King County

KING COUNTY AUDITOR'S OFFICE

DECEMBER 2, 2024

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

The Department of Assessments (DOA) cut exemption application response times in half by developing a data-driven system for application processing, reorganizing teams, and establishing a positive workplace culture. DOA also documented and implemented a process for conducting mandatory renewals as required by Washington state law. The agency now plans for upcoming renewals three years in advance. In addition, DOA has now completed all the recommended inputs for a quantitative staffing model. Completing our recommendation to develop the model will help DOA align resources with workload and support future budget requests for staffing. DOA's work following our recommendations to take a strategic approach to set goals, establish metrics, and address the previously dysfunctional workplace environment has enabled the agency to handle larger volumes of work and provide better service to low-income taxpayers.

While DOA increased outreach to inform taxpayers about the exemptions program, opportunities to improve equity in outreach and application support remain. Taking recommended steps to conduct and document listening sessions with advocates and representatives of underserved communities will provide key information to improve outreach and application support for taxpayers regardless of language, resources, abilities, or access to technology per DOA's customer service strategy.

DOA completed two audit recommendations previously. Of the 10 remaining recommendations:

6 DONE	4 PROGRESS	0 OPEN
FULLY IMPLEMENTED Auditor will no longer monitor.	**PARTIALLY IMPLEMENTED** Auditor will continue to monitor.	**REMAIN UNRESOLVED** Auditor will continue to monitor.

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: DOA managers are actively monitoring wait times for processing property tax exemption applications. The team is reviewing applications between three and six months after receipt, depending on application circumstances, down from eight months at the time of our audit. This is particularly notable because DOA received 44 percent more applications through September 2024 than it did in all of 2023. Even with the surge in applications, managers stated that the team is keeping pace and continuing to reduce wait times. Managers review wait time data on a weekly basis.

WHAT REMAINS: To complete this recommendation, DOA should achieve its internal goal of two to three months for exemption application processing time.

Recommendation 2

DONE

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 the process for reviewing and renewing existing property tax exemptions every six years, as mandated by the State of Washington. Managers developed and documented a standard operating procedure and included communication templates to guide staff. DOA maintains a revolving plan to complete required renewals due in the next three years. The team is scheduled to complete all backlogged reviews by early 2025. Reviews completed in 2022 resulted in denying or removing almost 30 percent of the 6,689 exemptions up for renewal, either because recipients no longer met the eligibility criteria or did not respond to requests for verification information.

IMPACT: Implementing this recommendation saved taxpayer dollars by prompting DOA to complete overdue reviews and remove property tax exemptions where owners did not meet renewal verification criteria. DOA has strengthened its planning and execution processes because of this recommendation, allowing managers to prepare for peaks in mandatory renewal volume in coming years.

Recommendation 3

PROGRESS

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 updated its organizational structure to increase efficiency and effectiveness, create clear lines of accountability, and provide flexibility to move resources across functions to meet anticipated and emergent business needs. Managers indicated that they are continuing to develop metrics to ensure appropriate resource allocation and enhance the predictability of annual workload surges.

WHAT REMAINS: To complete this recommendation, DOA should use data it collects on application and renewal processing, customer service phone and email traffic, and other staff activities to quantify the number of staff required to meet its goals and targets. DOA has completed the recommendations required as inputs (Recommendations 5, 8, and 11), so it is ready to take the next step to apply its strategies and targets to developing the model.

Recommendation 4

APRIL 3, 2023

DONE

Recommendation 5

DONE

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 finalized, documented, and is in the process of implementing a comprehensive customer service strategy, which includes customer communications, outreach, application support, and creating and maintaining a positive working environment for the team. The strategy includes equity goals like supporting taxpayers regardless of language, resources, or abilities, and performance targets such as responding to customer mail and email within ten days and resolving issues on the first effort. Managers stated that the strategy reflects ongoing efforts over the last three years and future goals for the organization. They will maintain and update the strategy document going forward to reflect the changing needs of the organization.

IMPACT: By completing this recommendation, DOA documented its strategic priorities and set expectations for staff performance. The customer service strategy guides several bodies of work for exemptions staff such as application assistance and outreach (Recommendations 6 and 7, below) and is an input for developing a quantitative staffing model (Recommendation 3, above). As DOA continues to work toward fully implementing this strategy, it will continue to improve the exemption program’s equity and efficiency, resulting in a better experience for customers.

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’s comprehensive customer service strategy documents its objective to provide application support to eligible taxpayers regardless of language, resources, or abilities. It also states that DOA will work to understand barriers in technology and communication to ease the application process for applicants, both individually and systematically. DOA has not yet documented engagement with organizations that work with or represent groups of people who are not well served by the exemptions program. Engagement provides opportunities to collect information on the specific needs of their communities to assist with the exemptions application process. One way to determine how to improve application assistance to reach customers who have not been able to access the property tax exemption program is to conduct listening sessions with advocates or representatives of underserved groups. DOA managers indicated that they have established relationships with agencies including the Black Legacy Homeowners Network, City of Seattle – Aging and Disability Services program, the American Association of Retired Persons (AARP), and the Washington Homeowners Resource Center. These contacts could provide information to inform DOA’s application assistance plan.

WHAT REMAINS: To complete this recommendation, DOA should identify opportunities to improve application assistance in line with its customer service strategy, develop a plan to offer the assistance, and then begin implementing the plan.

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 documented goals for outreach in its comprehensive customer service strategy. It also developed a plan to conduct proactive outreach based on cities where the rates of exemption applications and approvals are lower than predicted. DOA held nine in-person sessions with senior and veterans' groups through October 2024, largely in response to requests. In addition, DOA sent exemptions information to every property taxpayer in the County in tax bill and valuation notice mailings. It also collaborated with community partners to send targeted mail providing information about the exemptions program. Perhaps in response to these efforts, DOA noted a significant increase in applications received, with 44 percent more applications received by September 2024 than the entirety of 2023.

WHAT REMAINS: To complete this recommendation, DOA should implement its plan to take a proactive approach to outreach by broadening its efforts to include communities whose members might not already be familiar with the property tax exemption program.

Recommendation 8

DONE

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

STATUS UPDATE: DOA finalized 14 standard operating procedure documents covering the customer service, exemption processing, and quality assurance functions. Supervisors communicate, reinforce, and maintain the standard operating procedures through regular team meetings and shared OneNote documentation.

IMPACT: By completing this recommendation, DOA increased the consistency and rigor of its work across its teams. Managers stated that the standard operating procedures streamline training and provide clear accountability for ownership of business processes when questions arise.

Recommendation 9

APRIL 3, 2023

DONE

Recommendation 10

DONE

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 implemented a systematic, risk-based methodology for reviewing new applications and renewing exemption applications for approval. DOA designed this process to 1) prevent giving tax exemptions to people who do not qualify (new applications) and 2) detect recipients who should not remain in the program (renewal applications). The process uses internal DOA data, information provided by the taxpayer in their application, and publicly available data provided by True Roll (a third-party vendor) to review each application for risk factors and the likelihood of denial — either because of lack of qualifying conditions or fraud. The team performs a basic review of low-risk applications, targeted reviews of applications with specific risk factors, and full reviews of high-risk applications. Managers stated that DOA does not deny applications without staff review.

IMPACT: By completing this recommendation, DOA strengthened its quality assurance and focused resources on the highest risk exemption applications. This allowed it to increase processing volume and reduce customer wait time.

Recommendation 11

DONE

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

STATUS UPDATE: DOA uses InContact phone data and exemption application tracking data to monitor staff performance against team averages. It uses results to manage staff resources to cover peaks in demand as well as to inform individual coaching and training needs. Managers stated that they reorganized to create smaller, more flexible teams with increased managerial support, resulting in clarity around roles and expectations and better individual and team monitoring.

IMPACT: By completing this recommendation, DOA developed a system to ensure staff performs at expected levels. This allows DOA to plan its workload and set customer expectations for response timeframes. The quantitative productivity measures developed in this recommendation are inputs for completing Recommendation 3 (the staffing model).

Recommendation 12 — DONE

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: DOA developed and documented a goal of operational excellence through a positive and supportive working environment in its customer service strategy. The strategy includes engaging team members in identifying and solving workplace problems and using annual employee feedback to identify opportunities for improvement. Managers regularly communicate and review this strategy during biweekly all-staff meetings and through their Employee Strategic Advisory Committee.

DOA built on the culture change work facilitated by Eagle Hill Consulting group in 2022 by reorganizing the team to increase engagement from staff. Managers stated that number of workplace complaints has gone down and staff now display positive feelings of belonging and enthusiasm and work well together in their teams. Managers emphasized the drastic positive change in working environment since the period reviewed in the audit. They plan to measure this change using the 2025 Employee Engagement Survey results.

IMPACT: By implementing this recommendation, DOA revitalized the exemption team's workplace culture, enabling staff to work efficiently and effectively to reduce the large backlog of work and provide better service to King County taxpayers.

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.