

# Strategic Plan Progress Report

Public Protection Cabinet

January 2023

## Office of Legal Services

### **Goal 1: To improve the quality of regulations across PPC departments.**

**Current Status:** The first four items of the action plan have been completed. However, due to key staff changes and increased demands on Cabinet staff, caused in part by the natural disasters that impacted the Commonwealth in 2021 and 2022, the ultimate completion of this Goal has been delayed, and thus PPC-OLS has chosen to slightly amend the previously articulated plan. We have worked with each Department and Division of the Cabinet to complete amendments in mission critical areas. We continue to holistically review all regulations and are actively amending regulations in several areas. However, we do not anticipate the large “all at once” filing this goal originally contemplated, and instead are finalizing reviews and filing any needed amendments on an ad hoc basis.

### **Goal 2: To improve cooperation and efficiencies among PPC-OLS departments.**

**Current Status:** This goal has been completed. We have implemented consistent processes, when appropriate, across our various departments and divisions. As legal issues arise in individual departments that could have cross-departmental impacts, we conduct inter-departmental or all-OLS meeting to discuss those issues and how best to address them. We have asked departments to adopt certain best practices related to common areas – i.e., prosecution of 13B hearings, standardizing our responses to Open Records requests, etc. A common electronic drive is available to PPC-OLS attorneys to be able to find similar pleadings, review past cases, and otherwise provide institutional resources. Attorneys are encouraged to reach out to attorneys in other departments who have experience in certain subject matters. There is a monthly meeting of Department/Division General Counsels or Senior Attorneys to share problems and seek input from the other GCs and Senior Attorneys. Finally, each Department compiles a weekly report of all currently pending legal matters for the General Counsel’s review so that the General Counsel may see where commonalities exist or identify emerging trends that may impact multiple departments.

## Kentucky Boxing and Wrestling Commission

### **Goal 1: Support the Governor’s priority of wages.**

**Current Status:** Total number of combat sport events in Kentucky increased by 26% from 241 events in 2021 to 306 events in 2022. Buzz has been created and multiple new promotions are coming to Kentucky in 2023 as well as the Association of Ringside Physicians hosting their annual conference in Kentucky in 2023, and the Association of Boxing Commissions is hosting a referee/judges training in Kentucky in 2023. Also another inspector was hired, increasing the number of events that can be held on the same weekend from 2 to 3.

**Goal 2: Support the Governor’s priority of education.**

**Current Status:** Goal not yet accomplished, still active. Obstacles: Day to day operations and events have taken priority.

**Goal 3: Support the Governor’s priority of example.**

**Current Status:** Goal not yet accomplished, still active. We currently do not have a full Medical Advisory Panel, which is needed to make suggestions and reviews.

## **Office of Claims and Appeals**

**Goal 1: To increase public education and awareness regarding the availability of victim compensation programs through the Crime Victims Compensation Board.**

**Current Status:** OCA is making significant progress on this goal. In 2022, CVCB staff performed eight trainings that reached 85 individuals representing 43 wide ranging organizations, government agencies, and prosecutors offices that routinely work with victims. OCA staff also provided two in-person trainings to the Harlan Chamber of Commerce and Fort Knox. Likewise, CVCB has hosted information booths at the Office of the Attorney General’s Crime Victims Fair, the Kentucky Association of Sexual Assault Program’s annual conference, and the Capital Pride Festival in Frankfort.

We have distributed materials regarding our programs and trainings to many organizations who interact directly with victims of crime.

All of this has resulted in an increase in compensation claims thus far. From calendar year 2020 through calendar year 2022, CVCB claims have increased by approximately 36.12% (227 to 309). The target outcome for this goal was a 25% increase in compensation claims to Crime Victims Compensation Board by the end of 2023. CVCB already has exceeded that goal for calendar year 2022.

**Goal 2: To increase claims processing efficiency.**

OCA is making significant progress on this goal.

**Current Status:** The Crime Victims Compensation Board discussed and implemented new processes to increase claim processing efficiency, including requiring Board members to make recommendations on claims when they first review them, which decreases processing times for those claims by one to two months. Likewise, in claims where claimants do not respond to investigators, the Board is more willing to dismiss those claims with leave to refile if the claimant reestablishes contact with OCA or the investigator.

Obstacles CVCB faced include the loss of a long-time investigator. OCA quickly hired a replacement investigator, who has done very well, but this caused a moderate delay in processing claims. Likewise, the CVCB had many claims that prior iterations of the Board held in abeyance for many years. In an effort to clear the backlog of abeyance claims and improve claim processing efficiency, investigators

have taken on the task of moving and closing those claims, in addition to their current claims, which resulted in slower processing times in certain instances.

The Board of Claims devised and implemented significant process changes that have materially decreased the time it takes to process claims. Because Board of Claims cases are between a claimant and state agency, the Board has limited ability to control the total processing time. However, there previously was a several month gap between when the Board would receive a claim and when a staff member would set it up in the database and serve it on the responding agency. This was due to Board staff calling any claimant whose claim was deficient to attempt to obtain the missing information/documentation. OCA changed that process, and now Board staff sends a deficiency letter to the claimant noting the deficiency and providing them a set amount of time to cure it. This process change significantly improved claim processing efficiency, and this process is now completed within a week, at most. This constitutes a roughly 76%+ reduction in claim processing time for the portion of the claim process OCA controls.

An obstacle the Board of Claims has faced is the continued delays in rolling out its new database. This has prevented the Board from accurately tracking claim processing times and using the new database to even further improve its claim processing efficiency.

The Board of Tax appeals has made significant progress in improving its claim processing efficiency. At this time last year, the Board had well over 200 open appeals. Currently, it has 121 open appeals, only three of which predate 2021. In discussions with the Board, Board staff, and hearing officers, OCA implemented several policy changes that resulted in an increased rate of appeal closure and a reduced number of open appeals. First, the Board set parameters for when the full Board will hear a case versus when a hearing officer will hear a case, which balanced the Board and hearing officers' caseloads. Second, the Board requested that its staff attorney draft final orders in cases heard by the full board in order to improve the efficiency with which those orders are prepared and issued. Lastly, the Board has been thorough and consistent in its decisions, which has provided taxpayers and taxing authorities (primarily PVAs and the Department of Revenue) with Board precedent to use in negotiating settlements. Settlements of appeals, and thus closure of appeals, have significantly increased over the past six to eight months.

## **Department of Professional Licensing**

### **Goal 1: Achieving employee job satisfaction.**

The DPL Leadership Team continuously examines ways to create and maintain a positive work environment for its staff. This includes the use of the hybrid work model and allowing employees to work from home twice a week per state policy. In addition, DPL allows staff to independently select their telecommuting days while still assuring that there is DPL staff available in the building every workday. This has worked well for DPL staff who have been both diligent and responsive while working from home. The DPL Supervisors check in on telecommuting employees and receive a task list of completed work items to ensure performance as well as conducting spot checks on board email inboxes, etc. The DPL Leadership Team does ask that new hires work solely in the office for the first month or more while they are training and adapting to their new position.

The Commissioner's office has been unable to find any documentation showing that a DPL training team had previously been created. As almost all of the DPL Leadership Team are new hires/promotions within the last year, they were not previously included in such a team. DPL's Leadership Team will be placing this item on its 2023 agenda. Furthermore, DPL Leadership has been supportive and responsive to staff training needs and the Leadership Team takes initiative itself in pursuing training opportunities to help further their professional growth.

DPL has drafted, vetted, and presented an administrative section reorganization plan to the Secretary's office. If approved, this plan will address some of the biggest gaps/complaints from employees. Although this plan has not yet been approved, the DPL Leadership stands firm that this restructuring will be key to upgrading and raising the level of service that DPL can provide to its boards, licensees, and the public. DPL plans to pursue this approval again in the budget planning year. In the meantime, the DPL Leadership Team will take what it is given

**GOAL 2: Support the operations of occupational licensing boards served by the Department of Professional Licensing, through one or more of the objectives listed below.**

**Current Status:** DPL continues to offer a hybrid meeting model for all boards. This has reduced the time board members spend traveling to and from Frankfort for board meetings and the money paid out for travel/per diem. This also makes board meetings more accessible for all members of the public to attend. DPL is currently researching a method whereby our BA's, who are also notaries, can conduct notarization online in compliance with Kentucky law to provide even more flexibility with travel for board members.

DPL is continuously working with IT to move relevant and pertinent functions for its many boards to eServices for the convenience of the public, licensees, and board members. DPL has created a priority task list that is periodically updated to share with IT so that the most pertinent tasks are clearly communicated between DPL & IT. There are a handful of DPL boards who offer online initial applications. Those which do have this option tend to have a quicker turnaround on applications and issued correspondence. While it will take a significant amount of time to complete, DPL is focused on fully digitizing all applications for all boards. The Commissioner's office, in partnership with its OLS team, continuously works with our boards to review and update administrative regulations as necessary and in a timely manner. The Commissioner's office also tracks all the expiration dates for the 25 boards' and registries' regulations to ensure that updated regulations are filed in a timely manner. Some of the DPL boards who have updated or promulgated new regulations in the past two years are:

- Applied Behavior Analysis Licensing Board
- Board of Alcohol & Drug Counselors
- Board of Licensed Diabetes Educators
- Board of Durable Medical Equipment Suppliers
- Board of Licensure and Certification for Dietitians & Nutritionists
- Board for Specialists in Hearing Instruments
- Board of Chiropractic Examiners
- Board of Licensure for Professional Art Therapists

- Board of Licensed Professional Counselors
- Board of Massage Therapy
- Board of Licensure for Occupational Therapy
- Board of Examiners of Psychology

## **Kentucky Real Estate Authority**

While it is clear the greatest asset of this agency has been and continues to be its employees, there have been significant changes in KREA’s leadership and staff since the beginning of FY23, which impacts the strategic plan. Specifically, the Executive Director, Deputy Director, and General Counsel were not in their present roles or involved in the creation of the plan. Therefore, current leadership would like to pursue significant revisions to the strategic plan. Prior to making those changes, KREA is reporting progress of the agency’s successes as related to the existing goals.

All KREA boards (the Kentucky Board of Auctioneers (KBOA), the Kentucky Board of Home Inspectors (KBHI), the Kentucky Real Estate Appraisers Board (KREAB), and the Kentucky Real Estate Commission (KREC)) are successfully meeting with a hybrid format offering in-person and virtual Zoom meeting options for board members, the public, and KREA staff.

### **Goal 1: Support the Governor’s priorities of Education & Wages.**

**Current Status:** KREA continues to work toward meeting this goal with the real estate boards by seeking sustainable diversity initiatives within the membership of licensees, expanding knowledge of national issues related to KREA real property boards, creating greater awareness of the role of KREA and its boards, and working towards more education and licensing exam opportunities.

- KREC formed a Diversity, Equity, and Inclusion Committee that is exploring creating a scholarship program with its Education, Research, and Recovery Fund Monies. KREC has drafted a general overview, and KREA is reviewing.
- KREA staff representatives and board members have attended national and state conferences/events to enhance understanding and knowledge of their industries and to show involvement of KREA and its board members with these organizations.
- KREA contracted with Kentucky Community and Technical College System (KCTCS) to administer the auctioneer's licensing exam, effective January 2022. This contract, which was renewed in July 2022, increased testing opportunities for candidates statewide.

### **Goal 2: Support the Governor’s priority of Example.**

**Current Status:** KREA continues to meet this goal with ongoing review and refinement of administrative regulations to clarify language for licensees and the public.

- With collaboration of the KREA and the Kentucky Real Estate Commission (KREC) and with significant public involvement, a revision to 201 KAR 11:121 to clarify standards of professional

conduct and to improve required agency forms incorporated by reference, passed the Administration Regulation Review Subcommittee on January 10, 2023.

- Administrative regulations review with the KBOA, KBHI, KREAB, and KREC is ongoing.

**Goal 3: Support Red Tape reduction by cutting, amending, and updating overly burdensome and bureaucratic regulations.**

**Current Status:** KREA continues to meet this goal with ongoing review of administrative regulations for the KBOA, KBHI, KREAB, and KREC.

**Goal 4: Move all PPC Cabinet licensing to online platforms, eliminating need for manual data input, paper processing, and postage.**

**Current Status:** KREA continues to meet this goal by working with the Office of Information Technology (IT) to implement more online services, communications with licensees, and electronic record keeping via the Department of Professional Licensing's licensing database.

- In August of 2022, IT and KREA successfully transitioned KREAB from a separate database into the Department of Professional Licensing's licensing database, and hard copy files are currently being scanned by a temporary employee, which will eventually be uploaded into the database. KREAB application processes for appraiser renewals and appraisal management companies have also been shifted to online.
- KREA will continue to work with IT to implement additional online processes for all boards.

**Goal 5: Find new and innovative ways to deliver critical services while simultaneously protecting Kentuckians, promoting efficiencies, and increasing cost savings across the Cabinet.**

**Current Status:**

- Hybrid board meetings create travel cost savings for KREA while making meetings more accessible for board members and the public with the virtual option.
- KREAB's online renewal process for appraisers and appraisal management companies promotes efficiency for both KREA staff and licensees.

## **Department of Charitable Gaming**

**Goal 1: Develop new training methods for charitable gaming licensees by creating individual YouTube videos**

**Current Status:** In order to more effectively educate our licensees, we have changed our training activities by reinstating on-site and field training conducted by DCG employees to better support our licensees. We will be utilizing our power point presentation by creating links and loading to DCGs website to help educate our licensees. We are currently revising DCGs training manual to be more effective by adding hyperlinks and removing unnecessary language. To date, we have determined these new delivery mechanisms to be most helpful to our DCG customers.

**Goal 2: Evolve Charitable Gaming in ways to better thrive as a fundraising mechanism and ensure increasing profit for the charities.**

**Current Status:** The Department of Charitable Gaming amended its pull tab regulation to modernize charitable gaming. The regulation has been amended to remove restrictions on sounds on animations and a prohibition on the devices being built into a cabinet, which will allow manufacturers to design more entertaining games and help charitable organizations generate more revenue. The amendments also allow the devices to include currency collection devices, which could help prevent fraud and theft.

## **Department of Alcohol Beverage Control**

**Goal 1: To make the Commonwealth of Kentucky a safer place through education by offering Server Training in Alcohol Regulations (STAR) and provide support for the malt beverage education fund which provides moneys for educational information and materials that deter or eliminate underage drinking (KRS 211.285).**

**Current Status:** Server training (STAR) was brought-in house in October of 2022 and ABC is directing all efforts regarding training and certification maintenance. The agency has been in contact with the Malt Beverage Education Fund and is working to become more involved in this group's meetings. The only real challenge is ensuring agency inclusion and meeting attendance. This requires proactive efforts by the agency to stay informed and included in the fund board's activities.

**Goal 2: To provide ongoing training to middle school, high school, and college age students regarding the dangers of underage drinking.**

**Current Status:** ABC Enforcement Investigators have conducted several presentations to elementary and high school aged audiences discussing drug and alcohol awareness and prevention in 2022. These presentations included the use of "drunk goggles and tricycles" to demonstrate how alcohol affects and impairs a body, as well as discussing the dangers of underage drinking. Additionally, ABC's training coordinator is currently in the process of creating a universal lesson plan on the dangers of underage



drinking to be distributed to all Investigators throughout the state to assist them when scheduling and conducting additional presentations.

**Goal 3: To conduct direct-to-consumer compliance checks.**

**Current Status:** ABC Enforcement has been working diligently since the passage of the Direct-to-Consumer (DTC) statutes to put in place a process to monitor the compliance of these licensees. ABC has very recently hired a DTC Program coordinator to assist with the identification of licensees who are not in compliance with the law, as well as those shipping into the Commonwealth without a license. ABC has met with representatives from the Kentucky Department of Revenue and the Public Protection Cabinet Information Technology Unit to develop a spreadsheet to be completed by licensees to consistently and uniformly submit their required quarterly reporting on DTC sales to individuals in the Commonwealth. ABC has also gone to great lengths to enable Investigators the ability to investigate the compliance of DTC licensee by obtaining undercover IDs and credit cards for each Investigator, necessary in the compliance testing process.

**Goal 4: To become a statewide leader in identifying and responding to human trafficking.**

**Current Status:** ABC Enforcement has sent a large percentage of its Investigators to training on the topic of Human Trafficking and continues to send representatives to law enforcement meetings regarding the coordination of efforts in investigating these cases. ABC Enforcement has conducted compliance inspections on many exotic dance club licensees in an effort to identify possible sex and/or labor trafficking at these establishments. Additionally, ABC Enforcement has partnered with other local, state and federal law enforcement agencies on upcoming planned operations within the Commonwealth targeting human trafficking activities.

## **Kentucky Horse Racing Commission**

**Goal 1: Support Governor Beshear’s priority of wages by investing in workforce training, education, and workplace satisfaction.**

**Current Status: (Met/Exceeded)** The KHRC followed the action plan under this goal and each team was provided opportunities to take part in training initiatives. This included continuing education for veterinarian staff, training for pari-mutuel division, continuing legal education for legal staff and various other industry affiliated opportunities. The KHRC has implemented the plan and has met the criteria for retention for all merit staff. Going forward, the KHRC has submitted requests for training opportunities out of state to retain new talent in the pari-mutuel division and will continue to advise each member in monthly updates to take part in the KHRIS Learn modules as well.

**Goal 2: Support Governor Beshear’s priority to be an international agriculture leader by investing in agriculture technology. Move all licensing to online platforms, eliminating the need for manual data input, paper processing, and postage.**

**Current Status:** The KHRC collaborated with PPC-OIT in developing a plan to build this portal. However, due to the statutory requirement that mandates the KHRC participate in a National Racing Compact, the KHRC has been presented with challenges. A silver lining to this is that PPC-OIT's swift action has alerted ARCI, the steward of the Compact's objectives, to assess their offerings. To reduce the time in manual inputs, PPC-OIT provided fillable PDF forms that have resulted in legible paper submissions, which has significantly reduced the licenses processed. For example, in 2022, the licensing division processed over 30,000 applications whereas in 2021, the number was approximately 20,000. Additionally, the PPC-OIT and other KHRC divisions provided an opportunity to pivot to other needs that allowed us to support Governor Beshear's priority to be a leader in agriculture technology. Russ Hamblen and Satish Akula developed a platform for the Stewards and racetrack officials to monitor certain racing activities.

**Goal 3: Support Governor Beshear's priority of example by remaining transparent and finding innovative ways to share critical data related to the equine breeding, racing and pari-mutuel wagering in the Commonwealth.**

**Current Status:** With the assistance of PPC-Communications, specifically Kristin Voskuhl and Ricki Gardenhire, the KHRC was able to be more transparent than previously. Updates were immediately uploaded to the KHRC website and PPC-Communications has launched social media platforms to better engage and inform the public. Flyers regarding the integrity hotline have been posted at various tracks, which have resulted in increased call-ins to the hotline. There was an issue with the previous reporting system that required manual input in order to create reports. The Division of Pari-Mutuel Wagering developed a Tableau dashboard and was able to embed the dashboard within the KHRC's webpage. This reporting platform is the first of its kind that has been offered by a racing regulator. Additionally, it was a budget neutral item because Satish Akula identified a way to host the dashboards on a public server rather than a private server that would have exceeded the budget. KHRC also amended its regulations to provide more transparency surrounding the administrative review of appeals, etc. This was reported on multiple media outlets and communicated effectively by PPC-Communications.

**Goal 4: Support Governor Beshear's priority of education through active public outreach and education to KHRC licensees and incentive fund participants.**

**Current Status:** KHRC has implemented several outreach programs. For example, the KHRC hosted several interns through PPC's diversity goals. These interns obtained jobs with the regulatory industry. The KHRC's executive team serves on several industry boards and committees that enables its' efforts to reach all regulated entities. Further, the racing officials meet with racing participants prior to each meet to ensure that all participants are aware of any changes. The most recent examples are the crop rule amendments and HISA implementation. Going forward, the team will continue to provide outreach. The KHRC also invites students participating in Darley's Flying Start leadership development program and provides a detailed overview of the KHRC's regulatory processes. PPC-Communications provides necessary support in publishing rules and notices to various websites as well as fielding any requests for comments. This allows for a consistent and professional response from a singular source rather than task subject matter experts to weigh in on each request intermittently.

## **Department of Insurance**

**Goal 1: Continue to provide excellent service to the citizens of the Commonwealth, our insurance industry licensees, the Kentucky Legislative Branch, and our sister states.** The Department of Insurance has met and continues to meet this goal. The Department completes all its work by timely addressing form filings and having prompt responses to our licensees by meeting statutory deadlines for insurance company licensing and performing the analysis and examinations of those companies. The Department monitors the complaints received and ensures timeframes are adhered to with respect to investigations and monitors whether staff is adequate to handle the workload. The Department updates the Website as necessary with pertinent consumer education material.

**Goal 2: Prepare for future effective regulation of the insurance industry by mandating continuing education for all staff and analyzing ever-evolving trends that will require outside expertise.** The Department of Insurance has met and continues to meet this goal. DOI has mandated on the yearly performance plan that each employee must complete continuing education during the year and this is monitored by the supervisors. National Association of Insurance Commissioners (NAIC) training is available for use as is training offered through our Personnel Cabinet's resources. Quarterly educational sessions are held by our chief financial examiner and chief financial analyst and are well attended by others in the Department.

**Goal 3: Maintain a commitment to transparent, accountable, and effective government.** The Department of Insurance has met and continues to meet this goal by providing information to the public via its website. DOI regularly monitors and maintains the website to ensure relevance and timeliness of materials and to provide information regarding proposed and in process administrative regulation promulgation. The Department continues to enforce current laws fairly and consistently while proposing new statutes that will aid in consumer protections.

**Goal 4: Employ a diverse, educated workforce that can best deliver services and represent the population of the Commonwealth.** The Department of Insurance has met and continues to meet this goal by employing underserved student interns. The Department has partnered with Kentucky State University and has had interns that we have paid for their internship as well as the student being able to earn course credit for the internship. The Department has been able to adopt some of the recommendations offered as best practices from a survey conducted by the NAIC but not all as the various states/jurisdictions are not all staffed in the same manner.

## **Department of Financial Institutions**

**Goal 1: To support the Governor's priority of wages.**

**Current Status:** The Department has experienced an unprecedented amount of turnover in its staff throughout the last year. The attrition has subsided a little in the last months of 2022 into 2023 thanks in part to the salary adjustments that were approved by Personnel and Cabinet.

The Department currently has 23 openings. With the high level of turnover, the Department was forced to rely on individual employees that have been cross-trained in different areas. The Department currently has 27 employees who are Senior Certified Examiners, which requires the employee to spend 25% of their time outside their area of expertise. The Department will continue to train existing

employees to reach the Senior Certified designation to ensure continuity in case there is an uptick in turnover again.

The Department has made a big push to send employees to different trainings and conferences to encourage professional development. With most of the trainings being offered remotely due to the pandemic, the Department has been able to send more employees to trainings and conferences. Many employees have also taken the time to become more involved in industry organizations.

The pandemic has forced the Department to rethink and to speed up technological enhancements to be more efficient. All areas of the Department have implemented electronic payments. The Securities and Non-depository Divisions have also transitioned all licensees and registrants to an electronic database to ensure efficient licensing and registration.

**Goal 2: To support the Governor's priority of education.**

**Current Status:** With the departure of the Department's PIO in early 2022, the Department has not been able to host any outreach programs. The Department intends to hire a PIO early in 2023 to help kick-start its outreach programs.

**Goal 3: To support the Governor's priority of retirement.**

**Current Status:** The Department has endeavored to put out exam priorities communication to industries. The first issue of exam priorities will come out Q1 2023. The communications will put industries on notice of what examiners will focus on in the year ahead. One priority that will be predominantly featured in all communications will be a focus on retirement assets and seniors.

**Goal 4: To support the Governor's priority of example.**

**Current Status:** Senior management and all department staff are encouraged to be a part of regulatory association boards and/or working groups. Currently, all senior staff participate in regulatory boards, committees and/or working groups.

## **Housing, Buildings, and Construction**

**Goal 1: Achieve and maintain stable staffing levels to meet existing and future workload.**

**Current Status:** Making good progress.

**Goal 2: Promote efficiency and productivity through new and innovative ways to deliver critical services while increasing cost savings.**

**Current Status:** Making progress and have met all deadlines thus far.