Cabinet Agencies' Performance Audit Action Item(s) & Status

Opportunities to Reduce State Mail Volume and Costs

(See also Cabinet Agencies' Response for full context to Washington State Auditor's Office (SAO) report, November 2011)

Agencies included in the performance audit: Enterprise Services (DES), Licensing (DOL), Social & Health Services (DSHS), Employment Security (ESD) and Labor & Industries (L&I).

SAO Issues Summary:

State agencies have opportunities to reduce outgoing mail volumes.

1. DES should develop guidelines to help all state agencies evaluate opportunities to reduce outgoing mail volumes and costs.

   Recommend DES, ESD, L&I and DSHS:

2. Continue efforts to reduce outgoing mail volumes and costs by reviewing those mailings that are not required to "mail", and pursue appropriate alternatives.
3. Review relevant mail requirements in state law or state regulations and pursue changes when those requirements to "mail" hinder the ability to communicate through other means.
4. Report results of outgoing mail reduction efforts including implementation costs, projected or actual savings, and expected return on investment to the Department of Enterprise Services.

The table below shows the current status of action items the agency initiated to address issues identified in the performance audit report. Please see the coordinated *cabinet agencies' response* for additional context and any additional steps already taken.

For an explanation of the columns below, see the legend.

Issue	Status	Action Steps	Lead Agency	Due Date	Current Resources?	Budget Impact?	Legislation Required?	Notes
1	Complete	Develop general guidelines in collaboration with other agencies.	DES	5/12	Yes	No	No	
2	Complete	ESD will continue to actively promote direct deposit of UI payments. This method of payment is currently used by 59 percent of claimants, but not all claimants maintain bank or credit union accounts, and some who do may	ESD	N/A	Yes	No	No	Continue with on-going efforts. Increase in the use of direct deposit from 53%.

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		not consent to receiving payments in this manner.						
2	Complete	ESD will consider using debit cards to pay claimants, but remains concerned about debit-card fees that could reduce the buying power of UI benefits. Developing the capacity to use debit cards requires additional information technology resources. These resources are currently devoted to major improvements in our information systems.	ESD	N/A	Yes	No	No	Continue with on-going efforts
2	Complete	ESD will continue efforts to encourage employers to obtain information electronically.	ESD	N/A	Yes	No	No	ESD sends quarterly business updates and other information electronically to 164,612 employers who have signed up. This has reduced our outgoing mail volume and will save the agency an estimated $134,000.
2	Complete	We are eliminating our "What's Next?" flyer currently mailed to all new claimants.	ESD	2/12	Yes	No	No	6/20/13 Update: In February 2013, the Employment Security Department discontinued mailing the "What's Next?" flyer to Unemployment Insurance claimants. ESD estimates it saved approximately $56,377 as of June 30, 2013, by not printing and mailing this flyer. Information contained in the document is available on the department's public website and in other

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								mailings. ESD calculates annual savings will be about $169,000. In addition, as of October 2012 ESD stopped mailing 42 continued claim messages to UI claimants. Assuming a constant claims load the savings to the department from Oct. 2012 through June 30, 2013 is estimated to be $1.8 million.
2	Complete	ESD will continue to develop and implement: 1) the Next Generation Tax System (NGTS), with a fall 2013 go-live date, and 2) a replacement of the 15year old GUIDE (UI) benefit payment system currently in the feasibility/planning stage.	ESD	N/A	Yes	No	No	These are the most significant projects for improving the agency's ability to transmit documents electronically.
2	Complete	Continue efforts to best utilize ESD's extensive public website and other electronic options as alternatives to mailing for both claimants and employers.	ESD	N/A	Yes	No	No	6/19/14 update: Effective March 26, 2014 the Employment Security Department stopped routinely mailing its "Handbook for Unemployed Workers" to new applicants for unemployment benefits. The handbook is a 45-page manual describing eligibility requirements and what individuals must do to continue receiving unemployment benefits. ESD sends an email or a low-cost flyer with information on how to download the handbook online. Hard copies will still be available at

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								local WorkSource offices or by contacting the unemployment claims center. ESD estimates a savings of $300,000 a year by not routinely printing and mailing the handbook.
1/2	Complete	Ongoing efforts are made to actively review mailings for opportunities to improve efficiency and effectiveness. Numerous examples were provided in preparation of the Mail Services audit report.	L&I	N/A	Yes	No	No	7/2014 update: Agency wide outgoing mail volumes declined by 9% from CY 2012 to CY 2013. These volume reductions and subsequent cost avoidances of more than $120k are directly correlated to ongoing commitment/pursuit of efficiency and stewardship in the mail processing arena. Specific examples include: Discontinuation of 20k annual Tax Verification letters which are, effective 2013, mailed with W-9 forms resulting in estimated $12k annual savings. In spring of 2013, L&I began converting Foreign payments from USPS Registered mail, adopting the best-practice of USPS First Class. This modification not only saves an estimated $22.5k annually but also significantly reduces transit time and customer issues. Ongoing priority toward intra-agency education aimed at efficient/effective use of outgoing mail and alternative

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								communication strategies to include those detailed in the audit recommendations.
2	Complete	DOL continues to actively review RCWs and WACs for opportunities to provide information in alternative and accessible formats while reducing incoming and outgoing mail volumes. Numerous examples were provided in preparation of the mail services audit report and other mail volume reductions have occurred that are not included in the report, such as capturing electronic signatures in the License Service Offices.	DOL	N/A	Yes	No	No	Numerous examples were provided in preparation of the mail services audit report and other mail volume reductions have occurred that are not included in the report, such as capturing electronic signatures in the License Service Offices. DOL is continually reviewing its mail practices to move information and notices to electronic formats.
2	Complete	Convene a workgroup to determine the process for the review of outgoing mailings, using available guidelines.	DSHS	2/12	Yes	No	No	Completed 2/7/2012. The workgroup met and discussed the charter that was developed; reviewed the issue/scope of the project; discussed workgroup member responsibilities; and developed a plan/action items to keep the project moving forward.
2	Complete	Workgroup(s) inventories and conducts review of outgoing mailings.	DSHS	8/12	Yes	No	No	1. The DSHS workgroup met its 8/1 target for identifying mailings that are in scope: 2.All Dept mailings were reviewed. 3.Thirty six different mailings from across the Dept are in scope and will be reviewed (those with an annual volume

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								of 100,000 pieces or more a year). 4.The combined volume of these 36 different mailings is 16 million letters a year. 5. 13 are joint mailings with HCA 6. 2 are joint mailings with DEL
2	Complete	Workgroup(s) researches and documents the basis for mailing the inventoried mailings. This work will identify two sets of mailings: those for which there is no administrative (or other) requirement and those where there is an administrative (or other) requirement to mail.	DSHS	11/12	No	No	No	This work has identified two sets of mailings: those for which there is no administrative (or other) requirement and those where there is an administrative (or other) requirement to mail.
2	Complete	For those where there is no administrative (or other) requirement to mail, identify alternatives and complete analysis to determine whether feasible alternative exists.	DSHS	11/12	Yes	No	No	The DSHS workgroup identified: 1. 6 of the 36 mailings are not required. 2. 2 of those the 6 could likely be discontinued with training. 3. 4 of the 6 could have an opt-in automated process.
2	Complete	Where required by administrative and other rules, the workgroup(s) will identify alternative methods requiring the mailings as well as possible alternatives to mailing by November 1, 2012.	DSHS	11/12	Yes	No	No	The DSHS workgroup identified: 1. 30 of the 36 mailings are required. 2. 2 of those 30 have been modified to reduce mailing cost. 3. 4 of the 28 require "Mailing" in the rule. These would

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								require change in state and federal rules. 4. 24 of the 28 require "notification" in the rule. These don't require rule changes but could require federal waivers.
2	Complete	Workgroup(s) presents findings (in report format) to management.	DSHS		Yes	No	No	This work was completed and presented to DSHS' IT Steering committee in fall 2012.
2	Deferred	Where feasible, revise administrative rules requiring the mailing of these documents.	DSHS	~~7/13~~ ~~1/14~~ ~~12/14~~ 12/17	Yes	No	No	Rules requiring change were identified for targeted mailings. **2/16 update**: Due to staff resources in within the department, the assessment needs to be validated by the workgroup to ensure accuracy. **7/16 Update**: Workgroup disbanded (retired, new jobs, etc.). Staff from ESA and IT have been selected and will complete work. 7/17 update: policies from 2011 need to be compared to 2017 policies to document when administrative rules were revised. **07/06/18**– Due to staff resources and other high priority IT and business items requiring our

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								teams' attention, we are not moving forward with this item.
3	Complete	L&I will continue to dedicate priority to removal of barriers posed through agency rule and laws.	L&I	N/A	Yes	No	No	7/2014 update: "E-Correspondence project" In 2012, funding was provided to build a system that allowed customers the option to receive their correspondence electronically rather than on mailed, paper documents. In June 2013, the system was given a soft launch with no outreach or marketing followed by formal launch in July 2013. To date, 2600 customers have signed up to receive correspondence electronically. Ongoing focus/priority is being dedicated toward marketing/communication of opportunities for customers to access information electronically vs the hardcopy baseline. The department is utilizing Lean methodologies to increase adoption of electronic offerings thereby reducing outgoing mail volume and associated costs. L&I implemented new technology to offer injured workers and victims of crime two new benefit payment options (Direct Deposit and Prepaid Debit Card) to avoid

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								paper check in the mail, giving a more convenient, reliable, quicker, and less costly method of payment. Cost Savings Production implementation is scheduled for June 2015 with anticipated adoption rates and cost avoidance of 25% - $57,456 (FY16), 50% - $114,912 (FY17), and 70% - ($160,877) for subsequent years.
3	Complete	DOL currently works with DES to analyze mail volumes and find the most effective and efficient method available to reduce costs. DOL looks forward to further direction needed to determine the format and frequency of these reports.	DOL	N/A	Yes	No	No	Will continue with on-going efforts to work with DES to analyze mail volumes and find the most effective and efficient method available to reduce costs. DOL looks forward to further direction needed to determine the format and frequency of these reports.
3	Deferred	Workgroup(s) will research implementation costs and projected savings associated with changes to those mailings detailed previously in the workgroup report.	DSHS	~~7/13~~ ~~1/14~~ ~~11/14~~ ~~2/16~~ 10/16	Yes	No	No	**7/16 Update**: Workgroup disbanded (retired, new jobs, etc.). Staff from ESA and IT have been selected and will complete work. **07/06/18** – Due to staff resources and other high priority IT and business items requiring our teams' attention, we are not moving forward with this item.
3	Deferred	The workgroup(s) will expand the report to detail the review of mailing requirements, subsequent changes to these requirements, and associated implementation	DSHS	~~9/13~~ ~~3/14~~ ~~12/14~~ ~~3/16~~	Yes	No	No	**7/16 Update**: Workgroup disbanded (retired, new jobs, etc.). Staff from ESA and IT have been selected and will complete work.

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		costs and projected or actual savings.						7/17 Update: In addition to not having the resources, this work has dropped in priority given ESA's recent, immediate focus on ACES modernization, re-procurement, and other high priority IT and business items requiring our teams' attention. We have assigned the "Letters to PDF" work and an issue paper has been drafted for executive IT management review and decision regarding how to move forward. Our current environments do not support electronic letters. We have been focused on our high priority work to keep the system meeting the state's business needs and meeting OCIO policies on security and software currency.
3	Deferred	Workgroup(s) presents findings (in expanded report format) to management.	DSHS	~~11/13~~ ~~5/14~~ ~~2/15~~ ~~3/16~~	Yes	No	No	The report will detail the review of mailing requirements, subsequent changes to these requirements, and associated implementation costs and projected or actual savings. **7/16 Update**: Workgroup disbanded (retired, new jobs, etc.). Staff from ESA and IT have been selected and will complete work. 7/17 Update: In addition to not having the resources, this work has dropped in priority given ESA's

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3	Deferred	Report to the Department of Enterprise Services by January 1, 2014.	DSHS	~~1/14~~ ~~7/14~~ ~~4/15~~ ~~3/16~~ 10/16	Yes	No	No	**7/16 Update**: Workgroup disbanded (retired, new jobs, etc.). Staff from ESA and IT have been selected and will complete work. 7/17 Update: In addition to not having the resources, this work has dropped in priority given ESA's recent, immediate focus on ACES modernization, re-procurement, and other high priority IT and business items requiring our teams' attention. We have assigned the "Letters to PDF" work and an issue paper has been drafted for executive IT management review and decision regarding how to move forward. Our

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4	Complete	L&I will look forward to further direction on reporting requirements and will be available to assist in process/template development to facilitate useful and consistent data.	L&I	N/A	Yes	No	No	7/14 update: L&I continues an ongoing collaboration with DES toward goals of creation, adoption, and continuous improvement of mail-related best practices and reporting of cost-savings strategies among the statewide enterprise. L&I is a key member and active stakeholder in all aspects of DES mail management/oversight to include participation with: committees, pilot programs, mail studies, rate development and modification, equipment procurement processes, etc.
4	Complete	DOL looks forward to further direction *(from DES)* on reporting requirements and will be available to assist in process/template development to facilitate useful and consistent data.	DOL	1/14	Yes	No	No	**07/10/2014 update**: DOL looks forward to the opportunity to report Agency efforts to reduce outgoing mail and is willing to provide DES with the results of these efforts to include, implementation costs, projected savings, and expected ROI. In the meantime DOL will continue our efforts in reducing mail service costs and work with DES when

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								applicable on how to best achieve these results. DOL will continue with our efforts to reduce mail service costs across the agency. DOL will report the savings and result when we receive guidance from DES.
4	Deferred	Develop and implement metrics and tracking mechanism(s) that include implementation costs, savings, and return on investment.	DSHS	~~1/14~~ ~~7/14~~ ~~4/15~~ ~~3/16~~ 10/16	Yes	No	No	Report to the Department of Enterprise Services **7/16 Update**: Workgroup disbanded (retired, new jobs, etc.). Staff from ESA and IT have been selected and will complete work. 7/17 Update: In addition to not having the resources, this work has dropped in priority given ESA's recent, immediate focus on ACES modernization, re-procurement, and other high priority IT and business items requiring our teams' attention. We have assigned the "Letters to PDF" work and an issue paper has been drafted for executive IT management review and decision regarding how to move forward. Our current environments do not support electronic letters. We have been focused on our high priority work to keep the system meeting the state's business needs and meeting OCIO policies on security and software currency.

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