

I. Identification

Cabinet Number (2 digits) & Cabinet Name

[Enter the 2-digit cabinet number and the cabinet name. If the plan is for a unit or sub-unit of a cabinet, enter the cabinet name, unit, and sub-unit (if any) separated by hyphens. For example: "Transportation Cabinet – Department of Highways – Division of Construction.]

55 – Personnel Cabinet

Department Number (3 digits) & Department Name

[If the plan is for a department within a cabinet, enter the 3-digit department identification number]

790, 793, 794 - Office of the Secretary, Department of Personnel Administration, Department of Employee Insurance

Office/Unit Number (Optional) & Office/Unit Name

[If the plan is for a unit within a department, enter the name of the unit here. The unit number may not be necessary. Entering it is at the discretion of the people writing the plan.]

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Agency Strategic Plan Origination Date

[Enter the original date on which the strategic plan was submitted (or, in not submitted, the date on which it was first accepted and deployed). Do not change this date when you revise or update the plan. It should be changed only when a new plan is created/deployed.]

8/08

Agency Strategic Plan Update/Revision Date

[Enter the date on which you complete any update or revision of the plan during the plan's life. This should be later than the plan origination date.]

10/17

Agency Strategic Plan Revision Number

[Enter the revision number of the current plan. The original plan will have no revision number. When you revise or update the plan the first time, the revision number will be "1" and so on.]

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II. Overarching Guidance

Agency Organizational Core Values

[Enter your agency's statement of core values here. No particular format is prescribed for this section. You can use the specified worksheet to help organize and document your work.]

Integrity

We believe in adherence to the highest standards of conduct and the conviction to do what is legally and morally right.

Quality

We are committed to providing quality customer service. We will continually review our business processes based on customer needs and establish measures by which we will monitor our effectiveness.

Diversity

We believe that embracing people from diverse backgrounds adds to the richness and creativity of our workforce. We will ensure all people have equal access to the Commonwealth's employment opportunities and other human resource services.

Innovation

We are committed to finding new and creative ways to serve our customers. We will apply progressive thinking to our systems, processes and services.

Agency Vision Statement

[Enter your agency's vision statement here. No particular format is prescribed for this section. You can use the specified worksheet to help organize and document your work.]

To be regarded by our employees and stakeholders as a trusted and valuable resource for innovative, accessible and responsive human resource services.

Agency Mission Statement

[Enter you agency's mission statement here. No particular format is prescribed for this section. You can use the specified worksheet to help organize and document your work.]

The Personnel Cabinet provides leadership and guidance to attract, develop, motivate and retain a talented, diverse workforce; foster an understanding of and adherence to regulatory requirements; and create a positive, supportive work environment that values all employees.

III. Situation Analysis

Situation Analysis

[Enter a brief summary of your situation analysis. No particular format is prescribed for this section. To organize and document your work can use the four situation analysis worksheets: (1) internal scan (organizational description); (2) external scan (PEST analysis); (3) SWOT analysis (organizational strengths, weaknesses, opportunities, & threats); and critical success factors.]

A. Organizational Description (Internal Environment)

The Personnel Cabinet has a culture of recognition, diversity, community, and wellness. Employees are recognized for their contributions through various award ceremonies. We celebrate significant accomplishments such as educational achievements, family success and community involvement which build bonds internally.

B. Strengths, Weaknesses, Opportunities & Threats Analysis

1. Strengths

We are the State's largest employer. We have a diverse employee base with rich institutional knowledge. There are several subject matter experts who give ideas to improve existing programs and initiatives and suggest new projects to benefit our customers.

2. Weaknesses

Baby boomers make up a large percentage of our employee population. The potential for mass retirements would result in staff shortages which could compromise the mission of providing essential services and would result in the loss of institutional knowledge following retirement.

The Salary Schedule for State employees has not been updated since 2007. When combined with the lack of meaningful raises, there are positions in state government that have lost key talent to private industry. This salary deficit could make recruitment and retention difficult in certain job classifications, including attorneys, information technology professionals, and others.

3. Opportunities

Fiscal crises provide opportunities for expenditure reductions and revenue growth while correcting the structural imbalances evident in the funding of State Government. The goals and challenges listed above present opportunities for positive change as well as difficulties.

Creating a more innovative workplace through promotion of health and wellness, effective leadership, opportunities of learning and advancement, promotion of workplace flexibility, a culture of inclusion and that acknowledges and celebrates diversity and competitive compensation and benefits.

Increase the use of technology to improve efficiency and services to our stakeholders and the public.

4. Threats

The biggest threat over the next two years may be loss of key employees to retirement, the loss of institutional knowledge, and the inability to attract staff in key positions.

KERS is a major long-term risk to the financial stability of the Commonwealth even with the current schedule of increases in state funding. Funding needs for state pension systems and health insurance (Medicaid and

KEHP) will make it difficult for the Commonwealth to maintain essential public services

IV. Targets

Measurable Goals, Objectives & Performance Indicators

[Enter statements of your goals, objectives, and performance indicators here. No particular format is prescribed for this section. You can use the specified worksheet to help organize and document your work.]

You may put your goals, objectives, and performance indicators in separate sections or you may present them together by listing each objective under the goal to which it refers and listing each performance indicator under the goal or objective to which it refers.]

1. Make Kentucky state government an employer of choice

1.1. Promote workplace flexibility

Performance Indicators:

- Number and percent of employees utilizing flexible work option

1.2. Ensure diversity of the workforce

Performance Indicators:

- Increase minority and female utilization to meet census goals
- EEO compliance data

1.3. Promote health and wellness

Performance Indicators:

- Number and percent of employees participating in LivingWell & Go365 and receiving preventative screenings

1.4. Recognize and reward outstanding employee performance

Performance Indicators:

- Number of nominations for Governor's Ambassador Awards
- Number of employee suggestions
- Number of nominees for the employee of quarter celebration
- Number of ACE and ERA awards

2. Create a learning and development culture

2.1. Develop innovative learning strategies

Performance Indicators:

- Number of alternate learning strategies (computer-based learning, distance learning, etc.)

2.2. Encourage employee learning

Performance Indicators:

- Number and percent of employees participating in training and professional development courses and activities
- Number of participants graduating from the Governor's Minority Management Training Program
- Number of employees completing the Certificate of Supervisory Essentials program

2.3. Share knowledge across the enterprise

Performance Indicators:

- Participation in cross-cabinet and enterprise-wide advisory groups
- Usage of various department newsletters, training sessions, and other communication strategies
- Participation in the HR Leadership Consortium (HRLC), the International Personnel Management Association (Kentucky Chapter), and the National Association of State Personnel Executives

3. Promote a one-employer concept across Kentucky state government

3.1. Maintain full and successful functionality of KHRIS

3.2. Partner with other agencies in the development and implementation of HR programs, projects, and procedures

Performance Indicators:

- Number of projects or improvements implemented
- Participation in cross-cabinet and enterprise-wide advisory groups

3.3. Create standard procedures for all human resource related functions

Performance Indicators:

- Number of procedures revised and/or implemented

- Compliance with procedures

4. Enhance customer value

4.1. Measure value of and satisfaction with cabinet services and programs

Performance Indicators:

- Score on customer satisfaction surveys

4.2. Ensure cabinet structures and systems enable high-quality customer service

Performance Indicators:

- Number of process improvements implemented
- Score on customer satisfaction surveys

4.3. Improve communication with customers

Performance Indicators:

- Number of communication vehicles used (newsletters, web sites, social media, committees, etc.)
- Communication engagement rate

V. Alignment & Linkages

Statement of Strategic Alignment

[Enter a statement describing how your strategic plan is aligned with the Governor's strategic goals here. No particular format is prescribed for this section. You can use the specified worksheet to help organize and document your work.]

A. Strengthening Kentucky's Financial Foundation

Governor's strategic accomplishment: Passed a fiscally conservative budget that makes a historic commitment to our ailing pension system and restores fiscal responsibility in state government.

The Personnel Cabinet will continue to further the Governor's goals and improve Kentucky's financial condition by:

- Managing the human resource administration of the Executive Branch to ensure a fiscally responsible and conservative payroll by ensuring that agencies fill only essential positions

- Working with agencies to streamline their workforce through talent acquisition; Promoting job vacancies through social media and job fairs to attract talent
- Assisting agencies with reorganization to provide services in the most economical and advantageous business model

Internal accomplishments resulting in significant financial savings over the past year, and into the next biennium include:

- Process and operational improvements made to the payroll and workers compensation processes which won the prestigious Prism Award from the American Payroll Association have resulted in significant savings to the Commonwealth.
- Development of an electronic first report of injury for the state workers' compensation program to streamline and expedite "first reports of injury" by supervisors and agencies, reducing time and workload on both the agency reporting the injury and processors on the back end. Once verified IA-1s will be electronically sent to the third party administrator thus expediting reporting and notice of injury.
- Improvements in claims review and claims handling has decreased the number of open workers' compensation claims. These changes have saved the Commonwealth approximately \$2 million in claims handling fees and cost. The cost savings was passed back to the agencies in the form of lower premiums for the next biennium.

B. Growing Kentucky's Economy

- The Personnel Cabinet will assist with the creation of career and economic opportunity by formulating recommendations for enhancements to the Commonwealth's classification system and compensation model
- Overseeing the performance management program to ensure alignment with organizational mission and job duties
- Recruiting, developing, and retaining a highly skilled workforce
- Meeting minority employment goal of 12.2% over a four-year period

C. Creating a Healthier Kentucky

- The Personnel Cabinet will continue to improve health outcomes for over 260,000 public employees and dependents covered under the Kentucky Employees' Health Plan
- Engagement in wellness activities continues to increase through the Go365 program as members become more aware of their health status through completing the LivingWell Promise health assessment or biometric screening
 - Recent Go365 data shows that for members who have completed their health assessment and/or biometric screenings have lowered their Go365 age by half a year
 - KEHP has achieved a 702% wellness growth with a 94% 2017 LivingWell Promise completion rate
- State-Wide Wellness Champions have grown to more than 140
- KEHP and our wellness vendor, Go365, are now collaborating with worksites to increase their focus on engagement and wellness activities
- Received a Health Champion Designation from the American Diabetes Association
- Continued to utilize innovative programs, such as the Diabetes Value Benefit to improve health by providing low cost / no cost diabetes testing supplies and medications to encourage individuals to maintain care without the financial costs associated with diabetes care, resulting in a net overall savings to the plan:
 - Pharmacy costs rose 13.9% while medical costs declined by 7%
 - The average scripts per patient declined by 3.5%
 - Acute admits declined by 6.5%
 - Emergency room use declined by 10.3%
 - Overall costs for approximately 19,000 members with diabetes remained flat between 2015 and 2016, indicating that the diabetes programs have helped curb the upward trend in diabetes treatment costs
 - Most importantly, the health outcomes for those members were enhanced

- Through the KEHP Diabetes Prevention Program (DPP), over 2,167 KEHP members have agreed to speak to a nurse as a result of outreach with 576 members referred to DPP
 - 416 KEHP members actively participating in a DPP class as of June 2017
 - Active participants have lowered their A1C from a beginning average of 6.05 to an ending average of 5.63
- Initiated a KEHP Online Diabetes Prevention Program Pilot April, 2017
 - Twenty active participants have an average weight loss of 13.7 pounds for a 6.1% average weight loss
 - The beginning A1C for those participants was 6.0 and the ending A1C was 5.7

D. Protecting and Strengthening Our Communities

Fighting Opioid Epidemic: The Personnel Cabinet and the Kentucky Employees' Health Plan are committed to helping public employees with addiction through a variety of resources, including:

- Commissioner Goins, Department of Employee Insurance, participates on the Steering Committee of the Kentucky Opioid Response Effort (KORE). KORE has statewide coordination of opioid response efforts as one its goals
- KEAP - The Kentucky Employee Assistance Program
- KEHP – The Kentucky Employees' Health Plan provides resources and treatment to our members
- Established the Kentucky Employee's Health Plan Resource Center where dedicated staff members answer calls and connect those suffering with a substance abuse disorder with a clinical expert trained in substance abuse disorder treatment
- Implemented new initial limits for obtaining opioids without prior approval up to 90 Morphine Milligram Equivalent (MME) per day; limited to a maximum of 200 MME/day
- Remove PA for buprenorphine combo products
- LiveHealth Online – Provided at no cost to current members of the Kentucky Employees' Health Plan, LiveHealth Online

provides access to a board certified physician or licensed psychologist for confidential, convenient access to treatment

Foster care and Adoption: The Personnel Cabinet administers the Adoption Benefit Program, available to executive branch employees, which provides financial assistance of up to \$3,000 (\$5,000 for children with special needs) to help cover adoption expenses.

Criminal Justice reform to allow felons to re-enter society effectively, the process must be safer and more efficient: The Personnel Cabinet removed the “box” on all state applications to ensure that all applicants receive a fair opportunity to be interviewed for employment and to explain any issues which may be reflected on their criminal history.

A Second Chance – non-violent felons who have paid their debt to society are being given a second chance by not being prohibited from employment in the majority of positions. Limited exceptions apply for working with children or working in the correctional setting

E. Investing In Education & Workforce

- Developing learning platforms that provide employees with viable pathways for personal and professional growth
- Providing training and development opportunities and concepts through a variety of venues and partnerships as well as the acquisition of third party venues
- Growing skilled management through some of ongoing programs within the Cabinet, including the Certificate of Supervisory Essentials and Governor’s Minority Management Training Programs
- Workforce training

F. Serving Those Who Serve Us

- Continuing to serve agencies and administer the classification and compensation system in a manner which gives agency flexibility and discretion, within budgetary limits, of ways to reward employees with salary adjustments in critical positions

- Investing in a new talent management system vise on Growing skilled management through the Governor’s Minority Management Training Program and Certificate of Supervisory Essentials Programs
- KEHP continues to work toward the Personnel Cabinet’s stated mission of serving those who serve us by visiting various groups within the KEHP. To this end, KHEP has visited many groups including; CHFS, Schools, Transportation, Retirees and AOC to educate public employees on the benefits available to them under the Kentucky Employees’ Health Plan
- KEHP offers a variety of health and wellness programs at low to no cost to our members including:
 - Diabetes Prevention Program
 - Diabetes Value Benefit
 - Vitals Smartshopper
 - Go365
 - Live Health Online and LiveHealth Online Psychology

Statement of Linkage to the Budget

[Enter a statement describing how your strategic plan and budget are linked. No particular format is prescribed for this section. You can use the specified worksheet to help organize and document your work.]

- The Personnel Cabinet will continue to work in a fiscally responsible manner to achieve the Governor’s Goals and meet statutory obligations through the thoughtful application of our Mission, Vision, and Values
- The Cabinet’s actions seek to improve workplace conditions through management training, education, employee recognition, flexible workplace provisions, and communication to attract and retain excellent employees in a time of fiscal structural imbalance
- The Cabinet strives to improve workplace conditions through management training, education, employee recognition, flexible workplace provisions, and communication to attract and retain excellent employees in a time of fiscal structural imbalance

Kentucky Employees' Health Plan – Linkage to the Budget and strategic plan to contain costs:

- The KEHP will continue to build upon the collaboration with vendors that started in 2014 and that has slowed the claims trend for the KEHP
 - This, and other cost savings measures, has allowed the KEHP to keep premium increases to a minimum
 - 1% raise on Standard Plans for Plan Year 2017
 - 3% Increase for all plans for Plan Year 2018

- Cost savings through innovative programs utilizing telehealth will continue; Member use of LiveHealth Online has resulted in almost \$2 million in savings to the KEHP
- Vitals Smartshopper has encouraged members to shop for lower cost healthcare providers, resulting in almost \$10 million in savings to KEHP
- Benefit plan changes for plan year 2017 saved the plan an estimated \$27 million
- Plan changes for 2018 are estimated to save almost \$20 million

Statement of Linkage to the Six (6) Year Capital Plan

[Enter a statement describing how your strategic plan and six (6) year capital plan are linked. No particular format is prescribed for this section. There is no worksheet.]

This Section is not applicable to the Personnel Cabinet; No Capital Plan

VIII. Strategic Plan Progress Report

[Enter information here describing how your agency performed in since your last biennial strategic plan was submitted against each of the goal performance indicators and objective indicators. No particular format is prescribed for this section. You can use the specified worksheet to help organize and document your work.]

55.1 Develop a plan for the Commonwealth to use Personnel (human resource) management as a strategic tool to drive desired results

- Developed position descriptions for all non-merit staff to clearly define roles and drive desired workflow and identify responsibilities

- Developed a hiring and selection guide outlining processes for agencies to use for consistency
- Instituted a summer internship program for Master's degree level candidates to earn experience and exposure to public service, while performing vital and useful research for the Commonwealth.
- The Personnel Cabinet collaborated on the implementation and roll out of the Red Flag Reporting System to address constituent and employee concerns which may be made anonymously without fear of reprisal. The Personnel Cabinet established the position of Ombudsman to be a strategic resource for employees and agencies, and to oversee and respond to complaints originating from the Red Flag Reporting System
- The Personnel Cabinet's Office of Diversity, Equality and Training provides guidance and oversight, as well as training on the prevention of /processes for addressing and resolving EEO grievances and complaints
 - Continue the planning and execution of the annual Governor's EEO Conference, which provides annual development and training in the areas of Equal Employment, Diversity and human resources best practices
 - Implement the vision and plan of action and maintenance for the Kentucky Human Resource Information System

55.2 Re-engineer key processes and apply technology in order to create an efficient human capital management system

- Implemented Statewide Safety Program to ensure the safety of employees and the financial stability of the Commonwealth's self-insured workers' compensation program—total charges to state workers' compensation group are less than the medical CPI.
- Developed new methods for the sustainability of health benefits under the self-insured health care program—wellness initiative; HumanaVitality Program; consumer driven health plans enrollment increase; health coaching program; First On-site clinics in state buildings; LivingWell Promise; Diabetes Prevention Program; Step Challenges; LiveHealth Online; Vitals SmartShopper; Health Coaching; Healthy Kids; Tobacco cessation; and benefits estimator for open enrollment. Named healthiest employer in the large employer category by Business First Louisville (2013).

- Established an increasing trend in the use of technology to deliver services—KHRIS; greatly enhanced Personnel Cabinet website; workers' compensation administrative system; e-learning from Governmental Services Center; iSTEP; KELMS; and enhanced electronic HIPAA compliance; significant expansion of information technology professionals in Cabinet resulting in enhanced capability. KHRIS was recognized at the National Association of State Chief Information Officers' (NASCIO) conference in 2013, as a finalist in the 2012 Recognition Awards for exceptional state IT initiatives, and was one of three projects selected in the area of improving state operations.
- Implemented new technology to allow for electronic W-2's for state employees.
- Utilized technology to modernize the KECC program to allow for electronic selection of donations to charities of choice.

55.3 Develop and implement a world class customer service culture consisting of job content experts serving as process consultants trained in quality tools and that use state-of-the-art technologies

- Established the position of Ombudsman in the Personnel Cabinet to offer customer service to state employees and agency leadership on resources available and to administer a mediation program for state employees.
- Provide personnel and financial information in a timely, accurate, and responsive method to meet the needs of both internal and external customers—monthly financial management reports are provided to executive management; and we have devoted numerous resources to assist external customers
- Offer innovative online meeting technology through our webinar program which allows for cost savings due to limited travel budgets. This equipment also provides the convenience of meeting with others in locations across the state. It allows participants to ask questions while providing tools for presenters to invite attendees, gauge interest level, ask poll and evaluation questions in one platform. Reporting and recorded webinars are made available for convenience
- Provide customers innovative and timely communications via Gov Delivery, websites, social media, and other communication platforms

55.4 Increase the effective/efficient use of resources

- Conducted an audit of the state workers' compensation program to identify and address questionable use of resources for payment of claims without medical proof and in some cases against the advice of the third party claims administrator.
- Provided Vitals Smart Shopper – a voluntary incentive program that uses financial incentives to motivate and redirect members to lower-cost, high-quality providers and facilities
- Increased awareness, knowledge, and understanding of health care plans by plan participants (Health Insurance)—greatly improved health choice booklet publication and benefits estimator to help employees choose among plans
- Maintained new health care system in KHRIS through successful open enrollments
- Increased state employee population served through training services offered by the Office of Diversity, Equality and Training.
- Increased customer satisfaction with organizational development services.
- Increased the number of participants in the Deferred Compensation Program
- Increased participant deferrals (Deferred Compensation).

55.5 Formalized safety program with quarterly meetings, goals established and results calculated

- Continued expansion of a comprehensive return-to-work program.
- Continued oversight of a managed care plan, including PPO participation, in workers' compensation to ensure effective coordination of medical benefits and reduce costs.
- Continually improving and developing joint employer-employee programs that promote employee satisfaction, including the Kentucky Employee Mediation Program, the first Kentucky program to win a national award from the National Association of State Personnel Executives (NASPE) for effectiveness;
- Hosting the annual Governor's Ambassador Awards for customer service, courage, leadership, professional achievement, and teamwork or community service, and;

- Providing excellent services and referrals to state employees through the Kentucky Employee Assistance Program.

55.6 To continually improve employee performance to meet the changing needs and expectations of the public

- Over 95% of employees received an annual evaluation, met with their supervisors and agreed to a mutually acceptable performance plan; and, the Personnel Cabinet audited selected employee evaluations for adequacy and compliance with rules. The Employee Suggestion System has continued to lead to performance improvements and efficiencies. Employee-produced software has added the suggestion system to KHRIS
- Maintained and updated cabinet websites, two of which were created for those interested in employee training and LivingWell. Additionally, job applicants, Human Resources Administrators, state employees and benefit participants have separate sites devoted to them specifically. The use of SharePoint software allowed specific focus on providing information, support, and access to COS and KHRIS.