

**PERFORMANCE AND
OUTCOME MEASURE
REVIEW: EMPLOYMENT
SECURITY
DEPARTMENT
REPORT 04-3**



REPORT DIGEST

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Overview

This report reviews the performance measurement system of the Employment Security Department, focusing both on the measures themselves and the agency's use of those measures. This review focuses on measures related to Employment Security's **job-search requirements** and other **return-to-work** initiatives for Unemployment Insurance (UI) claimants. Our overall conclusion is that some areas of Employment Security have substantive measures that are used effectively, but the overall system is still in its early stages of development and implementation.

Study Background

JLARC's 2003-05 work plan includes an examination of issues pertaining to the state's fiscal reporting, accountability, and performance tracking systems. As part of this effort JLARC is conducting performance and outcome measure reviews of a number of state agencies. Through these reviews, JLARC will assess the accountability of state government to the public.

Employment Security's Performance Measures

About 87 percent of Employment Security's 2003-2005 biennial budget comes from federal revenue, made up of UI taxes on Washington businesses. Due to the extensive reporting requirements associated with these funds, federal measures have, historically, driven Employment Security's performance measurement system.

In addition to the measures reported to the Department of Labor, Employment Security uses performance measures outlined in its Strategic Business Plan, *ad hoc* measures developed by regional and local managers, and measures reported to the Office of Financial Management in the agency's budget submission.

Employment Security's Performance Measurement System

Employment Security is developing a new performance measurement system with the following components:

- **The Senior Leadership Team** is comprised of the Commissioner and the eight division heads. This team meets weekly to discuss agency-related issues and quarterly to go over fiscal reporting and performance measures.
- A **strategic business plan** for the agency describes the agency's mission, goals, and performance measures. The plan, which the Senior Leadership Team produces, also outlines strategies for meeting these goals.
- **Training and support for the development, use, and reporting of performance measures** has been provided to the Senior Leadership Team.
- A **new performance measure reporting system**, due to be implemented by April 2004, will make it easier for managers to retrieve information and create reports on performance measures.

Areas of Concern

- **Employment Security's Job Search Review Monitoring Program is missing a key outcome measure:** the number of UI claimants found to be out of compliance with job-search requirements.
- **The agency does not have any efficiency measures related to employment service delivery or outcomes.** Efficiency measures are a key accountability tool for assessing operational efficiency.

- **Some measures are not substantive.** They do not offer insight into the agency's performance and have little value for internal management.
- **Many of the agency's measures do not have meaningful targets.** Targets can be tools for program evaluation and motivation for staff.
- **The roles and responsibilities for the performance management system are unclear.**
- **Many measures are not disaggregated at the local level,** so they are not useful to regional or local managers for internal management.
- **The development of measures tends to be a "top-down" process** that does not always involve the input of local offices and front-line staff.
- **Employment Security does not use its internal or external website to report performance measures** and related information to its staff, stakeholders, or the public.

Recommendations

To address the issues noted above, Employment Security should take the following steps:

1. **Clearly outline the components of the performance measurement system and the roles and responsibilities of senior management and each division;**
2. **Create a formal system of developing performance measures** that includes input from staff at various levels of the agency;
3. **Develop substantive measures with meaningful targets** and create efficiency measures when possible; and
4. **Report performance measure information** on the internal and public Employment Security websites.