



KING COUNTY AUDITOR'S OFFICE

MAY 10, 2022

Property Tax Exemptions: Stronger Systems Needed to Meet Demand

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LUC POON
KYMBER WALTMUNSON

Executive Summary

Seniors, people with disabilities, and disabled veterans applying for property tax exemptions with the Department of Assessments (DOA) waited eight months for decisions in 2020—twice as long as in 2019. This resulted from a state-level eligibility expansion in 2020, nearly tripling the number of applications DOA received. DOA increased the number of exemptions decisions it issued in 2021 but not enough to prevent long customer waits. Moreover, DOA's strategies to increase output, namely deferring state-mandated renewals and reducing customer responsiveness, had negative outcomes. Before 2021, the exemptions program had gaps in management systems, contributing to delayed and inconsistent service. We recommend that DOA strengthen management with increased oversight, a documented customer service strategy, and a data-driven staffing model to deliver exemptions decisions promptly and provide responsive customer service.



King County

Acknowledgment

We would like to recognize the outstanding efforts of the staff at the Department of Assessments (DOA). Employees worked hard to process exemption applications amid extraordinary challenges, like the move to mandatory telework due to the COVID-19 pandemic in March 2020. This move was especially difficult since exemptions practices were primarily paper-based prior to 2020.

King County has more recipients of the Seniors, People with Disabilities, and Disabled Veterans Property Tax Exemption than any other county statewide. As of October 2021, King County had 18,910 recipients, compared with 11,604 in Pierce County, which has the second largest number of recipients in the state. The volume of work that DOA manages is unmatched in the state of Washington.

DOA played a lead role in lobbying to raise the state income limit to make property tax exemptions more equitable in 2020. DOA partnered with organizations like the American Association for Retired Persons and the Washington Housing Resource Center in the effort to tie the income limit to median county income. Effective in 2020, this change helped more people qualify for exemptions and avoid financial hardship. The change increased the annual income limit for King County residents to more than \$58,000 in 2020, compared with \$40,000 in 2019.

DOA won a National Association of Counties award for being the first in the industry to let taxpayers submit exemptions applications online. DOA holds a Certificate of Excellence in Assessment Administration from the International Association of Assessing Officers.

Property Tax Exemptions: Stronger Systems Needed to Meet Demand

REPORT HIGHLIGHTS

What We Found

The Department of Assessments (DOA) issues property tax exemptions to King County residents who meet state eligibility requirements. In 2020, the state expanded eligibility for the program. This nearly tripled the number of applications DOA received and doubled the median wait for customers to eight months. In 2021, DOA boosted its output of exemptions decisions by 70 percent but still did not meet internal targets or timelines communicated to customers. DOA increased output by adjusting strategies, adding staff, deferring state-mandated renewals, and reducing outreach and responsiveness to customers. Since higher application volumes are unlikely to go away, DOA will need to find ways to further increase output to improve customer experience.

DOA's exemptions team lacked documentation and clarity in core management tools such as new procedures, an up-to-date training program, robust quality assurance, and individual performance monitoring. These gaps stemmed from a lack of accountability and consistency in a paper-based environment with little teamwork or transparency. The launch of an online platform for property tax exemptions in 2020 radically changed the team's work environment. In 2021, new management and staff joined the team, generating positive change. Despite these improvements, DOA entered 2022 with several important management updates still awaiting implementation.

What We Recommend

To meet its goals for prompt and accurate exemptions decisions, we recommend that DOA increase oversight and implement policies and procedures to comply with state rules for exemption renewals. We also recommend that DOA document procedures, training plans, a customer service strategy, and a staffing model to ensure the exemptions team is ready to meet increased demand.

Why This Audit Is Important

Property tax exemptions for seniors, people with disabilities, and disabled veterans aim to preserve homeownership for Washington state residents who have low or fixed income and may be unable to work. King County residents saw food prices increase 8 percent and energy prices increase 25 percent between December 2020 and December 2021. Median housing costs for homeowners were \$29,724, and \$9,732 per year for those with and without a mortgage, respectively. In 2021, property tax exemptions saved nearly 19,000 county residents an average of \$4,123 a year, helping them pay their bills. As property taxes increase with area home values, prompt and accurate exemptions decisions are crucial to keeping housing affordable and ensuring public trust in the property tax system. Higher output in 2021 did not clear the backlog of applications for 2022.



Source: King County Auditor's Office analysis of Department of Assessments data

Property Tax Exemptions: Stronger Systems Needed to Meet Demand

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Section 1: Workload and Customer Service

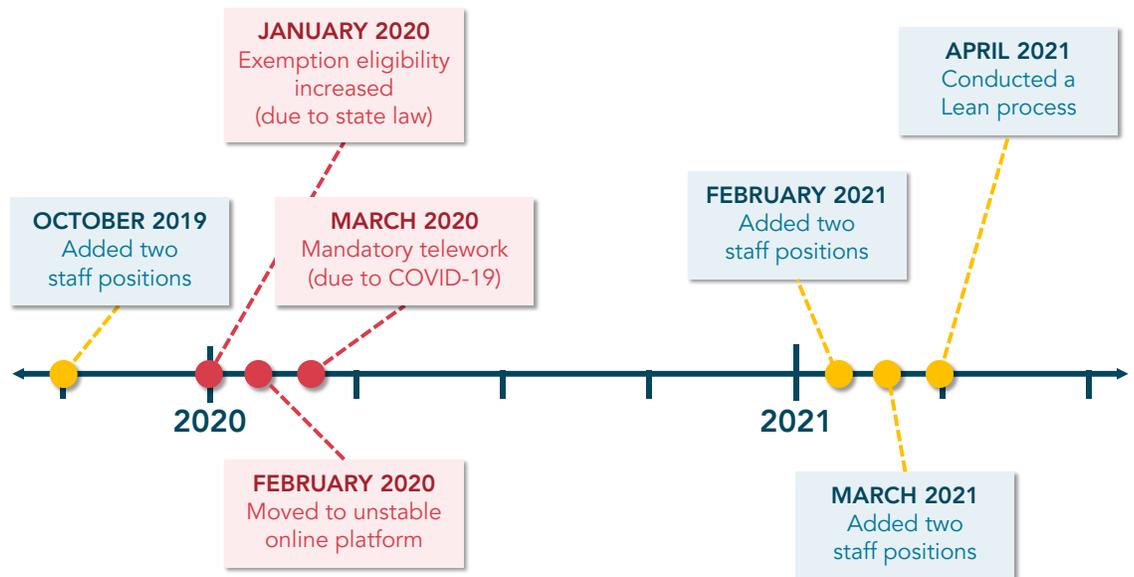
SECTION SUMMARY

Following several challenging external and internal events, the Department of Assessments (DOA) boosted output by 70 percent in 2021 but saw declines in outreach and responsiveness to customers. Seniors, people with disabilities, and disabled veterans applying for property tax exemptions waited eight months for decisions in 2020 and more than five months in 2021. These timeframes were well above DOA’s three-month target and timelines communicated to customers. Refund checks also fell months behind, delaying financial relief for residents. Taxpayers frustrated with delayed service and limited information contacted King County DOA, Treasury Operations (Treasury), Customer Service, the state Department of Revenue, and other government officials with concerns. If sustained, increases in output may shorten wait times going forward. However, long waits may continue due to high application volumes and deferred renewals. In this section, we discuss increased workload, delays, and customer experience.

2020: An unstable year

DOA faced what it calls “a perfect storm” of obstacles in 2020 that made it difficult to process property tax exemptions promptly. The timeline in exhibit A, below, shows events in red that made it difficult for the exemptions team to meet demand, and in blue, capacity-building actions DOA took to increase output.

EXHIBIT A: External and internal events affected DOA output, service starting in 2020.



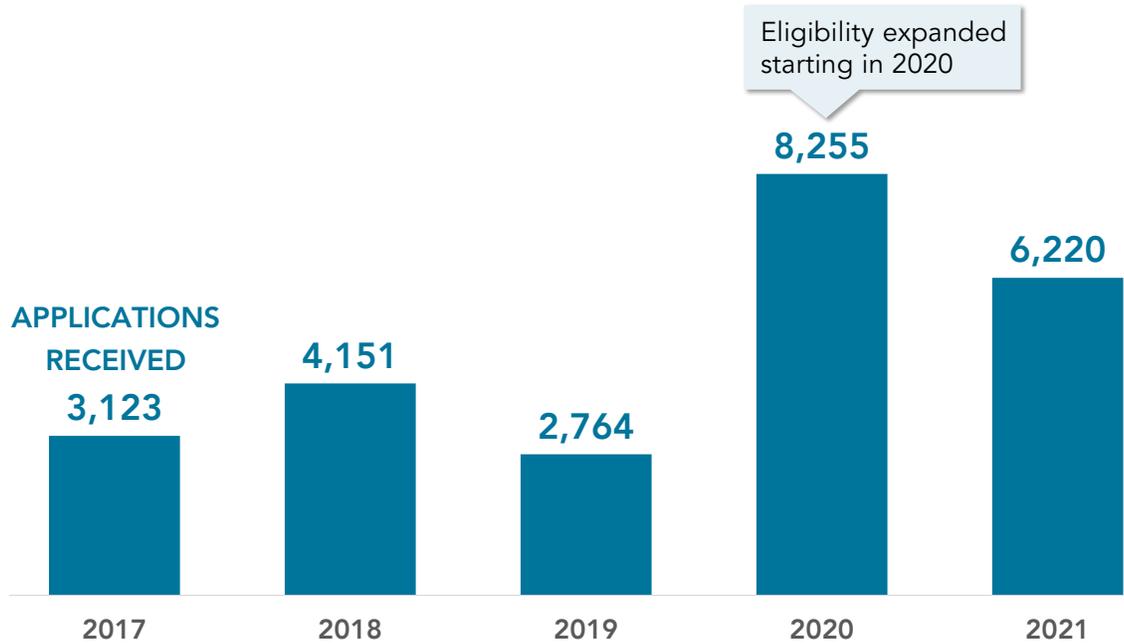
Note: Staff positions added in October 2019, February 2021, and March 2021 refer to positions for temporary term-limited employees. These positions were not all filled at the time they were added.

Source: King County Auditor’s Office

Applications tripled in 2020

After the state increased eligibility for the program in 2020, taxpayers sent DOA nearly three times more exemption applications than in 2019, straining staff capacity. DOA received 8,255 applications in 2020, well above recent years (see exhibit B). Because state lawmakers expanded eligibility for property tax exemptions, application volumes are likely to remain high going forward.

EXHIBIT B: Number of new applications rose in 2020 with increased eligibility.



Source: King County Auditor’s Office analysis of Department of Assessments data

Higher output benefited some more than others in 2021

DOA increased output in 2021 in part by prioritizing simpler applications, leaving more complex applications in the queue longer. Output increased 70 percent to 141 applications per week in 2021, up from 83 applications per week in 2020 (see exhibit D). To increase throughput, DOA spent tens of thousands of dollars on overtime, added temporary staff, and borrowed staff from other teams.¹ It also prioritized applications for processing based on complexity.² For example, DOA said lower value properties were less complex than higher value properties and current-year applications were less complex than multi-year and prior-year applications. DOA assigned less experienced staff to less complex applications, while more experienced

¹ DOA lost several exemptions staff to retirements and disagreement with COVID-19 vaccine mandates.

² Application complexity varies based on what types of income and expenses the taxpayer needs to report as well as characteristics of the property under review. For example, if any part of the property is owned by someone other than the applicant, is used for business or rental income, or exceeds the size limit for the exemption program, this will add complexity. Also, if the property is held in trust or has a deed dating back further than electronic records go, more research may also be necessary.

staff worked on more complex applications. Because there were more new and mid-level staff than experienced staff, and experienced staff were also mentoring and training other employees, complex applications waited in the queue longer. Taxpayers who submitted applications in 2020 and 2021 had waits ranging from same-day processing to up to 22 months. In April 2022, DOA began recruitment for a new position to oversee application prioritization and workflows.

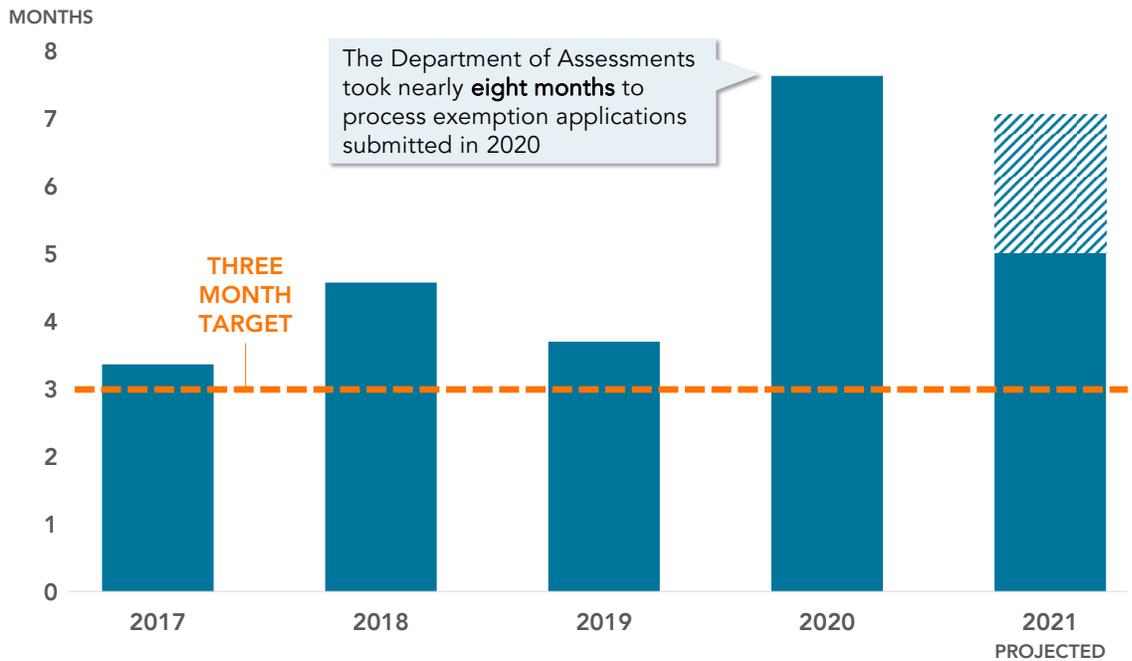
Customer wait times doubled

DOA did not monitor and manage average or median customer wait times, which greatly exceeded targets. With high application volumes, taxpayers waited a median of eight months for exemption decisions in 2020, compared with DOA’s three-month target. Long wait times can financially impact taxpayers (we discuss managing customer expectations for wait times in more depth later in the report). This is because applicants must pay their taxes on time, even if they have applied for an exemption. Non-payment can result in penalties and interest fees. Leading organizational practice is to use quality information to monitor performance against targets.

DOA’s median wait times exceeded its three-month target in each of the last five years (see exhibit C). DOA was closest to meeting its target when annual application volumes were around 3,000, as in 2017 and 2019. Between 2017 and 2019, an average of 44 percent of applicants had their exemption decision within three months. In 2020, when DOA faced both high application volume and external challenges such as disruptions from the pandemic and a new IT system (see section 2), this number fell to 11 percent. Wait times also reflect delays caused by taxpayers who had not sent in all necessary documents.³ DOA makes exemptions decisions by checking documentation to see whether taxpayers meet state criteria for age, ability, income, ownership, and occupancy.

³ DOA sent out requests for more information to 39 percent of customers in 2021, compared with 27 percent of customers in 2019.

EXHIBIT C: Taxpayers waited a median of eight months for an exemption decision in 2020.



Note: Solid bars show median wait times. The solid bar for 2021, which ends at five months, shows the median wait time for the 47 percent of applications submitted by customers in 2021 that DOA had finished processing at the time of our analysis in January 2022. We estimate the median wait time for all 2021 applications to be seven months, where the diagonally lined bar ends. Our estimate assumes that DOA processes the remaining applications submitted in 2021 and earlier, in the order received at the rate of 141 applications per week (see exhibit D on processing speed).

Source: King County Auditor’s Office analysis of Department of Assessments data

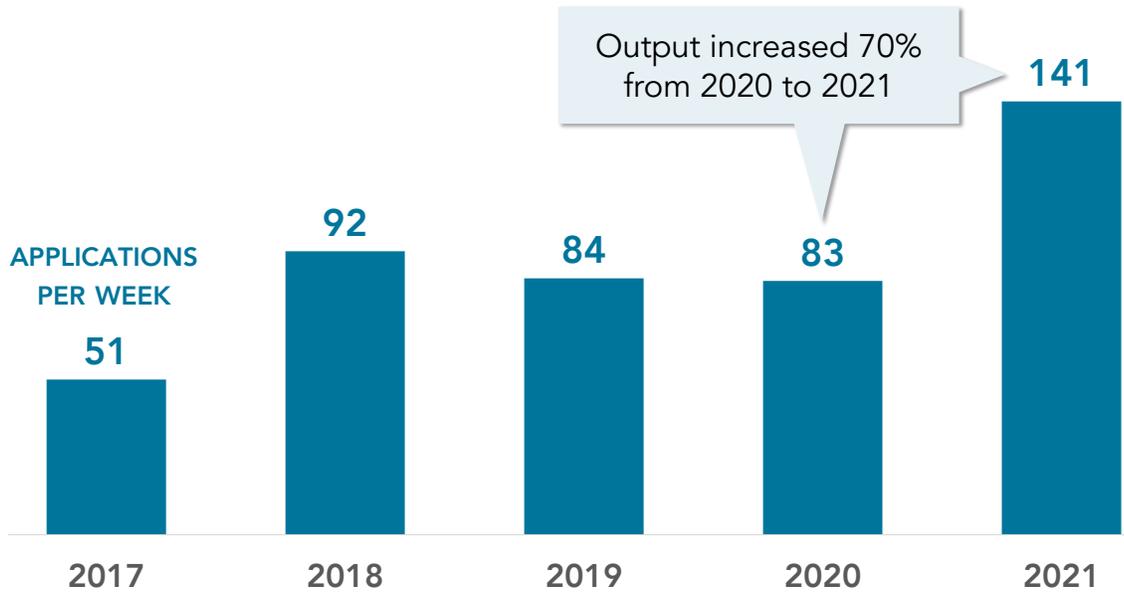
Recommendation 1

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

Higher output benefited some more than others in 2021

DOA increased output in 2021 in part by prioritizing simpler applications, leaving more complex applications in the queue longer. Output increased 70 percent to 141 applications per week in 2021, up from 83 applications per week in 2020 (see exhibit D). To increase throughput, DOA spent tens of thousands of dollars on overtime, added temporary staff, and borrowed staff from other teams.⁴ It also prioritized applications for processing based on complexity.⁵ For example, DOA said lower value properties were less complex than higher value properties and current-year applications were less complex than multi-year and prior-year applications. DOA assigned less experienced staff to less complex applications, while more experienced staff worked on more complex applications. Because there were more new and mid-level staff than experienced staff, and experienced staff were also mentoring and training other employees, complex applications waited in the queue longer. Taxpayers who submitted applications in 2020 and 2021 had waits ranging from same-day processing to up to 22 months. In April 2022, DOA began recruitment for a new position to oversee application prioritization and workflows.

EXHIBIT D: Output surged in 2021, as application volume stayed high.



Source: King County Auditor’s Office analysis of Department of Assessments data

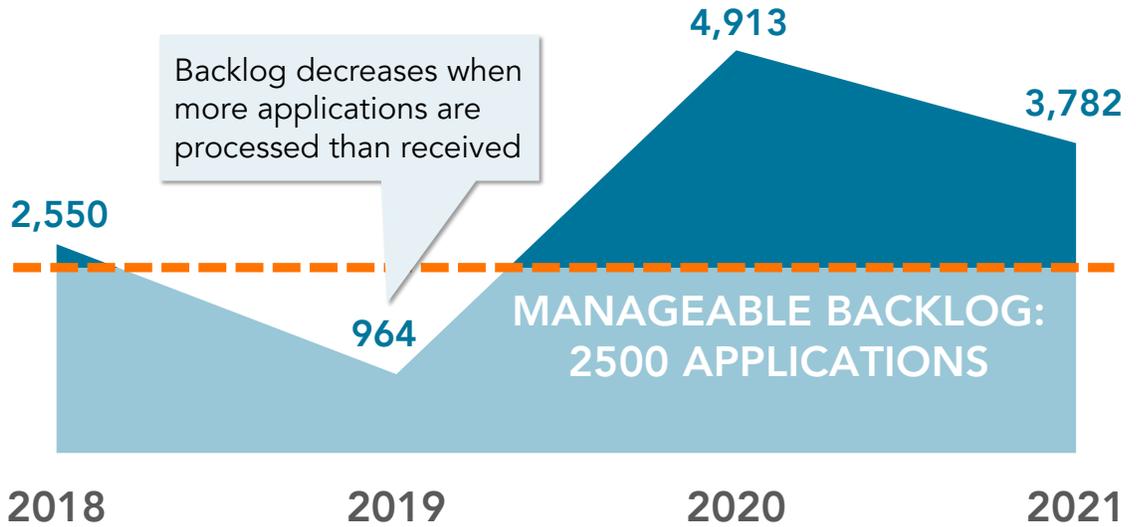
⁴ DOA lost several exemptions staff to retirements and disagreement with COVID-19 vaccine mandates.

⁵ Application complexity varies based on what types of income and expenses the taxpayer needs to report as well as characteristics of the property under review. For example, if any part of the property is owned by someone other than the applicant, is used for business or rental income, or exceeds the size limit for the exemption program, this will add complexity. Also, if the property is held in trust or has a deed dating back further than electronic records go, more research may also be necessary.

Backlog remained in 2022

Despite output gains, DOA had not cleared its application backlog by the end of 2021, adding to future workload. DOA significantly reduced its backlog between 2020 and 2021, but it was still 50 percent above its target going into 2022 (see exhibit E). DOA estimates that it can meet its target of completing applications within three months if its backlog does not exceed 2,500 applications.

EXHIBIT E: Higher output in 2021 did not clear backlog of new applications.



Note: We define the backlog as the number of applications completed in the year shown minus the number received in the year shown, plus the backlog from the previous year. We exclude data prior to 2017 to preserve data reliability.

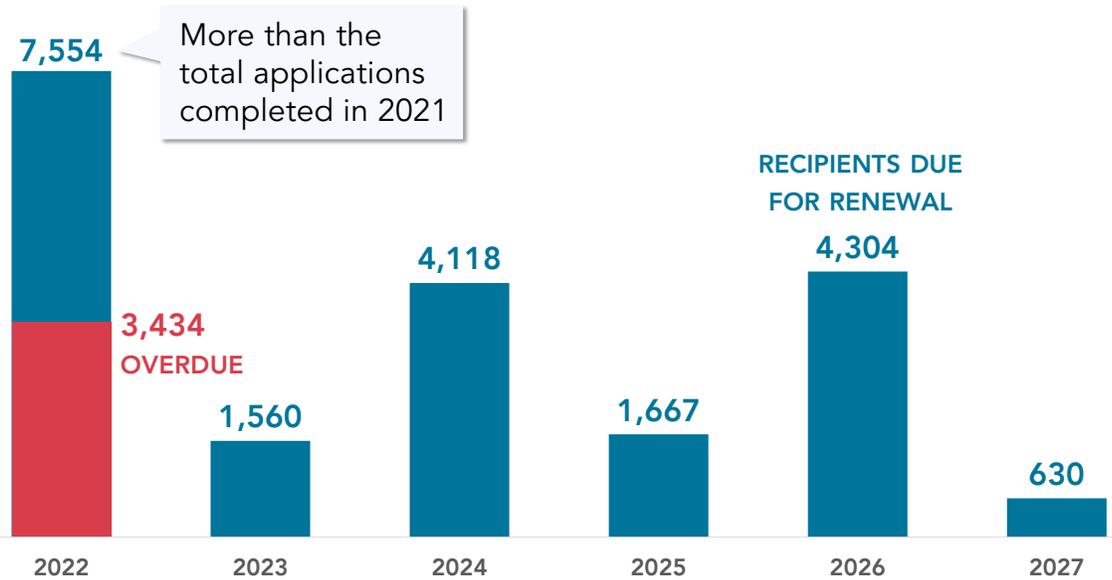
Source: King County Auditor’s Office analysis of the Property Tax Administration System data

Renewals will increase workload

With its growing backlog in 2020, DOA decided not to request renewal information from exemption recipients in 2020 and 2021, increasing workload in 2022.⁶ Because DOA did not do any renewals in the last three years, there are 7,554 recipients due for renewal in 2022 (see exhibit F). This is more than the total number of applications DOA completed in 2021 and excludes new applications. DOA noted that renewals take less time than new applications because customers already have an exemptions account, and some account updates are not necessary for renewals. However, it is unclear how much quicker it is to process renewals than new applications.

⁶ DOA aims to process renewals in summer 2022.

EXHIBIT F: Renewals are a mandatory and regular part of exemptions work.



Source: King County Auditor’s Office analysis of Department of Assessments data

Unlike the volume of new applications, which can be hard to predict because it depends on external factors such as outreach, word of mouth, tax rates, and home values, the number of renewals is predictable because it is based on the number of existing exemptions recipients. This means DOA can plan for the completion of this work years in advance.

Renewals not compliant with state law

Seventeen percent of exemptions were past due for renewal in 2021, leaving DOA out of compliance with state law. State law requires exemption recipients to prove they are still eligible for exemption at least once every six years. Since exemptions shift the tax burden between taxpayers, other taxpayers living in the same district as exemptions recipients must pay slightly more to make up for the lost revenue from exemptions. This shift would be unfair if exemption recipients were no longer eligible under state law but continued to receive an exemption due to process delays at the County. Staff we interviewed also mentioned the importance of renewals in catching errors (see section 2 for more on quality control). DOA last renewed exemptions in 2018. It renewed a portion of exemptions annually from 2012 to 2014, and then every other year in 2016 and 2018. Counties can set their own renewal schedule, so long as their process is consistent and meets the state requirement.

Recommendation 2

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.

Staffing analysis needed after major changes

DOA did not use relevant data to assess the number of staff the exemptions team needed to meet demand, increasing pressure on employees. About 40 percent of exemptions employees we interviewed said the team needed more staff to reduce stress and keep up with workload.⁷ DOA used historical information, not workload data, to set the number of staff on the exemptions team. Given increases in demand and the adoption of an online processing system in 2020, historical information is now inaccurate for estimating staffing needs. Between December 2019 and 2021, DOA added six term-limited temporary employees to the 14 full-time equivalent staff working on exemptions applications and answering calls and emails from customers (more on staffing in section 2).

DOA could use existing data on application and call volumes, output rates, customer service targets, and work demands, such as renewals and outreach, to estimate the number of staff the exemptions team needs to produce prompt and accurate exemptions decisions. Staffing models are a type of data analysis used to measure work activity precisely, decide the number of labor hours a work group needs, and to calculate costs and tradeoffs.

Recommendation 3

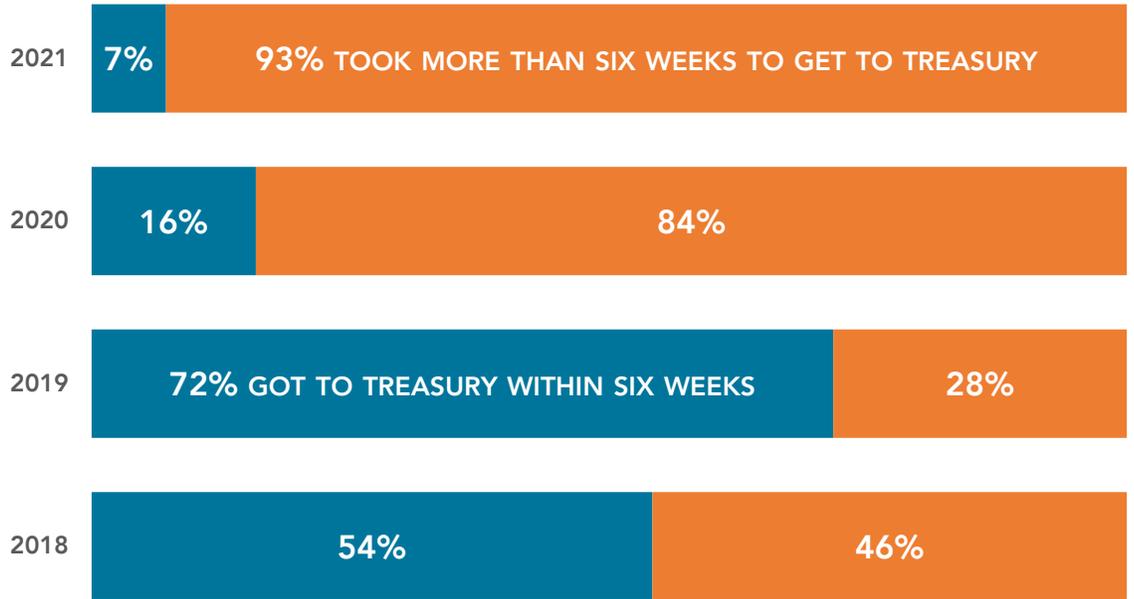
The Department of Assessments should develop a staffing model for the exemptions program and use it to make budget decisions for new hires. The model should reflect workload, training, standard operating procedures, goals, and performance targets, including those described in the comprehensive customer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

Refunds also delayed

DOA did not provide taxpayers with accurate information about refund timelines, which confused and frustrated some customers. DOA told taxpayers that they would receive refunds in six to eight weeks. However, in 2020, the County's median processing time for prior-year refunds was 18 weeks. In 2021, the median processing time was faster, at 15 weeks, but still nearly double the estimate given to customers. Because Treasury needs one to two weeks to prepare and mail a refund check, DOA needs to send account updates to Treasury within four to six weeks to meet timelines communicated to taxpayers. In 2021, DOA was only able to send 7 percent of account updates to Treasury within six weeks (see exhibit G). DOA said in October 2021 that there were 600–800 people repeatedly calling DOA about their refund checks.

⁷ We interviewed all 16 exemptions staff in the second half of 2021.

EXHIBIT G: Prior-year refunds took increasingly longer than six-week target starting in 2020.



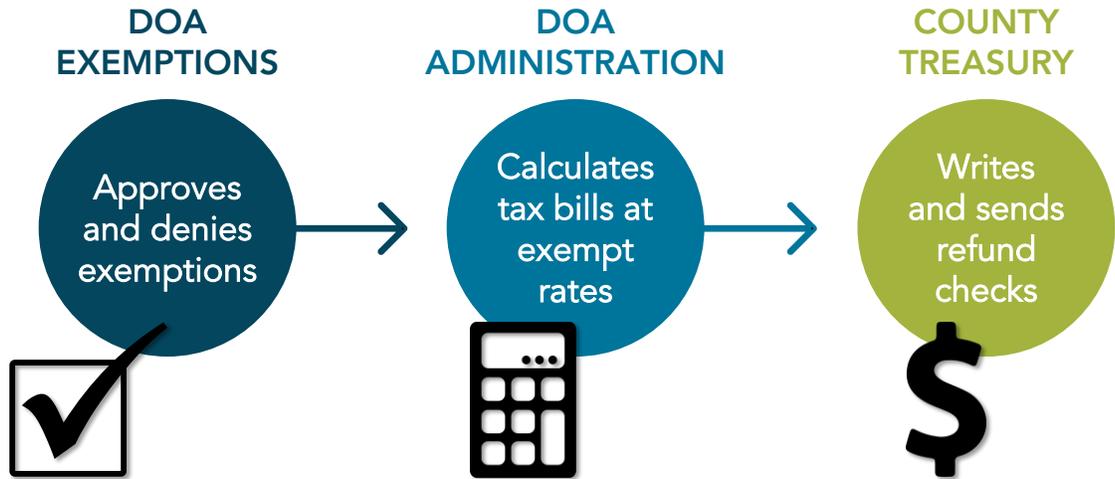
PRIOR YEAR REFUND REQUESTS

Source: King County Auditor’s Office analysis of DOA and Treasury Operations data

DOA had one person calculating prior-year refunds, creating a bottleneck. DOA had 14 application processors and only one person using a manual process to calculate prior-year refunds using old mainframe systems in 2021. DOA staff said that process weaknesses, lack of training, and gaps in quality assurance (discussed in section 2) contributed to delays once refunds were in progress. For example, Treasury staff mentioned getting calls from taxpayers asking for a refund only to find out that DOA’s refund staff still did not have the proper paperwork. The exemptions team approves or denies exemptions, then sends paperwork to another team to calculate refunds. Afterward, a separate agency—Treasury—verifies the request and issues a check (see exhibit H). Taxpayers are due a refund when they pay a full property tax bill on a tax year for which they later get an exemption.⁸

⁸ Under state law, taxpayers can apply for a property tax exemption for the current year and up to three prior years. For example, a taxpayer applies in February 2022 for an exemption for tax year 2021, and DOA approves their application in November 2022. Assuming the taxpayer pays their 2021 property taxes at the non-exempt rate by the scheduled first half (April 2022) and second half (October 2022) deadlines, Treasury will issue them a refund for the difference between the exempt rate they were eligible for in November and the non-exempt rate they paid in April and October.

EXHIBIT H: DOA teams and Treasury must work together to issue property tax refunds.



Source: Source: King County Auditor's Office

DOA said refund delays may only stop when DOA’s IT modernization project is complete—at the time of writing, this was expected to be in 2023 or 2024 (more on technology implementation in section 2). This timeline suggests that refund delays will continue until the IT project is complete, unless DOA takes interim steps to improve timeliness. Leading practice is to have an organizational structure where agencies can communicate quality information and fulfill responsibilities efficiently and effectively.

Recommendation 4

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

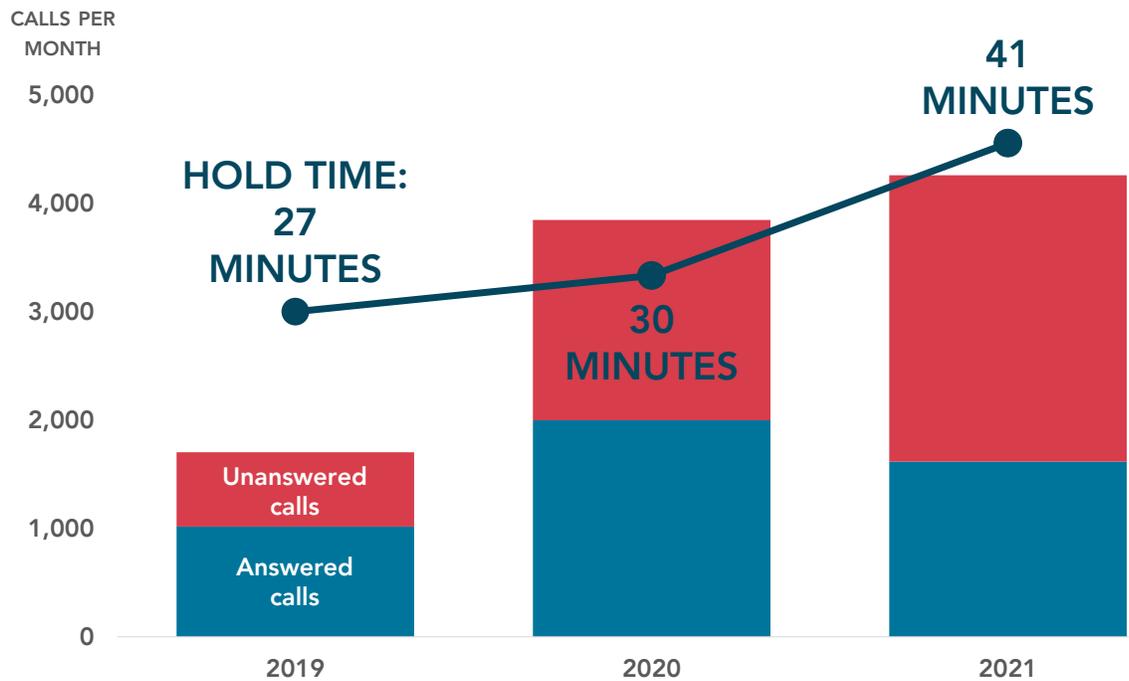
Delays not clearly communicated

Despite DOA’s aim to be transparent, other customer-facing materials also included inaccurate information. DOA forms prepared for 2020 applicants said that exemptions decisions might take “several weeks,” despite having a median wait time of eight months. In 2021, DOA updated application materials to remove the time estimate and add a note that it was processing applications in the order received. However, this new language did not fully reflect DOA’s approach. Date received was just one factor DOA considered to prioritize work assignments, along with home value, the number of applications a taxpayer submitted, and other indicators of complexity or need. These communications did not align with DOA’s strategic goal to give clear information to customers.

Customer access to DOA was limited

Although DOA set a goal of providing clear and responsive customer service, it did not have a comprehensive customer service strategy to guide operations, which negatively impacted customer experience. For six months, from February to August 2020, DOA could not send automated notices to customers confirming receipt of application materials due to a technology glitch. In 2021, 70 percent of customer calls were either automatically disconnected by DOA’s phone system or ended by the customer before they were answered. In the remaining 30 percent of calls, customers waited an average of 41 minutes for DOA to answer the phone (see exhibit I).

EXHIBIT I: Customers faced longer waits and more dropped calls as call volumes increased.



Source: King County Auditor’s Office analysis of InContact phone data for the Department of Assessments’ exemptions phone line

When the number of callers waiting for service was fewer than nine, DOA’s phone system offered customers the option to request a call back. When the number of callers waiting for service was more than nine, however, the call disconnected automatically, asking customers to call back later. Disconnected callers did not get the option to receive a call back. DOA’s phone system automatically disconnected 48 percent of callers in 2020 and 62 percent in 2021. DOA had the ability to change the number of callers that would trigger disconnections, and to offer callbacks to all customers, but DOA said its focus on processing new applications took priority over analyzing call data. The exemptions team’s draft strategic plan includes goals for customer communication and responsiveness.

Customer inquiries spread beyond DOA

Exemptions employees said the majority of the calls they received were customers asking for status updates. They reported getting calls from angry customers. One said the stress they felt was not so much from the workload as it was from being unable to help unhappy callers frustrated with long wait times. Leading practice is for agencies to document and implement a comprehensive customer service strategy that aligns with strategic goals, includes ways to meet customer service targets, and lists people accountable for the strategy at the program level and above.

As wait times lengthened, the state Department of Revenue, which oversees exemptions, started getting complaints from King County customers. The department said it does not normally get calls about timing or processing from any county applicants. It said customers were upset that no one answered the phone at DOA. Treasury, which issues refunds, also got more customer calls. It said taxpayers were frustrated because of long turnaround times on exemption decisions and uncertainty about when they would get refunds. Many seniors called before tax deadlines in hopes that they could get a revised tax bill, rather than having to pay the full amount up front. Treasury asked DOA to fast-track applications from customers who told Treasury they would be unable to pay their full tax bill without an exemption.

One way DOA tried to manage call volume was by prioritizing applications of people who elevated complaints, limiting access to people with more time and bigger networks. DOA said it prioritized applicants escalated by other agencies to reduce the volume of calls and deliver faster service to those in need. One King County councilmember, who mailed residents about increased exemptions eligibility, noted that they received more than 100 complaints about delays, lack of communication, and lost documents. The councilmember sent complaints directly to DOA leadership for response. A staffer at a nonprofit advocacy group who sent status requests they received from taxpayers to DOA staff said DOA responded quickly to requests but that an advocacy group should not have to intervene to get a response. The Tax Advisor, a county office within the Office of the Ombuds whose phone number appears on property value cards, said it saw an increase in calls from frustrated taxpayers who were unable to reach DOA.⁹ DOA said applicants who reached out to councilmembers, the Tax Advisor, and others, also called DOA's customer service lines repeatedly, and that each call DOA answered reduced time available for processing applications. A comprehensive customer service strategy should include equity considerations and involve communities and stakeholders in program design and review.

⁹ The Tax Advisor helped DOA with status updates by relaying customer requests to DOA staff and sending DOA's responses to taxpayers. The office said that DOA staff responded within two to three weeks and that it replied to taxpayers within one week.

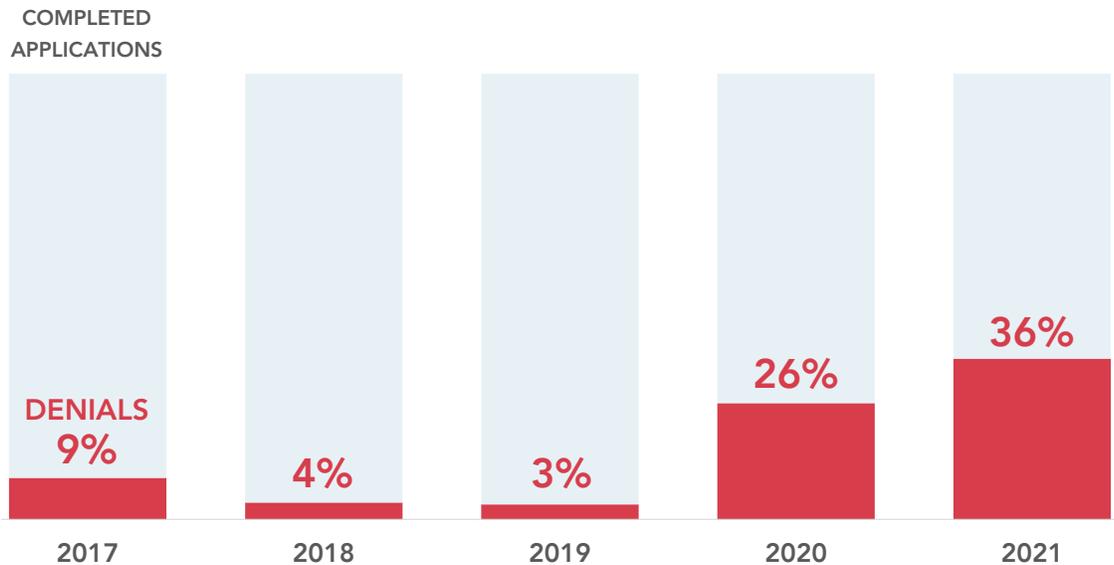
Recommendation 5

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.

Denial, appeal rates increased

To reduce the application backlog, DOA updated its process to deny applications when taxpayers did not respond to requests for more information within two months, increasing the denial rate (see exhibit J). “No response” denials accounted for 26 percent of denials issued in 2021 and 16 percent of denials in 2020.¹⁰ Staff said that some taxpayers who received requests for more information responded but had their information go missing because the County’s scanning system did not reliably move all customer files to the exemptions system.¹¹ DOA also attributed the increased denial rate to the program’s higher income threshold, saying people who had not previously considered applying were doing so to see if they would qualify.

EXHIBIT J: Denials as a percentage of completed applications surged in 2020 and 2021.



Source: King County Auditor’s Office analysis of Department of Assessments data

Taxpayers have a right to appeal their exemption decisions to the King County Board of Equalization, or to the state, if they believe DOA denied their applications in error. The percentage of denials that resulted in appeals grew to 13 percent for tax year 2021, from 7 percent for 2020. The outcomes of most appeals were still pending at the time of writing.

¹⁰ 2020 and 2021 were the only two years DOA had complete data on denial reasons.

¹¹ DOA said that this issue became known sometime prior to September 2020, seven months after the online application system went live. DOA instructs staff to check both systems as a work-around to this issue. If staff did not implement this work-around, DOA would only learn of missing documents if taxpayers called to report the issue.

Online applicants got faster service

People who mailed in paper applications waited longer for exemptions decisions than online applicants, compounding existing inequities. In 2020, the year DOA launched its online platform, more than half of exemptions applicants applied online. However, over 40 percent of exemptions applications were still on paper in 2020 and 2021. To process paper applications, DOA staff do the extra steps of scanning paper into the online system, creating an online account, and keying in customer information. As a result, mail applications typically took longer to process than online applications. While 22 percent of online applicants had their application done within DOA’s three-month target, only 11 percent of paper applicants had the same outcome (see exhibit K).

EXHIBIT K: Online applicants were more likely to get faster service, reducing accessibility.



Source: King County Auditor’s Office analysis of Property Tax Administration System data

DOA’s website suggests customers apply online for faster service, despite significant demand for alternative application methods. According to the most recent US Census data for King County, 99,865 households did not have a computer and 190,652 did not have a broadband internet subscription. A 2021 study of US adults conducted by the Pew Research Center found that internet use is lower among people over age 65 and people earning less than \$50,000 a year than among other age and income groups. State law limits exemptions to people over age 61 or with a qualifying disability and those earning less than \$59,000 a year. In effect, providing faster service to online applicants prioritizes those with more privilege and access.

Less help available, fewer complete applications, slower process

DOA had to suspended in-person customer service during the COVID-19 pandemic due to county mandates, contributing to incomplete or incorrect applications. DOA sent out requests for more information to 39 percent of customers in 2021, compared with 27 percent of customers in 2019. The pandemic also limited taxpayers’ access to senior centers and other community-based organizations where people have historically gotten help with exemptions applications. Prior to 2020, DOA staff would work with applicants over the phone or at the service counter to fix application errors and fill in missing information. However, as in-person help was suspended, customers also faced limited access to DOA by phone. Leading practice is for agencies to have ways to involve customers and other stakeholders in co-creation of programs and improvements, like technical help.

DOA worked with local partners to increase awareness of the program prior to the pandemic but has done less work helping applicants submit complete applications. Advocates we spoke to said that help filling out applications could make the exemption program more accessible, especially for homeowners in the greatest need. Equity experts said the application process may be prohibitive for people without help or language interpretation throughout the process.¹² DOA followed leading practice by including customers in testing of the online portal but has not engaged customers or experts further to increase accessibility amid the pandemic, while outreach is on hold. Messages sent to King County through the online Contact Us form included questions about exemptions eligibility and necessary documentation. As an example of the complexity of exemptions applications, instructions in 2021 had a page-long list of documents that applicants might need to supply to meet state eligibility requirements. The list included more than a dozen income documents and four types of expense documents in addition to proof of age, disability, homeownership, and occupancy. Offering relevant support and consultation to applicants could increase the number of complete and accurate applications DOA receives. This would, in turn, increase processing speed and customer satisfaction.

Recommendation 6

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.

Limited outreach to disabled veterans

DOA has not emphasized outreach with disabled veterans as much as other groups, missing opportunities to ensure eligible homeowners receive exemptions.¹³ In addition to expanding income eligibility in 2020, state law also increased eligibility for disabled veterans. As a result, the number of people in King County eligible for the program by virtue of their disabled veteran status more than doubled to 5,537.¹⁴ DOA did not monitor data on ability or veteran status and estimated that there were not more than ten disabled veterans enrolled in the program.¹⁵ In 2017, DOA conducted veteran outreach by visiting military bases to distribute exemptions fliers.

¹² DOA provides property tax exemption program information in seven languages on its website.

¹³ A disabled veteran is a veteran with a federal Veterans Affairs service-connected rating, verifying that military service caused or aggravated their injury or illness.

¹⁴ Law reduced the Veterans Affairs service-connection threshold to 80 percent from 100 percent in 2020. Eighty percent service-connected disability is common among Post 9/11 veterans. Disabled veterans would still need to meet homeownership, income, and occupancy criteria to qualify.

¹⁵ DOA said this might be because the spouses of disabled veterans who had applied earned enough to put them over the income eligibility threshold.

DOA has conducted outreach with senior centers and Black and non-English-speaking communities. DOA said that it focused outreach on seniors because most applicants were seniors. Stakeholders we interviewed had various ideas for how DOA could expand outreach; for example, by engaging more partners in race-, disability-, and veteran-based communities and 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 and Social Justice; and Veterans, Seniors, and Human Services Levy. DOA's strategic goals include improving outreach and education, with a focus on underserved communities. To get every eligible taxpayer on the program, DOA estimates that 26,000 more people need to apply.

During the pandemic, DOA suspended outreach, limiting taxpayer awareness of the program. DOA said it intends to restart outreach when COVID conditions allow. Regular outreach could help both taxpayers and county agencies by encouraging people to apply before they are in crisis, reducing stress and time pressure. People who are not eligible when they first hear about the program may become eligible later due to retirement or other life changes. If taxpayers apply for the program when they first become eligible, they will not have prior-year applications, reducing the volume of new applications and the need to process refunds.

Recommendation 7

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.



Section 2: Management and Accountability

SECTION SUMMARY

DOA’s exemptions program lacked important tools to promote accountability and teamwork while implementing new IT processes and hiring staff. In 2021, a new supervisor took over the exemptions program, making improvements. However, DOA faced challenges leveraging new staff during the surge of applications in 2020 and 2021 because the program did not have comprehensive process documentation or a documented, up-to-date training program. An underdeveloped quality assurance system increased the risk of errors, inconsistencies, and appeals. While DOA had team-level productivity targets, it did not have staff-level targets, reducing accountability and transparency. In 2022, DOA began to address these gaps through structural changes including recruiting for positions focused on process, standards, and quality assurance. In this section, we will discuss internal challenges that existed prior to 2021, which compounded the issues discussed in section 1 and slowed the development of management tools.

Major IT changes slowed production after rollout

Adapting to new IT processes delayed increases in output expected in 2020. DOA rolled out a major IT project shifting exemptions work from paper to an online platform in February 2020.¹⁶ The COVID-19 pandemic required DOA to move to mandatory telework in March 2020. In the first six months of 2020, as it struggled to adapt to a new system and full-time teleworking, staff completed only 13 percent of the total number of applications they ultimately finished by year end. Because their daily work involved paper applications, face-to-face customer service, and old mainframe computer systems prior to 2020, experienced team members found the shift to the online system and remote work particularly challenging. DOA hired a change management vendor to assist in the transition. The vendor’s August 2019 employee survey found that only 17 percent of exemptions staff felt fully prepared for the move to online work. Not only did staff need to adjust to new hardware and software to use the online system, but the system itself was still changing as IT staff continued development after deployment. Exemptions staff reported bugs and unexplained changes in functionality well into 2021 as programmers worked to stabilize the system. Output began to ramp up starting in July 2020 as staff become more used to the online environment and DOA borrowed staff from other teams to help with application processing.

¹⁶ The Property Tax Administration System (PTAS) IT modernization project includes an online portal allowing taxpayers to submit exemptions applications electronically. Prior to PTAS, all applications were on paper.

Lack of standard procedures slowed training

The exemptions program lacked comprehensive process documentation and a documented, up-to-date training program, making leveraging new employees more difficult. DOA planned to expand and update its process documents to reflect the new IT system, but the simultaneous onset of the COVID-19 pandemic and telework disrupted its efforts. DOA said that by the time the team had adjusted to working remotely, it had to prioritize processing applications over documenting procedures to reduce the growing backlog.¹⁷ An effective and efficient training program requires documentation that describes workflows and provides structure and consistency. Process documentation and associated training are management best practices that help make sure employees perform work consistently to achieve organizational goals and mitigate risks.

DOA hired seven new exemptions employees in 2021. At that time, the exemptions team did not have a formal onboarding training process, or up-to-date standard operating procedures. As a result, DOA tasked more experienced staff with training new hires on how to conduct basic application processing. They compiled emails and hand-written notes to serve as ad hoc training documentation. As they trained their peers, more experienced staff had less time to process applications, delaying the more specialized tasks they usually handled.¹⁸

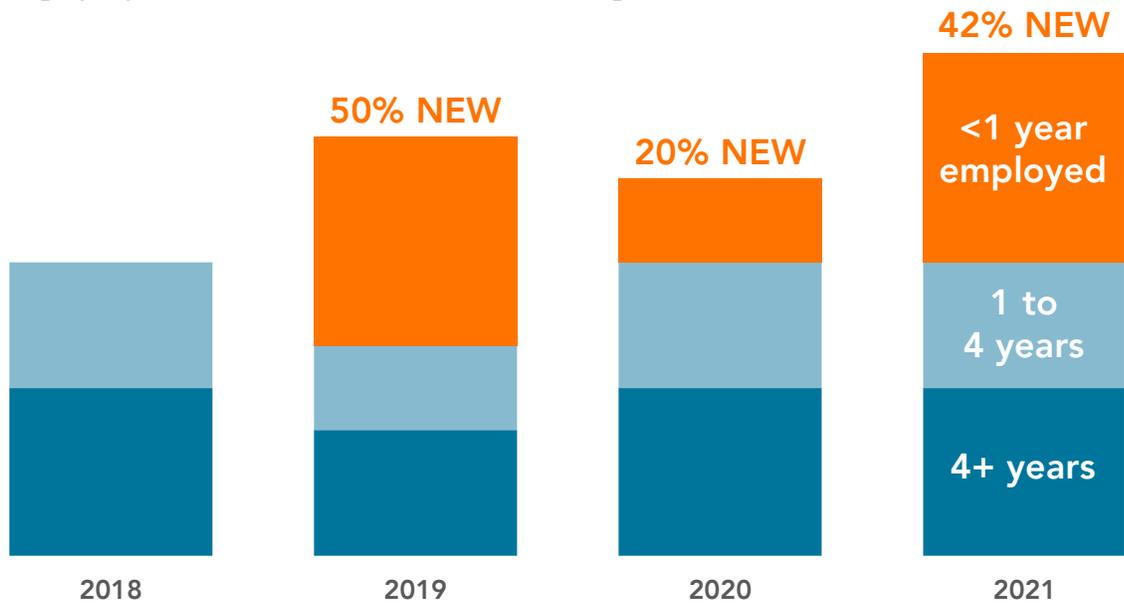
DOA recognized this gap and took steps in late 2021 to begin collecting process documentation to use in developing a formal training program. Training on standard procedures is a leading practice that promotes consistency and reduces the amount of time employees spend researching correct processes. For DOA, documented standard procedures would also help reduce the burden on experienced staff, who interrupt their own work to answer questions from newer staff. In April 2022, DOA began recruiting for a new position to create and maintain standard operating procedures.

¹⁷ DOA indicated that many current workflow processes are temporary to accommodate legacy systems that will be retired when the full PTAS modernization project is complete.

¹⁸ Basic application processing includes verifying documents for age, ability, income, ownership, and occupancy criteria. Specialized applications require additional expertise and include segregating and merging tax accounts and handling appeals, cancelations, proration, and rush and priority tasks, among others.

The large percentage of new employees on the exemptions team increased the training burden. Because of turnover and silos within the exemptions team, DOA had only one or two exemptions staff who had the expertise to train new hires on specialized tasks. Over the three years between 2019 and 2021, DOA hired a total of 14 application processers, of which four left after a year or less of employment.¹⁹ The team varied in size from nine application processers in 2019 to 14 in 2021, as DOA added term-limited temporary employees to bring down the backlog.²⁰ Over these years, the portion of staff with more than four years of experience was relatively stable, while the proportion of less experienced staff grew, both from the addition of term-limited temporary employees and turnover (see exhibit L). Knowledge silos that had developed over time compounded the burden on experienced staff. In the absence of documented processes, they were the only ones who had the knowledge to train new staff on specialized skills. To address this gap, DOA began using a skills matrix to track and monitor individual knowledge, skills, and abilities with the goals of professional development and increased team resilience.

EXHIBIT L: High proportion of new staff created a training burden from 2019 to 2021.



Note: We calculated staff tenure as of December 31 of each year. We only included exemptions staff who process applications.

Source: King County Auditor’s Office analysis of Department of Assessments data

Recommendation 8

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

¹⁹ Staff left by resigning, retiring, or transferring to other jobs within DOA.

²⁰ DOA had a total of 20 positions assigned to the exemptions program as of December 31, 2021. Sixteen positions were filled at that time, including the supervisor and two staff who were assigned to answer customer calls and data entry.

Recommendation 9

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

Ad hoc quality control increased risk

DOA’s quality control process had gaps that increased the risk of errors, inconsistencies, and appeals. Experienced exemptions staff review the work of new hires for a period of two to six months, which can catch mistakes before they affect customers. This is an example of a preventive control. However, once new hires graduate from working on simple exemptions applications to more specialized ones, there is no process to review their work, despite it being more complex. For example, there were no random reviews of decisions to detect systemic issues. Instead, reviews only occur if an employee asks for help, or if someone happens to detect an error. Employees said they heard of and saw mistakes and inconsistencies when answering customer phone calls and printing letters for customers. DOA indicated that when someone finds an error, the manager researches the issue to find out if there is a recurring problem and takes steps to address it.

Government best practices recommend designing a system of actions intended to help ensure that employees’ work achieves performance goals and avoids risks. Risks in the context of application processing include mistakes and inconsistencies which can result in unfair treatment of customers, harm to DOA’s reputation, and more work for DOA and other agencies. Agencies should incorporate both preventive and detective actions in quality control processes. DOA has some elements of both preventive and detective controls, but they are not systematic or comprehensive.

DOA said it plans to use a quality control program to detect accounts that may not meet eligibility criteria while processing renewals in 2022, and is recruiting a quality control lead for the exemptions team. The quality control program can detect taxpayers who are ineligible for exemptions; for example, due to the sale of their home. However, the program does not identify taxpayers whose income exceeds the eligibility threshold, which is the most common reason exemptions are denied. State law only requires DOA to review customer eligibility every six years, so preventive controls are important to make sure people do not get on the program in error. DOA intends to expand the pilot program to use for both preventive and detective quality control measures. In addition, in April 2022, DOA began recruiting a new position to develop and implement quality control processes for the exemptions team, including developing a renewal program.

Recommendation 10

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

DOA lacked staff-level productivity targets

DOA did not have staff-level productivity targets, reducing accountability and transparency. In 2021, DOA increased senior exemptions output overall, but output per employee ranged widely from two to 36 applications per week.²¹ DOA said the wide variation was largely because staff have varying duties, which may include customer contact, regular applications, specialized applications, training, and administrative work like printing and data entry. Staff assign applications to themselves. DOA does not compare staff-level output to a benchmark. However, it does require staff to report their daily output via email. In our interviews, staff expressed frustration about inefficiency and lack of transparency and accountability. Some staff said they spent 30 minutes a day preparing their daily output report.

Productivity targets are a best practice. They provide data to support continuous improvement for individuals and teams. Leading practice is to use quality information to exercise oversight and check staff performance. DOA said it has started building staff performance targets that reflect different assignments and may be able to replace daily output emails with automated reports in the future. More reliable data on application processing and customer responsiveness is available in real-time through DOA's new IT system and in monthly reports from its phone service vendor.

Recommendation 11

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

Conflict delayed achievement

Prior to March 2021, issues with leadership and culture kept the exemptions team from working together effectively. Although workgroup culture appears to be improving in recent months, both DOA internal documents and our interviews showed that the exemptions team was an extremely challenging place to work that did not align with DOA's strategic goals of "nurturing and sustaining an engaged, resilient, and enthusiastic workforce." Many staff relayed negative interpersonal interactions with team members and managers. In four years, the exemptions team had four different managers. In the 2019 countywide employee survey, 39 percent of DOA's Accounting Division, which includes the exemptions team, said they felt excessively tense or stressed during the workday.²² Twenty-two percent named leadership as a significant contributor to work stress. The 2021 results, taken in the same month that DOA assigned new leadership, were similar, with 35 percent excessively tense and 25 percent attributing stress to their leaders.²³

²¹ To calculate staff-level output, we counted the number of completed applications assigned to each employee. There are limitations in this approach since multiple people may work on a single application, to which only one person is assigned. For example, a less experienced person might ask for help to complete a complex application.

²² At the time of the 2019 Employee Survey, there were 35 people in the Accounting Division with eight (or 22 percent) on the exemptions team.

²³ There was no countywide survey in 2020. The 2021 survey collected data in March 2021, the first month of the current exemptions supervisor's tenure. King County sent the Accounting Division survey to 39 people, of which 16 (or 41 percent) were assigned to the exemptions team.

Interpersonal conflict reinforced knowledge silos described above by reducing information sharing, teamwork, and consistency. Organizational practices literature says that strong leadership and healthy culture are necessary for organizations to perform effectively and adapt to changing environments, like the one DOA faced in 2020.

DOA is addressing leadership challenges but has not finalized a comprehensive strategy to build and sustain cultural change. An effective approach to change management finds staff with the skills needed to support a transition, as well as proper incentives, resources, and planning to actualize plans and achieve goals. DOA started a change management process by assigning a new supervisor to the exemptions team in March 2021. By the time we interviewed exemptions staff in the fall, employees said that the change was improving trust and transparency. They described team dynamics in neutral or positive terms, suggesting that interpersonal conflict has decreased. By January 2022, the exemptions supervisor began a strategic planning effort within the exemptions team to define its vision and goals. Team collaboration on defining cultural norms can help prevent or mitigate future conflict and serve as the foundation for an effective system of management.

Recommendation 12

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.

Conclusion

State lawmakers agreed with DOA and advocacy groups that eligibility for property tax exemptions should be expanded in 2020. As a result, DOA found itself in a challenging situation with an unprecedented number of exemption applications. In addition, mandatory telework brought on by the COVID-19 pandemic required staff to abruptly adapt to new work processes. DOA worked hard to increase output but did so in some ways that were not sustainable: deferring state-mandated renewals, reducing customer service responsiveness and outreach, and borrowing staff from other programs. DOA needs stronger systems to address high application volumes and deferred work going forward. A lack of core management tools—such as process documentation and a documented training program—has hindered DOA's ability to increase capacity in the exemption program. In response to these gaps, new leadership began to develop management tools in 2021. Still, DOA must continue to strengthen its foundations and strategies to provide its customers timely and equitable service.



Response: Auditor's Office

In conducting performance audits, the Auditor's Office follows the Generally Accepted Government Auditing Standards set forth by the US Government Accountability Office. These standards require "sufficient, appropriate evidence to provide a reasonable basis for ... supporting findings and conclusions." In its official response, the Department of Assessments notes that it provided the Auditor's Office with information that did not appear in the final report. This is because some of the information provided did not meet the standards of evidence outlined in government auditing standards for inclusion in our final audit report.

The audit team reviewed all the information the department provided against the standards for relevant, valid, reliable, and sufficient evidence. In addition, independent quality assurance evaluators who were not part of the audit team ensured that each report statement was supported by sufficient and appropriate evidence in order to meet standards.

We value the work of the Department of Assessments and are pleased that it has concurred with all 12 of our recommendations.

For more information about government auditing standards, visit www.gao.gov/yellowbook.

Response: Department of Assessments



King County Department of Assessments
KSC – AS – 0708
201 S. Jackson St., Room 708
Seattle, WA 98104

John Wilson
Assessor

April 26, 2022

King County Auditor Kymber Waltmunson
King County Courthouse
516 Third Avenue, Room W-1033
Seattle, WA 98104

Dear Auditor Waltmunson:

It is my pleasure to forward to you the Department of Assessments response to the “Property Tax Exemptions: Stronger Systems Needed to Meet Demand” audit recently completed by your office. We appreciate the work that went into the audit and want to thank you and your team for your efforts. We are supporters of performance audits and believe they can make government more efficient and effective.

Enclosed you will find the following documents: 1) DOA written response to the audit; 2) the completed “assessor recommendation tables.”

We concur with the 12 recommendations contained in the audit. In fact, DOA has either been executing the content of the recommendations previous to the audit, or has begun execution of the recommendations in 2021 or 2022.

Sincerely,



John Wilson
King County Assessor

Enclosures

DOA Senior Exemption Audit Response 4-26-22

Senior Exemption Auditor Recommendations Enclosure Department of Assessments Response to Recommendations and Audit Report/Findings

The following narrative is the Department of Assessments official response to the King County Auditor's Report titled "Property Tax Exemptions: Stronger Systems Needed to Meet Demand." The response contains an Executive Summary and two other elements: 1) DOA response to what it believes are inaccuracies or omissions; 2) DOA response to the 12 recommendations.

Executive Summary from DOA:

DOA appreciates the work done by the Auditor team and concurs with all 12 recommendations in the Final Audit Report. In fact, DOA had been executing a number of the recommendations for years, while other recommendations have been undertaken recently in 2021 or 2022. Though DOA concurs with much of the Final Report, DOA does dispute the accuracy of some elements of the Report narrative and some of the conclusions, including where important facts are omitted. That is not to say the entire report is off the mark – it is not. There is a large volume of helpful research and recommendations.

DOA made extraordinary attempts to provide the Auditor team with relevant information and liberal access to DOA staff to answer questions and provide information. Still, DOA does not believe the Final Audit Report accurately represents the entirety of the Department's work before and during the Audit. DOA believes not enough focus was put on external factors beyond our control, such as the Covid pandemic, key IT issues, and the full gravity of the impacts from the volume of applications. As a Lean Learning Agency, DOA believes it can always improve. So, there will always be elements of our operation that are not as effective and efficient as possible. However, DOA believes the tone and presentation of the Final Report is unduly slanted toward organizational shortcomings as opposed to obvious external factors.

For example:

Heading into 2020, DOA had ambitious plans regarding senior exemptions, from customer service, outreach, and processing perspectives. DOA asked for additional staff and received them to aid in this customer service plan.

- But three factors stopped our customer service plan and were the primary reason for the application backlog that occurred:
 - First, the increase in demand was greater than anyone anticipated, and equally important, came on quicker than expected. The increased application volume

DOA Senior Exemption Audit Response 4-26-22

- started right away and never did slow down. The volume of applications increased by 300 percent between 2019 and 2020.
- Second, COVID and the transition to remote work, which no one anticipated, dramatically affected productivity. Our Senior Exemptions team had never worked remotely before, and while we had the IT assets available to move to remote work, they were not staged, and the staff were not trained initially. It took time to deploy assets and train staff. **The audit does not give the effects of the pandemic the appropriate level of impact.**
 - Third, a glitch in the county’s document management software, combined with an unexpected surge in paper applications, forced us to scan, by hand, hundreds of applications, and prevented us from generating acceptance letters. This software failure affected processing for five months. **Unfortunately, the audit fails to mention this problem except in passing as related to Recommendation 5, despite the number of times it was mentioned to the Auditor Team.**

What follows below in the next section is the DOA response to specific elements of the Final Audit Report that are not recommendations, but passages that DOA believes are based on a misunderstanding of what was communicated, or inaccurate based on omissions.

1. Heading – “Final Audit Report Executive Summary” – page 1

“Seniors, people with disabilities, and disabled veterans applying for property tax exemptions with the Department of Assessments (DOA) waited eight months for decisions in 2020—twice as long as in 2019. This resulted from a state-level eligibility expansion in 2020, nearly tripling the number of applications DOA received. DOA increased the number of exemptions decisions it issued in 2021 but not enough to prevent long customer waits. Moreover, DOA’s strategies to increase output, namely deferring state-mandated renewals and reducing customer responsiveness, had negative outcomes. Before 2021, the exemptions program had gaps in management systems, contributing to delayed and inconsistent service. We recommend that DOA strengthen management with increased oversight, a documented customer service strategy, and a data-driven staffing model to deliver exemptions decisions promptly and provide responsive customer service.”

DOA Response: King County Auditor unfortunately does not acknowledge in the Executive Summary two significant factors that contributed to the delays in processing: the Covid pandemic that interrupted processing work for several months; an IT issue outside of DOA’s control that impacted processing for five months. Covid is acknowledged in a few places in the report and in the conclusion, but the absence in the prime-placement Executive Summary is unfortunate.

DOA Senior Exemption Audit Response 4-26-22

2. Heading – “What We Found” – page 3

“DOA increased output by adjusting strategies, adding staff, deferring state-mandated renewals, and reducing outreach and responsiveness to customers. Since higher application volumes are unlikely to go away, DOA will need to find ways to further increase output to improve customer experience.”

DOA Response: King County Auditor attributes “reducing outreach” as part of the strategy to increase production; this is not accurate. DOA reduced outreach due to Covid, not as part of a production strategy. We simply could not perform our usual in-person outreach activities safely during Covid. The Auditor team was informed of this, but it was not reflected in the report. King County Auditor also does not recognize the number of Lean business process improvements executed during this time frame to increase productivity, including a two-day “stand down,” despite being provided information about them. This omission is important to DOA because we consider our organization a Lean Learning Organization.

3. Heading – Ad Hoc Quality Control Increased Risk – page 25.

“DOA’s quality control process had gaps that increased the risk of errors, inconsistencies, and appeals. Experienced exemptions staff review the work of new hires for a period of two to six months, which can catch mistakes before they affect customers. This is an example of a preventive control. However, once new hires graduate from working on simple exemptions applications to more specialized ones, there is no process to review their work, despite it being more complex. For example, there were no random reviews of decisions to detect systemic issues. Instead, reviews only occur if an employee asks for help, or if someone happens to detect an error. Employees said they heard of and saw mistakes and inconsistencies when answering customer phone calls and printing letters for customers. DOA indicated that when someone finds an error, the manager researches the issue to find out if there is a recurring problem and takes steps to address it.”

DOA Response: DOA has had a quality assurance program for the exemptions team for years. However, DOA acknowledges that in light of the new volume of applications, and the sophistication of new applications, that the QA program must be more robust. DOA has been working to improve the QA program for the last year. DOA is currently in 2022 implementing this updated QA program. DOA is in the process of hiring a Quality Control lead to more fully address this recommendation. DOA has also contracted with a vendor that provides evidence of taxpayers who may no longer qualify to be used during application reviews.

DOA Senior Exemption Audit Response 4-26-22

4. Heading – “Conflict Delayed Achievement” – page 27

“Prior to March 2021, issues with leadership and culture kept the exemptions team from working together effectively. Although workgroup culture appears to be improving in recent months, both DOA internal documents and our interviews showed that the exemptions team was an extremely challenging place to work that did not align with DOA’s strategic goals of “nurturing and sustaining an engaged, resilient, and enthusiastic workforce.” Many staff relayed negative interpersonal interactions with team members and managers. In four years, the exemptions team had four different managers. In the 2019 countywide employee survey, 39 percent of DOA’s Accounting Division, which includes the exemptions team, said they felt excessively tense or stressed during the workday.²⁰ Twenty-two percent named leadership as a significant contributor to work stress. The 2021 results, taken in the same month that DOA assigned new leadership, were similar, with 35 percent excessively tense and 25 percent attributing stress to their leaders.²¹ Interpersonal conflict reinforced knowledge silos described above by reducing information sharing, teamwork, and consistency. Organizational practices literature says that strong leadership and healthy culture are necessary for organizations to perform effectively and adapt to changing environments, like the one DOA faced in 2020.”

DOA Response: DOA has recognized this culture issue within the Senior Exemptions team for several years, and has spent a great deal of time and energy to improve it. DOA provided information to the Auditor Team about numerous activities that have been conducted, including multiple Dispute Resolution, Organizational Development, and Change Management processes, personnel actions, and Lean processes (to determine root causes). DOA recognizes that this kind of culture work is never complete, and we continue to invest time and resources in it. Unfortunately, the Auditor did not recognize this in the Final Report.

Recommendation 1

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

DOA Response: DOA has monitored customer wait times for years; most recently using the In-Contact Software and PTAS for this purpose. DOA has updated its process for managing and monitoring customer wait times and will continue to do so. This was shared with the Auditor but is not reflected in the report.

Recommendation 2

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.

DOA Response: DOA had historically done renewals on a regular cadence, typically every four years. In 2020, with the new income criteria changes, DOA moved all current exemption recipients into the appropriate level based on the most recent income information in the system. DOA will do renewals in 2022 using dedicated staffing. This was shared with the Auditor team.

DOA Senior Exemption Audit Response 4-26-22

Recommendation 3

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.

DOA Response: DOA has had a staffing model for the exemptions program for years, and has made a number of adjustments to the model since program criteria changed and application volume increased. DOA will continue to develop and modify staffing models for the SE team going forward. This will always be a dynamic process. This was shared with the Auditor team.

Recommendation 4

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

DOA Response: DOA acknowledges that information shared with taxpayers over the last two years was not accurate because the agency could not keep up with the influx of applications. DOA has updated the approval timeframes in current taxpayer communications in an effort to be more accurate. DOA has made recent system upgrades to be more accurate, and will continue to partner with other county agencies to provide the most accurate information on service waits as possible.

Recommendation 5

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.

DOA Response: DOA has had a customer service strategy for years, and has updated the strategy in 2022. DOA plans to continue to iterate its customer service strategy going forward. This information was shared with the Auditor but is not reflected in the report.

Recommendation 6

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.

DOA Response: DOA has had an action plan to offer assistance to exemptions customers for years. However, this plan was almost entirely put on hold in recent years due to COVID safety concerns. When COVID conditions warrant, DOA will resume these activities. This information was shared with the Auditor but is not reflected in the report.

DOA Senior Exemption Audit Response 4-26-22

Recommendation 7

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.

DOA Response: DOA has had a plan to provide outreach to prospective exemptions customers for years. However, this plan was almost entirely put on hold due to COVID safety concerns. When conditions warrant, DOA will resume these activities. This information was shared with the Auditor but is not reflected in the report.

Recommendation 8

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

DOA Response: DOA has had standard operating procedures for the exemptions team for years. A complete written manual was updated in 2014 and was relevant until PTAS went live in 2020. These SOPs were being updated during the Auditor review of the program, and are currently being updated to reflect the new software program (PTAS) that is now being used to process applications. This PTAS process e-manual is available but is now out of date due to rapid changes. DOA is now hiring a Standards Lead to update and maintain these and other SOPs. This information was shared with the Auditor but is not reflected in the report.

Recommendation 9

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

DOA Response: DOA acknowledges that its training plan for the exemptions team was not robust enough for the current environment, and has been working in the last year to develop a more comprehensive plan. Elements of this new training plan are being used currently in 2022.

Recommendation 10

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

DOA Response: DOA has had a quality assurance program for the exemptions team for years. However, DOA acknowledges that in light of the new volume of applications, and the sophistication of new applications, that the QA program must be more robust. DOA has been working to improve the QA program for the last year. DOA is currently in 2022 implementing this updated QA program. DOA is in the process of hiring a Quality Control lead to more fully address this recommendation. DOA has also contracted with a vendor that provides evidence of taxpayers who may no longer qualify to be used during application reviews.

DOA Senior Exemption Audit Response 4-26-22

Recommendation 11

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

DOA Response: DOA has had team level performance targets for years, but not specific performance targets for individual employees. DOA acknowledges that these would be strategic in the new, enhanced volume era, and is working to develop these in 2022.

Recommendation 12

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.

DOA Response: DOA has recognized this culture issue within the Senior Exemptions team for several years, and has spent a great deal of time and energy to improve it. DOA provided information to the Auditor Team about numerous activities that have been conducted, including multiple Dispute Resolution, Organizational Development, and Change Management processes, personnel actions, and Lean processes (to determine root causes). DOA recognizes that this kind of culture work is never complete, and we continue to invest time and resources in it. Unfortunately, the Auditor did not recognize this in the Final Report.

###

Recommendation 1

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

Agency Response	
Concurrence	CONCUR
Implementation date	Current
Responsible agency	DOA
Comment	DOA has monitored customer wait times for years; most recently using the In-Contact Software and PTAS for this purpose. DOA has updated its process for managing and monitoring customer wait times and will continue to do so. This was shared with the Auditor but is not reflected the report.

Recommendation 2

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.

Agency Response	
Concurrence	CONCUR
Implementation date	2022
Responsible agency	DOA
Comment	DOA had historically done renewals on a regular cadence, typically every four years. In 2020, with the new income criteria changes, DOA moved all current exemption recipients into the appropriate level based on the most recent income information in the system. DOA will do renewals in 2022 using dedicated staffing. This was shared with the Auditor team.

Recommendation 3

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.

Agency Response	
Concurrence	CONCUR
Implementation date	Current
Responsible agency	DOA
Comment	DOA has had a staffing model for the exemptions program for years, and has made a number of adjustments to the model since program criteria changed and application volume increased. DOA will continue to develop and modify staffing models for the SE team going forward. This will always be a dynamic process. This was shared with the Auditor team.

Recommendation 4

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

Agency Response	
Concurrence	CONCUR
Implementation date	2022
Responsible agency	DOA; Treasury; Tax Advisor
Comment	DOA acknowledges that information shared with taxpayers over the last two years was not accurate because the agency could not keep up with the influx of applications. DOA has updated the approval timeframes in current taxpayer communications in an effort to be more accurate. DOA has made recent system upgrades to be more accurate, and will continue to partner with other county agencies to provide the most accurate information on service waits as possible.

Recommendation 5

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.

Agency Response	
Concurrence	CONCUR
Implementation date	Current
Responsible agency	DOA
Comment	DOA has had a customer service strategy for years, and has updated the strategy in 2022. DOA plans to continue to iterate its customer service strategy going forward. This information was shared with the Auditor but is not reflected in the report.

Recommendation 6

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.

Agency Response	
Concurrence	CONCUR
Implementation date	Current
Responsible agency	DOA
Comment	DOA has had an action plan to offer assistance to exemptions customers for years. However, this plan was almost entirely put on hold in recent years due to COVID safety concerns. When COVID conditions warrant, DOA will resume these activities. This information was shared with the Auditor but is not reflected in the report.

Recommendation 7

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.

Agency Response	
Concurrence	CONCUR
Implementation date	Current
Responsible agency	DOA
Comment	DOA has had a plan to provide outreach to prospective exemptions customers for years. However, this plan was almost entirely put on hold due to COVID safety concerns. When conditions warrant, DOA will resume these activities. This information was shared with the Auditor but is not reflected in the report.

Recommendation 8

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

Agency Response	
Concurrence	CONCUR
Implementation date	Current
Responsible agency	DOA
Comment	DOA has had standard operating procedures for the exemptions team for years. A complete written manual was updated in 2014 and was relevant until PTAS went live in 2020. These SOPs were being updated during the Auditor review of the program, and are currently being updated to reflect the new software program (PTAS) that is now being used to process applications. This PTAS process e-manual is available but is now out of date due to rapid changes. DOA is now hiring a Standards Lead to update and maintain these and other SOPs. This information was shared with the Auditor but is not reflected in the report.

Recommendation 9

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

Agency Response	
Concurrence	CONCUR
Implementation date	2022
Responsible agency	DOA
Comment	DOA acknowledges that its training plan for the exemptions team was not robust enough for the current environment, and has been working in the last year to develop a more comprehensive plan. Elements of this new training plan are being used currently in 2022.

Recommendation 10

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

Agency Response	
Concurrence	CONCUR
Implementation date	Current
Responsible agency	DOA
Comment	DOA has had a quality assurance program for the exemptions team for years. However, DOA acknowledges that in light of the new volume of applications, and the sophistication of new applications, that the QA program must be more robust. DOA has been working to improve the QA program for the last year. DOA is currently in 2022 implementing this updated QA program. DOA is in the process of hiring a Quality Control lead to more fully address this recommendation. DOA has also contracted with a vendor that provides evidence of taxpayers who may no longer qualify to be used during application reviews.

Recommendation 11

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

Agency Response	
Concurrence	CONCUR
Implementation date	2022
Responsible agency	DOA
Comment	DOA has had team level performance targets for years, but not specific performance targets for individual employees. DOA acknowledges that these would be strategic in the new, enhanced volume era, and is working to develop these in 2022.

Recommendation 12

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.

Agency Response	
Concurrence	CONCUR
Implementation date	Current
Responsible agency	DOA
Comment	DOA has recognized this culture issue within the Senior Exemptions team for several years, and has spent a great deal of time and energy to improve it. DOA provided information to the Auditor Team about numerous activities that have been conducted, including multiple Dispute Resolution, Organizational Development, and Change Management processes, personnel actions, and Lean processes (to determine root causes). DOA recognizes that this kind of culture work is never complete, and we continue to invest time and resources in it. Unfortunately, the Auditor did not recognize this in the Final Report.



Statement of Compliance, Scope, Objective & Methodology

Statement of Compliance with Government Auditing Standards

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Scope of Work on Internal Controls

We assessed the extent to which the Department of Assessments (DOA) has designed and implemented internal controls for its Senior, Persons with Disabilities, and Disabled Veteran Property Tax Exemption program. This included reviewing selected state, county, and division policies, guidance, plans, and processes. We also reviewed coordination between agencies that engage the exemptions program, such as Treasury Operations (Treasury), the Board of Equalization, and King County Information Technology. In performing our audit work, we identified concerns relating to risk assessment, control environment, control and monitoring activities, strategic planning, and training.

Scope

To review the work of DOA in administering the Senior, Persons with Disabilities, and Disabled Veteran Property Tax Exemption program, we focused on applications filed between 2018 and 2021. This review also included a review of exemption refunds and appeals managed by the Treasury and Board of Equalization, respectively.

Objectives

1. To what extent does DOA provide timely and effective service to users of the program?
2. To what extent is the program administered to ensure eligible residents get tax relief?

Methodology

To address the audit objectives, we reviewed documents such as strategic planning materials, human resources records, exemption application materials, and contracts for the Property Tax Administration System (PTAS) and associated change management.

We interviewed current and former DOA staff in the Accounting Division responsible for exemptions processing and account management, including refunds and data entry, along with the County Assessor, Deputy Assessor, and DOA IT staff. We also interviewed other county agencies including Treasury; Veterans, Seniors, and Human Services Levy; King County Veterans Program; Tax Advisor; Office of the Ombuds; Office of Equity and Social Justice; and King County Council. Outside King County, we interviewed people working for the American Association of Retired People, local senior centers, the Washington Homeowners Resource Center, the state Department of Revenue, and union representatives.

To understand and evaluate the exemptions program's workflows, including the extent to which the program provides timely and effective service to eligible residents, we analyzed data on exemptions

recipients, application status, output, appeals, mandatory renewals, customer communications, complaints, refunds, and employee engagement using the following data sources:

- exemption recipients as of November 1, 2021 and mandatory renewals: DOA query of Real Property and Personal Property mainframes
- application status and output: PTAS data as of January 4, 2022
- appeals: Board of Equalization data as of October 25, 2021, covering tax years 2018 through 2021
- customer communications: InContact (phone call) data from DOA and Treasury; Tax Advisor log, emails to county staff, Contact Us forms sent through the County's website to the County Customer Service team from 2018 through 2021
- prior-year refunds (also known as petition refunds): Treasury data as of November 5, 2021, for years 2017 to 2021
- county employee engagement survey for DOA Accounting Division in 2017, 2019, and 2021 (the County did not administer the survey in 2018 or 2020).

We used Microsoft Excel quantitative tools like pivot tables to analyze the data by comparing actual performance to DOA targets and across timeframes. We did not take samples; we reviewed whole data sets of records. For example, we analyzed more than 20,000 exemptions applications recorded in PTAS received from January 1, 2017 to January 4, 2022. For the InContact call data, we reviewed all 122,625 call records from January 1, 2018 through December 31, 2021.

To qualitatively understand staff experiences and perspectives relating to program administration, timeliness, and effectiveness, we conducted a semi-structured interview process with 16 current and two former exemptions staff members in September and October 2021. This encompassed everyone on the exemptions team as of September 2021, except for the supervisors and data entry staff. We interviewed them separately using different questions.

We applied criteria including the Revised Code of Washington 84.36.381–385 describing property tax exemption regulations and the Washington State Department of Revenue's Tax Relief Manual and best practices. We used customer service best practices from the Federal Office of Management and the Budget, King County's customer service guide, and King County's Equity and Social Justice Strategic plan. We incorporated management best practices from the Government Accountability Office's standards for Internal Controls and the International Organization for Standardization on organizational resilience.



List of Recommendations

Recommendation 1

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

Recommendation 2

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.

Recommendation 3

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.

Recommendation 4

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

Recommendation 5

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.

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Recommendation 11

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Recommendation 12

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.



KING COUNTY AUDITOR'S OFFICE

Advancing Performance & Accountability

KYMBER WALTMUNSON, KING COUNTY AUDITOR

MISSION Promote improved performance, accountability, and transparency in King County government through objective and independent audits and studies.

VALUES INDEPENDENCE • CREDIBILITY • IMPACT

The King County Auditor's Office is committed to equity, social justice, and ensuring that King County is an accountable, inclusive, and anti-racist government. While planning our work, we develop research questions that aim to improve the efficiency and effectiveness of King County government and to identify and help dismantle systemic racism. In analysis we strive to ensure that communities referenced are seen, not erased. We promote aligning King County data collection, storage, and categorization with just practices. We endeavor to use terms that are respectful, representative, and people- and community-centered recognizing that inclusive language continues to evolve. For more information, see the King County [Equity and Social Justice Strategic Plan](#), King County's [statement on racial justice](#), and the King County [Auditor's Office Strategic Plan](#).

ABOUT US The King County Auditor's Office was created by charter in 1969 as an independent agency within the legislative branch of county government. The office conducts oversight of county government through independent audits, capital projects oversight, and other studies. The results of this work are presented to the Metropolitan King County Council and are communicated to the King County Executive and the public. The King County Auditor's Office performs its work in accordance with Government Auditing Standards.



This audit product conforms to the GAGAS for independence, objectivity, and quality.