



Office of
Financial Management
STATE OF WASHINGTON

Activity Inventory Performance Measure Assessment

Department of Labor and Industries
Administrative, Fraud Prevention, and Crime Victim Services

April 21, 2008

Office of Financial Management Assessor:

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Based on a review of the following: The agency strategic plan, the budget activity inventory, internal performance measure reports, and an interview with the agency contacts

Current Strengths and Good Practices

- For the most part, the language used in the performance measure titles is easy to understand for someone without specialized agency or industry knowledge.
- Enough data was available on most of the measures to allow for some statistical analysis of the variation patterns.
- Most of the measures indicate processes that are operating at or near their desired operating levels.
- Significant improvements appear to have been made, or are in the process of being made, in the following measurement topics:
 - Delinquent funds collected
 - Claim investigations completed
 - Crime victim claim adjudication timeliness

Budget Activity and Performance Measure Comments and Potential Improvements

- This set of performance measures is focused too heavily on output counts. Without related outcome/result measures, increasing the number of audits, dollars collected, people served, investigations, etc. gives little indication that the purpose of the budget activity is being accomplished. The organizations reporting this information need to use a logic model or some other tool to identify the intended outcomes they are supposed to influence and report that information to OFM.
- The targets for 2007-09 should be rechecked for the employer premium audit measure (slide 11). The variation patterns are stable and predictable. Future results should be very similar to current performance levels. Yet, the targets indicate the number of audits is expected to jump from about 1,000 to over 1,600.
- The budget activity for agency administration does not have any performance measures associated with it. Other agencies report critical management issues like recruiting/retention issues, employee injury rates, or operating risks avoided depending on need and urgency.

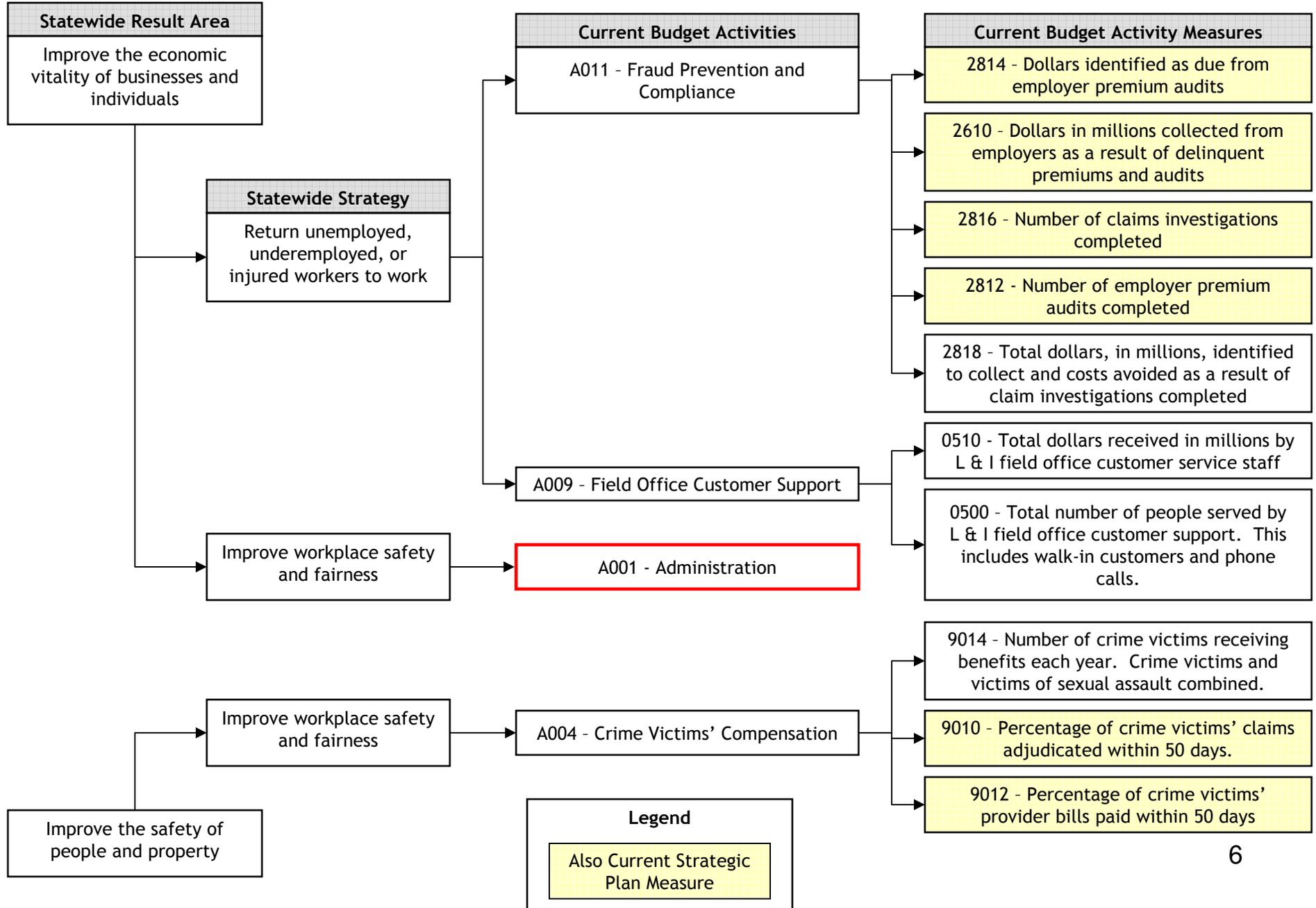
Analysis of Current Activity Measure Data

- A number of these measurements demonstrate abnormal variation patterns, which usually indicates a change in the underlying process caused by a specific, identifiable cause:
 - Delinquent funds collected (slide 9) - A shift to a higher level of performance
 - Completed claims investigations (slide 10) - An increasing trend
 - Dollars received by field office staff (slide 13) - A seasonal cycle
 - People served by field office staff (slide 14) - A single, abnormally low data point
 - Crime victims receiving benefits (slide 15) - A shift to a lower level of performance
 - Crime victim claim timeliness (slide 16) - An abnormally low data point followed by a shift to a higher level of performance

Agency Comments and Future Actions

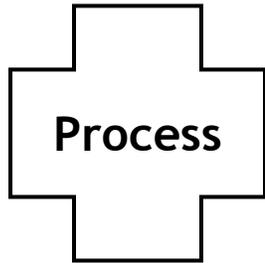
- The agency was unable to provide any comments or edits during the timeframe of this assessment.

Budget Activity & Performance Measure Linkages



Budget Activity Measure Perspectives

⑤ Process characteristics the customers/stakeholders want



⑥ Process characteristics the agency wants

9010 - Percentage of crime victims' claims adjudicated within 50 days.

⑤

9012 - Percentage of crime victims' provider bills paid within 50 days

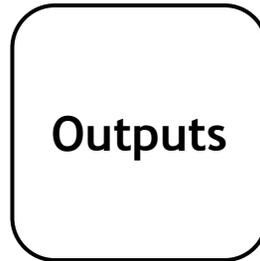
⑤

Inputs

0500 - Total number of people served by L & I field office customer support. This includes walk-in customers and phone calls.

0510 - Total dollars received in millions by L & I field office customer service staff

③ Product/service attributes customers/stakeholders want



④ Product/service attributes the agency wants

9014 - Number of crime victims receiving benefits each year. Crime victims and victims of sexual assault combined.

④

2816 - Number of claims investigations completed

④

2812 - Number of employer premium audits completed

④

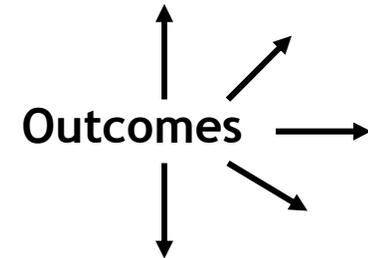
2814 - Dollars identified as due from employer premium audits

④

2818 - Total dollars, in millions, identified to collect and costs avoided as a result of claim investigations completed

④

① Customer/stakeholder desired outcomes



② Agency desired outcomes

2610 - Dollars in millions collected from employers as a result of delinquent premiums and audits

②

Legend

Strategic Plan and Budget Activity Measure

Activity Measure Critique - Employer Premium Audit Dollars Due

Performance Measure Description: Millions of dollars in underpaid industrial insurance premiums by audited employers.

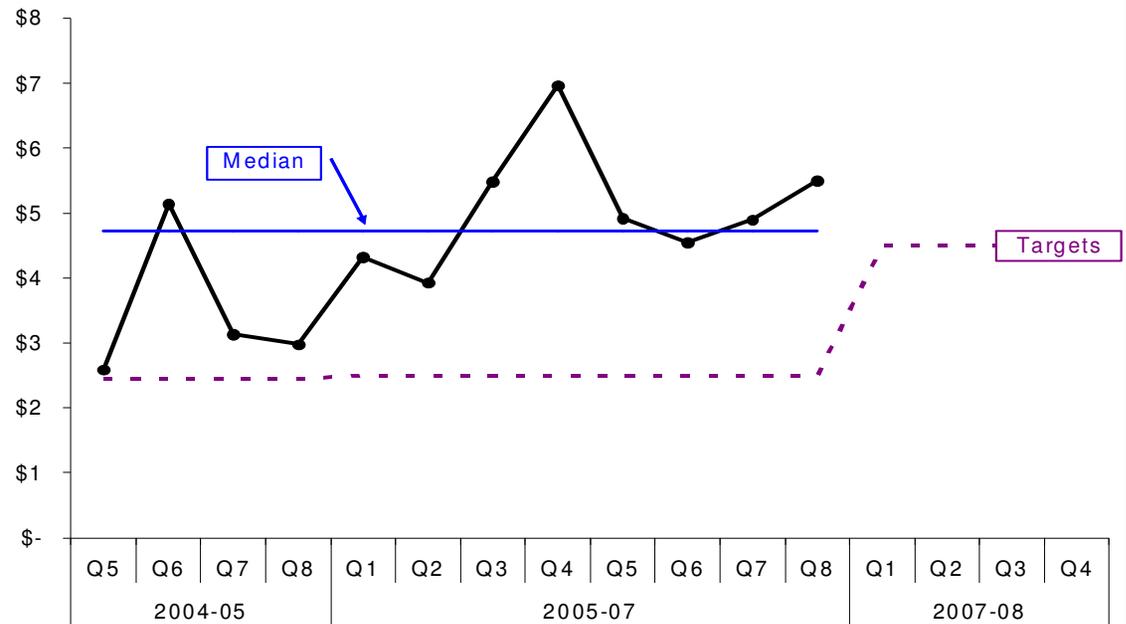
Budget Activity Links: A011 - Fraud Prevention and Compliance

Category of Measure: The dollars identified is an output of the audit process.

Analysis of Variation: Currently, the variation patterns are stable and predictable. There is an upward tilt to the data, but it is not significant enough to call a trend just yet.

Analysis of Targeted vs. Actual Performance: Actual data exceeded the targets in every quarter reported. Future targets have been adjusted upward as they follow the possible developing trend.

2814 - Dollars Identified as Due from Employer Premium Audits



Comments About Desirable Characteristics

Relevance: A more relevant measure would track outcomes relating to compliance rates or correct filing rates.

Timeliness: Data from the last completed quarter was not available at the time of this assessment.

Understandability: The label, "Millions of Dollars" is missing from the title or footnotes.

Reliability: Depends on the methodology used for selecting employers to audit.

Comparability: The best comparison for this data is performance over time.

Cost Effectiveness: Collecting and analyzing this data should not pose any significant additional cost to the process.

General Comments & Explanations:

Activity Measure Critique - Delinquent Funds Collected

Performance Measure Description: No additional explanation is needed.

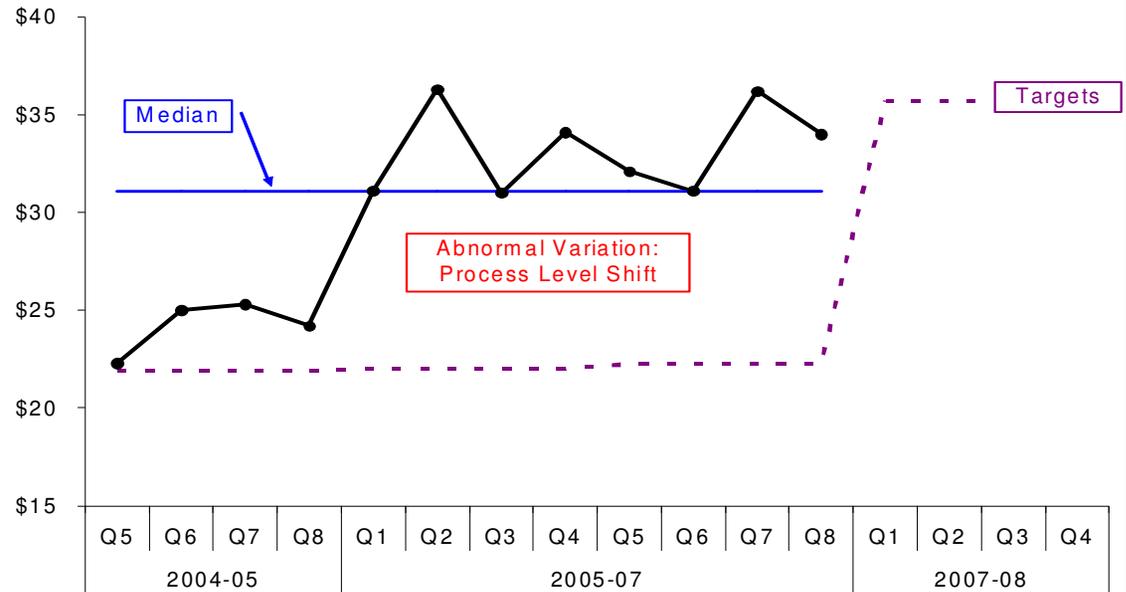
Budget Activity Links: A011 - Fraud Prevention and Compliance

Category of Measure: An immediate outcome of the compliance processes.

Analysis of Variation: Having all the data points on or above the median line in 2005-07 is an indication that something changed at the end of 2004-05.* Since that change, performance appears to have stabilized around \$33M.

Analysis of Targeted vs. Actual Performance: All the reported data exceeds the targets from 2004 through 2007. The new targets starting in 2007 appear to exceed current process capabilities.**

2610 - Dollars in Millions Collected from Employers as a Result of Delinquent Premiums and Audits



Comments About Desirable Characteristics

Relevance: This and the previous measure track the amount of error in the process, not any improvement in the ability of employers to comply with the law. Increasing collections are good in the short term, but over time, this number should decrease if the audit/collection function is truly effective.

Understandability: Good

Comparability: The best comparison for this data is performance over time.

Timeliness: Data from the last completed quarter was not available at the time of this assessment.

Reliability: Depends on the methodology used for selecting employers to audit.

Cost Effectiveness: Collecting and analyzing this data should not pose any significant additional cost to the process.

General Comments & Explanations:

* What caused the process-level shift at the end of 2004-05?

**What is the agency planning to change in the underlying processes to allow actual performance to achieve the new targets?

Activity Measure Critique - Completed Claims Investigations

Performance Measure Description: No additional explanation needed.

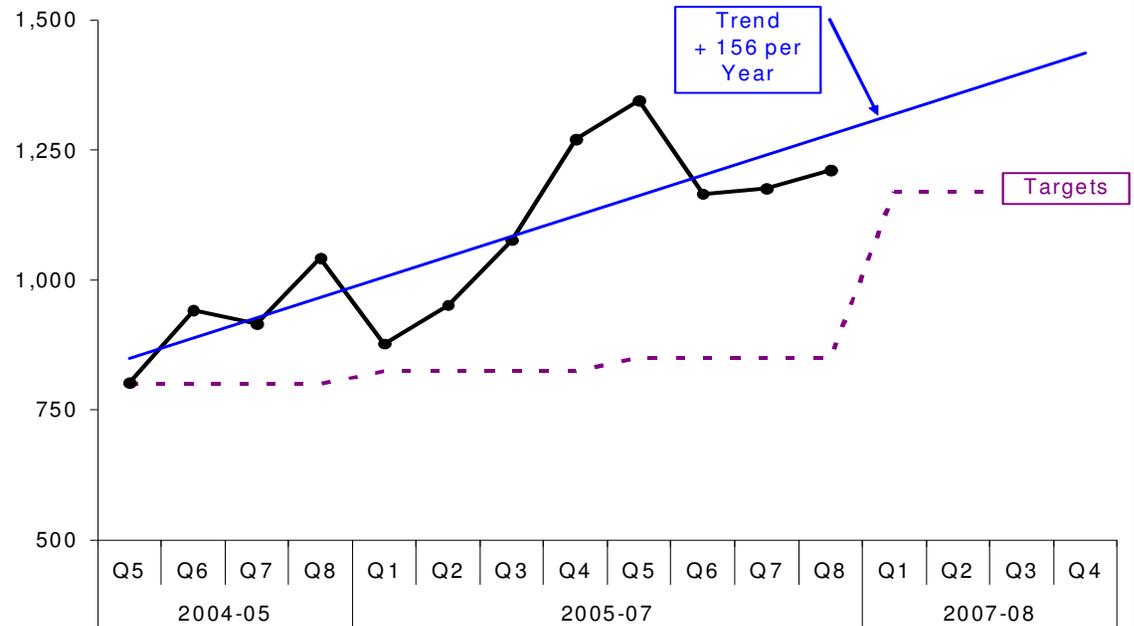
Budget Activity Links: A011 - Fraud Prevention and Compliance

Category of Measure: The number of claims is an output.

Analysis of Variation: A stable and predictable trend is apparent in the variation patterns. If nothing changes in the underlying processes, future performance levels should follow the increasing trend.

Analysis of Targeted vs. Actual Performance: Actual data exceeded the targets in every quarter reported. Future targets have been adjusted upward for 2007 to follow the increasing trend.

2816 - Number of Claims Investigations Completed



Comments About Desirable Characteristics

Relevance: While increasing the number of investigations completed seems good, the result/outcome question, "What is better because more investigations are completed?" is left unanswered. Budget/policy development audiences are more interested in results than outputs.

Understandability: Good

Comparability: The best comparison for this data is performance over time.

Timeliness: Data from the last completed quarter was not available at the time of this assessment.

Reliability: Depends on the selection methodology for selecting which claims are investigated and to what level, and the operational definition of the term, "Completed".

Cost Effectiveness: Collecting and analyzing this data should not pose any significant additional cost to the process.

General Comments & Explanations:

Activity Measure Critique - Completed Employer Premium Audits

Performance Measure Description: Audits to find underpaid industrial insurance premiums.

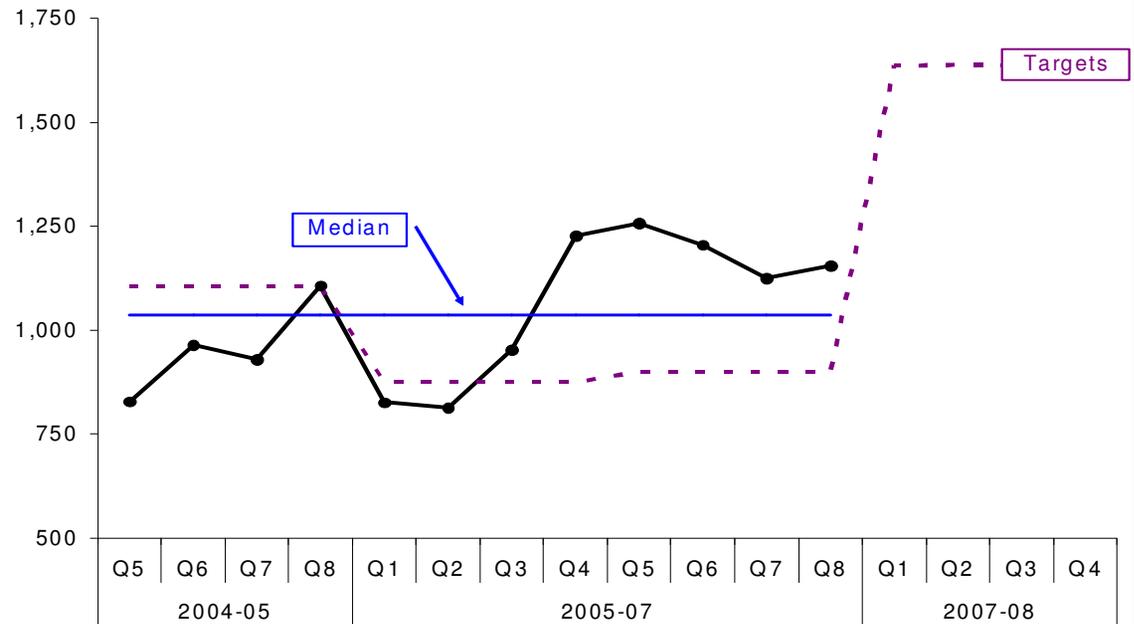
Budget Activity Links: A011 - Fraud Prevention and Compliance

Category of Measure: An output

Analysis of Variation: The variation patterns are stable and predictable. Future results should be similar to current performance levels.

Analysis of Targeted vs. Actual Performance: Actual data exceeded the targeted levels in 6 out of the 8 quarters of 2005-07. Current performance is not capable of meeting the new targets starting in 2007-08.*

2812 - Number of Employer Premium Audits Completed



Comments About Desirable Characteristics

Relevance: The policy/budget development audience for which this information is intended would rather know what is better because more investigations are completed.

Understandability: Good

Comparability: The best comparison for this data is performance over time.

Timeliness: Data from the last completed quarter was not available at the time of this assessment.

Reliability: Depends on the selection methodology for selecting which employers are audited, and the operational definition of the term, "Completed".

Cost Effectiveness: Collecting and analyzing this data should not pose any significant additional cost to the process.

General Comments & Explanations:

* What part of the underlying process will be changed in order to improve actual performance levels to meet the new targets?

Activity Measure Critique - Funds to Collect

Performance Measure Description: Please provide a short explanation here.

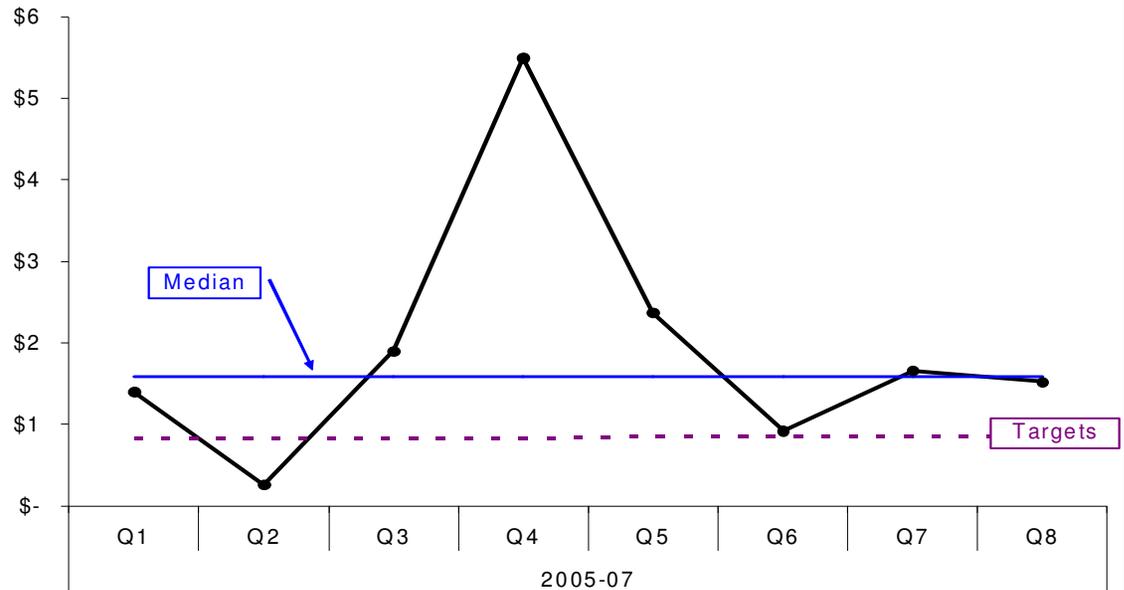
Budget Activity Links: A011 - Fraud Prevention and Compliance

Category of Measure: Output

Analysis of Variation: Despite the large spike in the 4th quarter, the variation pattern is stable and predictable. Future results should be similar to current performance levels.

Analysis of Targeted vs. Actual Performance: Actual performance exceeded the targets in 7 out of the 8 reported quarters.

2818 - Total Dollars, in Millions, Identified to Collect and Costs Avoided as a Result of Claim Investigations Completed



Comments About Desirable Characteristics

Relevance: The amount collected is not an indication that the tax filing process is working better, it is an indicator of collection staff performance.

Understandability: The title sounds like two different things are being measured and lumped together into one measure.

Comparability: The best comparison for this data is performance over time.

Timeliness: Data from the last completed quarter was not available at the time of this assessment.

Reliability: Depends on the selection methodology for selecting which employers and claims are investigated and the operational definition of the term, "Completed".

Cost Effectiveness: Collecting and analyzing this data should not pose any significant additional cost to the process.

General Comments & Explanations:

Activity Measure Critique - Dollars Received by Field Office Staff

Performance Measure Description: No additional explanation is needed.

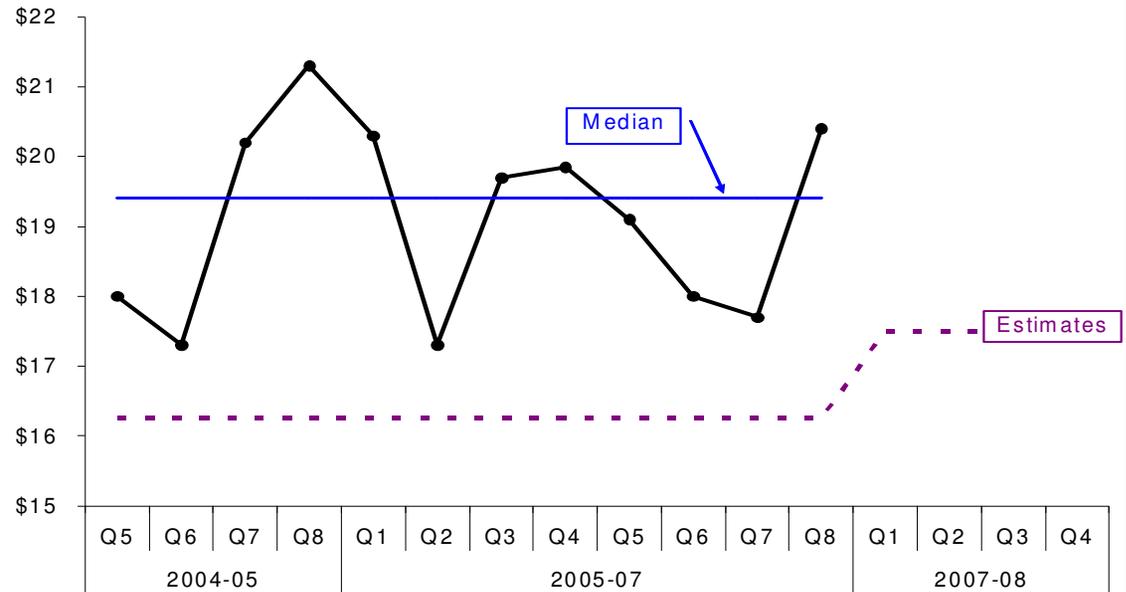
Budget Activity Links: A009 - Field Office Customer Support

Category of Measure: Measures of workload are inputs.

Analysis of Variation: There is a hint of a repeating cycle that peaks in the 4th and 8th quarters of every fiscal year (April-June). Aside from the cyclical issues, overall workload over time appears to be steady and predictable.

Analysis of Targeted vs. Actual Performance: The actual amounts received exceeded the estimate in every quarter reported. Estimates for 2007-08 are increasing, but do not even approach the median amounts.

0510 - Total Dollars Received in Millions by L & I Field Office Customer Service Staff



Comments About Desirable Characteristics

Relevance: Measures of workload are not very useful to a budget/policy development audience except to determine appropriate staffing levels.

Understandability: Good

Comparability: Since the amount collected has little to do with the performance of the field office staff, there is no real reason to benchmark this data.

Timeliness: Data from the last completed quarter was not available at the time of this assessment.

Reliability: Good

Cost Effectiveness: This data has limited uses, so whatever it costs in time and energy to collect, should be very low.

General Comments & Explanations:

Activity Measure Critique - People Served by Field Office Staff

Performance Measure Description: No additional explanation is needed.

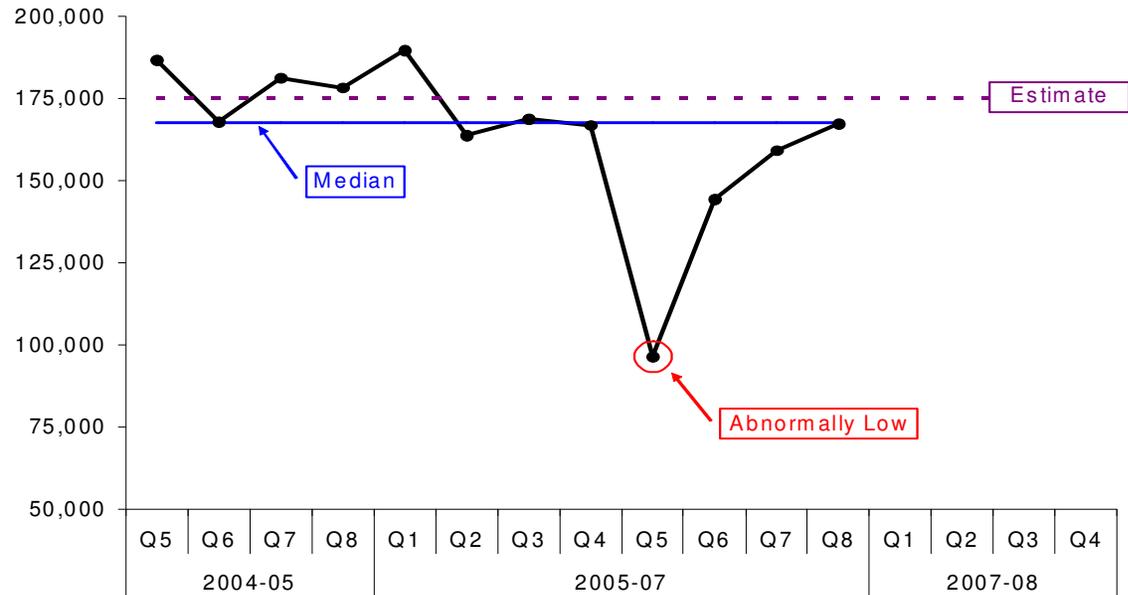
Budget Activity Links: A009 - Field Office Customer Support

Category of Measure: This is a demand for service measure of process inputs.

Analysis of Variation: The abnormally low number served in the 5th quarter of 2005-07 usually indicates a change occurred in one of the underlying processes that contribute to these numbers.*

Analysis of Targeted vs. Actual Performance: The median number served is close to the estimate.

0500 - Total Number of People Served by L & I Field Office Customer Support. This includes walk-in customers and phone calls.



Comments About Desirable Characteristics

Relevance: Measures of workload are not very useful to a budget/policy development audience except to determine appropriate staffing levels.

Understandability: Good

Comparability: Since the number served has little to do with the performance of the field office staff, there is no real reason to benchmark this data.

Timeliness: Data from the last completed quarter was not available at the time of this assessment.

Reliability: Depends on the consistency of the method used to capture the number served.

Cost Effectiveness: This data has limited uses, so whatever it costs in time and energy to collect, should be very low.

General Comments & Explanations:

* Did something change in the 5th quarter of 2005-07?

Activity Measure Critique - Crime Victims Receiving Benefits

Performance Measure Description: No additional explanation is needed.

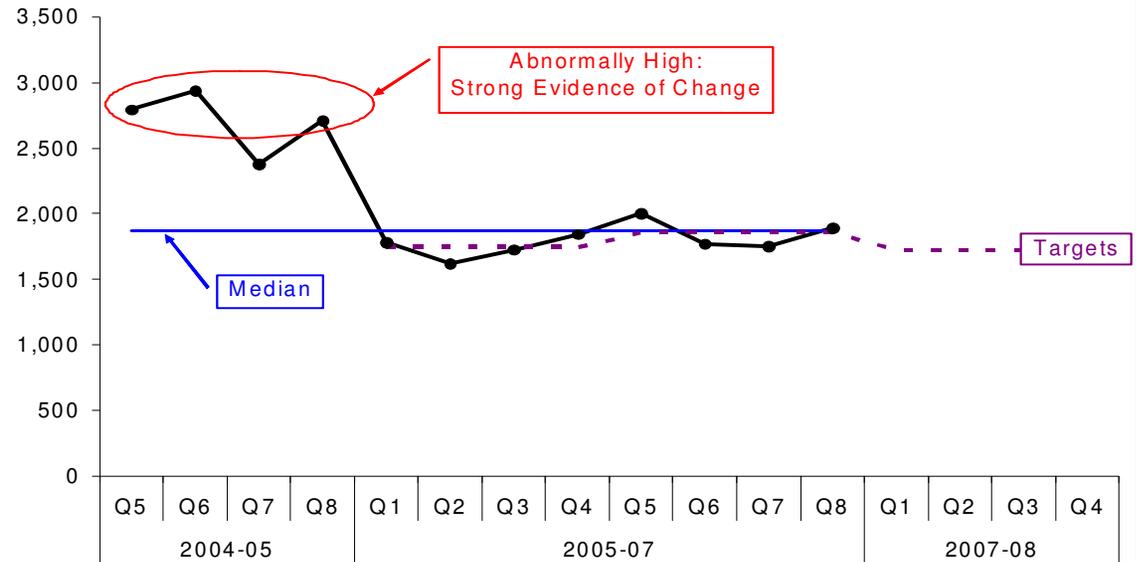
Budget Activity Links: A004 - Crime Victims' Compensation

Category of Measure: Output

Analysis of Variation: The abnormally high numbers in 2004-05 indicate that something changed in the underlying processes that contribute to this data. It appears a new (lower) stable and predictable performance level has established itself in 2005-07.*

Analysis of Targeted vs. Actual Performance: Actual performance and targeted levels are very close to each other in 2005-07.

9014 - Number of Crime Victims Receiving Benefits Each Year. Crime Victims and Victims Receiving Sexual Assault Services Combined



Comments About Desirable Characteristics

Relevance: The value of this output measure is limited to a policy/budget development audience. If the intent is to communicate workload, it would be better if it tracked the total number of applications received (Input).

Understandability: Good

Comparability: Differences in eligibility criteria would make this measure difficult to benchmark.

Timeliness: Data from the last completed quarter was not available at the time of this assessment.

Reliability: Good

Cost Effectiveness: Data collection and analysis of this data should not be too costly, and this metric is also used in internal reviews of strategic planning measures.

General Comments & Explanations:

* What changed at the end of 2004-05?

Activity Measure Critique - Crime Victim Claim Timeliness

Performance Measure Description: The amount of time it takes to reach a decision and process a claim.

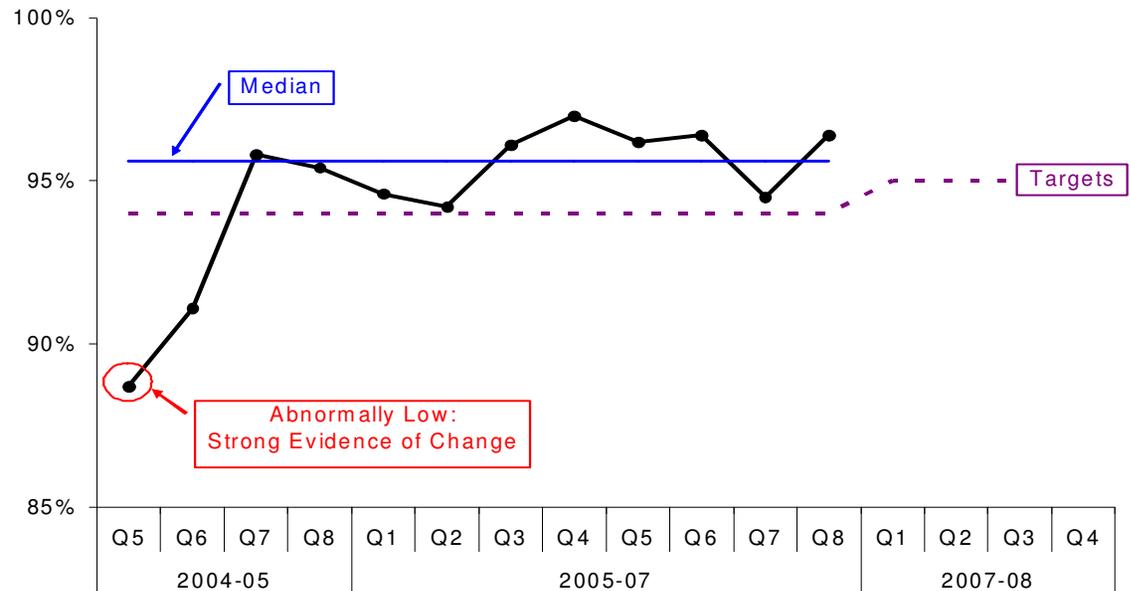
Budget Activity Links: A004 - Crime Victims' Compensation

Category of Measure: Timeliness is a process-level measurement perspective.

Analysis of Variation: The abnormally low level of performance in the 5th quarter of 2004-05 is an indication that something changed in the underlying processes. A new (higher) level of performance seems to have established itself and stabilized around 95%.

Analysis of Targeted vs. Actual Performance: Actual performance exceeded the targets in every quarter in 2005-07.

9010 - Percentage of Crime Victims' Claims Adjudicated within 50 Days



Comments About Desirable Characteristics

Relevance: Paying the bills in a timely fashion is very relevant, especially from the crime victim's point of view.

Timeliness: Data from the last completed quarter was not available at the time of this assessment.

Understandability and Comparability: This measure should be converted to report the average amount of time it takes to adjudicate a claim. This change would improve understanding, comparability, and would drive continuous improvement efforts better.

Reliability: Good

Cost Effectiveness: Data collection and analysis of this data should not be too costly, and this metric is also used in internal reviews of strategic planning measures.

General Comments & Explanations:

* What caused the change at the end of 2004-05?

Activity Measure Critique - Crime Victim Bill Payment Timeliness

Performance Measure Description: How long it takes the agency to pay bills submitted by medical service providers.

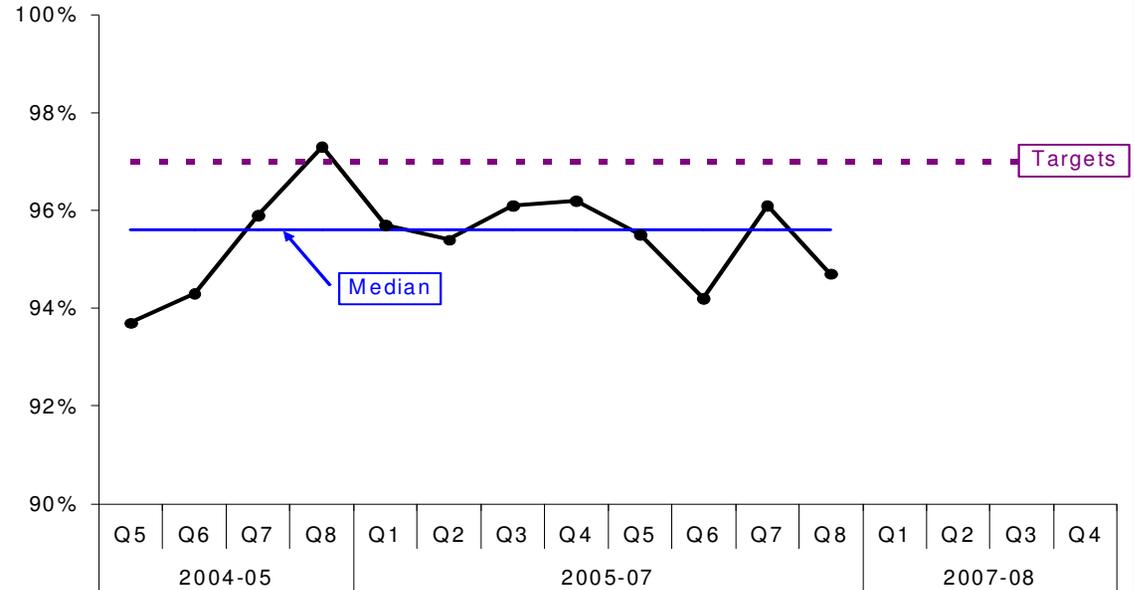
Budget Activity Links: A004 - Crime Victims' Compensation

Category of Measure: Timeliness is a process-level measurement perspective.

Analysis of Variation: The variation patterns are stable and predictable. Future results should be similar to current levels of performance.

Analysis of Targeted vs. Actual Performance: The current performance levels are not capable of achieving the targeted levels. The program should either lower the target or make changes to the underlying processes to improve performance.

9012 - Percentage of Crime Victims' Provider Bills Paid within 50 Days



Comments About Desirable Characteristics

Relevance: Paying bills faster is good. The program should also consider developing a complimentary outcome measure relating to decreasing barriers to service.

Understandability and Comparability: This measure should be converted to report the average amount of time it takes to pay the bills. This change would improve understanding, comparability, and would drive continuous improvement efforts better.

Timeliness: Data from the last completed quarter was not available at the time of this assessment.

Reliability: Good

Cost Effectiveness: Data collection and analysis of this data should not be too costly, and this metric is also used in internal reviews of strategic planning measures.

General Comments & Explanations: