In his second year as commissioner, Dale Peinecke led the Employment Security Department (ESD) through an ambitious effort to restructure the agency while implementing an impressive number of Lean efficiencies. He also unveiled innovations in technology to improve customer service and started the long process of building a new adaptive employee culture throughout the agency. He encourages employees to “Be the Bridge,” closing skills gaps for employers and linking workers to employers, jobs and a brighter future.

Unemployment in Washington dropped from 6.8 percent to 6.2 percent in 2014. ESD staff and partners played important roles—whether through WorkSource, Shared Work or providing unemployment insurance (UI) benefits to assist during transition to new jobs.

**WorkSource:** A 2013 ESD study found WorkSource participants were more likely to find work than other workers, earning $1,980 more than the comparison group over a seven-quarter study period.

- In 2014, staff at 68 WorkSource centers, affiliates and connection sites statewide recruited and screened candidates for more than 5,275 employers seeking to fill 45,200 jobs—up more than 4,000 from 2013. WorkSource staff also provided one-on-one job search services to 169,500 jobseekers—including help with more than 88,000 referrals to jobs posted at WorkSource and elsewhere.

- About 8,500 employers used the self-service features through the Go2WorkSource.com Web site to recruit and screen candidates. Roughly, 118,200 jobseekers used our self-service tools to post their resumes, apply for jobs and conduct other job-related business.

- For the most recent reporting period (CY2013), 130,093 jobseekers entered employment through WorkSource, meeting our federal Dept. of Labor target.

**Shared Work:** ESD’s Shared Work program helps avoid layoffs by allowing struggling businesses to reduce workers to part-time and giving those workers the ability to collect partial unemployment benefits to replace a portion of their lost wages. A 2014 customer survey showed nearly 97 percent of participating employers would recommend Shared Work to others.

- In 2014, ESD approved more than 1,200 employers and 21,000 workers to participate in Shared Work, saving 14,000 jobs and preventing nearly $15.7 million in additional benefit payouts.

**UI benefits:** ESD paid more than $1.1 billion in UI benefits to about 250,000 individuals to assist them in transition. This number has dropped from nearly 312,000 in 2013 and 382,000 in 2012.

In 2014, Employment Security made significant progress on its strategic goals and Lean leadership efforts, increasing the quality of services for our customers and adding value for taxpayers.

- ESD replaced a 30-year-old UI computer tax system, supporting more than 200,000 Washington businesses. Additional features will be completed in 2015.

- UI claim centers met federal Benefit Timeliness Quality standards for the last two quarters of 2014 as a direct result of employee–based Lean process improvements.

- ESD implemented the Treasury Offset Program for UI benefits overpayments. This allows ESD to garnish IRS tax returns for claimants in collections. Using this tool, we collected $10 million in overpayments and returned the funds to the UI Trust Fund.

- The UI Claims Centers freed up more than 3,800 labor hours, saving more than $75,000 a year, by eliminating paper forms from the UI weekly claims process. This will give agents time to process as many as 29,000 additional basic or complex claims each year.

- The UI Claims Centers saved nearly $400,000 by ending the process of mailing hard copies of the UI Handbook to all claimants in March 2014—and instead sending links to the online version. Hard copies of the UI Handbook are still available upon request and at WorkSource locations.
Throughout the year, ESD and its partners collaborated to improve Washington’s economy, preparing jobseekers for employment with the skills needed by employers.

**Career Readiness for a Working Washington (CRWW)** ~ ESD worked with local schools, the Office of Superintendent of Public Instruction and Workforce Development Councils (WDCs) to pilot the CRWW initiative in five schools across Washington. The pilot provided 1,564 youth with business mentors, 496 with employer internships and 5,378 with other work-based learning opportunities. Studies show career readiness drives higher graduation rates, assists with transition to college or apprenticeship, and results in higher young adult employment rates.

**YouthWorks** ~ Upon the recommendation of the State Workforce Board, the Governor committed $1.9 million in federal discretionary funding for YouthWorks. Built upon the success of the CRWW pilots, YouthWorks added new elements suggested by WDCs, including even stronger connections with schools as well as new strategies to reengage youths who have dropped out of high school. The Governor granted funds to WDCs across the state to partner with schools and drop-out reengagement programs to create 1,047 on-site business internships for students; match 1,144 students with business mentors and graduation coaches; provide 1,610 students with other work-based learning experiences; and help 1,800 students identify a career goal and develop pathways to success. Like CRWW, YouthWorks is expected to improve graduation rates, ease transition to college or apprenticeships and increase young adult employment rates.

**WorkStart** ~ Created in 2013 as a collaboration between the Department of Commerce, local WDCs, and local Economic Development Councils, WorkStart delivers customized workforce training to companies that are expanding or relocating to Washington to create new jobs. WorkStart helped 11 companies train the workforce they needed to expand their operations, creating more than 360 new jobs for people all across the state.

In an unprecedented partnership with the Washington Federation of State Employees, ESD is working to develop an adaptive, Lean culture across the agency—starting at the top.

- In 2014, members of the Executive Leadership Team participated in individual and team leadership impact assessments, developing a baseline to create a more engaged workplace.
- The Executive Leadership Team, WFSE leaders and more than 125 ESD managers and supervisors also participated in leadership training focused on building a positive, healthy, inclusive culture that promotes respect, creativity and innovation. We plan to have all supervisors and managers fully trained by April 2015—and will share similar training with all staff after that.

Our goal is to create an environment where employees enjoy coming to work, want to contribute to ESD’s success and understand how their work supports the success of our customers and partners.

While most of state government continued to recover from the Great Recession in 2014, Employment Security faced a projected $9.5 million deficit by June 2015 due to cutbacks in its federal funding. In response, agency leaders quickly reduced overhead by closing and consolidating offices, using Lean continuous improvements to increase efficiency, offering employees options to reduce hours and, ultimately, implementing another substantial layoff in October 2014 to avoid an even larger deficit in the 2015-2017 biennium.

In total, ESD eliminated 423 positions, many through holding vacancies. In the end, 61 employees separated from the agency, with the biggest group (40) from our Workforce & Career Development Division. This group works with partners across the state to provide direct services to jobseekers and employers. As part of this effort, ESD worked with partners to redesign WorkSource operations and avoided closing any of our locations across the state.

We’ve asked the state Legislature to allow us to use existing ESD state administrative contingency (P&I) and employment services funds (CPP) to allow us to maintain current levels of staff and services. Governor Jay Inslee’s proposed budget includes this funding.

*Employment Security Commissioner’s Office • 360-902-9302 • January 2015*