, Professional	\$10,999,216.97
Nursing Services	\$8,532,298.47
Consulting Services	\$7,695,710.00
Employment Agency and Search Firm Services	\$6,945,332.74
Professional Medical Services (Including Physician)	\$5,800,974.02
Investment Management Services	\$5,077,447.40
<b>Non-Professional Services</b>	
<b>Service Types</b>	<b>Estimated Expenditures</b>
Janitorial/Custodial Services	\$24,369,851.00
Laundry and Linen Service	\$20,475,649.29
Laundry and Dry Cleaning Services	\$12,721,311.21
Garbage/Trash Removal and Disposal	\$4,056,583.63
Window Washing Services	\$1,857,135.00
Grounds Maintenance: Mowing, Edging, Plant	\$1,576,115.60
Dry Cleaning Service	\$501,162.75
Carpet Cleaning, Dyeing, Installation, and Repair	\$449,297.02
Washing, Waxing, Polishing, Steam Cleaning, Disinf.	\$359,679.80
Construction Services, General	\$252,674.50

Source: Auditor of Public Accounts based on information provided by the Finance and Administration Cabinet's Office of Material and Procurement Service.

\* Over \$302 million attributed to the Medicaid Managed Care contract.

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## **Chapter 1: Lack of Service Contract Data and Reporting**

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Appendices III through VII provide more details related to Personal Service Contracts and nonprofessional services. A detailed list of service types for Personal Service Contracts with estimated expenditures for FY 2004 can be seen in Appendix III. This information is also included for non-professional services in Appendix IV. Appendices V and VI contain detailed listings of service types per agency for Personal Service Contracts and non-professional services in FY 2004. Expenditures for Information Technology service contracts are tracked separately by FAC and are included in Appendix VII.

The data provided by FAC are designated as estimates rather than exact numbers. These estimates are only included in the report as an example of the type of data that should be regularly reported.

Centralized reporting of the actual amount a state agency spends on any given service can create a much faster and more reliable way to obtain information from MARS. The Legislative Research Commission only retains preliminary cost information from when a Personal Service Contract was first requested. Actual expenditure information could prove useful for a more effective cost-benefit analysis, allowing agencies and state policymakers to determine whether it would be more cost-effective to provide a needed service through contracting or state employees.

### **Recommendation 1.4**

**The Finance Cabinet should produce regular reports of service contract data that provide:**

- **Total number of service contracts by agency**
- **Total agency expenditures on service contracts**
- **Type of service purchased through each contract**
- **Amount of service purchased through each contract**

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## Chapter 1: Lack of Service Contract Data and Reporting

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### Finding 1.5

**Kentucky lacks a process for determining whether a service contract worker should be classified as an employee.**

The Commonwealth could be exposed to liability for paying certain types of benefits regarding service contract workers if they are determined to be actual employees. Agencies are responsible for determining whether a service contract worker should be classified as an employee, but a clear process for making this determination is not in place.

The state Social Security Coverage and Reporting Branch within the FAC reviews contracts and provides feedback to agencies on whether the agencies will have to pay Social Security taxes on contract employees. This review applies the criteria contained in IRS form SS-8, *Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding*. The three basic elements considered:

- Behavioral control: Whether the government entity has the right to control the behavior of the worker.
- Financial control: Whether the government entity has financial control over the worker.
- Relationship of parties: The nature of the relationship of the parties.

Although the Social Security Coverage and Reporting Branch conducts this review, individual state agencies make the final determination of whether to pay Social Security taxes on service contract workers. Plus, not all agencies may know to consult with the Social Security Coverage and Reporting Branch when entering into a Personal Service Contract with an individual. If the state misclassifies a service contract worker, the fines and penalties could be substantial.

### Recommendation 1.5

**The Commonwealth should develop a system and criteria to ensure agencies properly classify service contract workers to minimize liability.**

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## CHAPTER 2: Limitations of Proof of Necessity Form

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### Finding 2.1

**The MARS Proof of Necessity (PON) form does not contain information necessary for establishing justification for service contracts.**

### *Criteria for the Proof of Necessity Form*

KRS 45A.695(2) requires that each Personal Service Contract be submitted to the Government Contract Review Committee with a completed PON Form. This committee is a legislative oversight committee created by statute that meets monthly to review proposed Personal Service Contracts. The form shall include:

- Need for the service;
- Unavailability of state personnel or the non-feasibility of utilizing state personnel to perform the service;
- Total projected cost of the contract or agreement and source of funding;
- Total projected duration of the contract;
- Payment information, in detail;
- In the case of memoranda of agreement or similar device, the reason for exchanging resources or responsibilities; and
- Such other information as the committee deems appropriate.

A November 3, 2004 memorandum issued by the Government Contract Review Committee noted that many state agencies had omitted the PON form. The memorandum also stated that a Personal Service Contract is not properly filed with the committee without a completed PON form.

As illustrated in Table 2.1, KRS 45A.695, 1 KAR 2:010, and the MARS Personal Service Contract Training Manual require the PON form to include essentially the same information. Following Table 2.1, Illustration 2.1 shows the PON form as displayed in MARS. Also, a hardcopy PON form is provided in Appendix VIII.



## CHAPTER 2: Limitations of Proof of Necessity Form

**Table 2.1**  
**Statute, Regulation, and Training Manual Requirements for the PON Form**

	<b>KRS 45A.695(2)</b>	<b>1 KAR 2:010</b>	<b>MARS Training Manual</b>
<b>Description of Services</b>	The need for the service	A statement which describes, in detail, the need for such services	Summary of the services provided
<b>Justification</b>	The unavailability of state personnel or the nonfeasibility of utilizing state personnel to perform the service	A statement which justifies, in detail, the purchase of service as opposed to the provision of service, i.e. unavailability/nonfeasibility	Justification for outside providers
<b>Projected Cost</b>	The total projected cost of the contract or agreement and source of funding	The total projected cost	Amount of contract and funding source

**Illustration 2.1**  
**Proof of Necessity Form Within the MARS Database**

The screenshot shows a web-based form titled "Proof of Necessity" within the MARS Database. The window title is "Award / Contract - C-01008804 - [ PSC ]". The form is divided into several sections:

- Description of Work to be Performed:** Includes an "Add" button and a "Type of Award:" dropdown menu. An "Export PON Info" button is also present.
- Financial and Award Cost Data:** Contains input fields for "Source of Funds" (Federal, General, Agency, Capital Construction, Other) with associated dollar amounts (all currently \$0.00). It also includes radio button options for "Is the agency paying FICA?" and "Was award cost included as a line item in the most recent budget bill for the Commonwealth?".
- Method of Payment:** Includes a "Method of Payment:" field and a "Frequency of Payment:" dropdown menu.
- Justification for Outside Service Provider:** Includes a radio button question "Could or should the work be performed by state personnel?" and a "Justification for Outside Service Provider:" field with an "Add" button.
- Other Provider(s) Considered:** Includes a "Name/Addresses of Other Provider(s) Considered:" field with an "Add" button.
- Basis for Selection of Proposed Contractor:** Includes a "Basis for Selection of Proposed Contractor:" field with an "Add" button.
- Planned Performance Monitoring Activities:** Includes a "Planned Performance Monitoring Activities:" field with an "Add" button.

Source: Finance and Administration Cabinet's MARS Personal Service Contract Training Manual, Version 4.12.12.

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## CHAPTER 2: Limitations of Proof of Necessity Form

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### *Justifications for Outside Service Providers Are Not Adequate*

According to FAC personnel, the Proof of Necessity form functions as a cost-benefit analysis within MARS and must be completed by the agencies. At a minimum, the PON form requires the following questions to be answered in the justification for outside service contract workers:

- What in-house method(s) were considered and why were potential in-house methods rejected?
- Is the part [sic] of such nature that: it should be done independently of the agency to avoid a conflict of interest; it requires unique or special expertise/qualifications; and/or legal or other special circumstances require [requiring] use of an outside provider?
- If services are needed on a continuing basis, describe efforts made to secure services through regular state employment channels.
- Will agency personnel provide staff support services to the contractor?

The APA reviewed a random sample of Personal Service Contracts for fiscal years 2002 through 2004 and found that the majority of the contracts sampled did not have sufficient information to provide a cost-benefit analysis or properly address the questions set forth. The PON form responses for justification for outside service providers were not consistent among contracts. Examples ranged from vague:

*“No state agency capable of performing this work.”*

to more detailed responses:

*“AOC court facilities central staff consists of eighteen (18) individuals with five of these 18 people being field staff to cover 120 counties with on-going repair and maintenance issues and other duties relating to new construction projects authorized in the 1996, 1998, and 2000 sessions. The remaining staff is responsible for administrative, technical, budget and auditing duties. Therefore, procurement of outside services is imperative for the fulfillment of the AOC’s statutory duty under HB 734.”*

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## CHAPTER 2: Limitations of Proof of Necessity Form

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Clear justification for contracting services accompanied by an adequate cost-benefit analysis are necessary to ensure contracting decisions are in the taxpayers' best interest. A cost-benefit analysis, such as the one defined in KRS 45A.551(3)(d), should include, but is not necessarily limited to, a collection and analysis of the total assessable fixed and variable, direct and indirect, costs of the current governmental operation and the private vendor contract.

### Recommendation 2.1

**The MARS PON form should be adapted to better conform with statutory and regulatory requirements to ensure that a thorough cost-benefit analysis is done in each instance in which service contract workers are hired.**

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### Finding 2.2

**Personal Service Contract training does not ensure agencies fully complete PON forms.**

#### *MARS Personal Service Contract Training Manual*

The MARS Personal Service Contract training manual encourages minimal responses to justify contracts and permits boilerplate responses to questions. Without greater detail, the Commonwealth cannot determine why service contract workers are preferred over state employees or if all costs were considered before contracting for service. The table below contains examples of adequate agency responses for describing projected costs and justification for contracting with outside service providers.

**Table 2.2**  
**Examples of Cost and Justification Responses**

<b>MARS PON Field Description</b>	<b>Examples of Adequate Agency PON Responses</b>
Detailed Description of Projected Cost	"Cost was based on last year's contract"
Justification for Outside Service Provider	"No internal vendor available"

Source: Finance and Administration Cabinet's MARS Personal Service Contract Training Manual, Version 4.12.12.

### Recommendation 2.2

**The Finance and Administration Cabinet should ensure MARS Personal Service Contract training encourages agency responses that fully justify the decision to contract for services.**

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## CHAPTER 3: Service Contracting Best Practices

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### Finding 3.1

#### **Contracting practices from other states could be adopted by Kentucky to improve noted deficiencies.**

Kentucky has shown innovation in its management and oversight of service contracts. MARS has the potential, with appropriate revisions, to track: the number of contract workers; associated expenditures; and justification for outside contracting. Additionally, the legislature's Government Contract Review Committee, mentioned in Chapter 2, provides an important oversight function. The committee not only reviews Personal Service Contracts, it has the ability to single out a contract and request agency personnel to testify and provide justification.

Regardless of these innovations, there is room for improvement in Kentucky's contracting process. Kentucky lacks a detailed service contract cost-benefit analysis process to ensure contracting is the best value. Additionally, Kentucky may be imperiled by loose categorization and tracking of service contract workers and employees.

#### *Contract Administration in Texas, Virginia and Massachusetts Reviewed*

In Chapters 1 and 2, the APA identified weaknesses in MARS and determined that agencies do not have sufficient tools to undertake adequate cost-benefit analyses. In this chapter, we provide examples of best practices in contracting from other states. Texas, Virginia, and Massachusetts were selected for comparison because these states offer recognized examples of progressive practices in contracting oversight and management.

#### *Texas*

Texas provides a case study of a state caught in a dilemma similar to Kentucky's - whether to employ or contract. Reports by the Texas State Auditor's Office document Texas' attempts to identify the number of service contract workers and associated costs. Virginia stands out for the use of detailed cost-benefit analyses and Massachusetts' strength is its guidance for distinguishing contractors from employees.

Three Texas State Auditors Office reports identify weaknesses similar to Kentucky's current situation. The first two reports charted the course for service contract improvement in Texas. The third report concerned tracking and reporting of FTEs and reasons why it was important to know the number of FTEs.

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## CHAPTER 3: Service Contracting Best Practices

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The first report issued in February 1999, *An Audit Report on the State's Contract Workforce*, concluded that Texas needed more information to better manage its \$1.2 billion contract costs. It found that Texas policymakers did not know how many service contract workers there were and, therefore, could not gauge employment levels. The Texas legislature attempted to control numbers of state employees through caps and, as a result, the number of dollars spent on contracts increased. Contract workforce expenditures increased 58% over the 1995 - 1999 period, while salaries and benefits for state employees also increased by 14%.

The Texas State Auditors Office was tasked to discover the true numbers of state employees and service contract workers. The following points illustrate similarities between Texas circa 1999 and Kentucky's 2005 status.

- Agency data for FTE reports was lacking and needed improvement.
- Texas employed a "Full-Time Equivalent Reporting System" of limited usefulness.
- Cost-benefit analyses were not regularly used.
- An improved and uniform reporting system was recommended by the Texas State Auditor.

The second report, *Best Practices and Guidelines for Effectively Using a Contract Workforce*, addressed the use of contract workers and associated best practices. Texas recognized its organizations seldom planned detailed cost analyses before deciding to retain service contract workers, and that wages, benefits, and productivity should all factor into contracting decisions. Likewise, Kentucky's system does not encourage or document productivity measures or significant detail to capture detailed costs.

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## CHAPTER 3: Service Contracting Best Practices

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The third Texas State Auditors report, *Full-Time Equivalent State Employees for Fiscal-Year 2004*, provides numbers of FTEs for state agencies, including service contract workers and temporary employees. The report highlights some important reasons for tracking FTEs:

- Measurement of the size of the state workforce is more accurate.
- Assessment of state employment needs is more complete.
- Complete and accurate management – to – staff ratios are possible.

FAC officials do not recognize the need to track FTEs. However, without adequate tracking, it is not possible to make informed cost-benefit analyses on a contract-by-contract basis or compare numbers of aggregate service contract workers to state employees. Additionally, service contract workers may function as employees and meet standards for benefits and tax payments.

The Texas Auditor administers a survey-reporting tool for contract workforces with its FTE reports. All agencies are currently required to periodically submit contract workforce surveys for contracts over \$10,000. The Texas survey is devised to track service contract workers under the following classifications:

- Independent contractors
- Temporary workers (supplied by staffing companies)
- Contract company workers
- Consultants

Texas contracting requirements provide benchmarks for Kentucky to consider for its contracting policies and procedures and are particularly important for service contracts. Agencies must:

- Develop and document comprehensive policies and procedures for contract workforces;
- Examine and document the legal and personnel issues related to the use of a contract workforce;

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## CHAPTER 3: Service Contracting Best Practices

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- Conduct and document a cost-benefit analysis of their current contract workforce prior to hiring additional service contract workers or amending or renewing existing contracts; and
- Document why and how the use of service contract workers fits into agency staffing strategies, including consideration of agency mission, goals and objectives, existing and future employee skills needed, compensation costs, productivity, nature of services to be provided, and workload.

### *Virginia*

Virginia is recognized as a national leader in strategic planning and performance measurement. Its agencies define, monitor, and report performance measures through an online system. Virginia's contracting for services follows similar guidelines and automated reporting. The APA reviewed the Virginia contract workforce model for best practices that Kentucky could consider implementing for service contracts. Virginia's approach to service contract cost analysis offers more detail than Kentucky's limited PON form cost-benefit analysis.

Virginia attempts to identify all state costs and currently includes these costs in its state performance cost analysis. The U.S. Government Accountability Office (GAO) has noted that Virginia uses reliable and complete cost data and includes extensive efforts to identify all costs associated with performing a government service.

### *The Virginia Commonwealth Competition Council COMPETE Cost Comparison*

Virginia's detailed cost assessment is done through its COMPETE cost comparison. When making contracts for services, Virginia takes into account many different and ancillary costs such as contract administration and other details that may be overlooked by Kentucky. Agencies making decisions to contract and measuring costs between state employees and contract workers should be aware of costs beyond those paid directly to contractors.

Virginia tracks the cost of state personnel needed to perform service contracts, and its COMPETE cost comparison offers a template for calculating contractor costs. While the Virginia model may be too comprehensive for smaller contracts, it does hold promise for large-dollar contracts and/or those that could possibly be undertaken by existing state workers.

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**CHAPTER 3: Service Contracting Best Practices**

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The Virginia cost comparison runs through Microsoft Excel. The Microsoft Excel file is copyrighted but is available to states, local governments, and municipalities for a nominal fee. The APA contacted Virginia and requested a copy of the Microsoft Excel worksheet for further evaluation. COMPETE spreadsheets are a detailed expansion of the cost comparison as shown in Table 3.1. Cells are linked to known personnel cost inputs, predicted factors such as inflation, and other inputs.

**Table 3.1**  
**Virginia's Template for State Personnel & Contract Cost**

**State Performance Costs**

Personnel costs – full and part-time with benefits  
Personnel costs – part-time/temporary/contract  
Material and supply costs  
Fixed asset purchases  
Depreciation – new and existing assets  
Other specifically attributable costs  
Operations overhead costs  
General and administrative overhead costs  
+ Additional costs

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**Equals Total State Performance Cost**

**Contract Performance Costs**

Contract price  
Contract administration and support costs  
Additional costs  
Projected severance costs  
One-time conversion costs  
+ Gain or loss on disposal/transfer of asset

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**Subtotal**

- Taxes/Other

**Equals Total Contract Cost**

Source: Auditor of Public Accounts based on our analysis of the Virginia Commonwealth Competition Council Cost Comparison.



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## CHAPTER 3: Service Contracting Best Practices

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While it is difficult for a cost-benefit analysis to be completely accurate or perfect, Virginia's does appear to be a more comprehensive approach than Kentucky's. Unlike Kentucky's system, a system like Virginia's COMPETE offers two clear benefits:

- The ability to attribute detailed state employee workforce costs and consideration of existing workforce costs when evaluating outside service contract workers.
- The ability to attribute ancillary outside service contract worker costs not often factored in scoring contractors, such as overhead, depreciation, and assets requirements.

### *Massachusetts*

Massachusetts includes a structured approach to identifying contract workers and employees in its policies and procedures. Agencies follow policies requiring application of IRS form SS-8, *Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding*, prior to using any contract worker.

Since Massachusetts applies the SS-8 test prior to contracting, it can be better assured that its employees and service contract workers are properly classified. Benefits and taxes are structured around the IRS test. The SS-8 form includes behavioral control, financial control, the nature of the relationships of the parties, and service provider relationship measures to make determination of worker status. A copy of the IRS SS-8 form is provided in Appendix IX.

If the results of the SS-8 test reveal that the job responsibilities anticipated create an employer-employee relationship, a hiring decision should be made. If the SS-8 test results reveal that a contractor-worker relationship exists, competitive procedures are required.

Kentucky has no specific policies and procedures to identify service contract workers and employees. The Social Security Coverage and Reporting Branch within FAC advises agencies that the SS-8 form should be used for "gray area" cases. Using the SS-8 form for all contract proposals would serve as a preemptive measure to protect the Commonwealth from undue claims for benefits by service contract workers.

## CHAPTER 3: Service Contracting Best Practices

When compared to these three states, Kentucky’s oversight and management of professional service contracts offers strengths through the Model Procurement Code and strong legislative oversight. However, the other states offer individual strengths in cost-benefit analyses, better tracking of FTEs, and contractor/employee determinations. The following table summarizes six components of service contract oversight.

**Table 3.2  
Comparison of State Contract Oversight**

Oversight Function	Kentucky	Texas	Virginia	Massachusetts
<b>Description of Legislative Oversight of Professional Service Contracts</b>	Pursuant to KRS 45A 690 to KRS 45A 725 the committee shall review personal service contracts and price contracts whereby the contractor is to perform any professional service for a state agency	The Texas Legislative Budget Board has reporting thresholds of \$14,000 for consulting and professional services, \$50,000 for goods and services, and \$100,000 for major IT; Texas State Auditors Office reports contract audits to legislative audit committee. Contract Advisory Team works with state agencies	Legislature responsible for appropriations over \$100 million; no direct contract oversight	Not required; the legislative post-audit committees have optional review
<b>Model Procurement Code</b>	Yes	No	Yes - Modified basis	No
<b>Cost-Benefit Analysis</b>	Applies to Personal Service Contracts and projected costs are included on PON form; state workforce costs are not included	Detailed analysis expected for any contract workforce	COMPETE model offers detailed and extensive analysis of costs and benefits; state workforce costs are included	Only required for privatization contracts
<b>Definition and determination of contractors and employees</b>	Included in manuals; MARS training module no formal policies and procedures; agencies required to use SS-8 for “gray-area” workers	Included in manuals	Included in manuals; determination based on agency review	SS-8 form required before agency enters into contract and State Law governs employee status. State Auditor reviews compliance as part of general audit work
<b>Life cycle monitoring</b>	Primarily responsibility of funding agency	Primarily responsibility of funding agency – considered a key component of any contract life cycle	Primarily responsibility of funding agency	Primarily responsibility of funding agency
<b>End of cycle contract reporting</b>	Personal Service Contract Evaluation form available	Not required	Not required	Not required

Source: Auditor of Public Accounts based on review of state information discussions with officials.

Note: Abbreviations are defined after the Table of Contents.

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## CHAPTER 3: Service Contracting Best Practices

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### **National State Auditors Association Suggested Best Practice**

The National State Auditors Association (NSAA), through its Performance Audit Committee, recently developed best practices in contracting for services. These best practices are recommended tools for state agency managers to arrive at efficient, effective, and accountable contracts. According to the NSAA, agencies should include the following steps in making contracting decisions:

- 1 Analyze business needs, goals, objectives, and services and determine whether or not the service is necessary.
- 2 Conduct a cost benefit analysis and evaluate options, such as whether contracting is more or less expensive than using agency staff.
- 3 Determine whether state law either prohibits contracting for services or requires the agency to demonstrate its need to contract.

These three steps are the basis for contract justification. The second step considers a component currently missing from Kentucky's administration and management of contracting for service workers and requires more detailed accounting and reporting such as the methods used by Texas and Virginia.

### **Recommendation 3.1**

**The FAC should implement the following best practices identified in other states to ensure the most beneficial and cost-effective use of state employees and service contract workers:**

- **Develop a method to report Full Time Equivalents, similar to the approach used by the Texas State Auditor, that identifies the number of service contract workers.**
- **Require agencies to base contracting decisions on a cost-benefit analysis, similar to Texas and Virginia, that considers:**
  - **The total cost of providing the service with state personnel, including: salaries and benefits; materials and supplies; fixed asset purchases; and overhead costs.**

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**CHAPTER 3: Service Contracting Best Practices**

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- **The total cost of providing the service through a contract, including: contract price; contract administration and support costs; and other related costs.**
- **Savings, if any, that would be generated by contracting as compared with providing the service with state personnel.**
- **Adopt a standard process for agencies to follow, similar to Massachusetts' use of SS-8 form criteria, to ensure agencies properly classify service contract workers.**

***Scope***

We conducted this performance audit in accordance with *Government Auditing Standards* promulgated by the Comptroller General of the United States. This audit is second in a series of three performance audits on contracting in state government. The audit's purpose is to address the following objective:

**Determine whether Kentucky is using a strategic and effective approach in contracting for services.**

In order to meet this primary objective we developed two subobjectives and undertook a benchmarking evaluation as follows:

- Determine whether the Commonwealth's accounting system is optimized to track and report service contract workers.
- Determine whether the Commonwealth's agencies have adequate information to establish whether service contracting is the best choice.
- Evaluate innovative service contracting practices in contract management used in other states for application in Kentucky.

Scope was focused on central level administration and policies and procedures in place at the Kentucky Finance and Administration Cabinet (FAC). The audit does not take into account specific agency policies and procedures or practices; however, we provide data assembled from the Auditor of Public Accounts (APA), the Personnel Cabinet, and the Governor's Office for Policy and Management.

In general, data presented in the report and used in our analyses concern the period from FY 2001 through FY 2004. Any variances will be noted in the report. Recommendations for improvement were made with deference to current practices.

***Methodology***

To form our criteria, we reviewed Kentucky's applicable statutes and regulations pertaining to contracts and reviewed FAC policies and procedures, MARS training manuals and related materials.

To accomplish our fieldwork objectives, we conducted interviews with the following offices within the Commonwealth's Finance and Administration Cabinet:

- Office of the Secretary
- Office of the Controller
- Commonwealth Office of Technology (COT)
- Department for Facilities and Support Services

We also interviewed officials and confirmed information with the following Commonwealth entities:

- Personnel Cabinet
- Kentucky Legislative Research Commission (LRC)
- Governor's Office for Policy and Management (GOPM)
- Auditor of Public Accounts (APA), Office of General Counsel

We obtained data from the Personnel Cabinet and the Governor's Office for Policy and Management related to aggregate Merit System employment for specific professional job classifications for FY 2000 through FY 2004.

We obtained data from FAC for service contracts and associated expenditures for FY 2000 through FY 2004. The APA was able to use ACL software to process service contract data provided to us by FAC. FAC provided the following information:

- Total number of Personal Service Contracts
- Total number of Non-Professional Service Contracts
- Expenditures of Personal Service Contracts
- Expenditures of Non-Professional Service Contracts
- Service type of each Personal Service Contract
- Service type of each Non-Professional Service Contract
- User agency of each Personal Service Contract
- User agency of each Non-Professional Service Contract

Our evaluation of the FAC service contract data showed there were errors due to agencies' inaccurate coding of subcontract types. **Therefore, the service contract data stored in MARS and presented in this report are considered estimates.** This data is presented in our report as examples of service contract reporting that could be used by agencies, FAC, and state leadership to better manage resources.

In our evaluation of the Proof of Necessity (PON) form a sample of 90 contracts was selected for review. ACL software was used to generate a random sample from the population of Personal Service Contracts created during the period of FY 2002 through FY 2004. Contracts prior to this period did not have a PON form stored in MARS. All contracts in the random sample population were reviewed as found in Procurement Desktop.

To evaluate other state's practices in contracting for services, we selected Virginia, Texas, and Massachusetts for review and comparison to Kentucky. We also reviewed recent recommended best practices in contracting from the National State Auditors Association.

**Source:** Finance and Administration Cabinet's Office of Material and Procurement Services

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1. Agency identifies need and secures agency approvals to proceed.
2. In-house staff available?
  - a) If yes, proceed to step 3.
  - b) If no, proceed to step 4.
3. Services performed in-house.
4. Sole source not practical to solicit?
  - a) If no, proceeds to step 11.
  - b) If yes, proceed to step 5.
5. Agency prepares Exemption Letter and forwards to Agency Cabinet Secretary or designee for approval.
6. Agency forwards documents to Darla Hoagland at Office of Material and Procurement Services.
7. Document forwarded to Finance Secretary for approval.
8. Approved?
  - a) If yes, proceed to step 10.
  - b) If no, proceed to step 9.
9. Return to Agency for action.
10. Return to agency to develop PD Document, then proceed to step 14.
11. Agency develops Request for Proposal (Word Document) and attaches to a PD standalone solicitation for posting to the web for 7 days and receives proposals.
12. Agency evaluates responses.
13. Agency documents award justification in bid evaluations.
14. Agency prepares Personal Service Contract (PON Letter of Exemption – if applicable).



**Source:** Finance and Administration Cabinet's Office of Material and Procurement Services

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15. Agency applies appropriate approval template on hardcopy and electronic version and validates.
  - a) If \$10,000 or less, select approval template "EXEMPT FROM LRC."
  - b) If greater than \$10,000, select approval template that includes LRC.
16. Agency secures Legal Approval.
17. Agency secures Management Approval.
18. Finance approval required?
  - a) If yes, go to step 19.
  - b) If no, go to step 33.
19. Agency routes contract and supporting documents to Darla Hoagland, Office of Material and Procurement Services.
20. Office of Material and Procurement Services validates contract and checks for need of retroactive effective dates and the following:
  - a) MAIN TAB: dates, cited authority, issued by and administrated by, name and address of vendor
  - b) LINE TAB: accounting fiscal year, accounting fiscal month, budget fiscal year, a partial payment is checked.
    - 1) LINE ITEM DETAIL: Description, Period of Performance, Type of item (Good or Service), Commodity Code, Commodity Description
    - 2) FUNDING TAB \_ check for code E170 ADDRESS TAB: Invoice address
    - 3) ACCEPTANCE TAB: Item invoiced on both sides
  - c) CLAUSE TAB
  - d) FUNDING TAB
  - e) PON TAB (Universities and Technical Schools will not have) Check the following items:
    - 1) Description of Work Performed
    - 2) Source of funds
    - 3) FICA: If yes, include the Social Security Coverage and Reporting Branch on the routing envelope

**Source:** Finance and Administration Cabinet's Office of Material and Procurement Services

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- 4) Justification
  - 5) Detail of Projected Cost
  - 6) Name and Address of other Providers Considered
  - 7) Bases for selection (PSC) / Reason for Exchange (MOA)
  - 8) Planned Performance Monitoring Activities
21. Validate for Errors.
    - a) If no errors, proceed to step 22.
    - b) If errors are detected, it is returned to agency for corrections.
  22. Office of Material and Procurement Services routes document to Finance General Counsel.
  23. Finance General Counsel reviews as to form and legality.
  24. Errors?
    - a) If no errors proceed to step 25.
    - b) If errors are detected, General Counsel returns Personal Service Contract to agency for corrections.
  25. Finance General Counsel approves and routes to the Secretary's Office.
  26. Secretary's Office reviews and approves and routes to Office of Material and Procurement Services (if not legal services).
  27. Secretary's Office reviews and approves and routes to Office of the Governor for Executive Order (Only for Legal Services). If not legal services proceed to step 29.
  28. Governor's Office routes to Secretary of State's Office for recording Executive Order.
  29. Contract returned to Darla Hoagland, Office of Material and Procurement Services.
  30. OMAPS performs final check and routes document to LRC.
  31. If Personal Service Contract is \$10,000 or less, proceed to step 32.  
If Personal Service Contract is greater than \$10,000 proceed to step 33
  32. Filed for informational purposes only (contract is released in step 26).
  33. Contract filed with LRC subcommittee awaiting action.

**Source:** Finance and Administration Cabinet's Office of Material and Procurement Services

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34. LRC subcommittee meets to consider contract.
35. If approved by LRC, document released and returned to agency.
36. If not approved by LRC, returned to Finance Secretary for consideration of override within 10 days.
37. Finance Secretary either overrides or stops contract.
38. If stopped, document returned to agency to cancel.
39. If override, document released and returned to agency.

**Estimated FY 2004 Personal Service Contract Expenditures  
by Service Type**

**Appendix III**

<b>Service Types</b>	<b>Total Expenditures</b>
Architectural Services, Professional	\$1,257,080.41
Accounting/Auditing/Budget Consulting	\$475,916.66
Actuarial Services And Retirement Planning	\$862,891.36
Administrative Consulting	\$365,569.41
Administrative Services, All Kinds	\$119,077.99
Advertising Agency Services	\$2,812,844.38
Advertising Consulting	\$2,645.78
Advertising/Public Relations	\$1,033,321.93
Aerial Photogrammetry Services	\$701,716.01
Aerial Spraying And Seeding Services	\$3,456.00
Agricultural Services (Including Production, Cotto	\$248,673.80
Alcohol And Drug Detoxification	\$51,500.00
Alcohol And Drug Prevention	\$627,039.32
Alcohol And Drug Testing Services	\$45,240.00
Architect Services, Professional	\$10,999,216.97
Auctioneering Services	\$2,300.00
Audio/Video Production Services Complete	\$2,000.00
Audiology Services	\$13,743.75
Auditing	\$4,168,385.24
Auditing Services, Environmental	\$12,837.50
Autopsy And Other Coroner Type Services	\$248,840.00
Aviation Consulting	\$141,505.72
Barber/Beautician Services	\$16,219.14
Biological Testing Services	\$1,875.00
Broadcasting Services, Radio	\$1,000.00
Building Construction, Non-Residential (Office Bld	\$15,703.80
Business Consulting, Small	\$2,527,792.43
Communications And Media Related Services	\$1,498,918.27
Consulting Services	\$7,695,710.00
Case Management	\$3,219,162.33
Civil Engineering	\$399,387.97
Codification Of Government Codes	\$3,315,685.33
Collection Services	\$743,712.97

**Estimated FY 2004 Personal Service Contract Expenditures  
by Service Type**

**Appendix III**

<b>Service Types</b>	<b>Total Expenditures</b>
Communications: Public Relations Consulting	\$109,765.16
Computer Management Services	\$85,543.50
Computer Software Consulting	\$494,875.70
Counseling	\$39,996.00
Crystal Glass	\$10,000.00
Drugs And Pharmaceuticals	\$2,639,864.16
Data Entry Services	\$104.96
Dental Services	\$941,655.00
Dietician Services	\$98,953.04
Educational Services	\$294,691.44
Engineering Services, Professional	\$70,704,073.85
Economic Development, Domestic And Foreign	\$103,685.56
Economy Consulting	\$8,750.00
Educational Research Services	\$26,961.00
Employee Benefits Consulting	\$3,883.68
Employment Agency And Search Firm Services (Includ	\$6,945,332.74
Environmental Consulting	\$1,254,093.27
Examination And Testing	\$7,300.00
Financial Services	\$1,229,874.49
Forestry Services	\$10,000.00
Family And Social Services	\$25,579,632.60
Geological Consulting And Study	\$311,064.20
Governmental Consulting	\$27,029.07
Health Related Services (For Human Services See Cl	\$19,795,226.21
Human Services	\$544,533.21
Health Care Management	\$913,341.31
Health Care Management Services	\$409,090.90
High Volume, Telephone Call Answering Services (Se	\$2,491.21
Human Resources Consulting	\$30,720.00
In-Service Training (For Employees)	\$144,884.00
Inspecting, Structural/Engineering	\$4,384.42
Inspection Services, Construction Type	\$15,925.01
Interior Design, Space Planning, And Exhibits/Disp	\$21,738.20
Investigative Services	\$390,194.19
Investment Management Services	\$5,077,447.40
Laboratory And Field Testing Services (Not Otherwi	\$4,581.45
Landscape Architecture	\$43,783.50

**Estimated FY 2004 Personal Service Contract Expenditures  
by Service Type**

**Appendix III**

<b>Service Types</b>	<b>Total Expenditures</b>
Leak Detection Services: Gas, Water, Chemical	\$3,120.69
Legal Consulting	\$32,406.26
Legal Services Including Depositions And Expert Wi	\$1,657,763.62
Legal Services, Attorneys	\$2,860,460.51
Management Services	\$267,529.19
Miscellaneous Costs/Other	\$701,154.13
Miscellaneous Professional Services	\$323,360,521.59
Miscellaneous Services	\$1,295,759.10
Management Consulting	\$8,000.00
Mapping Services (See 920-33 For Digitized Mapping	\$2,691.25
Marketing Services	\$16,550.53
Mechanical Engineering	\$1,270,356.67
Medical Consulting	\$4,317,768.81
Medical Services (Non-Physician)	\$599,443.50
Mental Health Services: Vocational, Residential, E	\$2,843,518.07
Minority And Small Business Consulting	\$89,385.16
Nursing Services	\$8,532,298.47
Optician/Optomterical Services (Non-Physician)	\$72,501.25
Paper Goods: Diapers, Medication Blister Cards, Pi	\$240,321.28
Personnel Services (Not Employment)	\$68,054.75
Pharmaceutical Services	\$1,519,246.59
Physical Therapy Equipment And Supplies	\$71,909.22
Physician Credentialing Services	\$26,072.83
Planning, Urban (Community, Regional, Areawide, An	\$276,131.93
Professional Medical Services (Including Physician	\$5,800,974.02
Psychologists/Psychological Services	\$527,927.31
Refuse/Garbage Collection/Dumping Equipment Mainte	\$226,103.15
Research And Evaluation, Human Services	\$75,240.00
Right Of Way Services (Including Title, Appraisal,	\$4,441,921.62
Sewage Collection, Treatment, And Disposal/Enginee	\$2,475.00
Structural Engineering	\$235,467.75
Surveying Services (Not Aerial Or Research)	\$628,913.50
Travel Expenses	\$232,289.95
Telecommunication Services (Not Otherwise Classifi	\$1,533,118.82
Testing Services	\$179,105.00
Therapy	\$742,405.83
Transcription Services: Legal And Medical	\$123,072.52
Travel Management Services	\$63,180.93
Veterinary Services	\$40,509.00
Wastewater Treatment Plant, Operations, Testing, A	\$7,521.25
Well Services (Including Oil, Gas, And Water): Dri	\$7,820.48
X-Ray Services (Incl. Dental)	\$105,378.87
<b>Total</b>	<b>\$547,062,830.30</b>

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**Estimated FY 2004 Non-Professional Service Expenditures by Service Type** **Appendix IV**

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<b>Service Types</b>	<b>Total Cost</b>
Aprons, Bibs, Smocks - Non-Disposable (See 200-32,	\$1,397,456.84
Building Maintenance And Repair Services	\$85,567.00
Blankets, Bedding, All Types	\$89,240.64
Cafeteria And Kitchen Equipment, Commercial	\$3,000.00
Construction Services, General	\$252,674.50
Cable Television Services (Includdes Pay-Per-View	\$135.86
Carpet Cleaning, Dyeing, Installation And Repair	\$449,297.02
Cleaner And Wax: Window, Mirror, And Glass	\$2,400.00
Cleaning Services, Steam And Pressure	\$22,670.16
Concrete	\$27,588.25
Coolers, Drinking Water, Rental Or Lease	\$940.00
Copy Machine (Including Cost-Per-Copy Type Leases)	\$3,760.39
Courier/Delivery Services (Including Air Courier S	\$2,866.64
Dishwashers	\$62,223.62
Dry Cleaning Service	\$501,162.75
Electrical Equipment And Supplies (Except Cable An	\$95,874.34
Elevators And Escalators, Building Type	\$785.00
Equipment Maintenance, Reconditioning, And Repair	\$4,500.00
Earth Moving Equipment (Graders, Dozers, Loaders,	\$5,200.00
Elevator Installation, Maintenance And Repair	\$7,720.00
Employment Agency And Search Firm Services (Includ	\$22,650.00
Excavation Services	\$47,048.40
Freight	\$37.00
Fire	\$3,760.50

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**Estimated FY 2004 Non-Professional Service Expenditures by Service Type** **Appendix IV**

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<b>Service Types</b>	<b>Total Cost</b>
Garbage Cans, Containers And Racks	\$510,950.60
Garbage/Refuse Equipment (Dumpsters, Etc.) Rental	\$37,260.00
Garbage/Trash Removal And Disposal	\$4,056,583.63
Grounds Maintenance: Mowing, Edging, Plant (Not Tr	\$1,576,115.60
Guard And Security Services (Including Traffic Con	\$20,239.50
Hospital Wear, Patient	\$371,738.90
Inspection And Certification Services	\$6,434.04
Janitorial/Custodial Services	\$24,369,851.00
Laundry And Dry Cleaning Services	\$12,721,311.21
Laboratory And Field Testing Services (Not Otherwi	\$420.00
Laundry And Linen Service	\$20,475,649.29
Miscellaneous Costs/Other	-\$17.99
Miscellaneous Professional Services	\$446,848.74
Miscellaneous Services	\$36,866.92
Mattress Pads	\$14,234.88
Moving Services	\$18,875.00
Painting, Maintenance And Repair Services	\$79,450.22
Paper Cutting, Drilling, Folding, Punching, Shredd	\$6,965.02
Pest Control (Including Termite Inspection)	\$123,954.12
Pest Control (Other Than Buildings)	\$17,458.40
Pillows, All Types	\$122,451.68
Refuse/Garbage Collection/Dumping Equipment Mainte	\$48,150.00
Research And Evaluation, Human Services	\$1,807.50
Security Systems And Equipment, Communications	\$1,050.00
Sheets And Pillow Cases	\$7,024.00
Shirts, Dress And Casual	\$57,186.00
Sludge Removal, Building (To Include Grease Trap C	\$33,957.50
Snow And Ice Removal Services	\$328.50
Toilets, Portable, Rental Or Lease	\$2,145.00
Towels, Washcloths, And Bathmats, Huck And Terry	\$0.16
Trailer Rental Or Lease	\$1,320.00
Uniforms, Blended Fabric	\$642,899.50
Washing, Waxing, Polishing, Steam Cleaning, Disinf	\$359,679.80
Water Testing Kits (For Chlorine, Hardness, PH, Et	\$2,945.00
Window Washing Services	\$1,857,135.00
<b>Total</b>	<b>\$71,117,827.63</b>



# Estimated FY 2004 Personal Service Contract Expenditures by Agency and Service Type

Appendix V

Agency	Service Types	Total Expenditures
204000 AOC Judicial Branch	Legal Services, Attorneys	\$52,247.54
204000 AOC Judicial Branch	Miscellaneous Professional Services	\$214,405.89
301020 Rev-Worker's Compensation	Actuarial Services And Retirement Planning	\$72,000.00
301020 Rev-Worker's Compensation	Auditing	\$12,120.00
301020 Rev-Worker's Compensation	Investment Management Services	\$30,000.00
301073 Rev-Administration, Div of	Advertising/Public Relations	\$1,180.00
301073 Rev-Administration, Div of	Governmental Consulting	\$23,067.90
301073 Rev-Administration, Div of	Legal Services, Attorneys	\$234,692.50
301073 Rev-Administration, Div of	Miscellaneous Costs/Other	\$1,178.01
301073 Rev-Administration, Div of	Mapping Services (See 920-33 For Digitized Mapping	\$2,691.25
301073 Rev-Administration, Div of	Travel Expenses	\$20,488.02
310820 KY Infrastructure Authority	Auditing Services, Environmental	\$12,837.50
310820 KY Infrastructure Authority	Consulting Services	\$13,081.68
310820 KY Infrastructure Authority	Legal Services, Attorneys	\$3,606.48
311000 Governor's Office	Consulting Services	\$66,188.00
311000 Governor's Office	Economy Consulting	\$8,750.00
311000 Governor's Office	Legal Services Including Depositions/Witnesses	\$8,228.75
311000 Governor's Office	Legal Services, Attorneys	\$8,177.00
311000 Governor's Office	Miscellaneous Costs/Other	\$696.81
311000 Governor's Office	Miscellaneous Professional Services	\$209,633.31
311000 Governor's Office	Miscellaneous Services	\$35,784.65
311000 Governor's Office	Management Consulting	\$8,000.00
311000 Governor's Office	Travel Expenses	\$9,944.68
311200 Gov-GOPM/Gov Ofc For Policy & Mgmt	Consulting Services	\$1,811.75
311700 Ethics Commission	Legal Services Including Depositions/Witnesses+B386	\$711.85
311700 Ethics Commission	Legal Services, Attorneys	\$2,370.00
311800 Gov Ofc Of Agricultural Policy	Consulting Services	\$81,275.00
311800 Gov Ofc Of Agricultural Policy	Legal Services, Attorneys	\$382.50
311800 Gov Ofc Of Agricultural Policy	Miscellaneous Costs/Other	\$8.00
311800 Gov Ofc Of Agricultural Policy	Travel Expenses	\$797.60
312100 Ma-Administration, Div of	In-Service Training (For Employees)	\$6,384.00
312100 Ma-Administration, Div of	Legal Services Including Depositions And Expert Wi	\$1,722.06
312100 Ma-Administration, Div of	Legal Services, Attorneys	\$5,024.42
312100 Ma-Administration, Div of	Miscellaneous Professional Services	\$227,751.30
312400 Ma-Disaster And Emergency Svc	Educational Services	\$6,800.00
312490 Ma-KY Crisis Counseling Response Bd	Miscellaneous Professional Services	\$58,400.00
312700 Ma-Youth Challenge Program	Human Services	\$43,801.74
312700 Ma-Youth Challenge Program	Legal Services Including Depositions And Expert Wi	\$12,880.00
312700 Ma-Youth Challenge Program	Miscellaneous Professional Services	\$2,510.13
312700 Ma-Youth Challenge Program	Personnel Services (Not Employment)	\$629.75
312700 Ma-Youth Challenge Program	Travel Expenses	\$11,152.98
313000 KY Retirement Systems	Accounting/Auditing/Budget Consulting	\$198,620.88
313000 KY Retirement Systems	Consulting Services	\$1,471,870.38
313000 KY Retirement Systems	Investment Management Services	\$5,047,447.40
313000 KY Retirement Systems	Legal Services, Attorneys	\$201,384.93
313000 KY Retirement Systems	Miscellaneous Professional Services	\$101,780.59
313000 KY Retirement Systems	Medical Consulting	\$244,932.45
313000 KY Retirement Systems	Transcription Services: Legal And Medical	\$123,072.52
314000 Dept. of Local Govt	Miscellaneous Professional Services	\$115,785.00
315000 Postsecondary Ed, Council On	Accounting/Auditing/Budget Consulting	\$48,046.25
315000 Postsecondary Ed, Council On	Administrative Consulting	\$290,714.87
315000 Postsecondary Ed, Council On	Advertising Consulting	\$2,645.78
315000 Postsecondary Ed, Council On	Consulting Services	\$4,272,889.26
315000 Postsecondary Ed, Council On	Miscellaneous Professional Services	\$210,966.07
317402 Thomson-Hood Veterans Center	Health Related Services	\$13,889.92
317403 Western KY Veterans Ctr	Health Related Services	\$2,603.91
317403 Western KY Veterans Ctr	Legal Services Including Depositions/Witnesses	\$6,000.00

## Estimated FY 2004 Personal Service Contract Expenditures by Agency and Service Type

Appendix V

Agency	Service Types	Total Expenditures
317403 Western KY Veterans Ctr	Miscellaneous Services	\$125.00
317404 Eastern KY Veterans Ctr	Health Related Services	\$24,467.39
319001 Bd Of Accountancy	Investigative Services	\$3,791.50
319005 Bd Of Dentistry	Alcohol And Drug Detoxification	\$51,500.00
319005 Bd Of Dentistry	Investigative Services	\$57,720.00
319005 Bd Of Dentistry	Travel Expenses	\$7,780.00
319006 Bd Of Elections	Consulting Services	\$9,523.21
319006 Bd Of Elections	Legal Services, Attorneys	\$18,444.24
319006 Bd Of Elections	Miscellaneous Costs/Other	\$67.13
319006 Bd Of Elections	Travel Expenses	\$21.12
319008 Bd Of Exam & Reg Architect	Administrative Services, All Kinds	\$57,999.26
319008 Bd Of Exam & Reg Architect	Miscellaneous Professional Services	\$2,912.21
319008 Bd Of Exam & Reg Architect	Travel Expenses	\$1,503.56
319010 Bd Of Psychology	Investigative Services	\$8,325.00
319011 Bd Of Social Work	Investigative Services	\$3,120.00
319011 Bd Of Social Work	Miscellaneous Costs/Other	\$37.35
319011 Bd Of Social Work	Travel Expenses	\$64.32
319012 Bd Of Hairdressers & Cosmetologists	Legal Services Including Depositions/Witnesses	\$1,793.00
319012 Bd Of Hairdressers & Cosmetologists	Legal Services, Attorneys	\$1,007.20
319015 Bd Of Nursing	Auditing	\$6,100.00
319018 Personnel Board	Legal Services, Attorneys	\$93,494.13
319020 Bd Of Physical Therapy	Investigative Services	\$11,581.95
319020 Bd Of Physical Therapy	Professional Medical Services	\$4,387.50
319023 Bd Of Prof Engineers And Surveyors	Investigative Services	\$23,576.35
319025 Bd Of Veterinary Examiners	Investigative Services	\$33,312.50
319025 Bd Of Veterinary Examiners	Miscellaneous Costs/Other	\$345.56
319025 Bd Of Veterinary Examiners	Travel Expenses	\$5,115.35
319027 Human Rights, Commission On	Audio/Video Production Services Complete	\$2,000.00
319027 Human Rights, Commission On	Broadcasting Services, Radio	\$1,000.00
319027 Human Rights, Commission On	Human Services	\$16,356.23
319027 Human Rights, Commission On	Miscellaneous Professional Services	\$13,500.00
319028 Real Estate Commission	Auditing	\$3,800.00
319028 Real Estate Commission	Educational Services	\$77,826.15
319028 Real Estate Commission	Employment Agency And Search Firm Services	\$10,768.78
319028 Real Estate Commission	Investigative Services	\$142,822.83
319028 Real Estate Commission	Testing Services	\$179,105.00
319032 Bd Of Medical Licensure	Legal Services, Attorneys	\$2,044.21
319032 Bd Of Medical Licensure	Miscellaneous Professional Services	\$590,618.16
319032 Bd Of Medical Licensure	Medical Consulting	\$48,601.29
319034 Real Estate Appraisers Board	Educational Research Services	\$1,125.00
319034 Real Estate Appraisers Board	Employment Agency And Search Firm Services	\$7,490.00
319034 Real Estate Appraisers Board	Examination And Testing	\$7,300.00
319034 Real Estate Appraisers Board	Investigative Services	\$61,353.57
319045 Bd Of Educational Professional Stds	Administrative Consulting	\$22,148.29
319045 Bd Of Educational Professional Stds	Administrative Services, All Kinds	\$61,078.73
319045 Bd Of Educational Professional Stds	Educational Services	\$209,465.29
319045 Bd Of Educational Professional Stds	Educational Research Services	\$25,836.00
319045 Bd Of Educational Professional Stds	Investigative Services	\$24,167.42
319045 Bd Of Educational Professional Stds	Legal Services, Attorneys	\$56,088.83
319045 Bd Of Educational Professional Stds	Miscellaneous Costs/Other	\$1,157.83
319045 Bd Of Educational Professional Stds	Miscellaneous Professional Services	\$364,504.91
319045 Bd Of Educational Professional Stds	Travel Expenses	\$41,822.31

**Estimated FY 2004 Personal Service Contract Expenditures  
by Agency and Service Type**

**Appendix V**

<b>Agency</b>	<b>Service Types</b>	<b>Total Expenditures</b>
319046 Bd Of Emergency Medical Services	Legal Services Including Depositions/Witnesses	\$36,000.00
319046 Bd Of Emergency Medical Services	Legal Services, Attorneys	\$126,368.00
319046 Bd Of Emergency Medical Services	Miscellaneous Costs/Other	\$5,216.01
319046 Bd Of Emergency Medical Services	Travel Expenses	\$988.12
31A110 AGR-Commissioner's Office	Agricultural Services (Including Production, etc.)	\$5,027.04
31A120 AGR-Fiscal & Intergovernmental Mgmt	Agricultural Services (Including Production, etc.)	\$134,890.84
31A210 AGR-Pests And Weeds	Agricultural Services (Including Production, etc.)	\$26,805.00
31A320 AGR-Regulation And Inspection	Agricultural Services (Including Production, etc.)	\$39,647.00
31A431 AGR-Markets Office	Agricultural Services (Including Production, etc.)	\$3,500.00
31A530 AGR Animal Health	Agricultural Services (Including Production, etc.)	\$38,803.92
31A530 AGR-Animal Health	Legal Services, Attorneys	\$1,500.00
31B000 Attorney General's Office	Accounting/Auditing/Budget Consulting	\$3,900.00
31B000 Attorney General's Office	Auditing	\$5,379.75
31B000 Attorney General's Office	Governmental Consulting	\$3,961.17
31C000 Auditor Of Public Accounts	Auditing	\$804,350.00
31E000 Sec Of State	Legal Services, Attorneys	\$3,437.50
31E000 Sec Of State	Miscellaneous Costs/Other	\$90.48
31F000 Treasury, Ofc of the	Accounting/Auditing/Budget Consulting	\$48,000.00
31F000 Treasury, Ofc of the	Auditing	\$2,998,241.56
31F000 Treasury, Ofc of the	Collection Services	\$342,031.30
31F000 Treasury, Ofc of the	Legal Services, Attorneys	\$47,943.87
31G000 GOT-Govs Ofc For Technology	Computer Software Consulting	\$455,875.70
31G200 GOT-Geographic Information, Office C	Computer Management Services	\$85,543.50
31G900 GOT-Cmrs Board	Auditing	\$22,963.59
320100 JUS-Admin Services	Autopsy And Other Coroner Type Services	\$248,840.00
320100 JUS-Admin Services	Legal Services, Attorneys	\$1,356.25
320100 JUS-Admin Services	Miscellaneous Professional Services	\$49,130.49
321100 JUS-Sp/Admin Division	Communications And Media Related Services	\$1,498,918.27
321100 JUS-Sp/Admin Division	Legal Services, Attorneys	\$36,836.00
321100 JUS-Sp/Admin Division	Miscellaneous Costs/Other	\$1,372.83
321100 JUS-Sp/Admin Division	Medical Consulting	\$25,370.00
321100 JUS-Sp/Admin Division	Travel Expenses	\$2,011.90
321200 JUS-Sp/Services Division	Computer Software Consulting	\$15,000.00
321300 JUS-Sp/Operations, Div Of	Medical Consulting	\$32,000.00
322000 JUS-Criminal Justice Training	Administrative Consulting	\$52,706.25
322000 JUS-Criminal Justice Training	Miscellaneous Professional Services	\$38,935.00
323000 JUS-Juvenile Justice	Dental Services	\$20,544.00
323000 JUS-Juvenile Justice	Legal Services, Attorneys	\$32,334.91
323000 JUS-Juvenile Justice	Miscellaneous Professional Services	\$607,710.04
323000 JUS-Juvenile Justice	Miscellaneous Services	\$479,138.50
323000 JUS-Juvenile Justice	Medical Services (Non-Physician)	\$146,329.90
323000 JUS-Juvenile Justice	Mental Health Services: Vocational, Residential, E	\$1,295,107.38
323000 JUS-Juvenile Justice	Pharmaceutical Services	\$500,820.25
323000 JUS-Juvenile Justice	Professional Medical Services (Including Physician	\$175,636.09
323000 JUS-Juvenile Justice	Psychologists/Psychological Services	\$8,740.00
331000 ED-Teacher's Retirement Systems	Business Consulting, Small	\$2,527,792.43
331000 ED-Teacher's Retirement Systems	Minority And Small Business Consulting	\$45,000.00
332000 ED-Dept Of Education	Legal Services, Attorneys	\$47,433.41
332000 ED-Dept Of Education	Miscellaneous Professional Services	\$910,170.68
332000 ED-Dept Of Education	Miscellaneous Services	\$34,504.98
332000 ED-Dept Of Education	Travel Management Services	\$63,180.93
332100 ED-Blind, School For The	Miscellaneous Professional Services	\$49,374.43
333000 ED-KY Educational TV	Auditing	\$8,000.00
333000 ED- KY Educational TV	Miscellaneous Professional Services	\$252,982.86
333000 ED- KY Educational TV	Travel Expenses	\$3,655.52

# Estimated FY 2004 Personal Service Contract Expenditures by Agency and Service Type

## Appendix V

Agency	Service Types	Total Expenditures
336100 ED-Libraries And Archives	Consulting Services	\$81,175.00
336100 ED-Libraries And Archives	Miscellaneous Professional Services	\$28,380.00
336100 ED-Libraries And Archives	Travel Expenses	\$2,928.71
343750 NREPC-Nature Preserves Commission	Data Entry Services	\$104.96
345691 NREPC-Admin Services	Accounting/Auditing/Budget Consulting	\$20,992.03
345691 NREPC-Admin Services	Human Resources Consulting	\$30,720.00
345691 NREPC-Admin Services	Travel Expenses	\$1,539.56
345901 NREPC-Water, Division Of	Biological Testing Services	\$1,875.00
345901 NREPC-Water, Division Of	Collection Services	\$160.00
345901 NREPC-Water, Division Of	Educational Services	\$600.00
345901 NREPC-Water, Division Of	Environmental Consulting	\$20,064.71
345902 NREPC-Air Quality, Division Of	Environmental Consulting	\$73,430.55
345903 NREPC-Waste Managemeny, Division Of	Environmental Consulting	\$9,521.74
345903 NREPC-Waste Managemeny, Division Of	Legal Services, Attorneys	\$73,732.36
345950 NREPC-Natural Resources	Environmental Consulting	\$11,362.50
345951 NREPC-Forestry, Division Of	Aviation Consulting	\$3,921.92
345951 NREPC-Forestry, Division Of	Environmental Consulting	\$172,800.00
345951 NREPC-Forestry, Division Of	Forestry Services	\$10,000.00
345953 NREPC-Conservation, Division Of	Auditing	\$69,227.84
345953 NREPC-Conservation, Division Of	Environmental Consulting	\$141,043.32
346000 NREPC-Surface Mining	Actuarial Services And Retirement Planning	\$12,152.00
346000 NREPC-Surface Mining	Travel Expenses	\$1,348.00
346002 NREPC-Permits, Division Of	Environmental Consulting	\$490,270.88
346002 NREPC-Permits, Division Of	Well Services (Including Oil, Gas, And Water)	\$7,820.48
346003 NREPC-Field Services Division	Collection Services	\$650.00
346004 NREPC-Abandoned Mine Lands, Division	Aerial Photogrammery Services	\$111,890.37
346004 NREPC-Abandoned Mine Lands, Division	Geological Consulting And Study	\$69,346.97
346004 NREPC-Abandoned Mine Lands, Division	Surveying Services (Not Aerial Or Research)	\$66,042.97
349501 NREPC-Forestry/Morehead, Division Of	Aviation Consulting	\$20,985.00
349502 NREPC-Forestry/Hazard, Division Of	Aviation Consulting	\$26,947.42
349503 NREPC-Forestry/Pineville, Division Of	Aviation Consulting	\$30,826.80
349504 NREPC-Forestry/Elizabethtown	Aviation Consulting	\$6,045.98
349505 NREPC-Forestry/Madisonville	Aviation Consulting	\$4,437.00
349506 NREPC-Forestry/Mayfield	Aviation Consulting	\$4,439.00
349508 NREPC-Forestry/Campbellsville	Aviation Consulting	\$18,443.40
349509 NREPC-Forestry/Betsy Lane	Aviation Consulting	\$25,459.20
350102 KYTC-Public Affairs	Advertising/Public Relations	\$1,019,418.21
350103 KYTC-General Counsel	Legal Services Including Depositions/Witnesses	\$822,490.76
350103 KYTC-Ofc Of Legal Services	Legal Services Including Depositions/Witnesses	\$352,756.46
350104 KYTC-Personnel Services	Alcohol And Drug Testing Services	\$45,240.00
350105 KYTC-Minority Affairs	Consulting Services	\$390,879.18
350105 KYTC-Minority Affairs	Minority And Small Business Consulting	\$44,385.16
351500 KYTC-Property & Supply	Civil Engineering	\$13,448.65
351500 KYTC-Property & Supply	Structural Engineering	\$1,425.00
352100 KYTC-Accounts, Division Of	Auditing	\$22,510.00
353005 KYTC-District 5	Engineering Services, Professional	\$120.61
353006 KYTC-District 6	Engineering Services, Professional	\$6,235,959.12
353008 KYTC-District 8	Engineering Services, Professional	\$7,670,583.47
353008 KYTC-District 8	Right Of Way Services (Including Title, Appraisal,	\$812,465.00
353009 KYTC-District 9	Engineering Services, Professional	\$1,625,775.45
353010 KYTC-District 10	Right Of Way Services (Including Title, Appraisal,	\$222,445.00
353012 KYTC-District 12	Engineering Services, Professional	\$6,709,851.38
353012 KYTC-District 12	Right Of Way Services (Including Title, Appraisal,	\$167,920.00
353013 KYTC-Div Of Traffic Operations	Engineering Services, Professional	\$197,695.22
353013 KYTC-Div Of Traffic Operations	Telecommunication Services	\$474,828.52
353013 KYTC-Traffic	Engineering Services, Professional	\$41,418.95
353014 KYTC-Bridge Design	Engineering Services, Professional	\$64,984.15

## Estimated FY 2004 Personal Service Contract Expenditures by Agency and Service Type

Appendix V

Agency	Service Types	Total Expenditures
353015 KYTC-Highway Design	Engineering Services, Professional	\$239,290.88
353016 KYTC-Right Of Way/Utilities	Legal Services Including Depositions And Expert	\$102,812.56
353016 KYTC-Right Of Way/Utilities	Right Of Way Services (Including Title, Appraisal	\$3,239,091.62
353017 KYTC-Professional Services	Aerial Photogrammetry Services	\$564,175.19
353017 KYTC-Professional Services	Engineering Services, Professional	\$40,464,414.35
353018 KYTC-Environmental Analysis	Engineering Services, Professional	\$4,885,659.21
353018 KYTC-Environmental Analysis	Environmental Consulting	\$38,740.64
353019 KYTC-Multimodal Programs	Engineering Services, Professional	\$334,633.24
353019 KYTC-Multimodal Programs	Planning, Urban	\$276,131.93
353020 KYTC-Planning, Transportation	Engineering Services, Professional	\$832,876.56
353020 KYTC-Planning, Transportation	Miscellaneous Professional Services	\$84,394.50
353030 KYTC-Construction	Engineering Services, Professional	\$283,679.00
353040 KYTC-Materials	Engineering Services, Professional	\$692,392.25
353050 KYTC-Equipment	Inspecting, Structural/Engineering	\$2,152.50
353060 KYTC-Div Of Maintenance	Engineering Services, Professional	\$208,264.04
353060 KYTC-Div Of Maintenance	Telecommunication Services	\$966,533.81
353060 KYTC-Operations	Engineering Services, Professional	\$216,475.97
353060 KYTC-Operations	Telecommunication Services	\$91,756.49
355300 KYTC-Vehicle Enforcement	In-Service Training (For Employees)	\$125,000.00
355800-KYTC Office Of Accountability	Investigative Services	\$13,582.44
360200 EC DEV-Administrative Services	Auditing	\$36,000.00
360200 EC DEV-Administrative Services	Consulting Services	\$50,000.00
360200 EC DEV-Administrative Services	Counseling	\$39,996.00
360200 EC DEV-Administrative Services	Economic Development, Domestic And Foreign	\$103,685.56
360200 EC DEV-Administrative Services	Legal Services Including Depositions/Witnesses	\$54,110.98
360200 EC DEV-Administrative Services	Legal Services, Attorneys	\$7,333.34
360200 EC DEV-Administrative Services	Miscellaneous Costs/Other	\$424,475.29
360200 EC DEV-Administrative Services	Miscellaneous Professional Services	\$807,106.15
360200 EC DEV-Administrative Services	Travel Expenses	\$77,613.87
366000 EC DEV- New Economy, Office Of The	Miscellaneous Professional Services	\$54,772.41
366000 EC DEV- New Economy, Office Of The	Travel Expenses	\$1,105.11
370001 PPR-Racing Commission	Legal Services, Attorneys	\$106,575.00
370001 PPR -Racing Commission	Travel Expenses	\$784.00
371000 PPR -Abc/Alcoholic Beverage Control	Legal Services, Attorneys	\$31,466.70
372000 PPR -Bd Of Claims	Legal Services, Attorneys	\$109,406.42
374000 PPR -Financial Institutions	Legal Services, Attorneys	\$8,818.81
376751 PPR-Petroleum Storage Tank Environ Asst	Actuarial Services And Retirement Planning	\$30,855.00
376751 PPR-Petroleum Storage Tank Environ Asst	Auditing	\$18,500.00
376751 PPR-Petroleum Storage Tank Environ Asst	Legal Services, Attorneys	\$45,000.00
376751 PPR-Petroleum Storage Tank Environ Asst	Miscellaneous Costs/Other	\$265.12
376751 PPR-Petroleum Storage Tank Environ Asst	Travel Expenses	\$700.00
377000 PPR-Mines And Minerals	Professional Medical Services	\$18,168.00
378000 PPR-Insurance, Dept Of	Accounting/Auditing/Budget Consulting	\$80,812.50
378000 PPR-Insurance, Dept Of	Actuarial Services And Retirement Planning	\$508,838.75
378000 PPR-Insurance, Dept Of	Legal Services, Attorneys	\$7,432.05
378000 PPR-Insurance, Dept Of	Miscellaneous Costs/Other	\$253,650.08
378000 PPR-Insurance, Dept Of	Miscellaneous Professional Services	\$3,228,586.00
378000 PPR-Insurance, Dept Of	Travel Expenses	\$36,368.08
379000 PPR-Public Service Commission	Consulting Services	\$76,641.74
379000 PPR-Public Service Commission	Legal Services, Attorneys	\$253,236.65
379000 PPR-Public Service Commission	Miscellaneous Professional Services	\$23,341.88
379000 PPR-Public Service Commission	Miscellaneous Services	\$100,000.00
379000 PPR-Public Service Commission	Mechanical Engineering	\$28,613.90

# Estimated FY 2004 Personal Service Contract Expenditures by Agency and Service Type

## Appendix V

Agency	Service Types	Total Expenditures
390000 Finance And Administration Cabinet	Legal Services, Attorneys	\$28,587.50
390000 Finance And Administration Cabinet	Miscellaneous Costs/Other	\$11.92
390000 Finance And Administration Cabinet	Travel Expenses	\$21.90
390101 FIN-OFM	Auditing	\$7,033.75
390106 FIN-KHEAA	Actuarial Services And Retirement Planning	\$51,911.61
390106 FIN-KHEAA	Auditing	\$111,750.00
390106 FIN-KHEAA	High Volume, Telephone Call Answering Services	\$2,491.21
390106 FIN-KHEAA	Legal Services, Attorneys	\$18,791.94
390106 FIN-KHEAA	Miscellaneous Professional Services	\$463,984.30
390106 FIN-KHEAA	Marketing Services	\$16,550.53
390109 FIN-Legal & Legislative Services	Legal Services, Attorneys	\$105,599.25
390109 FIN-Legal & Legislative Services	Miscellaneous Costs/Other	\$9,451.61
390109 FIN-Legal & Legislative Services	Travel Expenses	\$695.73
390840 FIN-Kentucky River Authority	Auditing	\$8,318.75
390840 FIN-Kentucky River Authority	Leak Detection Services: Gas, Water, Chemical	\$3,120.69
390840 FIN-Kentucky River Authority	Legal Services, Attorneys	\$18,202.67
391111 FIN-Surplus Property, Div of	Auctioneering Services	\$2,300.00
391300 FIN-Occupations & Professions, Div of	Investigative Services	\$6,840.63
392000 FIN-FM/Commissioners Ofc	Employment Agency And Search Firm Services	\$31,357.11
392000 FIN-FM/Commissioners Ofc	Legal Services, Attorneys	\$14,343.75
392000 FIN-FM/Commissioners Ofc	Miscellaneous Costs/Other	\$4.25
392100 FIN-FM/Contracting & Admin, Div Of	Inspection Services, Construction Type	\$15,925.01
392110 FIN-FM/C&A (Arch Eng Psc)	Architectural Services, Professional	\$1,255,050.13
392110 FIN-Fm/C&A (Arch Eng Psc)	Aerial Photogrammetry Services	\$25,650.45
392110 FIN-Fm/C&A (Arch Eng Psc)	Architect Services, Professional	\$10,972,783.01
392110 FIN-Fm/C&A (Arch Eng Psc)	Building Construction, Non-Residential	\$15,703.80
392110 FIN-Fm/C&A (Arch Eng Psc)	Civil Engineering	\$379,298.52
392110 FIN-Fm/C&A (Arch Eng Psc)	Environmental Consulting	\$262,969.38
392110 FIN-Fm/C&A (Arch Eng Psc)	Geological Consulting And Study	\$241,717.23
392110 FIN-Fm/C&A (Arch Eng Psc)	Inspecting, Structural/Engineering	\$2,231.92
392110 FIN-Fm/C&A (Arch Eng Psc)	Interior Design, Space Planning, And Exhibits	\$21,738.20
392110 FIN-Fm/C&A (Arch Eng Psc)	Landscape Architecture	\$43,783.50
392110 FIN-Fm/C&A (Arch Eng Psc)	Legal Services, Attorneys	\$27,494.21
392110 FIN-Fm/C&A (Arch Eng Psc)	Mechanical Engineering	\$1,241,742.77
392110 FIN-Fm/C&A (Arch Eng Psc)	Structural Engineering	\$234,042.75
392110 FIN-Fm/C&A (Arch Eng Psc)	Surveying Services (Not Aerial Or Research)	\$562,870.53
392120 FIN-Fm/C&A (Construction Cts)	Architect Services, Professional	\$26,433.96
392200 FIN-Fm/Engineering, Div Of	Architectural Services, Professional	\$2,030.28
392200 FIN-Fm/Engineering, Div Of	Civil Engineering	\$6,640.80
392200 FIN-Fm/Engineering, Div Of	Environmental Consulting	\$28,889.55
392300 FIN-Fm/Real Properties	Computer Software Consulting	\$24,000.00
392300 FIN-Fm/Real Properties	Legal Services, Attorneys	\$86,420.00
395000 FIN-Controller, Ofc Of The	Employee Benefits Consulting	\$3,883.68
420000 Dept Of Correctons	Accounting/Auditing/Budget Consulting	\$10,370.00
420000 Dept Of Correctons	Drugs And Pharmaceuticals	\$569,537.67
420000 Dept Of Correctons	Dental Services	\$156,288.00
420000 Dept Of Correctons	Nursing Services	\$81,030.12
420400 COR/Ofc Of General Counsel	Legal Services, Attorneys	\$125,363.21
421100 COR/Correctional Industries	Accounting/Auditing/Budget Consulting	\$10,500.00

# Estimated FY 2004 Personal Service Contract Expenditures by Agency and Service Type

## Appendix V

Agency	Service Types	Total Expenditures
421200 COR/Medical	Drugs And Pharmaceuticals	\$6,691.39
421200 COR/Medical	Dental Services	\$106,381.81
421200 COR/Medical	Medical Services (Non-Physician)	\$7,906.25
421200 COR/Medical	Optician/Optometrical Services (Non-Physician)	\$54,268.75
421200 COR/Medical	Personnel Services (Not Employment)	\$67,425.00
421200 COR/Medical	Professional Medical Services (Including Physician)	\$419,352.50
421201 COR-State Reformatory	Drugs And Pharmaceuticals	\$22,002.19
421201 COR-State Reformatory	Dental Services	\$168,848.56
421201 COR-State Reformatory	Dietician Services	\$32,305.17
421201 COR-State Reformatory	Medical Services (Non-Physician)	\$357,152.75
421201 COR-State Reformatory	Nursing Services	\$1,831,476.03
421201 COR-State Reformatory	Pharmaceutical Services	\$27,299.98
421201 COR-State Reformatory	Refuse/Garbage Collection/Dumping Eqpt Main	\$226,103.15
421201 COR-State Reformatory	Therapy	\$356,639.75
421201 COR-State Reformatory	X-Ray Services (Incl. Dental)	\$105,378.87
421202 COR-State Penitentiary	Drugs And Pharmaceuticals	\$654,649.55
421203 COR-Correctional Inst/ Women	Drugs And Pharmaceuticals	\$514,997.76
421203 COR-Correctional Inst/ Women	Dental Services	\$22,737.51
421203 COR-Correctional Inst/ Women	Employment Agency And Search Firm Services	\$7,851.58
421203 COR-Correctional Inst/ Women	Legal Services Including Depositions/Witnesses	\$20,834.30
421203 COR-Correctional Inst/ Women	Legal Services, Attorneys	\$37.50
421203 COR-Correctional Inst/ Women	Medical Services (Non-Physician)	\$42,030.24
421203 COR-Correctional Inst/ Women	Nursing Services	\$542,463.86
421203 COR-Correctional Inst/ Women	Pharmaceutical Services	\$2,464.69
421204 COR-Luther Luckett Correctional Complex	Drugs And Pharmaceuticals	\$8,470.50
421204 COR-Luther Luckett Correctional Complex	Legal Services, Attorneys	\$13,369.81
421204 COR-Luther Luckett Correctional Complex	Medical Services (Non-Physician)	\$24,555.90
421204 COR-Luther Luckett Correctional Complex	Nursing Services	\$382.61
421204 COR-Luther Luckett Correctional Complex	Pharmaceutical Services	\$55,776.67
421205 COR-Blackburn Correctional Complex	Medical Services (Non-Physician)	\$13,780.96
421205 COR-Blackburn Correctional Complex	Veterinary Services	\$4,017.60
421206 COR-Frkfrt Career Development Ctr	Drugs And Pharmaceuticals	\$9,970.24
421207 COR-Roederer Correctional Complex	Drugs And Pharmaceuticals	\$266,466.36
421207 COR-Roederer Correctional Complex	Nursing Services	\$40,779.41
421208 COR-Western Ky Correctional Complex	Optician/Optometrical Services (Non-Physician)	\$14,492.50
421208 COR-Western Ky Correctional Complex	Veterinary Services	\$2,821.00
421209 COR-Bell Co Forestry Camp	Drugs And Pharmaceuticals	\$15,741.32
421209 COR-Bell Co Forestry Camp	Dental Services	\$11,970.00
421209 COR-Bell Co Forestry Camp	Medical Services (Non-Physician)	\$7,687.50
421209 COR-Bell Co Forestry Camp	Optician/Optometrical Services (Non-Physician)	\$3,740.00
421210 COR-Northpoint Training Ctr	Drugs And Pharmaceuticals	\$214,050.18
421210 COR-Northpoint Training Ctr	Legal Services, Attorneys	\$1,044.62
421210 COR-Northpoint Training Ctr	Nursing Services	\$6,688.38
421210 COR-Northpoint Training Ctr	Veterinary Services	\$7,305.25
421211 COR-Eastern Ky Correctional Complex	Drugs And Pharmaceuticals	\$357,287.00
421211 COR-Eastern Ky Correctional Complex	Professional Medical Services (Including Physician)	\$60,428.02
421212 COR-Farm Operations	Miscellaneous Services	\$15,805.26
421212 COR-Farm Operations	Veterinary Services	\$8,932.50
421213 COR-Green River Correctional Complex	Miscellaneous Professional Services	\$34,144.00
421400 COR-Mental Health	Mental Health Services: Vocational, Residential	\$1,111,910.69
421400 COR-Mental Health	Physician Credentialing Services	\$26,072.83
421400 COR-Mental Health	Psychologists/Psychological Services	\$5,390.00
430000 Tourism Cabinet	Advertising Agency Services	\$679,170.22
430100 TOUR-Ofc Of The Secretary	Advertising Agency Services	\$15,482.34
430200 TOUR-Dept Of Travel	Advertising Agency Services	\$1,713,465.99
431000 TOUR-Fair Board	Advertising Agency Services	\$362,136.94
431000 TOUR-Fair Board	Auditing	\$17,900.00

# Estimated FY 2004 Personal Service Contract Expenditures by Agency and Service Type

Appendix V

Agency	Service Types	Total Expenditures
431000 TOUR-Fair Board	Legal Consulting	\$23,250.00
431000 TOUR-Fair Board	Management Services	\$267,529.19
432000 Fish And Wildlife, Dept Of	Aerial Spraying And Seeding Services	\$3,456.00
432000 Fish And Wildlife, Dept Of	Laboratory And Field Testing Services	\$4,581.45
432000 Fish And Wildlife, Dept Of	Miscellaneous Professional Services	\$176,631.57
432150 FW Admin Svcs, Div Of	Sewage Collection, Treatment, And Disposal/Engi	\$2,475.00
432150 FW Admin Svcs, Div Of	Wastewater Treatment Plant, Operations, Testing	\$7,521.25
432170 FW Engineering, Div Of	Veterinary Services	\$8,351.96
432300 FW Fisheries, Div Of	Consulting Services	\$6,375.00
433000 TOUR-Horse Park	Accounting/Auditing/Budget Consulting	\$14,325.00
433000 TOUR-Horse Park	Miscellaneous Services	\$89.85
433000 TOUR-Horse Park	Veterinary Services	\$9,080.69
434100 Parks/Purchasing	Advertising Agency Services	\$4,700.65
434100 Parks/Purchasing	Crystal Glass	\$10,000.00
434910 Parks/Marketing & Advertising	Advertising Agency Services	\$37,888.24
441000 Lab/Admin Services	Auditing	\$16,190.00
441000 Lab/Admin Services	Legal Services, Attorneys	\$59,975.00
441000 Lab/Admin Services	Miscellaneous Professional Services	\$153,800.00
442000 Lab-Kosh Review Commission	Legal Consulting	\$9,156.26
443000 Lab-Worker's Claims	Consulting Services	\$15,412.30
461000 Workforce Development Cabinet	In-Service Training (For Employees)	\$13,500.00
461000 Workforce Development Cabinet	Legal Services, Attorneys	\$3,136.02
461000 Workforce Development Cabinet	Miscellaneous Professional Services	\$133,809.30
461200 WFD-Employment Services	Legal Services, Attorneys	\$13,871.65
461200 WFD-Employment Services	Miscellaneous Professional Services	\$60,876.50
462300 WFD-Blind, Dept For The	Miscellaneous Professional Services	\$1,335.60
463000 WFD-Vocational Rehab, Dept For	Professional Medical Services (Including Physicia	\$74,787.00
463000 WFD-Vocational Rehab, Dept For	Travel Expenses	\$1,318.40
470000 Personnel Cabinet	Accounting/Auditing/Budget Consulting	\$40,350.00
470000 Personnel Cabinet	Consulting Services	\$1,158,587.50
470000 Personnel Cabinet	Legal Services, Attorneys	\$128,851.77
470000 Personnel Cabinet	Miscellaneous Costs/Other	\$2,307.67
470000 Personnel Cabinet	Travel Expenses	\$2,521.11
480000 Cabinet For Families And Children (CFC)	Environmental Consulting	\$5,000.00
486120 CFC-Contract Mgmt Branch	Advertising/Public Relations	\$12,723.72
486120 CFC-Contract Mgmt Branch	Family And Social Services	\$25,579,632.60
486120 CFC-Contract Mgmt Branch	Legal Services, Attorneys	\$368,538.05
486120 CFC-Contract Mgmt Branch	Medical Consulting	\$3,799,560.07
486120 CFC-Contract Mgmt Branch	Psychologists/Psychological Services	\$72,022.00
491820 CHS-General Accounting Br	Health Related Services	\$3,000.00
492000 CHS-Gen Counsel	Legal Services, Attorneys	\$69,106.05
494000 CHS-Inspector General	Miscellaneous Services	\$647.67
495000 CHS-Public Health/Comm Ofc	Health Related Services	\$4,495,353.71
495002 CHS-Lab Services, Div Of	Health Related Services	\$24,004.32
495003 CHS-Epidemiology, Div Of	Communications: Public Relations Consulting	\$87,530.03
495003 CHS-Epidemiology, Div Of	Health Related Services	\$4,876,865.43
495004 CHS-Maternal&Child Health, Div Of	Health Related Services	\$587,996.61
495006 CHS-Environmnt Health & Comm Safety, I	Health Related Services	\$23,893.82
496000 CHS-Mh/Mr/Commissioner's Office	Legal Services, Attorneys	\$1,832.03
496010 CHS-Admin & Financial Mgmt, Div Of	Codification Of Government Codes	\$585.33
496010 CHS-Admin & Financial Mgmt, Div Of	Legal Services, Attorneys	\$8,680.60
496010 CHS-Admin & Financial Mgmt, Div Of	Miscellaneous Professional Services	\$6,410,318.64
496010 CHS-Admin & Financial Mgmt, Div Of	Research And Evaluation, Human Services	\$20,440.00



# Estimated FY 2004 Personal Service Contract Expenditures by Agency and Service Type

## Appendix V

Agency	Service Types	Total Expenditures
496020 CHS-Mental Health, Div Of	Case Management	\$3,019,162.33
496020 CHS-Mental Health, Div Of	Health Related Services	\$143,348.26
496020 CHS-Mental Health, Div Of	Human Services	\$182,519.44
496020 CHS-Mental Health, Div Of	Health Care Management	\$48,019.29
496020 CHS-Mental Health, Div Of	Mental Health Services: Vocational, Residential	\$436,500.00
496030 CHS-Mental Retardation, Div Of	Health Care Management	\$865,322.02
496040 CHS-Substance Abuse, Div Of	Alcohol And Drug Prevention	\$627,039.32
496040 CHS-Substance Abuse, Div Of	Human Services	\$300,038.10
496040 CHS-Substance Abuse, Div Of	Research And Evaluation, Human Services	\$54,800.00
496201 CHS-Ky Correctional Psych Center	Dietician Services	\$3,720.00
496201 CHS-Ky Correctional Psych Center	Employment Agency And Search Firm Services	\$32,678.25
496201 CHS-Ky Correctional Psych Center	Medical Consulting	\$47,305.00
496201 CHS-Ky Correctional Psych Center	Pharmaceutical Services	\$10,975.00
496201 CHS-Ky Correctional Psych Center	Professional Medical Services (Including Physician	\$8,000.00
496202 CHS-Glasgow St Nursing Facility	Human Services	\$1,817.70
496202 CHS-Glasgow St Nursing Facility	Medical Consulting	\$120,000.00
496202 CHS-Glasgow St Nursing Facility	Nursing Services	\$356,735.14
496202 CHS-Glasgow St Nursing Facility	Paper Goods: Diapers, Medication Blister Cards, Pi	\$240,321.28
496202 CHS-Glasgow St Nursing Facility	Professional Medical Services (Including Physician	\$6,704.45
496202 CHS-Glasgow St Nursing Facility	Therapy	\$2,113.00
496203 CHS-Oakwood Facility	Audiology Services	\$13,743.75
496203 CHS-Oakwood Facility	Dental Services	\$113,286.98
496203 CHS-Oakwood Facility	Health Related Services	\$68,243.51
496203 CHS-Oakwood Facility	Miscellaneous Professional Services	\$4,059,590.44
496203 CHS-Oakwood Facility	Nursing Services	\$890,514.66
496203 CHS-Oakwood Facility	Professional Medical Services (Including Physician)	\$5,100.00
496204 CHS-Hazelwood Center	Dental Services	\$281,466.92
496204 CHS-Hazelwood Center	Dietician Services	\$62,927.87
496204 CHS-Hazelwood Center	Employment Agency And Search Firm Services	\$6,688,100.61
496204 CHS-Hazelwood Center	Health Related Services	\$1,129.50
496204 CHS-Hazelwood Center	Miscellaneous Professional Services	\$143,959.94
496204 CHS-Hazelwood Center	Professional Medical Services (Including Physician)	\$4,861,332.24
496204 CHS-Hazelwood Center	Therapy	\$24,543.76
496205 CHS-Central St Hospital	Barber/Beautician Services	\$4,854.00
496205 CHS-Central St Hospital	Dental Services	\$47,033.04
496205 CHS-Central St Hospital	Employment Agency And Search Firm Services	\$144,699.57
496205 CHS-Central St Hospital	Health Related Services	\$4,410.84
496205 CHS-Central St Hospital	Miscellaneous Professional Services	\$74,757.07
496205 CHS-Central St Hospital	Nursing Services	\$4,147,357.69
496205 CHS-Central St Hospital	Pharmaceutical Services	\$744,660.00
496205 CHS-Central St Hospital	Physical Therapy Equipment And Supplies	\$71,909.22
496205 CHS-Central St Hospital	Professional Medical Services (Including Physician)	\$167,078.22
496205 CHS-Central St Hospital	Psychologists/Psychological Services	\$433,721.78
496205 CHS-Central St Hospital	Therapy	\$359,109.32
496207 CHS-Western St Hospital	Barber/Beautician Services	\$11,365.14
496207 CHS-Western St Hospital	Dental Services	\$13,098.18
496207 CHS-Western St Hospital	Employment Agency And Search Firm Services	\$22,386.84
496207 CHS-Western St Hospital	Miscellaneous Professional Services	\$606,348.83
496207 CHS-Western St Hospital	Nursing Services	\$634,870.57
496207 CHS-Western St Hospital	Psychologists/Psychological Services	\$8,053.53
497000 CHS-Medicaid Services/Comm Ofc	Codification Of Government Codes	\$3,315,100.00
497000 CHS-Medicaid Services/Comm Ofc	Collection Services	\$262,941.67
497000 CHS-Medicaid Services/Comm Ofc	Communications: Public Relations Consulting	\$1,661.87
497000 CHS-Medicaid Services/Comm Ofc	Financial Services	\$1,229,874.49
497000 CHS-Medicaid Services/Comm Ofc	Health Related Services	\$8,476,080.77
497000 CHS-Medicaid Services/Comm Ofc	Health Care Management Services	\$409,090.90
497000 CHS-Medicaid Services/Comm Ofc	Legal Services Including Depositions/Witnesses	\$237,422.90
497000 CHS-Medicaid Services/Comm Ofc	Legal Services, Attorneys	\$148,039.63

# Estimated FY 2004 Personal Service Contract Expenditures by Agency and Service Type

Appendix V

Agency	Service Types	Total Expenditures
497000 CHS-Medicaid Services/Comm Ofc	Miscellaneous Costs/Other	\$818.18
497000 CHS-Medicaid Services/Comm Ofc	Miscellaneous Professional Services	\$302,515,610.97
497000 CHS-Medicaid Services/Comm Ofc	Miscellaneous Services	\$393,473.04
497000 CHS-Medicaid Services/Comm Ofc	Pharmaceutical Services	\$177,250.00
497010 CHS-Financial Systems, Div Of	Actuarial Services And Retirement Planning	\$187,134.00
497040 CHS-Quality Improvement, Div Of	Health Related Services	\$1,049,938.22
497060 CHS-Children's Health Programs, Div Of	Communications: Public Relations Consulting	\$20,573.26
499000 CHS-Child W/Special Health Care Needs, Comm	Case Management	\$200,000.00
499000 CHS-Child W/Special Health Care Needs, Comm	Collection Services	\$137,930.00
499000 CHS-Child W/Special Health Care Needs, Comm	Miscellaneous Professional Services	\$277,702.42
499000 CHS-Child W/Special Health Care Needs, Comm	Miscellaneous Services	\$236,190.15
<b>Total</b>		<b>\$547,062,830.30</b>

**Estimated FY 2004 Non-Professional Services Expenditures by Agency and Service Type** **Appendix VI**

<b>Buying Entity</b>	<b>Service Types</b>	<b>Total Expenditures</b>
301073 Rev-Administration, Div Of	Janitorial/Custodial Services	\$686,920.41
301073 Rev-Administration, Div Of	Pest Control (Including Termite Inspection)	\$156.00
301073 Rev-Administration, Div Of	Washing, Waxing, Polishing, Steam Cleaning, Disinf	\$5,512.96
312000 Military Affairs	Laundry and Linen Service	\$1,274.40
312100 Ma-Administration, Div Of	Grounds Maintenance: Mowing, Edging, Plant (Not Tr	\$1,500.00
312100 Ma-Administration, Div Of	Laundry and Linen Service	\$904,055.04
312110 Ma-Admin Serv/Gmmc	Dry Cleaning Service	\$501,162.75
312110 Ma-Admin Serv/Gmmc	Laundry and Linen Service	\$210,738.24
312120 Ma-Admin Serv/Ccdf	Laundry and Linen Service	\$980,060.56
312200 Ma-Facilities Division	Grounds Maintenance: Mowing, Edging, Plant (Not Tr	\$949,429.60
312200 Ma-Facilities Division	Laundry and Linen Service	\$409,511.20
312200 Ma-Facilities Division	Pest Control (Including Termite Inspection)	\$1,150.00
312210 Ma-Facilities Maint	Grounds Maintenance: Mowing, Edging, Plant (Not Tr	\$1,275.00
312220 Ma-Facilities Warehouse	Grounds Maintenance: Mowing, Edging, Plant (Not Tr	\$150.00
312300 Ma-Air Transport, Div Of	Laundry and Linen Service	\$78,222.24
312600 Ma-Bluegrass Station Division	Building Maintenance And Repair Services	\$2,907.00
312600 Ma-Bluegrass Station Division	Cable Television Services (Includdes Pay-Per-View	\$135.86
312600 Ma-Bluegrass Station Division	Janitorial/Custodial Services	\$3,076,061.94
312600 Ma-Bluegrass Station Division	Laundry and Linen Service	\$54,006.68
312600 Ma-Bluegrass Station Division	Pest Control (Including Termite Inspection)	\$20,274.20
317402 Thomson-Hood Veterans Center	Elevator Installation, Maintenance and Repair	\$6,220.00
317402 Thomson-Hood Veterans Center	Equipment Maintenance, Reconditioning, And Repair	\$4,500.00
317403 Western Ky Veterans Ctr	Garbage/Trash Removal and Disposal	\$7,000.00
317403 Western Ky Veterans Ctr	Inspection and Certification Services	\$5,108.79
317404 Eastern Ky Veterans Ctr	Courier/Delivery Services (Including Air Courier S	\$2,866.64
319006 Bd Of Elections	Janitorial/Custodial Services	\$9,000.00
319015 Bd Of Nursing	Janitorial/Custodial Services	\$11,000.00
31B000 Attorney General's Office	Janitorial/Custodial Services	\$32,436.00
31C000 Auditor Of Public Accounts	Employment Agency And Search Firm Services (Includ	\$19,950.00
31E000 Sec Of State	Janitorial/Custodial Services	\$4,740.00
320100 Jus-Admin Services	Janitorial/Custodial Services	\$2,550.00
321100 Jus-Sp/Admin Division	Janitorial/Custodial Services	\$42,216.00
321204 Jus-Sp/Supply	Laundry and Linen Service	\$1,963,500.00
321204 Jus-Sp/Supply	Uniforms, Blended Fabric	\$642,899.50
321300 Jus-Sp/Operations, Div Of	Laundry and Linen Service	\$11,532.80
332200 Ed-Deaf, School For The	Building Maintenance And Repair Services	\$82,660.00
336100 Ed-Libraries And Archives	Moving Services	\$2,775.00
343750 NREPC-Nature Preserves Commission	Construction Services, General	\$9,200.00
343750 NREPC -Nature Preserves Commission	Employment Agency And Search Firm Services (Includ	\$2,700.00
345900 NREPC -Environmental Protection	Janitorial/Custodial Services	\$646,806.51
345902 NREPC -Air Quality, Division Of	Janitorial/Custodial Services	\$27,111.55
345903 NREPC -Waste Managemeny, Division Of	Construction Services, General	\$20,412.91
345903 NREPC -Waste Managemeny, Division Of	Janitorial/Custodial Services	\$35,875.81
346000 NREPC -Surface Mining Recl & Enforcement	Janitorial/Custodial Services	\$21,000.00
346004 NREPC -Abandoned Mine Lands, Division Of	Construction Services, General	\$219,011.59
346004 NREPC -Abandoned Mine Lands, Division Of	Excavation Services	\$47,048.40
349501 NREPC -Forestry/Morehead, Division Of	Janitorial/Custodial Services	\$2,240.00
351300 KYTC -Purchases	Janitorial/Custodial Services	\$154,480.00
351500 KYTC -Property & Supply	Janitorial/Custodial Services	\$69,275.10
351500 KYTC -Property & Supply	Laundry and Linen Service	\$175,652.84
351600 KYTC c-Fleet Management	Laundry and Linen Service	\$83,212.85

**Estimated FY 2004 Non-Professional Services Expenditures by Agency and Service Type** **Appendix VI**

<b>Buying Entity</b>	<b>Service Types</b>	<b>Total Expenditures</b>
353001 KYTC -District 1	Janitorial/Custodial Services	\$13,800.00
353001 KYTC -District 1	Laundry and Linen Service	\$50,673.60
353003 KYTC -District 3	Janitorial/Custodial Services	\$3,098,820.70
353003 KYTC -District 3	Laundry and Linen Service	\$59,944.90
353004 KYTC -District 4	Janitorial/Custodial Services	\$654,030.48
353004 KYTC -District 4	Laundry and Linen Service	\$83,854.55
353005 KYTC -District 5	Janitorial/Custodial Services	\$896,183.94
353005 KYTC -District 5	Laundry and Linen Service	\$9,577.20
353006 KYTC -District 6	Janitorial/Custodial Services	\$1,212,880.89
353006 KYTC -District 6	Laundry and Linen Service	\$17,856.05
353007 KYTC -District 7	Janitorial/Custodial Services	\$562,736.00
353008 KYTC -District 8	Laundry and Linen Service	\$137,166.25
353009 KYTC -District 9	Janitorial/Custodial Services	\$693,906.72
353009 KYTC -District 9	Laundry and Linen Service	\$71,830.15
353010 KYTC -District 10	Laundry and Linen Service	\$275,256.64
353011 KYTC -District 11	Janitorial/Custodial Services	\$227,099.85
353011 KYTC -District 11	Laundry and Linen Service	\$401,600.70
353012 KYTC -District 12	Janitorial/Custodial Services	\$20,360.00
353012 KYTC -District 12	Laundry and Linen Service	\$506.00
353012 KYTC -District 12	Miscellaneous Professional Services	\$28,392.00
353013 KYTC -Div Of Traffic Operations	Laundry and Linen Service	\$42,012.95
353013 KYTC -Traffic	Laundry and Linen Service	\$35,730.50
353020 KYTC -Planning, Transportation	Laundry and Linen Service	\$56,128.05
353040 KYTC -Materials	Laundry and Linen Service	\$11,371.20
353050 KYTC -Equipment	Laundry and Linen Service	\$701,593.38
353050 KYTC -Equipment	Washing, Waxing, Polishing, Steam Cleaning, Disinf	\$354,166.84
353060 KYTC -Div Of Maintenance	Janitorial/Custodial Services	\$225,581.00
353060 KYTC -Div Of Maintenance	Laundry and Linen Service	\$451.95
353060 KYTC -Operations	Janitorial/Custodial Services	\$173,714.00
355300 KYTC -Vehicle Enforcement	Janitorial/Custodial Services	\$8,250.00
355300 KYTC -Vehicle Enforcement	Laundry and Linen Service	\$33,950.00
355300 KYTC -Vehicle Enforcement	Shirts, Dress and Casual	\$57,186.00
371000 PPR -Alc/Alcoholic Beverage Control	Janitorial/Custodial Services	\$17,496.00
376751 PPR -Petroleum Storage Tank Environ Assr Fd	Janitorial/Custodial Services	\$10,320.00
376751 PPR -Petroleum Storage Tank Environ Assr Fd	Laboratory And Field Testing Services (Not Otherwi	\$420.00
377000 PPR -Mines And Minerals	Concrete	\$27,588.25
377000 PPR -Mines And Minerals	Earth Moving Equipment (Graders, Dozers, Loaders,	\$5,200.00
377000 PPR -Mines And Minerals	Refuse/Garbage Collection/Dumping Equipment Mainte	\$48,150.00
378000 PPR -Insurance, Dept Of	Janitorial/Custodial Services	\$17,400.00
391300 FIN -Occupations & Professions, Div Of	Janitorial/Custodial Services	\$11,952.00
392500 FIN -FM/Bldg Services	Carpet Cleaning, Dyeing, Installation and Repair	\$447,296.10
392500 FIN -FM /Bldg Services	Cleaning Services, Steam and Pressure	\$5,158.88
392500 FIN -FM /Bldg Services	Elevator Installation, Maintenance and Repair	\$1,500.00
392500 FIN -FM /Bldg Services	Fire	\$3,760.50
392500 FIN -FM /Bldg Services	Garbage Cans, Containers and Racks	\$510,950.60
392500 FIN -FM /Bldg Services	Garbage/Trash Removal and Disposal	\$52,689.80
392500 FIN -FM /Bldg Services	Grounds Maintenance: Mowing, Edging, Plant (Not Tr	\$2,700.00
392500 FIN -FM /Bldg Services	Janitorial/Custodial Services	\$4,620,303.62
392500 FIN -FM /Bldg Services	Moving Services	\$12,362.00
392500 FIN -FM /Bldg Services	Pest Control (Including Termite Inspection)	\$3,450.00
392500 FIN -FM /Bldg Services	Window Washing Services	\$1,857,135.00
392501 FIN -FM /Gov Mansion	Moving Services	\$3,738.00
392510 FIN -FM /Bldg Operation	Janitorial/Custodial Services	\$90,957.10
392510 FIN -FM /Bldg Operation	Pest Control (Including Termite Inspection)	\$640.00

**Estimated FY 2004 Non-Professional Services Expenditures by Agency and Service Type**      **Appendix VI**

Buying Entity	Service Types	Total Expenditures
392530 FIN -FM /Landscape	Grounds Maintenance: Mowing, Edging, Plant (Not Tr	\$84,591.00
392530 FIN -FM /Landscape	Snow and Ice Removal Services	\$328.50
392540 FIN -FM /Mech Maintenance	Cleaning Services, Steam and Pressure	\$2,256.28
392540 FIN -FM /Mech Maintenance	Elevators And Escalators, Building Type	\$542.50
392540 FIN -FM /Mech Maintenance	Water Testing Kits (For Chlorine, Hardness, Ph, Et	\$2,945.00
392542 FIN -FM /Mmo Shop Sect/Mech Maint&Oper	Construction Services, General	\$4,050.00
392543 FIN -FM /Mech Maint&Oper/Mo Sect	Elevators And Escalators, Building Type	\$242.50
421202 Cor-State Penitentiary	Pest Control (Including Termite Inspection)	\$10,486.00
421203 Cor-Correctional Inst/ Women	Sludge Removal, Building (To Include Grease Trap C	\$33,957.50
421204 Cor-Luther Lockett Correctional Complex	Garbage/Trash Removal and Disposal	\$53,886.00
421210 Cor-Northpoint Training Ctr	Garbage/Trash Removal and Disposal	\$145,788.00
421211 Cor-Eastern Ky Correctional Complex	Garbage/Trash Removal and Disposal	\$126,695.20
431100 Tour-Fair & Expo Ctr/Fair Bd	Garbage/Trash Removal and Disposal	\$2,203,026.08
431101 Tour-Fair & Expo Ctr/Operations	Garbage/Trash Removal and Disposal	\$875,305.98
432000 Fish And Wildlife, Dept Of	Carpet Cleaning, Dyeing, Installation and Repair	\$1,925.00
432000 Fish And Wildlife, Dept Of	Janitorial/Custodial Services	\$3,890.00
432000 Fish And Wildlife, Dept Of	Toilets, Portable, Rental or Lease	\$2,145.00
432150 FWADMIN Svcs, Div Of	Carpet Cleaning, Dyeing, Installation and Repair	\$75.92
432170 FW/Engineering, Div Of	Inspection and Certification Services	\$1,325.25
432170 FW /Engineering, Div Of	Janitorial/Custodial Services	\$2,400.00
432300 FW /Fisheries, Div Of	Janitorial/Custodial Services	\$2,773.20
434001 Parks/Barren River	Blankets, Bedding, All Types	\$2,289.92
434001 Parks/Barren River	Dishwashers	\$4,609.45
434001 Parks/Barren River	Laundry and Linen Service	\$36,569.60
434001 Parks/Barren River	Pest Control (Including Termite Inspection)	\$5,976.00
434001 Parks/Barren River	Pillows, All Types	\$11,580.96
434001 Parks/Barren River	Towels, Washcloths, and Bathmats, Huck and Terry	\$0.16
434004 Parks/Blue Licks State Park	Dishwashers	\$4,949.45
434004 Parks/Blue Licks State Park	Garbage/Trash Removal and Disposal	\$29,908.05
434004 Parks/Blue Licks State Park	Laundry and Linen Service	\$3,434.40
434005 Parks/Buckhorn Lake State Resort Park	Pest Control (Including Termite Inspection)	\$1,580.00
434006 Parks/Carter Caves State Resort Park	Dishwashers	\$3,467.82
434006 Parks/Carter Caves State Resort Park	Garbage/Trash Removal and Disposal	\$20,160.00
434006 Parks/Carter Caves State Resort Park	Laundry and Linen Service	\$5,440.00
434006 Parks/Carter Caves State Resort Park	Mattress Pads	\$5,337.60
434009 Parks/Cumberland Falls State Resort Park	Blankets, Bedding, All Types	\$15,134.08
434009 Parks/Cumberland Falls State Resort Park	Dishwashers	\$5,400.00
434009 Parks/Cumberland Falls State Resort Park	Laundry and Linen Service	\$89,969.76
434009 Parks/Cumberland Falls State Resort Park	Miscellaneous Services	\$2,400.00
434009 Parks/Cumberland Falls State Resort Park	Pillows, All Types	\$37,132.80
434010 Parks/Dale Hollow Lake State Resort Park	Dishwashers	\$5,402.91
434010 Parks/Dale Hollow Lake State Resort Park	Pest Control (Other Than Buildings)	\$5,568.40
434013 Parks/Ft Boonesborough State Park	Garbage/Trash Removal and Disposal	\$8,174.40
434015 Parks/Gen Butler State Resort Park	Cleaning Services, Steam and Pressure	\$5,050.00
434015 Parks/Gen Butler State Resort Park	Dishwashers	\$5,984.56
434015 Parks/Gen Butler State Resort Park	Garbage/Trash Removal and Disposal	\$2,363.16
434015 Parks/Gen Butler State Resort Park	Laundry and Linen Service	\$917,349.29
434017 Parks/Greenbo Lake State Resort Park	Cleaner and Wax: Window, Mirror, and Glass	\$2,400.00
434017 Parks/Greenbo Lake State Resort Park	Dishwashers	\$2,936.98
434017 Parks/Greenbo Lake State Resort Park	Garbage/Trash Removal and Disposal	\$3,203.36
434017 Parks/Greenbo Lake State Resort Park	Laundry and Linen Service	\$7,776.16
434017 Parks/Greenbo Lake State Resort Park	Pest Control (Including Termite Inspection)	\$3,120.00
434020 Parks/Jeff Davis Historic Site	Miscellaneous Services	\$12,535.00
434021 Parks/Jenny Wiley State Park	Garbage/Trash Removal and Disposal	\$29,231.06

**Estimated FY 2004 Non-Professional Services Expenditures by Agency and Service Type** **Appendix VI**

<b>Buying Entity</b>	<b>Service Types</b>	<b>Total Expenditures</b>
434021 Parks/Jenny Wiley State Park	Laundry and Linen Service	\$196.80
434021 Parks/Jenny Wiley State Park	Miscellaneous Services	\$3,000.00
434021 Parks/Jenny Wiley State Park	Pest Control (Including Termite Inspection)	\$2,875.00
434022 Parks/John James Audubon State Park	Garbage/Trash Removal and Disposal	\$2,716.75
434022 Parks/John James Audubon State Park	Laundry and Linen Service	\$6,058.40
434023 Parks/Kenlake State Resort Park	Blankets, Bedding, All Types	\$13,111.68
434023 Parks/Kenlake State Resort Park	Cleaning Services, Steam and Pressure	\$1,180.00
434023 Parks/Kenlake State Resort Park	Dishwashers	\$2,198.90
434023 Parks/Kenlake State Resort Park	Laundry and Linen Service	\$98,589.76
434023 Parks/Kenlake State Resort Park	Mattress Pads	\$3,905.28
434023 Parks/Kenlake State Resort Park	Miscellaneous Services	\$4,590.00
434023 Parks/Kenlake State Resort Park	Pest Control (Including Termite Inspection)	\$6,252.00
434023 Parks/Kenlake State Resort Park	Pillows, All Types	\$15,206.72
434024 Parks/Ky Dam Village State Resort Park	Blankets, Bedding, All Types	\$11,473.92
434024 Parks/Ky Dam Village State Resort Park	Dishwashers	\$2,100.00
434024 Parks/Ky Dam Village State Resort Park	Laundry and Linen Service	\$74,729.60
434024 Parks/Ky Dam Village State Resort Park	Miscellaneous Services	\$4,671.00
434024 Parks/Ky Dam Village State Resort Park	Pest Control (Including Termite Inspection)	\$8,538.00
434024 Parks/Ky Dam Village State Resort Park	Pillows, All Types	\$15,552.00
434027 Parks/Lake Barkley State Resort Park	Blankets, Bedding, All Types	\$5,158.40
434027 Parks/Lake Barkley State Resort Park	Cleaning Services, Steam and Pressure	\$8,345.00
434027 Parks/Lake Barkley State Resort Park	Laundry and Linen Service	\$134,620.00
434027 Parks/Lake Barkley State Resort Park	Miscellaneous Services	\$6,183.00
434027 Parks/Lake Barkley State Resort Park	Pest Control (Other Than Buildings)	\$6,960.00
434027 Parks/Lake Barkley State Resort Park	Pillows, All Types	\$11,158.40
434027 Parks/Lake Barkley State Resort Park	Sheets and Pillow Cases	\$5,078.40
434028 Parks/Lake Cumberland State Resort Park	Cleaning Services, Steam and Pressure	\$680.00
434028 Parks/Lake Cumberland State Resort Park	Dishwashers	\$6,300.00
434028 Parks/Lake Cumberland State Resort Park	Garbage/Trash Removal and Disposal	\$37,908.72
434028 Parks/Lake Cumberland State Resort Park	Pest Control (Other Than Buildings)	\$4,930.00
434029 Parks/Lake Malone State Park	Garbage/Trash Removal and Disposal	\$2,620.64
434030 Parks/Levi Jackson State Park	Garbage/Trash Removal and Disposal	\$6,351.33
434033 Parks/Nat Bridge State Resort Park	Blankets, Bedding, All Types	\$4,579.84
434033 Parks/Nat Bridge State Resort Park	Dishwashers	\$5,363.55
434033 Parks/Nat Bridge State Resort Park	Garbage/Trash Removal and Disposal	\$21,325.65
434033 Parks/Nat Bridge State Resort Park	Laundry and Linen Service	\$23,088.80
434033 Parks/Nat Bridge State Resort Park	Pest Control (Including Termite Inspection)	\$1,030.00
434033 Parks/Nat Bridge State Resort Park	Pillows, All Types	\$3,308.80
434036 Parks/Pennyrile Forest State Resort Park	Dishwashers	\$2,835.00
434036 Parks/Pennyrile Forest State Resort Park	Laundry and Linen Service	\$24,308.00
434036 Parks/Pennyrile Forest State Resort Park	Pillows, All Types	\$5,184.00
434038 Parks/Pine Mt State Resort Park	Dishwashers	\$4,620.00
434038 Parks/Pine Mt State Resort Park	Laundry and Linen Service	\$2,240.00
434038 Parks/Pine Mt State Resort Park	Pest Control (Including Termite Inspection)	\$3,720.00
434039 Parks/Rough River State Resort Park	Blankets, Bedding, All Types	\$7,100.16
434039 Parks/Rough River State Resort Park	Dishwashers	\$6,055.00
434039 Parks/Rough River State Resort Park	Laundry and Linen Service	\$41,010.88
434039 Parks/Rough River State Resort Park	Pillows, All Types	\$2,592.00
434040 Parks/Taylorville Lake State Park	Miscellaneous Services	\$1,371.42
434045 Parks/Nolin Lake State Park	Garbage/Trash Removal and Disposal	\$389.58
434100 Parks/Purchasing	Blankets, Bedding, All Types	\$30,392.64
434100 Parks/Purchasing	Garbage/Trash Removal and Disposal	\$92,793.76
434100 Parks/Purchasing	Laundry and Linen Service	\$292,913.60
434100 Parks/Purchasing	Mattress Pads	\$4,992.00
434100 Parks/Purchasing	Miscellaneous Services	\$360.00

**Estimated FY 2004 Non-Professional Services Expenditures by Agency and Service Type**      **Appendix VI**

<b>Buying Entity</b>	<b>Service Types</b>	<b>Total Expenditures</b>
434100 Parks/Purchasing	Pillows, All Types	\$20,736.00
434100 Parks/Purchasing	Sheets and Pillow Cases	\$1,945.60
441000 Lab/Admin Services	Janitorial/Custodial Services	\$34,800.00
461000 Workforce Development Cabinet	Janitorial/Custodial Services	\$6,121.00
461000 Workforce Development Cabinet	Miscellaneous Professional Services	\$418,456.74
461000 Workforce Development Cabinet	Miscellaneous Services	\$1,756.50
461200 WFD-Employment Services	Janitorial/Custodial Services	\$410,914.63
461200 WFD -Employment Services	Miscellaneous Cost//Other	-\$17.99
462300 WFD -Blind, Dept For The	Janitorial/Custodial Services	\$13,920.00
463000 WFD -Vocational Rehab, Dept For	Janitorial/Custodial Services	\$13,455.00
463100 WFD -Carl D Perkins Rehab Ctr	Laundry and Linen Service	\$146,771.90
470000 Personnel Cabinet	Janitorial/Custodial Services	\$100,078.47
480000 Cabinet For Families And Children (CFC)	Cafeteria And Kitchen Equipment, Commercial	\$3,000.00
480000 Cabinet For Families And Children (CFC)	Janitorial/Custodial Services	\$87,980.72
480000 Cabinet For Families And Children (CFC)	Laundry And Dry Cleaning Services	\$1,765.41
480000 Cabinet For Families And Children (CFC)	Paper Cutting, Drilling, Folding, Punching, Shredd	\$6,965.02
483011 CFC -Fac Mgmt Branch	Janitorial/Custodial Services	\$25,280.43
483012 CFC -Assets Mgmt Branch	Janitorial/Custodial Services	\$1,076.87
483015 CFC -Leasing And Design Branch	Janitorial/Custodial Services	\$5,659.20
483016 CFC -Janitorial/Pest Control	Janitorial/Custodial Services	\$1,586,998.48
483016 CFC -Janitorial/Pest Control	Pest Control (Including Termite Inspection)	\$38,736.11
489000 CFC -Community Based Services, Dept For	Coolers, Drinking Water, Rental or Lease	\$940.00
489000 CFC -Community Based Services, Dept For	Garbage/Trash Removal and Disposal	\$2,884.10
489000 CFC -Community Based Services, Dept For	Guard And Security Services (Including Traffic Con	\$20,239.50
489000 CFC -Community Based Services, Dept For	Janitorial/Custodial Services	\$294,247.71
489000 CFC -Community Based Services, Dept For	Pest Control (Including Termite Inspection)	\$15,641.81
489000 CFC -Community Based Services, Dept For	Security Systems and Equipment, Communications	\$1,050.00
489120 CFC -Big Sandy Service Region	Janitorial/Custodial Services	\$34,032.96
489160 CFC -Fivco Service Region	Janitorial/Custodial Services	\$8,515.00
489190 CFC -Ky River Service Region	Copy Machine (Including Cost-Per-Copy Type Leases)	\$3,760.39
489200 CFC -Kipda (Jefferson) Service Region	Freight	\$37.00
489200 CFC -Kipda (Jefferson) Service Region	Research and Evaluation, Human Services	\$1,807.50
489500 CFC -Protect & Permanency, Div Of	Trailer Rental or Lease	\$1,320.00
489510 CFC -Family&Child Stability Branch	Janitorial/Custodial Services	\$15,478.08
491820 CHS-General Accounting Br	Janitorial/Custodial Services	\$29,321.37
494000 CHS -Inspector General	Janitorial/Custodial Services	\$15,419.84
494000 CHS -Inspector General	Pest Control (Including Termite Inspection)	\$329.00
496010 CHS -Admin & Financial Mgmt, Div Of	Janitorial/Custodial Services	\$30,672.00
496201 CHS -Ky Correctional Psych Center	Janitorial/Custodial Services	\$160,213.92
496201 CHS -Ky Correctional Psych Center	Painting, Maintenance and Repair Services	\$19,913.00
496202 CHS -Glasgow St Nursing Facility	Janitorial/Custodial Services	\$206,231.34
496203 CHS -Oakwood Facility	Janitorial/Custodial Services	\$603,744.16
496204 CHS -Hazelwood Center	Aprons, Bibs, Smocks - Non-Disposable (See 200-32,	\$1,397,456.84
496204 CHS -Hazelwood Center	Garbage/Refuse Equipment (Dumpsters, etc.) Rental	\$37,260.00
496204 CHS -Hazelwood Center	Garbage/Trash Removal and Disposal	\$332,162.01
496204 CHS -Hazelwood Center	Grounds Maintenance: Mowing, Edging, Plant (Not Tr	\$536,470.00
496204 CHS -Hazelwood Center	Hospital Wear, Patient	\$371,738.90
496204 CHS -Hazelwood Center	Laundry And Dry Cleaning Services	\$12,719,545.80
496204 CHS -Hazelwood Center	Laundry and Linen Service	\$6,775,854.02
496205 CHS -Central St Hospital	Electrical Equipment And Supplies (Except Cable An	\$95,874.34
496205 CHS -Central St Hospital	Janitorial/Custodial Services	\$2,543,008.92
496205 CHS -Central St Hospital	Painting, Maintenance and Repair Services	\$59,537.22
496207 CHS -Western St Hospital	Janitorial/Custodial Services	\$708,886.08
496207 CHS -Western St Hospital	Laundry and Linen Service	\$4,933,457.40
499000 CHS Child W/Special Health Care Needs, Com	Janitorial/Custodial Services	\$47,226.00
<b>Total Non-Professional Services</b>		<b>\$71,117,827.63</b>
<b>Add: Information Technology Services Contract Expenditures</b>		<b>\$37,538,339.85</b>
<b>Total Non-Professional Services and Computer Service Support</b>		<b>\$108,656,167.48</b>

**Estimated FY 2004 Information Technology Service  
Contract Expenditures**

**Appendix VII**

<b>Vendor</b>	<b>COT Expenditures</b>	<b>Other Agency Expenditures</b>
Analyst Intl Corp	\$1,787,888.22	\$1,719,591.85
EER Systems Inc	\$3,173,407.34	\$373,823.76
Lockheed	-	-
METRO	-	-
ROMAC /K-FORCE	\$420,150.71	\$267,234.19
SCB Computer Technology	\$1,313,448.95	\$3,054,969.94
Keane Inc	-	\$47,670.40
Pomeroy IT Solutions*	\$664,010.91	\$699,825.00
Cook Systems International INC*	\$300,867.00	\$119,654.25
Ajilon LLC DBA*	\$6,130,073.67	\$2,094,440.89
ADECCO Employment Services*	\$726,574.56	\$794,608.93
Keane Inc*	\$2,776,254.85	\$4,203,648.48
GovernmentT*	\$5,859,366.15	\$1,010,829.80
Column Total	\$23,152,042.36	\$14,386,297.49
<b>Fiscal Year 2004 Total</b>		<b>\$37,538,339.85</b>

\*Actual contract period began October 1, 2003.



Proof of Necessity (PON) Form

Government Contract Review Committee
Legislative Research Commission

Contract Number: \_\_\_\_\_

Agency \_\_\_\_\_ Division, Branch, etc. \_\_\_\_\_

TYPE OF CONTRACT: \_\_\_\_\_ New \_\_\_\_\_ Renewal (Re-negotiation) or \_\_\_\_\_ Extension for Time Only

NOTE: All questions must be answered fully. If space provided is insufficient, additional pages should be attached referencing the specifically numbered item. Questions regarding this form should be directed to the Bureau/Staff Office Contract Officer.

- 1. Name & Address of Contractor:
2. Effective Period of Contract:
Starting Date: \_\_\_\_\_
Ending Date: \_\_\_\_\_

3. Explain, with specificity, the work to be performed. (Include: Description of project; types(s) of service to be delivered; reports or products to be prepared; reason for duration of contact; etc.):

4. a. Does an identified or anticipated reason now exist which would indicate a need to renew the contract for the succeeding fiscal year? \_\_\_\_\_
If yes, explain: \_\_\_\_\_

b. Will the contract provide for cancellation by the Department upon a maximum of 30 days or less written notice to the contractor? \_\_\_\_\_

5. FINANCIAL AND CONTRACT COST DATA:

a. Total Projected Cost of Contract: \$ \_\_\_\_\_
Source of Funds: Federal: \$ \_\_\_\_\_ State: \$ \_\_\_\_\_ Local/Other: \$ \_\_\_\_\_

b. If contract is supported by federal funds, indicate: Grant/project title; grant I.D. number; and CFDA number: \_\_\_\_\_

c. If contract is supported by state funds, indicate source(s) and amount(s) (e.g., General Fund, Trust and Agency, Other): \_\_\_\_\_

d. Was the contract cost included in the original Budget Request? YES NO If no, explain: \_\_\_\_\_

e. Describe, in detail, how the projected cost of the contract was derived (attach proposed budget when applicable):

f. Basis for Payment:
• Hourly: \$ \_\_\_\_\_ per hour • Per Diem: \$ \_\_\_\_\_ per day
• Fee for Service: \$ \_\_\_\_\_ per service • Other - Explain: \_\_\_\_\_

g. Method of Payment:
• Straight Disbursement \_\_\_\_\_ • Inter-Account \_\_\_\_\_

h. Frequency of Payment:
• Monthly \_\_\_\_\_ • Quarterly \_\_\_\_\_ • Upon Completion \_\_\_\_\_
• Other \_\_\_\_\_ Explain \_\_\_\_\_

Proof of Necessity (PON) Form
Government Contract Review Committee
Legislative Research Commission

Contract Number: \_\_\_\_\_

Agency \_\_\_\_\_ Division, Branch, etc. \_\_\_\_\_

TYPE OF CONTRACT: \_\_\_\_\_ New \_\_\_\_\_ Renewal (Re-negotiation) or \_\_\_\_\_ Extension for Time Only

NOTE: All questions must be answered fully. If space provided is insufficient, additional pages should be attached referencing the specifically numbered item. Questions regarding this form should be directed to the Bureau/Staff Office Contract Officer.

1. Name & Address of Contractor:

2. Effective Period of Contract:

Starting Date: \_\_\_\_\_

Ending Date: \_\_\_\_\_

3. Explain, with specificity, the work to be performed. (Include: Description of project; types(s) of service to be delivered; reports or products to be prepared; reason for duration of contact; etc.):

4. a. Does an identified or anticipated reason now exist which would indicate a need to renew the contract for the succeeding fiscal year? \_\_\_\_\_
If yes, explain: \_\_\_\_\_

b. Will the contract provide for cancellation by the Department upon a maximum of 30 days or less written notice to the contractor? \_\_\_\_\_

5. FINANCIAL AND CONTRACT COST DATA:

a. Total Projected Cost of Contract: \$ \_\_\_\_\_

Source of Funds: Federal: \$ \_\_\_\_\_ State: \$ \_\_\_\_\_ Local/Other: \$ \_\_\_\_\_

b. If contract is supported by federal funds, indicate: Grant/project title; grant I.D. number; and CFDA number: \_\_\_\_\_

c. If contract is supported by state funds, indicate source(s) and amounts(s) (e.g., General Fund, Trust and Agency, Other): \_\_\_\_\_

d. Was the contract cost included in the original Budget Request? YES NO If no, explain: \_\_\_\_\_

e. Describe, in detail, how the projected cost of the contract was derived (attach proposed budget when applicable):

f. Basis for Payment: • Hourly: \$ \_\_\_\_\_ per hour • Per Diem: \$ \_\_\_\_\_ per day

• Fee for Service: \$ \_\_\_\_\_ per service • Other - Explain: \_\_\_\_\_

g. Method of Payment: • Straight Disbursement \_\_\_\_\_ • Inter-Account \_\_\_\_\_

h. Frequency of Payment: • Monthly \_\_\_\_\_ • Quarterly \_\_\_\_\_ • Upon Completion \_\_\_\_\_

• Other \_\_\_\_\_ Explain \_\_\_\_\_

i. Social Security Number (if individual) or IRS I.D. Number (if firm or corporate entity) of proposed contractor: \_\_\_\_\_

**NOTE:** If professional employment contract with firm or corporate entity, attach a complete list of names and social security numbers of all officers, as well as all employees performing work directly related to the contractor. If individual, attach name and social security number.

j. If an individual, will the terms of contract require that the contractor be considered an "employee" of this Department for FICA purposes? \_\_\_\_\_

**6. JUSTIFICATION FOR CONTRACTING WITH AN OUTSIDE PROVIDER TO PERFORM THE SERVICE.**

The following questions should be addressed at a minimum:

What in-house method(s) were considered and why were potential in-house method(s) rejected? Is the part of such nature that: it should be done independently of the agency to avoid a conflict of interest; it requires unique or special expertise/qualifications; and/or legal or other special circumstances require use of an outside provider? If services are needed on a continuing basis, describe efforts made to secure services through regular state employment channels? Will agency personnel provide staff support services to the contractor?

**7. Name and address of other provider(s) considered to perform the service:**

**8. Basis for selection of the proposed contractor** (explain process used in making decision, i.e., solicitation of proposals, bids, references, and evaluation criteria applied):

**9. PLANNED SUPERVISION AND MONITORING OF THE CONTRACTOR'S PERFORMANCE:**

a. Name and Title of Responsible Person:  
Office and Location:  
Telephone Number:

b. Describe the monitoring activities, both programmatic and fiscal, which will be performed including the manner in which monitoring needs will be addressed in the contract to facilitate this activity:

**10. SIGNATURES:**

PREPARED BY: \_\_\_\_\_

DATE: \_\_\_\_\_

RECOMMENDED BY: \_\_\_\_\_

DATE: \_\_\_\_\_

Title: \_\_\_\_\_

APPROVED BY: \_\_\_\_\_

DATE: \_\_\_\_\_

Commissioner/Secretary

Form SS-8 (Rev. June 2003) Department of the Treasury Internal Revenue Service

Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding

OMB No. 1545-0004

Form fields for firm and worker information: Name of firm, Worker's name, Firm's address, Worker's address, Trade name, Telephone number, Firm's employer identification number, Worker's social security number, Worker's employer identification number (if any).

If the worker is paid by a firm other than the one listed on this form for these services, enter the name, address, and employer identification number of the payer.

Important Information Needed To Process Your Request

We must have your permission to disclose your name and the information on this form and any attachments to other parties involved with this request. Do we have your permission to disclose this information? Yes No

You must answer ALL items OR mark them "Unknown" or "Does not apply." If you need more space, attach another sheet.

- A This form is being completed by: Firm Worker; for services performed (beginning date) to (ending date)
B Explain your reason(s) for filing this form (e.g., you received a bill from the IRS, you believe you received a Form 1099 or Form W-2 erroneously, you are unable to get worker's compensation benefits, you were audited or are being audited by the IRS).
C Total number of workers who performed or are performing the same or similar services
D How did the worker obtain the job? Application Bid Employment Agency Other (specify)
E Attach copies of all supporting documentation (contracts, invoices, memos, Forms W-2, Forms 1099, IRS closing agreements, IRS rulings, etc.). In addition, please inform us of any current or past litigation concerning the worker's status. If no income reporting forms (Form 1099-MISC or W-2) were furnished to the worker, enter the amount of income earned for the year(s) at issue \$
F Describe the firm's business.
G Describe the work done by the worker and provide the worker's job title.
H Explain why you believe the worker is an employee or an independent contractor.
I Did the worker perform services for the firm before getting this position? Yes No N/A
If "Yes," what were the dates of the prior service?
If "Yes," explain the differences, if any, between the current and prior service.
J If the work is done under a written agreement between the firm and the worker, attach a copy (preferably signed by both parties). Describe the terms and conditions of the work arrangement.

Part I Behavioral Control

- 1 What specific training and/or instruction is the worker given by the firm?
2 How does the worker receive work assignments?
3 Who determines the methods by which the assignments are performed?
4 Who is the worker required to contact if problems or complaints arise and who is responsible for their resolution?
5 What types of reports are required from the worker? Attach examples.
6 Describe the worker's daily routine (i.e., schedule, hours, etc.).
7 At what location(s) does the worker perform services (e.g., firm's premises, own shop or office, home, customer's location, etc.)?
8 Describe any meetings the worker is required to attend and any penalties for not attending (e.g., sales meetings, monthly meetings, staff meetings, etc.).
9 Is the worker required to provide the services personally?
10 If substitutes or helpers are needed, who hires them?
11 If the worker hires the substitutes or helpers, is approval required?
12 Who pays the substitutes or helpers?
13 Is the worker reimbursed if the worker pays the substitutes or helpers?

Part II Financial Control

- 1 List the supplies, equipment, materials, and property provided by each party:
The firm
The worker
Other party
2 Does the worker lease equipment?
If "Yes," what are the terms of the lease? (Attach a copy or explanatory statement.)
3 What expenses are incurred by the worker in the performance of services for the firm?
4 Specify which, if any, expenses are reimbursed by:
The firm
Other party
5 Type of pay the worker receives:
Salary Commission Hourly Wage Piece Work
Lump Sum Other (specify)
If type of pay is commission, and the firm guarantees a minimum amount of pay, specify amount \$
6 Is the worker allowed a drawing account for advances?
If "Yes," how often?
Specify any restrictions.
7 Whom does the customer pay?
If worker, does the worker pay the total amount to the firm?
8 Does the firm carry worker's compensation insurance on the worker?
9 What economic loss or financial risk, if any, can the worker incur beyond the normal loss of salary (e.g., loss or damage of equipment, material, etc.)?

Part III Relationship of the Worker and Firm

- 1 List the benefits available to the worker (e.g., paid vacations, sick pay, pensions, bonuses).
2 Can the relationship be terminated by either party without incurring liability or penalty?
3 Does the worker perform similar services for others?
4 Describe any agreements prohibiting competition between the worker and the firm while the worker is performing services or during any later period.
5 Is the worker a member of a union?
6 What type of advertising, if any, does the worker do (e.g., a business listing in a directory, business cards, etc.)?
7 If the worker assembles or processes a product at home, who provides the materials and instructions or pattern?
8 What does the worker do with the finished product (e.g., return it to the firm, provide it to another party, or sell it)?
9 How does the firm represent the worker to its customers (e.g., employee, partner, representative, or contractor)?
10 If the worker no longer performs services for the firm, how did the relationship end?

Part IV For Service Providers or Salespersons—Complete this part if the worker provided a service directly to customers or is a salesperson.

- 1 What are the worker's responsibilities in soliciting new customers?
2 Who provides the worker with leads to prospective customers?
3 Describe any reporting requirements pertaining to the leads.
4 What terms and conditions of sale, if any, are required by the firm?
5 Are orders submitted to and subject to approval by the firm?
6 Who determines the worker's territory?
7 Did the worker pay for the privilege of serving customers on the route or in the territory?
8 Where does the worker sell the product (e.g., in a home, retail establishment, etc.)?
9 List the product and/or services distributed by the worker (e.g., meat, vegetables, fruit, bakery products, beverages, or laundry or dry cleaning services).
10 Does the worker sell life insurance full time?
11 Does the worker sell other types of insurance for the firm?
12 If the worker solicits orders from wholesalers, retailers, contractors, or operators of hotels, restaurants, or other similar establishments, enter the percentage of the worker's time spent in the solicitation.
13 Is the merchandise purchased by the customers for resale or use in their business operations?

Part V Signature (see page 4)

Under penalties of perjury, I declare that I have examined this request, including accompanying documents, and to the best of my knowledge and belief, the facts presented are true, correct, and complete.

Signature (Type or print name below) Title Date



ERNIE FLETCHER  
GOVERNOR

**OFFICE OF THE SECRETARY**  
FINANCE AND ADMINISTRATION CABINET  
383 CAPITOL ANNEX  
FRANKFORT, KENTUCKY 40601  
(502) 564-4240  
(502) 564-6785 FAX

ROBBIE RUDOLPH  
SECRETARY

August 29, 2005

Ms. Crit Luallen  
Auditor of Public Accounts  
105 Sea Hero Road, Suite 2  
Frankfort, Kentucky 40601

Subject: Finance and Administration Cabinet Response  
RE: APA Draft: State Contracts: Kentucky's Administration and Management of Contracting For Service Workers

Dear Ms. Luallen:

We appreciate the opportunity to respond to the APA Draft Report: State Contracts: Kentucky's Administration and Management of Contracting For Service Workers. The Finance and Administration Cabinet (FAC) is committed to ensuring that our procurement process and reporting is operating in an accountable, effective and efficient manner.

Your review includes findings and recommendations. We are providing our response to each of your recommendations.

**Recommendation 1.1 The Commonwealth should mandate that agencies report the number of service contract workers to the FAC and modify MARS to record the number of hours purchased through service contracts.**

Cabinet response: Consideration will be given, where feasible, to record hours purchased through service contracts in MARS, and/or require agencies to report this information to FAC.

**Recommendation 1.2 The FAC should ensure agencies use appropriate contract designations when establishing service contracts so that accumulated data is not corrupted.**

An Equal Opportunity Employer M/F/D

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Page 2

Cabinet response: Training and implementation of the "PON" tab within the appropriate documents have improved the reliability of the data. FAC will continue to monitor compliance. FAC will work with agencies to ensure that MARS sub-type codes are used correctly.

**Recommendation 1.3** The FAC should take steps to ensure that appropriate contract designations are used when establishing contracts for non-professional services.

**MARS should be designed to allow for the designation of contracts for non-professional services even when services are bundled with commodity contracts.**

Cabinet response: FAC has, since Mars implementation, made efforts to ensure appropriate designations through training and through review throughout the approval process. Major accomplishments have been made since 2001 and FAC will continue such efforts.

MARS currently has the capability to capture and report on non-professional services and commodities on combined contracts. As stated above, FAC will continue education and training efforts.

**Recommendation 1.4** The FAC should produce regular reports of service contract data that provide:

- Total number of service contracts by agency
- Total agency expenditures on service contracts
- Type of service purchased through each contract
- Amount of service purchased through each contract

Cabinet response: Current MARS users have the capability to produce reports for this data upon demand. Many agencies currently utilize regularly scheduled reports.

**Recommendation 1.5** The Commonwealth should develop a system and criteria to ensure agencies properly classify service contract workers to minimize liability.



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Cabinet response: The following excerpt is from the MARS Training Manual:

*The Kentucky Division of Social Security (DOSS) is authorized under KRS 61.410-61.500 to administer the federal social security program in the Commonwealth for the benefit of state agencies and political subdivisions within Kentucky. The DOSS is responsible for ensuring that the social security withholding and reporting obligations of the Commonwealth are met.*

*All personal service contracts with individuals (not companies or corporations) must be routed through the DOSS. This ensures that DOSS has an opportunity to review the employment relationship and the FICA withholding status of these contracts with individuals.*

*State agencies, boards and commissions must be consistent in the treatment of withholding and reporting of FICA from remuneration paid via personal services contracts. The Internal Revenue Service requires federal employment tax withholding and reporting on any worker considered an "employee," no matter if remuneration is provided via a contract, master agreement, petty cash or a standard payroll system.*

*Whether an individual is an "employee" is based on the degree of control that the agency may have the right to exercise over the contract holder. This is not an optional program. Individuals performing service in an employment relationship with an agency do not have a choice of being treated not as an employee and, therefore not paying FICA taxes.*

*In order to assist agencies in ensuring the proper FICA taxes are being paid on applicable personal services contracts, all personal services contracts with individuals are routed through the on-line Procurement Desktop system to DOSS for that division's review. Specifically, all personal service contracts with an individual must be routed in PD to James Driver (FINSS7) who will, in turn, route them to Darla Hoagland in the Finance and Administration Cabinet.*

**Recommendation 2.1** The MARS PON form should be adapted to better conform with statutory and regulatory requirements to ensure that a thorough cost-benefit analysis is done in each instance in which service contract workers are hired.

Cabinet response: The current "PON" form has required statutory and regulatory information, and fully meets the need of the Government Contract Review Committee, which owns the information.

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**Recommendation 2.2** The FAC should ensure MARS Personal Service Contract training encourages agency responses that fully justify the decision to contract for services.

Cabinet response: A new training curriculum will be developed for EMARS implementation that is scheduled to start January 2006.

**Recommendation 3.1** The FAC should implement the following best practices identified in other states to ensure the most beneficial and cost-effective use of state employees and service contract workers:

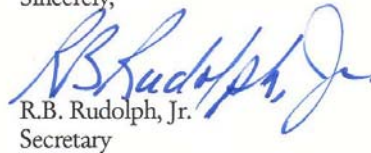
- Develop a method to report Full Time Equivalents, similar to the approach used by the Texas State Auditor, that identifies the number of service contract workers.
- Require agencies to base contracting decisions on a cost-benefit analysis, similar to Texas and Virginia, that considers:
  - The total cost of providing the service with state personnel, including: salaries and benefits; materials and supplies; fixed asset purchases; and overhead costs.
  - The total cost of providing the service through a contract, including: contract price; contract administration and support costs; and other related costs.
  - Savings, if any, which would be generated by contracting as compared with providing the service with state personnel.
- Adopt a standard process for agencies to follow, similar to Massachusetts' use of SS-8 form criteria, to ensure agencies properly classify service contract workers.

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Cabinet response: FAC is continually looking at "Best Practices" identified by our peers and professional organizations for inclusion in our procurement process.

We look forward to meeting with your staff to discuss your findings and recommendations along with our response.

Sincerely,



R.B. Rudolph, Jr.  
Secretary

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**Contributors To This Report**

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**Obtaining Audit Reports**

Copies of this report or other previously issued reports can be obtained for a nominal fee by faxing the Auditors office at 502-573-0067. Alternatively, you may order by mail:

Report Request  
Auditor of Public Accounts  
105 Sea Hero Rd. Ste. 2  
Frankfort, Kentucky 40601

visit : 8 AM to 4:30 PM weekdays

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browse our web site: <http://www.auditor.ky.gov>

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**Services Offered By Our Office**

The staff of the APA office performs a host of services for governmental entities across the state. Our primary concern is the protection of taxpayer funds and furtherance of good government by elected officials and their staffs. Our services include:

**Financial Audits:** The Division of Financial Audit conducts financial statement and other financial-related engagements for both state and local government entities. Annually the division releases its opinion on the Commonwealth of Kentucky’s financial statements and use of federal funds.

**Investigations:** Our fraud hotline, 1-800-KY-ALERT (592-5378), and referrals from various agencies and citizens produce numerous cases of suspected fraud and misuse of public funds. Staff conduct investigations in order to determine whether referral of a case to prosecutorial offices is warranted.

**Performance Audits:** The Division of Performance Audit conducts performance audits, performance measurement reviews, benchmarking studies, and risk assessments of government entities and programs at the state and local level in order to identify opportunities for increased efficiency and effectiveness.

**Training and Consultation:** We annually conduct training sessions and offer consultation for government officials across the state. These events are designed to assist officials in the accounting and compliance aspects of their positions.

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**General Questions**

General questions should be directed to Jeff Derouen, at (502) 573-0050 or the address above.