For the Employment Security Department, 2013 was a time of renewal. In January, Dale Peinecke took over as the agency’s leader, bringing decades of experience in business and as a customer of Washington’s workforce development system. He immediately challenged the department to expand its horizons by playing a larger role in the state’s job development efforts. This led to several innovative partnerships and expanded opportunities for employers and job seekers, while also leveraging shrinking financial resources. He launched a strategic planning effort that involved all employees and established an agency-wide Lean program, while also striving to shore up an unstable budget and personnel situation caused by ongoing and unpredictable federal funding cuts. Near the end of 2013, a two-day outage provided a glimpse of what could happen if ESD’s 1980s-era unemployment-benefits computer system experiences a catastrophic crash, and it provided additional incentive for our strategy to replace the system as quickly as possible.

Commissioner Peinecke believes Employment Security should play a more active role in the state’s economic and workforce development efforts. He pursued several new alliances to accomplish the following:

- **Career Readiness** (with Superintendent of Public Instruction, five local school districts and workforce development councils) ~ Launched a pilot initiative to improve career-exploration, workplace experience and internship opportunities for about 1,000 students, business externships for 35 teachers, and stronger business relationships with local schools. ESD contributed $100,000; OSPI contributed $150,000.
- **Work Start** ~ With Dept. of Commerce, designed a program to deliver customized worker training for companies being recruited to locate or expand in Washington. To date, Work Start has paid to train workers for: 150 new jobs at a King County aerospace firm, and 45 new jobs at an Omak plywood business.
- **Youths** ~ Partnered with DSHS to place Washington Service Corps members at local workforce development councils (WDCs) during the 2013-14 school year to help 1,111 disadvantaged youths do better in school, graduate and move into careers.
- **WorkSource staff** ~ Collaborated with local WDCs on a series of Webinars designed to enhance the skills of all WorkSource staff. So far, training has included customer service, Lean basics and others. More are on the way.

In November, ESD released an updated study that found – even during the Great Recession – unemployed workers who used WorkSource job-search services were more likely to find work and earn more than workers who didn’t use WorkSource. During the study period, WorkSource customers earned about $2,000 a year more than non-customers. The new study also showed the job-search services deliver an average social return on investment of 14-23 percent, based average costs of $100-$500 per customer.

The legislature adjourned in 2013 before approving ESD’s request for replacing the aging computer system that processes and pays unemployment benefits. Through careful handling and luck, this system hasn’t experienced a catastrophic crash like other states with similar systems – but a two-day outage in December delayed benefit payments for thousands of unemployed workers and demonstrated the system’s fragility. The failure underscored the urgency of moving ahead with the replacement project, using “agile” principles to rapidly deliver value. This will be Employment Security’s priority for the 2014 legislative session.
Employment Security conducted a Lean-based strategic planning (A3) effort that invited all employees and many WorkSource partner staff to participate (about 2,000 altogether). The resulting strategic plan contains the new vision and mission for the department, along with specific goals and improvement activities. It’s all captured on the front and back of an 8.5”x11” sheet of paper – the shortest in state government. By the end of 2013, the strategic plan had spawned more than two dozen Lean projects to improve the department’s service and value to employers and job seekers.

Employment Security is a state agency, but is mostly federally funded, so it’s subject to both the state and federal budget processes – and 2013 was a doozy of a year.

- In late June, with the state’s 2013-15 budget still not approved, ESD had to issue (and later rescind) temporary-layoff notices to all employees at the same time it was implementing the largest permanent layoff in its history due to federal budget cuts.
- In October when the federal government shut down, the need to continue paying unemployment benefits, coupled with potential cash-flow problems, forced the agency to furlough or reduce the work hours for half of its employees.

But these weren’t the only issues affecting workforce stability at ESD in the past year. In June, ESD learned it was losing the lease for its Seattle call center. The department raced to expedite its long-term plan to relocate the call center to Lacey. Unfortunately, a number of experienced staff (including about half of the Training Benefits Unit) declined to be transferred. The loss resulted in congested phone lines and frustrated customers. In the long run, the move will reduce costs and should result in a more-stable workforce.

In July, ESD learned the WorkFirst funding it receives to help welfare clients find work would be cut by about 25 percent, and future funding would be based on fee-for-service. The action is forcing additional layoffs of WorkFirst positions, and the department is preparing to convert the remaining “permanent” positions to project status, with a mix of full-time and part-time positions to accommodate a variable-funding system.

Taken together, 2013 was a tumultuous year for ESD’s workforce. Despite these disruptions, employees repeatedly rose to the occasion and demonstrated their commitment to our customers and mission.

Employment Security delivers a variety of services and programs to customers. Highlights for 2013 include:

- About 5,500 employers listed more than 41,000 job openings for which WorkSource staff recruited and screened job candidates.
- Provided job-search services to about 240,000 job seekers, including nearly 120,000 job referrals.
- About 7,500 employers used the self-service features on go2worksource.com to post, recruit and screen candidates for about 380,000 jobs.
- Nearly 126,000 job seekers used self-service features on go2worksource to post their résumés and apply for jobs.
- Paid $1.8 billion in unemployment benefits to about 312,000 individuals.
- About 1,500 employers and 23,000 workers participated in the Shared-Work layoff-avoidance program.
- 30,744 new hires employed by about 2,600 companies were certified for the Work Opportunity Tax Credit. Total tax credits amounted to $82.2 million.