



KING COUNTY AUDITOR'S OFFICE

APRIL 3, 2023

Follow-up on Property Tax Exemptions: Stronger Systems Needed to Meet Demand

The Department of Assessments (DOA) has made significant progress on recommendations related to mandatory renewal reviews and issuing refunds on time, as well as on developing key management components that will strengthen its ability to handle future increases in workload.

DOA restarted the mandatory renewal review process and expects to complete overdue reviews by May 2023, bringing it into compliance with state law. It streamlined internal processes to issue tax refunds within its six-week target timeframe, fulfilling one of the primary goals of the exemptions program. DOA also improved tracking and communication so that staff can provide accurate information to customers who inquire about the status of their refunds.

DOA made progress on recommendations related to team management, finalizing a training program for exemptions staff and developing standard operating procedures (SOPs). DOA continues to work on improving team culture and cohesiveness and has implemented an individual performance tracking system for application processing. Strengthening management structures to maximize team performance will be important to handle future increases in exemption application volume. According to DOA, the State is planning to increase the eligibility income limit again, likely prompting another wave of new applications.

In several instances, DOA did not put the recommended plan in place but did take related actions. Lack of clear planning and orchestrated action can result in missing opportunities to strategically deploy resources to achieve goals. Specifically, DOA submitted a budget request without a supporting staffing model and restarted its outreach program without identifying ways to target and serve customers in greatest need of assistance. Implementing our recommendations to collect and analyze information and create comprehensive staffing and customer service plans will help DOA align its actions with its values and ultimately achieve its goals.

Of the 12 audit recommendations:

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|  | 2 DONE |  | 9 PROGRESS |  | 1 OPEN |
| Fully implemented Auditor will no longer monitor. | | Partially implemented Auditor will continue to monitor. | | Remain unresolved Auditor will continue to monitor. | |

Please see details below for implementation status of each recommendation.



Recommendation 1

PROGRESS



The Department of Assessments should monitor and manage customer wait times to meet internal targets for prompt exemption decisions.

STATUS UPDATE: Wait times for exemption applicants are the same as they were at the time of our audit: about eight months. This means customers are still waiting five months longer than DOA's three-month internal target timeframe. DOA has made progress in developing and implementing a system to track customer wait time. It has also completed processing the oldest applications waiting in the queue; at the time of our audit, some of these had waited almost two years for an exemption decision. While the tracking tool allows DOA to monitor the volume of applications in the backlog and calculates customer wait times, it does not directly align with DOA's internal target of three months between application received and exemption decision communicated.

WHAT REMAINS: To complete this recommendation, DOA should modify its tracking tool to correspond with its target timeframe for exemption decisions. It should use the tool to manage customer wait times to issue exemption decisions within the target timeframe of three months.

Recommendation 2

PROGRESS



The Department of Assessments should refine, document, and restart its process to meet state requirements for renewing all exemptions at least once every six years. This process should include monitoring upcoming renewal volume.

STATUS UPDATE: DOA restarted mandatory renewal reviews in July 2022 and designated a team to process them. DOA anticipates completing reviews of overdue accounts by May 2023. Managers stated they expect the team to complete this year's mandatory reviews on time. However, as we detailed in our audit, the volume of upcoming renewals varies significantly, with some years more than double others. These numbers are predictable, meaning DOA can plan for the completion of this work years in advance. DOA has not yet documented its process for renewing exemptions nor monitored upcoming renewal volume past the current year. Considering the potential for additional workload from an upcoming increase in the exemption income limit, it is especially important that DOA plan for this work to remain compliant with state law.

WHAT REMAINS: To complete this recommendation, DOA should refine and document its mandatory renewal review process including how it will monitor and accommodate upcoming renewal volume at least three years ahead. We provide analysis of renewal volumes through 2027 in our report.

Recommendation 3

OPEN



The Department of Assessments should develop a staffing model for the exemptions program and use it to make budget decisions for new hires. The model should reflect workload, training, standard operating procedures, goals, and performance targets, including those described in the comprehensive customer service strategy in

Recommendation 5. To increase the model’s accuracy and efficiency, actions described in Recommendations 8 and 11 should come before or at the same time as the model.

STATUS UPDATE: DOA currently tracks how many applications are in its backlog, but it has not taken necessary analytical steps to use this information to develop a staffing model.

WHAT REMAINS: To develop a basic staffing model, DOA should also estimate the number of new applications it expects to receive in the future. It should then calculate the average number of staff working hours required to process an application, based on historic averages. DOA should then multiply these numbers together to estimate how many staff hours it needs to process the number of expected new applications as well as clear the backlog. DOA should do the same basic calculation to estimate the number of staff hours necessary to conduct mandatory renewal reviews. Next, DOA should divide this total number of necessary staff hours to process both new applications and renewals by the average number of hours an employee works (less the average number of hours each employee would be expected to spend on training, customer service (phones, email, counter, and outreach), and any other duties in the exemption SOPs that are not processing applications or renewals. From this calculation, DOA will be able to quantify how many employees are required to adequately manage the workload and reduce the backlog. DOA should then refine this basic staffing model to reflect performance targets and include calculations for different types of staff. It should use this information to support future budget requests for staff.

Recommendation 4

DONE



The Department of Assessments should work with all relevant staff to provide accurate information to taxpayers and issue refunds within target timeframes.

STATUS UPDATE: DOA improved internal processes to issue refunds within its six-week target timeframe. Data logs show that the team is getting close to finishing processing refunds from applications approved in 2022. Exemptions approved after January 30, 2023, are currently on track to meet timeliness targets. DOA also improved internal tracking systems and communication so that staff can provide accurate information to customers on refund status. Managers stated that as of April 2023, staff will be able to provide an accurate estimate of time remaining until a customer receives a refund in addition to information on refund status.

IMPACT: Customers are now receiving timely refund checks, which fulfills the main objective of the exemptions program: to provide financial relief to qualifying low-income taxpayers. In October 2021, DOA stated that were 600–800 people repeatedly calling to ask about their refund checks. DOA’s process improvements in response to our recommendation enabled it to begin issuing refunds within the timeframe communicated to customers, which should alleviate the frustration that prompted many of these phone calls. Reducing the time spent answering inquiries about refunds may free up staff to provide customers more assistance with applications.

Recommendation 5

PROGRESS



The Department of Assessments should develop, document, and implement a comprehensive customer service strategy, including information on how the strategy aligns with strategic goals and performance targets, a list of people accountable for the strategy, and equity considerations.

STATUS UPDATE: DOA has not yet developed a customer service strategy. It has laid the groundwork for doing this by developing and documenting an exemptions program strategic plan with goals including clear communication with taxpayers, consistent customer experiences, and appropriate response time for all customer contacts. The strategic plan also states that DOA values improving equitable access for all taxpayers and accommodating people with disabilities, technology, language, and other barriers.

WHAT REMAINS: To complete this recommendation, DOA should develop, document, and implement a comprehensive customer service strategy that operationalizes the customer service elements of its strategic plan and includes the results of Recommendations 6 and 7. The strategy should include measurable targets that DOA should track to monitor its implementation of the strategy and progress toward goals. This is an input for Recommendation 3: develop a staffing model. DOA should consult our Customer Service Criteria paper for more detailed information on how to develop a high-quality customer service strategy.¹

Recommendation 6

PROGRESS



The Department of Assessments should develop, document, and implement a plan to offer relevant application assistance to exemptions customers by collaborating with seniors, people with disabilities, disabled veterans, and their advocates. This plan should be in the comprehensive customer service strategy described in Recommendation 5.

STATUS UPDATE: DOA has not yet developed or documented an application assistance plan. As of January 2023, DOA resumed conducting in-person information sessions in response to requests from community organizations such as senior centers and libraries. Exemptions staff answer specific questions about the application process at these events, however these sessions are not opportunities for direct, hands-on assistance filling out applications. DOA indicated that it plans to offer more in-depth opportunities for application assistance when the King Street Customer Service center opens in May 2023.

WHAT REMAINS: To complete this recommendation, DOA should engage organizations that work with or represent seniors, people with disabilities, and disabled veterans to understand and document the specific needs of their members regarding assistance with the exemptions application process. DOA should work with these groups to develop plans to meet their application assistance needs in line with its organizational values of collaboration and equity. It should incorporate these plans in the comprehensive customer service strategy in Recommendation 5.

¹ See [KCAO: Customer Service Criteria: Agency and Executive-Level Criteria for Customer Service Practices](#)

Recommendation 7

PROGRESS



The Department of Assessments should refine, document, and implement a plan to provide regular outreach to prospective exemptions applicants by collaborating with seniors, people with disabilities, disabled veterans, and their advocates. This plan should be in the comprehensive customer service strategy described in Recommendation 5.

STATUS UPDATE: DOA has not yet provided evidence of analysis of potential unserved exemptions customers or developed and documented a proactive outreach plan. Staff conducted two in-person information sessions in response to requests from Kirkland Senior Council and King County Library's Alder region (Bothell, Kenmore, Lake Forest Park, Richmond Beach, and Shoreline). Managers stated that they will continue to increase outreach and engage with community partners in 2023 but did not indicate how they would organize this work to align with strategic goals.

WHAT REMAINS: In refining, documenting, and implementing its plan, DOA should take a proactive approach to outreach by engaging partners in race-, disability-, and veteran-based communities. Organizations we spoke with during the audit noted that some of the people in most need of property tax exemptions are missed by the usual outreach channels of senior centers and libraries. They recommended connecting with people at grocery stores, food banks, congregate meal sites, healthcare providers, banks, realtor and mortgage associations, and lenders. Consulting with people who regularly collaborate with communities eligible for the exemption program could make outreach more effective. Within the County alone, potential consultants include staff in the King County Veterans Program; Office of Equity, Racial and Social Justice; and Veterans, Seniors, and Human Services Levy. DOA should align its efforts with its strategic goals, which include improving outreach and education with a focus on underserved communities.

Recommendation 8

PROGRESS



The Department of Assessments should complete, communicate, and maintain comprehensive standard operating procedures for the exemptions team.

STATUS UPDATE: DOA developed a 2023 SOP Development and Training Workplan and dedicated a lead staff position to improving and documenting SOPs. Using input from subject matter experts on the exemptions team, the lead completed seven of the ten planned SOPs. The last three are in development or testing. The exemptions team meets weekly to discuss updates and training, including on the new SOPs.

WHAT REMAINS: To complete this recommendation DOA should finalize the remaining SOPs and train staff on how to implement them. SOPs are an input for Recommendation 3: develop a staffing model. A staffing model will provide key information to facilitate effective management and support resource requests.

Recommendation 9

DONE



The Department of Assessments should finalize, document, and implement a comprehensive training program for the exemptions team.

STATUS UPDATE: DOA developed an onboarding and training program for new exemptions employees and began using it in November 2022. New exemptions team members are introduced to systems and information in an organized and consistent manner that builds in complexity as they go through the program.

IMPACT: In combination with the new SOPs, the training program provides employees with the skills they need to ramp up quickly and handle progressively more challenging tasks. DOA will be able to use training time estimates to work on implementing Recommendation 3: develop a staffing model. A staffing model will provide key information to facilitate effective management and support resource requests.

Recommendation 10

PROGRESS



The Department of Assessments should finalize, document, and implement a systematic, risk-based method of quality assurance that includes both preventive and detective elements.

STATUS UPDATE: DOA is piloting a preventive quality assurance project to categorize applications by potential risk of fraud. Those that are low risk based on publicly available information get an expedited review. Those that do not meet low-risk criteria are placed in the queue for regular processing, where applications are selected at random for additional scrutiny. Managers stated that they are about halfway through the pilot project. DOA has designated a lead staff person for quality assurance and quality control and plans to increase capacity for detective quality assurance audits once it has completed backlogged work.

WHAT REMAINS: To complete this recommendation, DOA should finalize the pilot project and use the outcome in developing, documenting, and implementing a systematic, risk-based method of quality assurance that includes both preventive and detective elements.

Recommendation 11

PROGRESS



The Department of Assessments should develop, document, and implement staff-level performance targets, as planned.

STATUS UPDATE: DOA has created a system for tracking individual staff application and mandatory renewal processing speed and other metrics. Team members meet with the manager on a bi-weekly basis to review progress toward individual production goals and collaboratively determine training needs.

WHAT REMAINS: To complete this recommendation, DOA should expand its performance management system to include similar tracking and performance targets for direct customer service work such as handling customer phone calls and emails. It can use InContact phone data to

help analyze and build these metrics. Performance targets are an input for Recommendation 3: develop a staffing model. A staffing model will provide key information to facilitate effective management and support resource requests.

Recommendation 12

PROGRESS



The Department of Assessments should finalize, document, communicate, and implement a comprehensive strategy to achieve and maintain an engaged and resilient culture on the exemptions team as described in its strategic plan.

STATUS UPDATE: Between September and December 2022, DOA's exemptions team participated in four "Culture Project" workshops facilitated by Eagle Hill Consulting to develop investment in the vision and values the group collaboratively identified as part of the strategic planning process.

WHAT REMAINS: To complete this recommendation, DOA should document and communicate its strategy and implement any next steps in achieving and maintaining an engaged and resilient culture on the exemptions team.

Luc Poon conducted this review. If you have any questions or would like more information, please contact the King County Auditor's Office at KCAO@KingCounty.gov or 206-477-1033.