# OFFICIAL STATE CABINET AGENCY RESPONSE TO PERFORMANCE AUDIT ON EVALUATING CUSTOMER SERVICE AT WASHINGTON'S DEPARTMENT OF EMPLOYMENT SECURITY – DECEMBER 13, 2022

The Employment Security Department (ESD) and the Office of Financial Management (OFM) provide this management response to the State Auditor's Office (SAO) performance audit report received on November 16, 2022.

## SAO PERFORMANCE AUDIT OBJECTIVES

The SAO's performance audit evaluated how ESD improved customer service since its' April 2021 audit and the passage of Senate Bill 5193, effective July 25, 2021, through July of 2022. The audit had four objectives:

- Has ESD met the requirements of the customer service legislation passed during the 2021 legislative session?
- To what extent has the agency improved its customer service since that session?
- Does the agency have a quality performance management structure in place for monitoring and improving customer service on an ongoing basis?
- Were there practices in other states that resulted in better customer service related to unemployment benefits during the pandemic?

**Recommendations to the Employment Security Department in brief:**

**SAO Recommendations 1-7 to address Engrossed Substitute Senate Bill 5193 requirements and findings that** *As of July 2022, ESD had partially implemented legislative requirements aimed at helping speed payments and increase transparency:*

1. Ensure processes put in place to monitor pool numbers and member information are operating as designed and sufficient to ensure readily available and accurate member information
2. Establish processes to monitor training program outcomes, such as formal evaluations of activated staff
3. Continue working to establish a dedicated telephone line for those with limited computer skills or access
4. Ensure it explores all required areas with the unemployment insurance advisory committee
5. Include all required metrics clearly in reports
6. Update the online data dashboard to include all metrics from ESSB 5193
7. Ensure it is clearly and accurately updating the Legislature on progress made in delivering ESSB 5193 requirements through their regular reporting.

**STATE RESPONSE:** ESD disagrees with **Recommendations 1 and 2**. We have a process to monitor reserve adjudication pool numbers and members, as well as processes to monitor training program outcomes. The process has proven sufficient to ensure readily available and accurate member information so that we can quickly respond to a claim workload surge. The reserve adjudication pool is comprised of trained adjudicators who can start work within a week of activation and help to meet high needs. The Unemployment Insurance (UI) program is a key safety net for individuals and families and is an essential economic support for communities and our broader economy. Lessons learned from the COVID pandemic

have driven actions within our agency to ensure a better response to future economic downturns or crises, including establishing a well-monitored and prepared adjudication pool.

We are still learning and improving. During the audit, a discrepancy was discovered between the reserve adjudication pool numbers included in the report to the Legislature and the report reviewed by the auditors. This uncovered that the Learning Management System (LMS) wasn't the optimal tool for reserve adjudication pool recordkeeping because, once a state employee leaves state service, their LMS profile becomes inactive. This results in an undercount in reserve adjudication pool numbers and outdated contact details. In response, ESD immediately established consolidated procedures to monitor the reserve adjudication pool. The *Reserve Adjudication Pool Standard Operating Procedure - ESSB 5193*, updated July 11, 2022, outlines ESD's pool monitoring, outreach, and recruitment processes to ensure ESD can activate sufficient pool members when needed. Additionally, we will use the certified training record roster maintained by the National Association of State Workforce Agencies (NASWA) and cross reference it with an internal ESD reserve adjudication pool roster. This ensures ESD can monitor reserve adjudication pool numbers and reach members when needed.

We partnered with NASWA to provide effective and cost-efficient training to former and current Washington state employees who make up the reserve adjudication pool. As of October 31, 2022, 488 trainees were fully NASWA-certified. The total includes temporary employees who have left state service and are now private citizens, staff who have transitioned to other state agencies, and some permanent ESD employees who could be assigned to adjudication duties. ESD and OFM partnered to identify other state agencies whose staff could be called on to support adjudication work. ESD has an interagency agreement with the Health Care Authority to increase the reserve adjudication pool, providing an additional 50 people. Health Care Authority staff training for the reserve adjudication pool is slated for fiscal year 2023.

We agree that an evaluation procedure is necessary to ensure trainees have successfully learned new material. We have one in place. NASWA is the national organization representing workforce agencies in all 50 states, Washington D.C. and U.S. territories. It provides policy expertise, training, certification, and shares best practices of state workforce agencies. The NASWA Learning team is comprised of Adult Education and Instructional Design experts who provide cutting edge adult learning methods and practices. Its training programs and certifications are trusted for their effectiveness and used across the United States and by other unemployment agencies. With the established training, reserve adjudication pool size, and continued monitoring, we are well positioned to quickly respond when claim volumes demand higher staffing levels.

The nationally recognized NASWA curricula for initial certification training is the initial training for the pool. Upon completion of the initial training, reserve adjudication pool members must pass an exam to achieve certification. ESD's standard operating procedure includes refresher training requirements to maintain pool members' certification, ensuring readiness for activation. Additionally, we designed training modules targeting specific areas of highest need when claim volumes surge. These training modules were developed using data gathered during the pandemic, identifying areas that needed immediate support. The evaluation process for training includes exams, proficiency knowledge checks, and formal documented evaluation of work once released to a work unit. The result of the reserve adjudication training plan is newly activated adjudicators who will provide meaningful support a week after activation. While we agree with the recommendation that established processes to monitor training program outcomes such as formal evaluations of activated staff are needed, we disagree that "the agency has not yet established any formal mechanisms to ensure the training is operating as designed."

In March 2021, ESD conducted a pilot that included the NASWA and ESD trainings outlined above. The pilot tested the reserve adjudication pool training with interns and the National Guard. Evaluation of training outcomes were tested, and adjustments were made from key learnings. The results of the pilot demonstrated that the training was successful. New adjudicators demonstrated proficiency, consistent

quality and accuracy. Contrary to what is stated in the audit, we have an effective training program in place that we will continue to test, monitor and improve to meet future needs.

With regard to **Recommendation 3,** and the SAO's statement that "no progress" has been made on this phone line (referenced on page 17, regarding the requirement in ESSB 5193, Section 3(4) to establish a dedicated telephone line for those with limited computer skills or access), we disagree. This phone line was established in the third quarter of 2022. It will serve in the interim until the new UI customer phone system is launched in 2023. The number is available to Claims Center and WorkSource staff who provide it to claimants identified as needing dedicated access.

As we understand it, the intent of this requirement was to improve access and support for those with limited proficiency in, or access to, technology. Publishing the number broadly will result in the phone line used by callers not part of the target audience, making it difficult or impossible for those who really need it to reach us. We know this from our experience during the pandemic, as does anyone who tried to reach ESD during the height of the crisis.

Instead of taking a "check the box" approach to this requirement, we conducted a study with customers in this target audience. The purpose of the study is to understand the experience of customers with technology barriers, identify how that differs from the experience of other customers, and use this data to make meaningful improvements for these customers.

The research project team:

- Conducted direct customer interviews to understand the barriers to service.
- Created customer journey mapping to identify barriers to access. Customer journey maps are used to identify and implement improvements.
- Conducted data analysis to understand how call volumes over time impact this population.

Next, we will:

- Solicit feedback from the Unemployment Insurance Advisory Committee (UIAC) and community advocacy groups on necessary improvements to enable this population to access services.
- Assess the current support systems established pre-pandemic for necessary improvements.
- Partner with our contracted UI customer call center phone system vendor to build the dedicated line into the new system.
- Work with UIAC and other stakeholders and service providers to identify how to best share the dedicated line information to preserve its use for the target audience.

In addition to the dedicated phone line, we have existing (pre-pandemic) support for these customers.

- ESD employees and WorkSource partner staff at WorkSource Centers are trained to provide meaningful UI assistance to customers. This is required under the Workforce Innovation and Opportunity Act (WIOA).
- Tier 1 and Tier 2 staff provide support in person, over the phone, and via live chat to customers, including claimants that have limited access to technology or limited proficiency.
- Tier 1 support provides general information to help UI claimants understand the claims process and take advantage of self-service information:
  o Help customers understand the claims filing process.
  o Explain the meaning of a question on the UI application.
  o Help customers locate information referenced in UI correspondence.
  o Provide general information to claimants about their responsibilities.

- o Direct claimants to online tools and resources, such as the Handbook for Unemployed Workers.
- o Inform customers about work search requirements.
- o Direct customers to a UI Claims Center direct phone line available only through WorkSource.

- Tier 2 staff are ESD employees who have received additional UI training. These "UI Ambassadors" help customers complete initial applications and navigate additional steps in their claims:
  - o Help customers set up Secure Access Washington/eServices.
  - o Help customers file a "Basic" UI claim.
  - o Reopen a claim.
  - o Help customers file a weekly claim.
  - o Provide additional services for special programmatic efforts.
  - o Review and escalate hardship requests when appropriate.
  - o Review and schedule call backs (complex claims/questions).
  - o Answer general UI questions.

We agree with **Recommendation 4** and completed it on November 8, 2022. We consulted with the UIAC regarding the required frequency of initial and continued training for members of the reserve adjudication pool. While this concluded ESD's consultation requirements under the legislation, we will continue to provide updates and review the established thresholds triggering automatic staffing adjustments, language access, training needs for reserve adjudicators, and caseworker approach for unemployment claimants.

We continue to have regular dialogue with the Unemployment Insurance Advisory Committee, above and beyond this requirement. We also engage in frequent dialogue with advocacy groups, including the Unemployment Law Project (ULP) and Northwest Justice Project (NJP), to help inform changes that better serve customers. We use the feedback from our stakeholders to inform system and process changes that better meet our customers' needs.

While we disagree with **Recommendation 5** that all the required metrics were not reported, we agree to improving the presentation of the metric reporting so that it's easier to understand. SAO identified 25 separate metrics versus the 20 metrics reported by ESD. In the agency roll-up reporting, we combined both employer and claimant queues reporting as Claims Center call metrics resulting in 20 metrics reported. We will report employer and claimant calls separately on the existing online data dashboard by March 2023.

SAO stated that, in its opinion, reporting is unclear on claims denied, claims pending in adjudication, and claims on which payment has been halted for review. We recognize the complexity in reported metrics and included definitions in the quarterly reports. These definitions aim to provide clarity on the distinction between initial approval or denial of an application versus the ongoing requirement to maintain eligibility by filing weekly claims. Because eligibility status can change week by week, statistics provided on total weekly claims paid, pending payment, and not paid are the most accurate representation of claimants' receipt of benefits. The quarterly report data shows the status of weekly claims filed by month. Because eligibility is determined each week and not for the entire benefit year, people may have weeks in all three categories. We have at all times included required metrics in our reports and will show this in clearer fashion going forward for ease of understanding, though nothing was incomplete or misleading in our earlier reports.

We agree with **Recommendation 6** and will publish all statistics included in the quarterly report online. Because the legislation does not specify which data elements should be published in an online dashboard, we published statistics that have been of most interest to stakeholders and claimants. We will publish the complete data set, recommended by SAO, beginning in March 2023. Additionally, we will monitor

how often the online data dashboard is visited and will solicit feedback from customers, UIAC and stakeholders to ensure it is meeting their needs.

We have provided timely and accurate reporting on ESSB 5193 requirements through the quarterly reporting process. We agree with **Recommendation 7** that of the 25 metrics for reporting in multiple areas, we did not timely address in our report one of four consultation requirements regarding establishing a pilot caseworker approach for unemployment claimants. Although the consultation was completed in 2021, it was not reported until the first quarter of 2022. Additionally, ESD noted that one required consultation had not yet been completed when the audit was concluded. That consultation regarding the frequency of initial and continued training for adjudication pool members was completed with the UIAC in November 2022 and documented in the update for the third quarter of 2022. As such, all required reporting is complete.

The report includes a detailed section about unemployment letters. The work to revise the letters is in the advanced stages and aligns with legislative requirements (ESSB 5193). While the SAO makes no recommendations on the letters, there are numerous issues and inaccuracies in this section of the audit report. Some clarifications are outlined below.

1. **SAO drew conclusions about readability by consulting its own auditors and without checking with unemployment customers.** The SAO did not have people outside of their office assess the letters for readability. Its methodology for assessing whether letters were "readable, clear and comprehensible" was to use its own auditors. The legislation requires customers to review the letters and drop-ins to ensure they meet their needs. This is a process we have done and continue to do as we revise the letters and drop-in text. Conclusions drawn by the SAO relative to readability were therefore subjective, rather than based on data from customers.

2. **Dedicated project management and tracking resources exist**. There were and continue to be project management resources dedicated to the letters project, and the work is being tracked. We did switch project managers last summer, but support had been present throughout the project.

3. **SAO misunderstands ESSB 5193 letter requirements and ESD letters.** Auditors stated that ESD clearly explained pertinent law in only one drop-in paragraph and that only one of 118 drop-ins included an explanation of pertinent law. In fact, ESD has reviewed and edited, as necessary, hundreds of drop-in paragraphs that are *themselves* the explanation of pertinent law. These explanations are plain-talked, readability tested, and tested with customers. The legal citations associated with each drop-in are consolidated in a separate section because user testing showed that most readers are overwhelmed if they are presented with too much legal information.

We do not dispute that the work of updating these letters was necessary. As of this response, the agency has completed first-round editing of all monetary and non-monetary determination letters and drop-ins. The content is being vetted with customers and stakeholders. After adjusting content based on customer and stakeholder feedback, the letters will be finalized and put into production. Additional refinements will be ongoing, including a second revision to the reevaluate claim letter highlighted in the report, which we noted was an interim step until a larger project on the reevaluate claim process can be completed.

**Action Steps and Time Frame:**
➢ Consult with UIAC on the required frequency of training for adjudication reserve pool members. *Completed November 8, 2022*.

➢ Report employer and claimant call metrics separately in the data dashboard. *By March 2023.*

➢ Incorporate existing UI Claims Center dedicated call line serving people with limited technology access and proficiency into new phone system. *By April 2023.*

➢ All metrics to address ESSB 5193 published in the online data dashboard. *By April 2023.*

**SAO Recommendations 8-10 to address customer service and tracking performance and findings that** *Customer service improved as staff workload declined;* and *ESD's efforts aimed at improving customer service have shown minimal results:*

8. Track and regularly monitor performance over time of employer and disability telephone lines and the virtual assistant

9. Capture customer satisfaction more effectively across all avenues of contact and use that information to improve performance. Methods to do so might include:

   - For customers with an email address listed in their account, email a survey after a phone call asking whether the problem was resolved and provide categories of topics that the call dealt with to guide training for staff
   - As part of the survey, ask callers whether they used the virtual assistant function on the website and whether they found it helpful
   - Match survey results to the actual issues existing on a claimant's account at the time to determine what issues drive phone calls

10. Correct federal timeliness reporting to reflect the true date a person applied for unemployment, regardless of program transfers, to ensure accurate federal reporting

    a. Report publicly on payment timeliness at regular intervals using the new query method ESD created for this audit. Include this information on ESD's public-facing online data dashboard

**STATE RESPONSE:** We disagree with the SAO's assessment of ESD's customer service improvements and **Recommendation 8**. We track and monitor performance over time of employer and disability telephone lines and the virtual assistant.

Multiple channels support claimants with disabilities and those who require reasonable accommodation – all are tracked and monitored. These include the dedicated phone line, email, staff training, and ESD's Equal Opportunity Office. Currently the dedicated call line serving claimants with disabilities is tracked manually. The manual tracking also includes requests made through email. Additionally, we have an internal dashboard for tracking claimants approved for reasonable accommodations. Requestors who do not meet criteria for a reasonable accommodation or who do not respond to our attempts to contact them are tracked on a spreadsheet noting that outcome. The new UI phone system will include statistics regarding the dedicated call line serving people with disabilities and the automated calls provided.

We currently track and monitor the same metrics for the employer call line as we do for the claimant phone line. The detailed call volume and service level statistics including calls received, calls answered, calls abandoned, average call length, average call wait time, high call volume counts, and individuals served. The data is used to inform how staffing is assigned to phones for best coverage. We will display employer and benefit call data separately on the existing online data dashboard by March 2023.

We also monitor the Unemployment Insurance Virtual Assistant system to ensure it contributes to improvements in the customer experience. We capture data to measure performance over time and make improvements based on the results of the data. The metrics were in place at Phase 1 launch on October 4, 2021 and continue to be evaluated today. We disagree with the statement on page 37 "…it has no way of measuring whether assistant sessions resulted in fewer calls." The UI Virtual Assistant usage changes with overall UI page views on esd.wa.gov. Exhibit A demonstrates that users choose the virtual assistant during high demand periods more often than seeking call center contact information. While the overall virtual assistant satisfaction model is still new and in continued development, this demonstrates a preference by some users to seek support outside of business hours or through alternative modes to calling or emailing.

Exhibit A


UI Virtual Assistant & esd.wa.gov Traffic
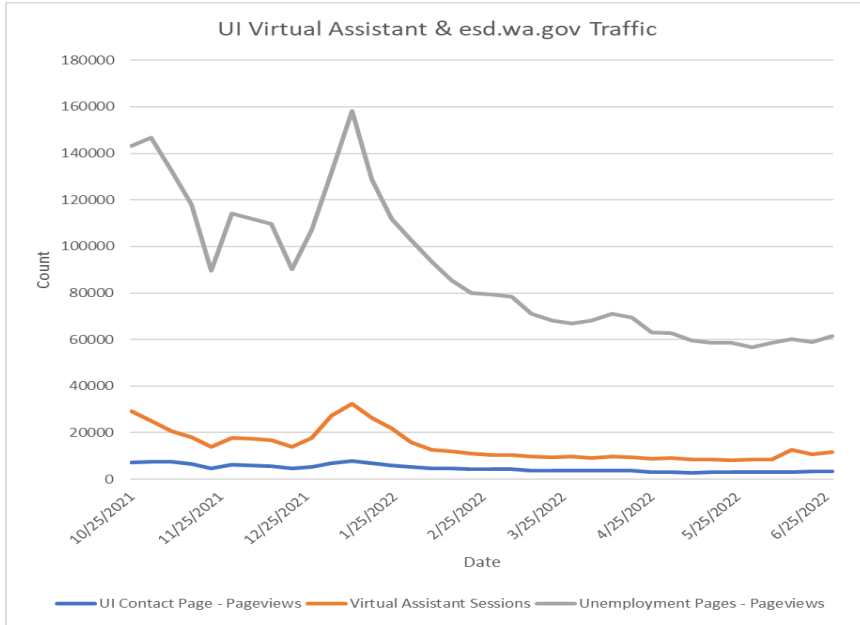
We agree that the UI virtual assistant needs continued refinement. The exhibit on page 37 of the audit left out an important element of the UI virtual assistant design. To add value to the user and because UI virtual assistant is in early stages, we use common categories to guide customer inquiries. This means the customer doesn't have to try multiple ways of asking a basic question to get the response they are looking for (see exhibit B). While the current outcome from asking the virtual assistant "how do I claim unemployment" or "who can I call about my claim" produced less helpful results when tested by the auditor, the options listed for customers to select will produce helpful results.

Exhibit B
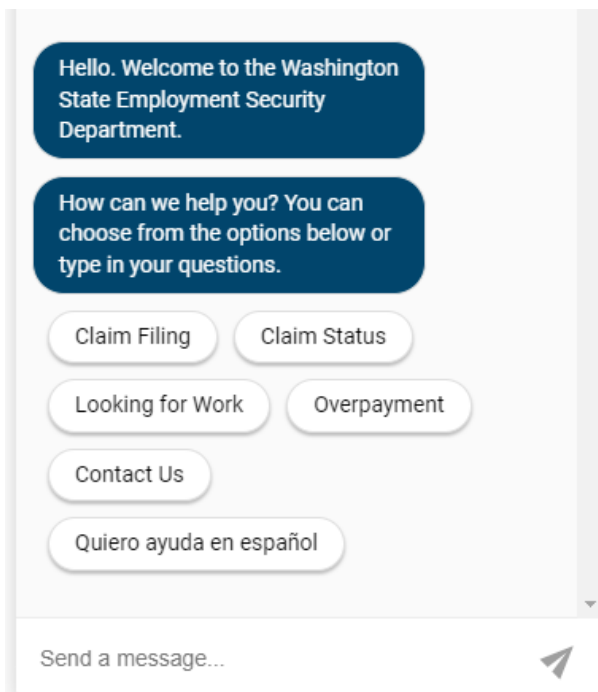
An operational plan to increase the UI virtual assistant's functionality exists. As the UI Virtual Assistant team operationalizes its work at the completion of the project, it will:

- Review the data captured.
- Draw insights and customer pain points from what they learn.
- Interview users directly to understand what their experience is like.
- Make data informed recommendations about what needs to be improved and where opportunities exist to improve customer outcomes.
- Build a product roadmap to communicate to the rest of the organization which of these opportunities will be pursued now, next and later.

We agree with **Recommendation 9** and have been actively engaged in this work since before the pandemic. We have a robust strategic planning process that incorporates customer satisfaction. Our strategic plan uses customer satisfaction as a measure of success toward the goal of people receiving accessible, safe and equitable services at the right time, in the way they need it. The plan prioritizes the action to gather insights from our customers facing the most barriers and identify the most critical improvement areas. We currently measure customer satisfaction in a number of ways (outlined below). We are also prioritizing the implementation of additional cross-agency customer satisfaction measures to achieve our strategic goals, specifically identified as a condition for our success.

We currently monitor and respond to UI customer feedback in the following ways:

- *Quarterly Customer Experience Panel*
  A panel of active or recently active unemployment insurance claimants who volunteer to participate in quarterly customer experience research activities, like reviewing changes to letters, new application questions, and more.

- *Call volume and trends*
  A data set that includes the number of calls, as well as the wrap-up codes Claims Center agents assign to their call.

- *eServices feedback survey*
  A basic feedback survey in eServices presented to users at the end of a small number of interactions, like replying to some fact-finding questions.

- *On-site search terms on esd.wa.gov*
  A data set that includes the search terms users entered into the search bar on esd.wa.gov.

- *UI Virtual Assistant volume and trends*
  A data set that includes virtual assistant sessions, the transcripts of individual sessions and the user's satisfaction with the session.

- *Qualitative data from community, partners and stakeholders.*

Additionally, we are developing an integrated customer feedback survey that will be offered to claimants at key moments in their journey. The survey will assess overall satisfaction and satisfaction of important components of their experience. We will roll this out in phases starting in the first quarter of 2023.

We disagree with **Recommendation 10** to correct federal timeliness reporting because this general requirement does not reflect why the reporting was incorrect. The inaccuracy in federal first pay timeliness reporting was caused by specific, pandemic-era Pandemic Unemployment Assistance (PUA) requirements. This established most PUA claims with an effective date of February 2, 2020, and therefore allowed many claimants to backdate their claims to February even if their initial application for benefits was weeks or months later. The standard Employment Training Administration (ETA) timeliness report for regular benefits was not designed to capture these one-time program requirements.

We acknowledge inaccuracies tied specifically to pandemic-era reporting and designed a custom query to correct these errors. Because this program ended, it is no longer appropriate to use the custom query for ongoing reporting purposes. We will report timeliness per federal reporting requirements.

ESD works in close partnership with the U.S. Department of Labor (USDOL) to report unemployment insurance statistics through a wide variety of ETA reports. That partnership includes audits, data validation of required reports, and a formal quality improvement process if data issues are uncovered. We will continue to work directly with USDOL to ensure high quality reporting in the future.

**Action Steps and Time Frame:**

➢ Transition employer and disability customer phone lines to the new phone system. *By April 2023*.

➢ Implement phase one of the integrated customer feedback survey. *By March 2023*.

---

**SAO Recommendations 11-13 to address performance management and finding that** *ESD does not have a robust performance management structure in place to monitor and improve its customer service*:

11. Develop a process to better track and monitor customer service. To achieve this, we recommend the process include:

    a. Developing a strategic plan that includes measures to track customer service outcomes, and shows how those measures, activities and results connect to its goals and customer needs. In developing customer service measures, also implement mechanisms for gathering baseline data to use as benchmarks moving forward

    b. Following Office of Financial Management guidance and leading practices to inform its performance management system, including when establishing selected measures. For additional guidance, ESD could also explore the other performance management resources used in the audit

    c. Tracking projects intended to improve customer service to ensure they are completed in a timely manner and achieve their intended purpose

12. Implement systematic tracking of call volume and call center staffing levels over time. This system requires:

    a. Regular reports to management and leadership with enough detail to effectively inform staffing decisions

    b. Confirmation ESD is meeting the call center staffing targets dictated by its staffing algorithm

13. For each project, ensure:

    a. It aligns with agency strategic planning at the start of the project

    b. Continued assessment of project performance is built into the final transition to operations part of the project so agency leaders can assess the value to business processes, including measures to show success toward furthering agency goals at its completion

    c. Project plans contain enough detail to show what has been completed as well as the timelines and priorities for future project work

**STATE RESPONSE:** We do not agree with the SAO's assessment of ESD's strategic planning structure. We disagree with **Recommendation 11, item a**. The strategic plan already includes measures that will be used as performance indicators or provide movement toward the goals included in the plan. The plan looks to the future and is focused on movement toward a long-term vision for a more equity, people, and customer-focused ESD.

The strategic plan includes multiple measures of customer service. It also includes measurement of customer satisfaction as a condition for success, which will be included as projects along with the actions in the strategic plan.

The new strategic plan captures many of these elements in new and more detailed ways, including:

- Establish a team to focus entirely on cross agency customer satisfaction, utilization research and customer insights.
- Create a cross-agency view of program utilization and non-utilization by customer demographics, industry, income, language, and location to gain a better understanding of customer populations that are experiencing barriers to accessing services.
- Gather insights from our most barriered customers and identify the most critical improvement areas.
- Conduct usability and accessibility research on ESD's customer-facing technologies.

The new strategic plan includes extensive customer research actions including those listed above and others. Those actions are intended to impact goal level measures, primarily in the third goal area, "People receive accessible, safe, and equitable services at the right time, in the way they need it." We will know that we are moving toward that goal based on these performance indicators:

- Fewer of our customers get stuck trying to access benefits for which they qualify.
- Our customers are more satisfied with the services they receive from ESD.
- More customers can effectively get what they need through self-service.
- Access and outcomes for workers and employers in Washington are more consistent across demographics.

We disagree with the opinion in the audit that "…ESD's draft strategic plan for 2022-26 still lacks defined, actionable customer service measures for achieving goal" (page 38). We have defined actionable customer service measures in our overarching strategic plan. Those measures are intended to drive performance in multiple divisions and programs at ESD including UI, Paid Family and Medical Leave, and Employment Connections. The customer service metrics that are more specific to our programs are reflected in our operational plans in each division, not at the agency level. Operational plans and operational performance measures are integrated into division-level plans, which the agency is in the process of finalizing in response to the 2022-2026 strategic plan. The division-level plans are robust and will address any concerns about lack of definition in the agency's overarching strategic plan. It is typical that specific measures and steps are incorporated in division-level plans. This is an effective means of achieving and improving performance.

We disagree with **Recommendation 11, item b**. Our approach does align with leading practices and is in alignment with OFM guidance. Our strategic planning approach is strategic, rather than operational or tactical, and meant to be more durable and transformative. While we don't contest that a more consolidated and comprehensive approach to performance management across the agency is appropriate, we do contest that all operational performance metrics should be housed in the strategic plan and disagree with the assertion that the strategic plan is deficient as a result of not including them. Cascading plans at the divisional and project levels are more appropriate for operational and tactical planning.

We disagree with this statement on page 40: "As a result of following incomplete guidance, ESD's current draft strategic plan is itself incomplete, lacking well-designed performance measures for customer service goals." It is important to make a distinction and to note that per OFM's guidance, "While the strategic plan document has certain uses (documenting decisions and as a communication tool, for example), it is not an end in itself. The most valuable part of the agency's plan is the periodic

process of confirming goals, assessing progress toward an outcome, evaluating what is effective and what is not, and adjusting strategies to improve performance."

ESD's plan acknowledges our need to rethink how we deliver services and focuses our attention on equity, customer insight, process efficiency and investing in our people. We believe investment in these areas are critical to improved program performance. Customer service goals in specific processes and programs are an extension of the measures included in the plan.

The current performance management system has three components that are connected by the overarching strategy:

1. **Strategic plan** (defines our agency performance) – The goal is to provide the agency clarity, direction, focus and organizational alignment.

2. **Portfolio management** (projects supporting agency strategy) – The structures, tools and processes used to facilitate decision making and risk management for a portfolio or set of portfolios. This includes managing information required to support portfolio governance including project status, resource needs and constraints, and prioritization. All projects are reviewed at intake and in prioritization/governance for alignment with the strategic plan.

3. **Quarterly Target Reviews** (assessment of agency progress against our strategic plan) – QTRs create a mechanism for quarterly conversations around common problem areas, overcommitments and organizational capabilities. They are a review of measures we are tracking linked to agency or divisional goals.

ESD agrees with **Recommendation 11, item c** because we already do this. The governance/project portfolio process considers how projects fit within the strategic plan, as well as provides a structure for these projects to report on measurable outcomes. Each project is evaluated on its impact to equitable service delivery, customer experience, organizational efficiency, operational cost and other criteria in our strategic plan. Portfolio project governance allows us to understand, and make visible, the overcommitment of resources. This allows us to make necessary adjustments to complete projects on time. Primarily as a result of the pandemic, we have been required to look for creative ways to support the many improvements and requests identified by the Legislature, USDOL and our customers.

Prioritized projects are formally tracked on the Project Management Office dashboard, along with project health and status. This is made visible and monitored through portfolio leadership meetings, steering committees for each portfolio, weekly project priority meetings and Quarterly Target Reviews.

We disagree with **Recommendation 12**. We currently track detailed call volume and service level statistics including calls received, calls answered, calls abandoned, average call length, average call wait time, high call volume counts, and individuals served. The data is used to inform how staffing is assigned to phones for best coverage. We acknowledge that reporting shortcomings exist in the current phone system preventing effective verification of historical staffing data, but that doesn't impede our ability to manage call demand to staffing levels. In April 2022, we contracted with a vendor to replace the UI customer call center phone system. The new phone system, going live on April 30, 2023, will have the ability to provide historical staffing data.

We disagree with **Recommendation 12, item a** because we currently do this. In December 2021, the Unemployment Insurance Customer Support division (UICS) began redesigning its operational data presentations into a multi-level Power BI dashboard to provide reporting to management and leadership to inform them of operational decision making, including staffing decisions. We implemented an unemployment insurance dashboard on September 15, 2022. The dashboards provide executive level monthly results reviews, weekly staffing status updates and daily operations level phone, and non-phone metrics. The metrics in the dashboards link to the strategic plan and we will ensure the link is clearly

documented. We will incorporate the operational measure review into the portfolio steering work, Top Priority Project Review and the Quarterly Target Review, beginning March 31, 2023.

We disagree with **Recommendation 12, item b**. We provided the staffing model to the audit team and explained that it is used to estimate demand for services and ESD's capacity to handle demand. The model was most recently updated in 2022 as we looked at staffing models to support call volumes and non-phone work in the call center. The 2022 model for staffing targets to support calls was based off comparisons with the 2019 workload. The model uses the Erlang C staffing model, an industry standard for call centers.

Staffing assumptions included:

- 146 permanent Unemployment Insurance Specialists 1, 2 and 3
- 71.5% utilization rate, 104 effective staff available
- Allocated staff to keep non-phone work current in the month created
- Model A at 85% of calls answered within 20 minutes
- Model B at 85% of calls answered within 30 minutes

We currently track detailed call volume and service level statistics including calls entered, calls answered, calls abandoned, average call length, average call wait time, high call volume counts, and individuals served. In September 2022, we moved the call data tracking to the Power BI platform, creating a dashboard for leaders to use in workload planning. We have call coverage schedules and monitor staffing levels supporting calls in real time, making staffing level adjustments to support call volumes throughout the day. We also track and assign a large volume of non-phone work performed by the same pool of staff answering the phones. UICS management currently use all data available through the dashboard and from system reports to make phone and non-phone intake staffing allocation decisions and to determine priority adjudication workloads. Staffing coverage decisions between phone and non-phone services will continue to be a balancing act as workload and demand fluctuate.

We disagree with **Recommendation 13, item a** because this is our current practice. Historically, in our project governance process, every agency project has been linked to an agency strategic goal. These include goals implemented during the pandemic – as demonstrated in the project charter and in the internal Project Management Office (PMO) reporting dashboards.

Currently, the governance/project portfolio process around the ESD strategic plan for 2022-2026 considers how projects fit within the strategic plan as well as provides a structure for these projects to report on measurable outcomes. Each project is evaluated on its impact to equitable service delivery, customer experience, organizational efficiency, operational cost and other criteria in our strategic plan. In this way, we are able to determine how new initiatives are contributing to agency performance and, since it is a major emphasis/goal of the strategic plan, customer service improvement.

This method also acknowledges that not all projects are done directly in support of the strategic plan. For example, updated requirements to our programs that come from the federal or state government may not be linked directly to our strategic plan, but they must still be developed into a project and implemented. It is important that we can see the balance of projects that are directly supporting and activating the strategic plan and those that are not. Additionally, this portfolio governance model allows us to understand, and make visible, the overcommitment of resources. Primarily as a result of the pandemic, we have been required to look for creative ways to support the many improvements and requests identified by the Legislature, USDOL and our customers.

Finally, all projects are prioritized based on impact and effort and those prioritized projects are tracked on the PMO dashboard in Smartsheets, along with project health and status. This alignment is made

visible through portfolio leadership meetings, steering committees for each portfolio, weekly project priority meetings and Quarterly Target Reviews.

ESD agrees with **Recommendation 13, item b**. The PMO oversees the creation of an operational handoff plan as a part of the overall project plan, as illustrated by the UIVA project. Following operational handoff, the Operations team is responsible for operating the initiative and for measuring its performance. While ESD tracks whether the collection of projects in a portfolio have been completed and whether the projects contributed to achieving the agency strategic plan measures collectively, we could improve the tracking of the individual projects past completion and whether the project met its targeted improvement goal after launch and transition to operations. Those improvement goals could be captured and tracked in the operational plans and dashboards more consistently. This will better demonstrate to stakeholders that we are achieving our strategic goals.

We partially agree with **Recommendation 13, item c**. SAO only evaluated the project approach on the letters project and ESSB 5193, not all of our agency's projects. We have a detailed project plan approach used by the PMO that aligns with Project Management Institute and Office of the Chief Information Officer standards, but some of the projects reviewed were managed outside the PMO standards. Our approach to those projects needed improvement, increased visibility, better understanding of resource constraints, professional project management support, and appropriate governance structure. We rectified all those issues, and the projects are currently on track.

**Action Steps and Time Frame:**

➢ Include federally mandated operational measures in division level operational plans, tied to the agency strategic plan. *By January 2023*.

➢ Incorporate operational measure review into the portfolio steering work, Top Priority Project Review and the Quarterly Target Review. *By March 31, 2023*.