

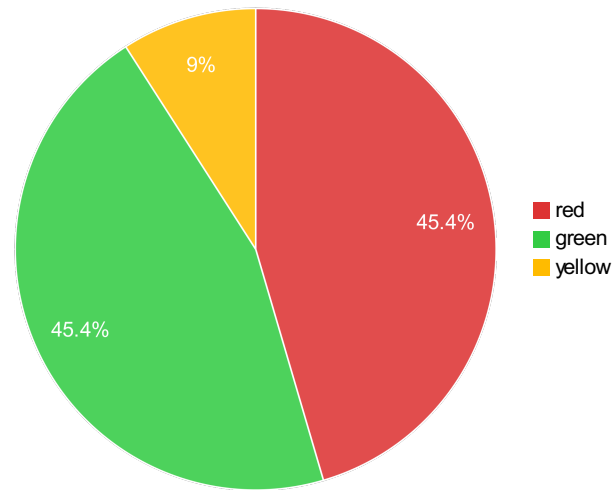
# Revenue, Department of

Annual Performance Progress Report

Reporting Year 2018

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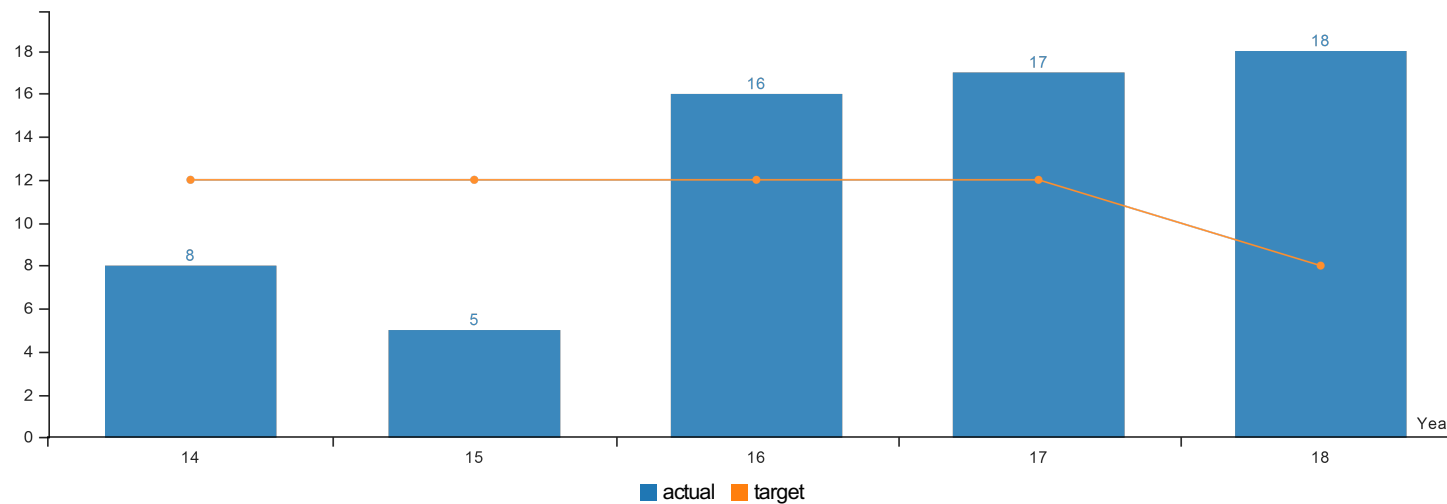
KPM #	Approved Key Performance Measures (KPMs)
1	Average Days to Process Personal Income Tax Refund. -
2	Percent of Personal Income Tax Returns Filed Electronically -
3	Employee Training Per Year (percent receiving 20 hours per year). -
4	Customer Service - Percent of customers rating their satisfaction with the agency's customer service as "good"; or "excellent" based on overall experience, timeliness, accuracy, helpfulness, expertise, and availability of information.
5	Effective Taxpayer Assistance - Provide effective taxpayer assistance through a combination of direct assistance and electronic self-help services.
6	Appraisal Program Equity and Uniformity - We will measure the degree to which county appraisal program equity and uniformity is achieved by determining the percentage of study areas statewide with real market values that are within accepted appraisal standards.
7	Appraisal Value Uniformity - We will demonstrate our ability to deliver high quality business results by measuring appraisal equity and uniformity for DOR industrial accounts.
8	Direct Enforcement Dollars Cost of Funds - We will demonstrate our efficiency and effectiveness at funding services that preserve and enhance the quality of life for all citizens by measuring the cost of funds (COF) for every direct enforcement dollar received by our agency.
9	Collection Dollars Cost of Funds - We will demonstrate our efficiency and effectiveness at funding services that preserve and enhance the quality of life for all citizens by measuring the cost of funds (COF) for every dollar collected by our agency.
10	Cost of Assessments - We will demonstrate our efficiency and effectiveness of our suspense, audit and filing enforcement functions by measuring the cost of every audit and filing enforcement dollar assessed.
11	Employee Engagement - Index of employees considered actively engaged by a standardized survey.



Performance Summary	Green	Yellow	Red
	= Target to -5%	= Target -5% to -15%	= Target > -15%
Summary Stats:	45.45%	9.09%	45.45%

KPM #1	Average Days to Process Personal Income Tax Refund. -
	Data Collection Period: Jan 01 - Dec 31

\* Upward Trend = negative result



Report Year	2014	2015	2016	2017	2018
<b>Average Days to Process Personal Income Tax Refund</b>					
Actual	8	5	16	17	18
Target	12	12	12	12	8

### How Are We Doing

This measurement is the average amount of time it takes from when the agency receives a return until the refund is issued. The agency averaged 18 days to refund in 2018, ten days longer than the target.

For comparison, the IRS issues 90 percent (9 out of 10) of refunds within 21 days—if electronically filed. Oregon issued 72 percent of the refunds in 21 days. Though there are not readily available statistics from other states, information from their websites indicates that Oregon's turnaround time is in line with other revenue agency's projected times.

### Average Number of Days

2018	All	Non-suspended	Suspended
All	18.4	14.3	49.3
e-file	17.4	13.9	48.7
2-D	22.6	16.3	50.3
Paper	34.3	23.3	51.4

How quickly the agency issues refunds is one of the most visible signs of efficiency and a key driver of customer satisfaction. Taxpayers expect a quick turnaround after filing their tax return.

The biggest impact on timeliness of refunds is how many returns get stopped for fraud review and other edits designed to ensure the return is accurate. Because fraudulent refunds have become an issue, the agency has intentionally slowed down processing to effectively balance taxpayer expectation and fraud control measures. The agency believes a 16 day turnaround is a realistic target for the 2019–21 biennium.

### **Factors Affecting Results**

There are many factors that impact on return processing, some are internal and others are external. Internally the agency controls:

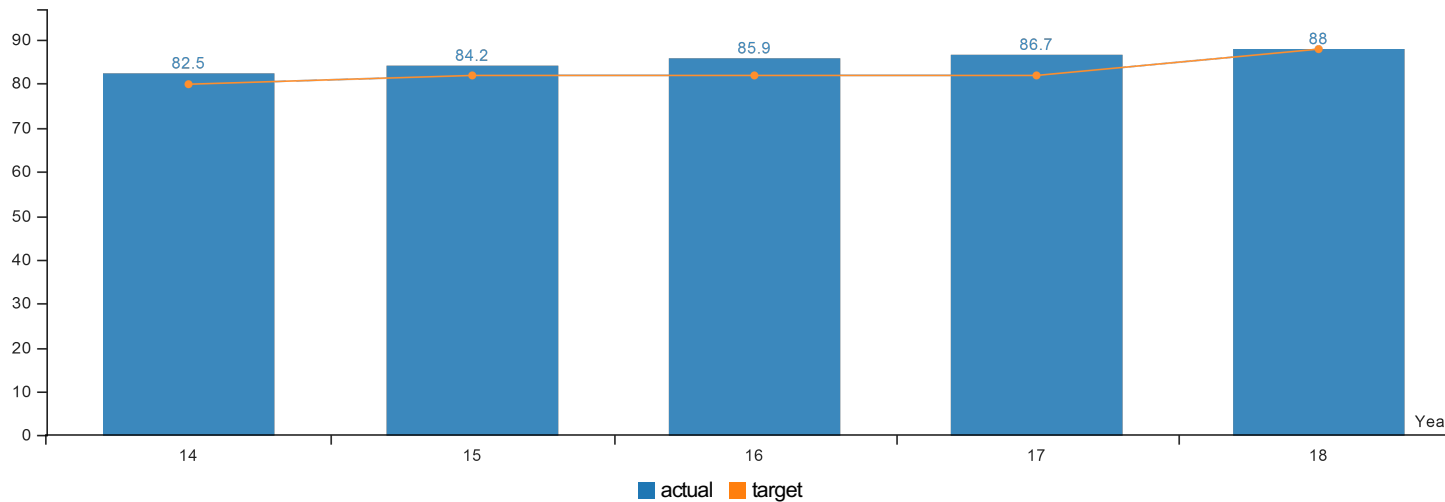
- Business edits/rules on processing returns. The agency has over 200 rules that incorporate statutory limits, correct math errors, match third-party information, and allow the agency to request additional documentation. Some rules are system processed (math errors), while others require a manual review. Annually, business rules are improved with the goal being to close known gaps and stop fewer legitimate returns.
- The fraud module in the agency's tax processing system uses analytics to identify potentially fraudulent refunds. The attributes for fraud returns have become so similar to a real return that it is difficult to differentiate in many cases. Each year, the agency reviews fraud triggers to address known gaps and to make improvements. There will always be a need for manual review in fraud, but we are working to better identify those that the system can sort through.
- Early season refund hold—the agency does not issue any refunds prior to February 15. This allows the agency time to load employer information (due January 31) and use it to match to the information reported on the tax return.

Factors outside agency control:

- The 'kicker' negatively affects the average. It's a credit on the tax return based on the prior year tax. For those individuals who had a filing status change from 2016 (i.e. went from married to single) the credit must be manually calculated. This caused an additional 20,000 returns in 2018 to need manual review.
- Electronically filed returns are typically more accurate and take less time to process. Yet, e-file is an option, there is no individual mandate. For more details on e-filed returns, see KPM #2. E-filed returns that didn't suspend for fraud, errors, missing information, or other processing issues averaged 14 days to process in 2018. This was about 2 days faster than 2017. Paper returns that didn't suspend averaged 23 days to process. This was a day slower than 2017.

KPM #2	Percent of Personal Income Tax Returns Filed Electronically -
	Data Collection Period: Jan 01 - Dec 31

\* Upward Trend = positive result



Report Year	2014	2015	2016	2017	2018
<b>Percent of Personal Income Tax Returns Filed Electronically</b>					
Actual	82.50%	84.20%	85.90%	86.70%	88%
Target	80%	82%	82%	82%	88%

### How Are We Doing

The agency met the target of 88 percent of tax returns filed electronically for the reporting period, which represents 1.7 million e-filed returns. This compares to 86 percent in 2017.

E-filing has become the primary filing method for personal income tax. This is important for a variety of reasons. E-filed returns are more accurate because they are software generated so the math is accurate. They are also less costly and quicker to process. They average several days less to process because there is no manual keying needed to get them into the system.

The number of e-filers has risen each year, but the rate of growth has slowed. This is similar to what's happening at the federal level. As of May 2018, the IRS had received 89 percent of returns electronically, compared to just under 89 percent the previous year. As performance is leveling out, the agency will be requesting that the 2019–2021 biennium targets for this measure be 90 percent. The agency will also request the legislature consider removing this measure as a KPM as it has reached its useful life.

### Factors Affecting Results

The agency takes several steps that are designed to encourage e-filing:

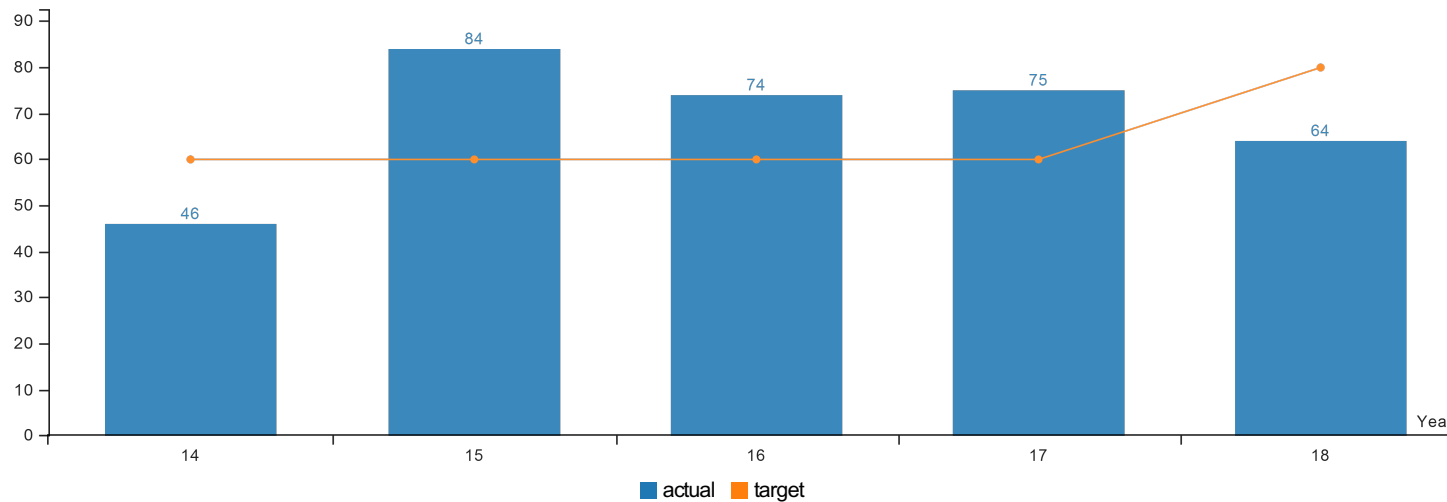
- Promotion—like the IRS, the agency discusses e-file in our publications and on our website, promoting its accuracy and typically quicker refunds.
- Ease of filing—the agency has a direct e-file system that allows any full-year-resident taxpayer to enter their return information into an online form and file the return directly with us for free, regardless of income level or return type.
- The agency also participates in the free file alliance where taxpayers meeting certain income, age, veteran and return-type criteria can e-file for free. The agency posts a list on our website of

software companies offering free services.

- The agency has an e-file mandate for tax practitioners that matches the IRS mandate. There is no penalty for noncompliance, but the agency sends a reminder letter each year to those practitioners who didn't file their client's returns electronically.

KPM #3	Employee Training Per Year (percent receiving 20 hours per year). -
	Data Collection Period: Jul 01 - Jun 30

\* Upward Trend = positive result



Report Year	2014	2015	2016	2017	2018
<b>Employee Training Per Year (percent receiving 20 hours per year)</b>					
Actual	46%	84%	74%	75%	64%
Target	60%	60%	60%	60%	80%

### How Are We Doing

This measure allows the agency to prioritize supporting employees to keep pace with changes in technology, policy and processes, honor a respectful and professional workplace, increase understanding for inclusion and diversity, and identify employees to watch as part of the agency's succession planning strategy. Additionally, employee training and development was identified as a driver for employee engagement in the last four employee engagement surveys. The agency has exceeded its performance goal for this measure the last three years, however, the agency missed the increased target set by the legislature of 80 percent for 2018. This was expected given that the core system replacement project is complete. The agency considers employee training crucial for organizational development strategies and employees' professional success. However, the agency also recognizes that this measure is not outcome oriented or strategic, so, it is not an optimal key performance measures. Given this, the agency will recommend deletion of this measure in the future with the understanding that this information is available within the Human Resources Section.

### Factors Affecting Results

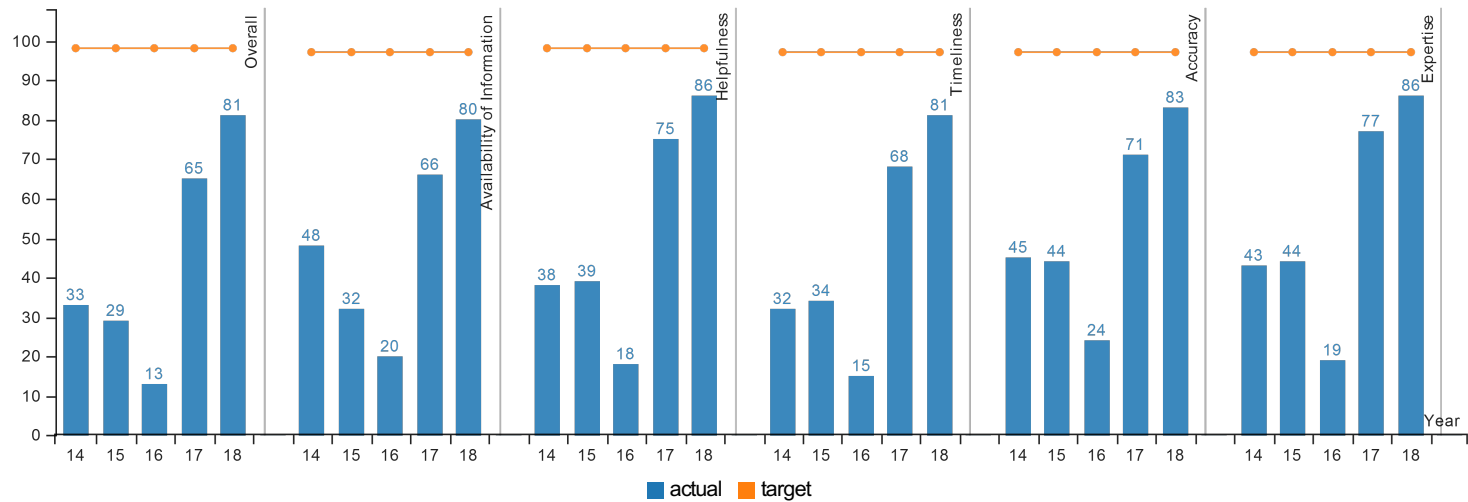
For the past four years, the majority of agency staff have been required to complete training on our new core system. This emphasis is critical to system adoption, so, funding for this additional training is included in the project budget. Now that this project is complete, the agency's performance has dropped to 64 percent. However, the agency has seen a significant increase in developmental and skills based training over pre system replacement, making good strides in this areas outside of the project.

In an effort to ensure employees have access to appropriate professional training, the agency purchased licenses for unlimited training on a number of topics. This leverages available training dollars. The agency also works with local training providers to offer popular trainings at a discounted price when there is sufficient employee interest. In addition, the agency focuses on ensuring all training is captured in iLearn and encourages employees and managers to create a personal goal of completing a minimum of 20 hours of training per year. Human Resources staff are also

available to meet with employees to discuss career-pathing and identify training that will assist the employee on that path. While these efforts have yielded good results, the agency believes a more realistic target for this measure is 65 percent.



KPM #4	Customer Service - Percent of customers rating their satisfaction with the agency's customer service as "good"; or "excellent" based on overall experience, timeliness, accuracy, helpfulness, expertise, and availability of information.
	Data Collection Period: Jul 01 - Jun 30



Report Year	2014	2015	2016	2017	2018
<b>Overall</b>					
Actual	33%	29%	13%	65%	81%
Target	98%	98%	98%	98%	98%
<b>Availability of Information</b>					
Actual	48%	32%	20%	66%	80%
Target	97%	97%	97%	97%	97%
<b>Helpfulness</b>					
Actual	38%	39%	18%	75%	86%
Target	98%	98%	98%	98%	98%
<b>Timeliness</b>					
Actual	32%	34%	15%	68%	81%
Target	97%	97%	97%	97%	97%
<b>Accuracy</b>					
Actual	45%	44%	24%	71%	83%
Target	97%	97%	97%	97%	97%
<b>Expertise</b>					
Actual	43%	44%	19%	77%	86%
Target	97%	97%	97%	97%	97%

**How Are We Doing**

This measure provides information on customers assessments of agency performance related to key drivers of customer satisfaction. While the agency recognizes that paying taxes may not make taxpayers happy, it is important they rate their experiences with the agency as satisfactory.

The agency's customer service ratings increased in 2018, the second year of improved performance. The score for the "overall" question is 81 percent, with scores of 86 percent for helpfulness and expertise, which are critical indicators of taxpayer assistance satisfaction.

The target for this measure has been 97–98 percent for several biennium. While the agency strives to maximize performance, research conducted by a consultant hired to evaluate this measure suggest that this is not a "realistic" target given the regulatory nature of the agency's work and benchmark results conducted on other revenue collection entities. Given this research and current performance, the agency anticipates proposing a more realistic target of 85 percent for the 2019–21 biennium.

### **Factors Affecting Results**

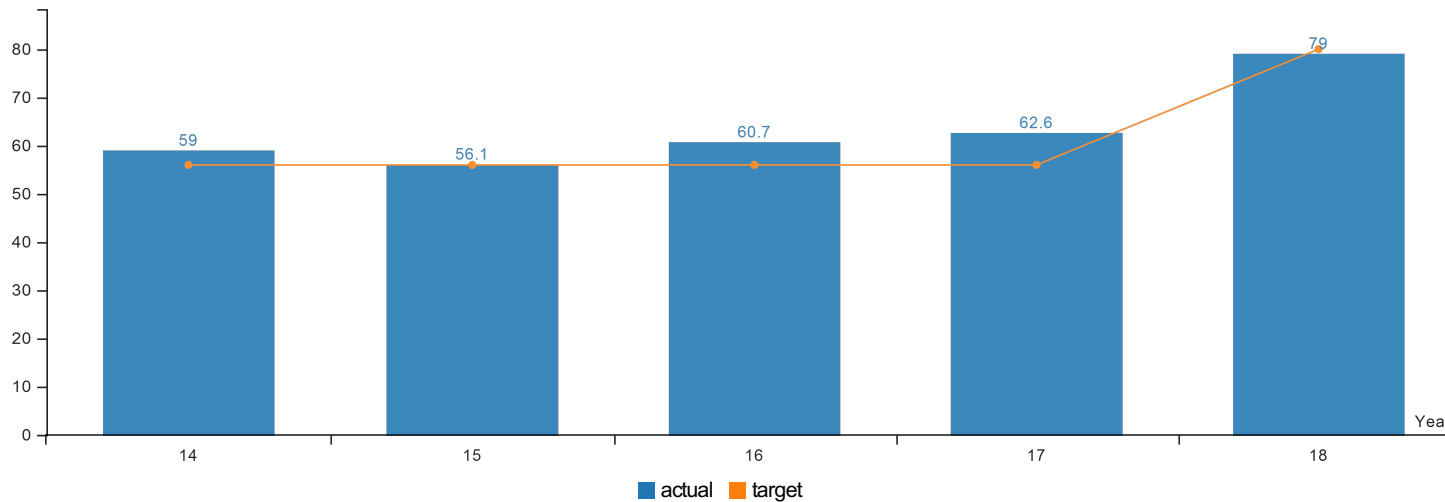
The agency hired a consultant to help improve the data collection processes for this measure. As a result, sample sized jumped from 1,875 in 2016 to more than 7,800 in 2017, and about 11,000 in 2018. The agency has also created a cross-agency customer service review group to support implementing improvements identified through this enhanced data collection process. The agency is requesting funding for the 2019–21 biennium to further leverage this work.

The agency believes there is a relationship between timely processing of returns and satisfaction; however, despite the increase in number of days to process a return, customer satisfaction has increased. The agency believes this is attributable to:

- Improvements made by the cross-agency workgroup.
- The agency's commitment to hiring additional seasonal help in the main call center.
- Addition of new, separate telephone lines for tax professionals as well as one for corporations.
- Staff encouraging taxpayers who use services to take the survey, increasing the sample size.

KPM #5	Effective Taxpayer Assistance - Provide effective taxpayer assistance through a combination of direct assistance and electronic self-help services.
	Data Collection Period: Jul 01 - Jun 30

\* Upward Trend = positive result



Report Year	2014	2015	2016	2017	2018
<b>Effective Taxpayer Assistance</b>					
Actual	59	56.10	60.70	62.60	79
Target	56	56	56	56	80

### How Are We Doing

This measure assesses the effectiveness of taxpayer assistance by creating a composite score from three activities: call wait times, success rates for “Where’s My Refund,” and overall customer service rates reported on KPM #4. Our overall score of 79 is a significant increase over the 2017 value of 63. While performance has increased from the previous year, it fell just short of the new target of 80 set in the 2017 budget process. Performance improvements are attributed primarily to significant improvements in call wait times and customer service ratings.

This measure concept aligns with the agency’s strategic priority to enhance taxpayer assistance. The goal is to provide self-help access for those who want it and provide effective one-on-one assistance where necessary. In practice, the agency believes this measure is too complex and weighted on timeliness versus taxpayer’s being able access the support they receive against their expectations. The agency is exploring alternatives with the hope of proposing an improved measure of taxpayer assistance. For the 2019–21 biennium, the agency is asking that the target be adjusted to 85, which is in line with benchmarked agencies.

### Factors Affecting Results

The results of this measure are impacted by the performance on the three components that make up this composite measure:

- Call wait time. Calls with less than a five-minute wait time made up 71 percent of total calls, up from 34 percent in 2017. Staffing increases are the primary driver of this improvement.
- “Where’s My Refund” inquiries. The percentage of “successful” inquiries made through phone or web applications was 84 percent, which mirrors 2017 performance. Successful inquiries are

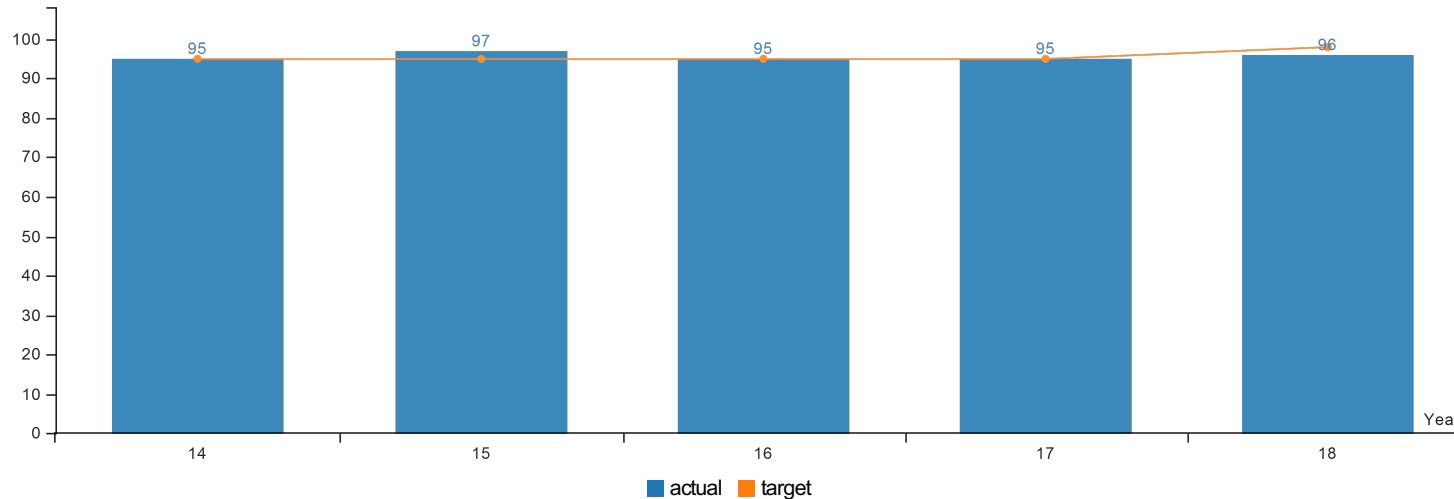
defined as any response other than "not found," which means the return is not in the system when the taxpayer asks. This is primarily because taxpayers don't wait the suggested two weeks from when they file before requesting a status update.

- Customer service rating. The percentage of customers rating our service as "good" or "excellent" is 81 percent, up from 70 percent in 2017. This is also a contributing factor to the increased performance on this measure.

While these three components are all important indicators of customer service performance, aggregating the results into a composite measure does not allow for flexibility over time related to taxpayer assistance expectations.

KPM #6	Appraisal Program Equity and Uniformity - We will measure the degree to which county appraisal program equity and uniformity is achieved by determining the percentage of study areas statewide with real market values that are within accepted appraisal standards.
	Data Collection Period: Jul 01 - Jun 30

\* Upward Trend = positive result



Report Year	2014	2015	2016	2017	2018
<b>Appraisal Uniformity</b>					
Actual	95%	97%	95%	95%	96%
Target	95%	95%	95%	95%	98%

### How Are We Doing

For the five-year period from 2014 to 2017, the agency consistently met or exceeded established targets. In 2018, the target increased to 98 percent. Performance for the period was 96 percent, slightly below the target. The agency considers this a goal that make take a few years to achieve.

The agency considers this an effective outcome measure because the primary goal of the Support, Assistance, and Oversight (SAO) Section is to support and monitor the performance of counties. This is accomplished by providing training, teaching best practices, and reviewing processes of county appraisal programs.

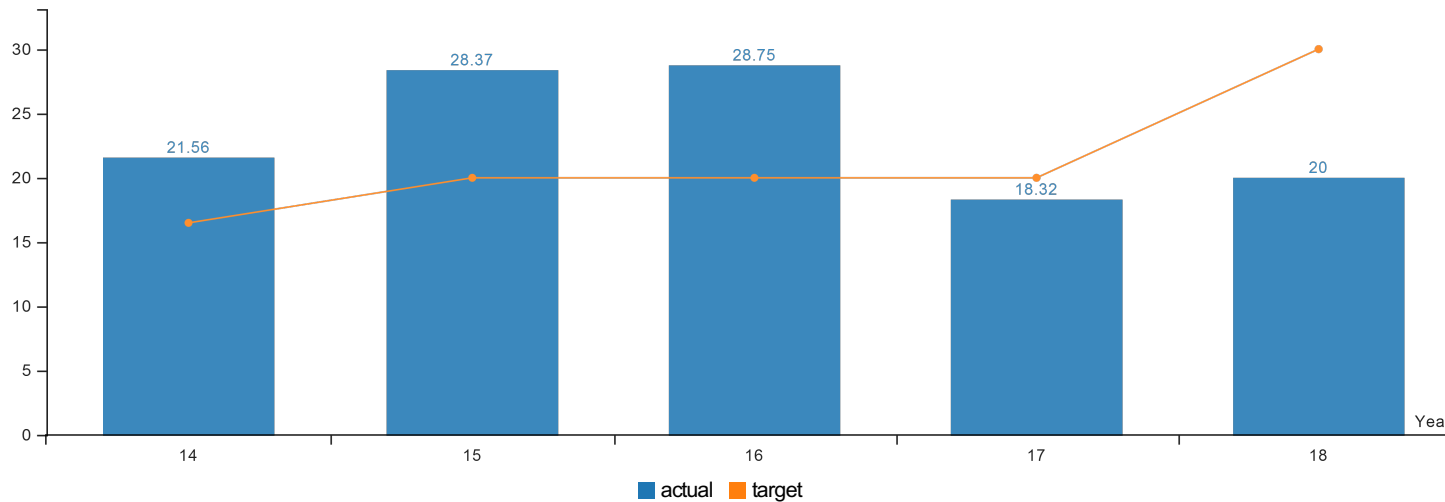
### Factors Affecting Results

The coefficient of dispersion (COD) is the average absolute deviation converted to a percentage of the median. CODs are self-reported by the counties, so our ability to validate each county's methodology is limited at this time. Additionally, study areas can vary year-to-year, creating consistency and comparison issues. Each year, when a property sells, the county examines the relationship between the value they had on the tax roll and the price the property sold for. The variance for each of these sale properties is what is measured in the COD. Different property types have different accuracy requirements. The percentages reported above relate to the percentage of properties that met their accuracy requirements. The 2016 Legislature provided funding to fill some existing department positions that work closely with counties on assessment and taxation. This includes analysis of the sales used by counties in determining whether their appraised values are compliant with appraisal standards. The department will continue working with counties to ensure appraisal processes are resulting in accurate real market values and within accepted appraisal standards.

KPM #7 Appraisal Value Uniformity - We will demonstrate our ability to deliver high quality business results by measuring appraisal equity and uniformity for DOR industrial accounts.

Data Collection Period: Jul 01 - Jun 30

\* Upward Trend = negative result



Report Year	2014	2015	2016	2017	2018
<b>Appraisal Value Uniformity</b>					
Actual	21.56%	28.37%	28.75%	18.32%	20%
Target	16.50%	20%	20%	20%	30%

### How Are We Doing

Measuring the coefficient of dispersion (COD) is an appraisal industry standard metric for uniformity. The metric is reliant on market sale transactions. In the last five years, the agency hasn't had any usable sale transactions, so, the agency used site-specific appraisals to measure the COD. Our reported metric is the measure of variance between the values from our site-specific appraisals and the values from our mass-appraisal process. This performance is below the target. Performance for 2018 was 20 percent, well below the adjusted target of 30 percent. As the goal is to perform below the target, the agency anticipated requesting that the target be adjusted to 20 percent for the 2019–21 biennium.

The agency would ultimately like to eliminate this measure because the small number of transactions and substitute of site-specific appraisals makes the measure more volatile than may be the case. For example, the original COD data for 2014 included just eight data points. When the universe is increased by just two appraisals, the metric result increased from 16 to 22 percent; a 38 percent increase. Given this, the agency anticipates proposing a replacement to the measure.

### Factors Affecting Results

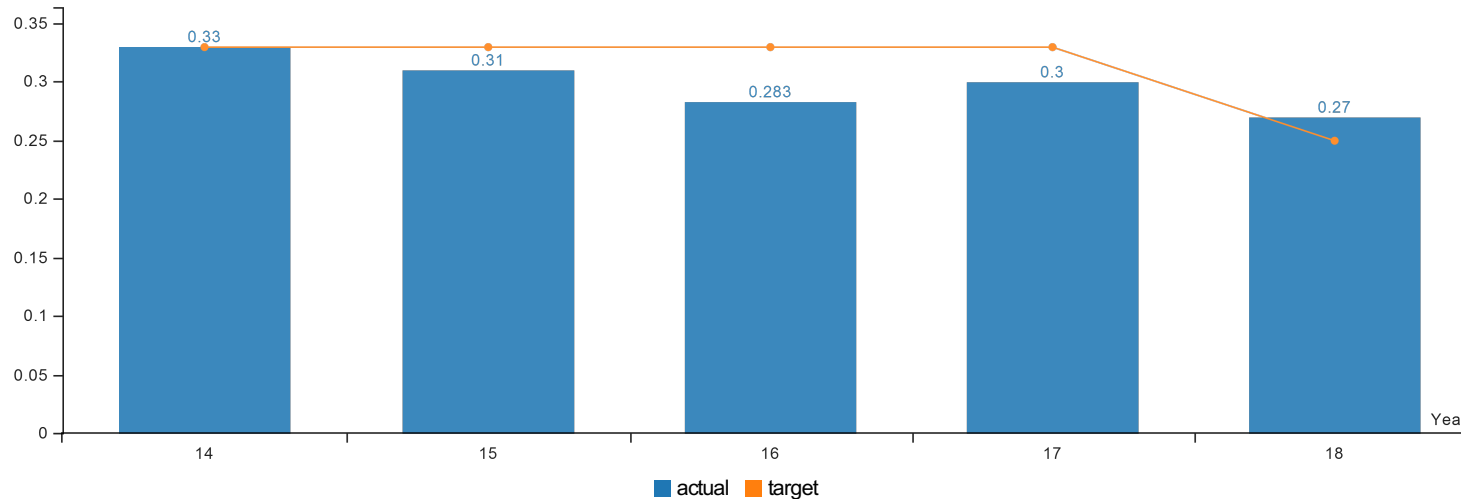
The agency is required to appraise Oregon's highly complex industrial properties that are engaged in processing and manufacturing activities. These properties don't sell often. When they do, there are many factors that make it difficult to compare the sales price to assessment roll values. Therefore, the limited number of sales transactions has decreased the reliability of this indicator.

Some properties have valuation issues including omitted property, taxpayer reporting errors (duplicates, age of assets, failure to report), and reclassification of assets. These issues create a greater separation between the value determined via our mass appraisal process and the value determined via our site-specific appraisal process, resulting in higher COD and greater deviation between RMV and the roll value.

In 2017, the agency refined its business strategy and set a goal to appraise industrial sites on an eight-year cycle. Once our first regular appraisal cycle is complete, a more consistent COD trend should emerge. Through the implementation of our eight-year appraisal cycle, we should continue to see a reduction in the deviation between roll values and RMV; however, this is five years in the future. Looking ahead, the agency anticipates proposing a more informative outcome measure for this program.

KPM #8	Direct Enforcement Dollars Cost of Funds - We will demonstrate our efficiency and effectiveness at funding services that preserve and enhance the quality of life for all citizens by measuring the cost of funds (COF) for every direct enforcement dollar received by our agency.
	Data Collection Period: Jul 01 - Jun 30

\* Upward Trend = negative result



Report Year	2014	2015	2016	2017	2018
<b>Cost of Direct Enforcement Funds</b>					
Actual	\$0.33	\$0.31	\$0.28	\$0.30	\$0.27
Target	\$0.33	\$0.33	\$0.33	\$0.33	\$0.25

### How Are We Doing

The agency's cost of funds (COF) for direct enforcement for fiscal year 2018 was \$0.27. For this measure, lower performance is better. This represents a slight decrease from the 2017 COF of \$0.30. Dollars received decreased from \$256.8 million in 2017 to \$237.8 million in 2018. The enforcement function funding in our Legislatively Adopted Budget (LAB) decreased as well, from \$76.2 million in 2017 to \$64.3 million in 2018.

At the heart of this measure is a complex enforcement revenue calculation based on numerous variables that periodically need to be adjusted based on new information. The challenge is that some factors, such as automation, which support efficiency, can impact the calculation in unintended ways. Trying to adjust the calculation to appropriately compensate becomes a bit of trial and error. As a result, the agency's confidence in the accuracy of this measure has decreased. In addition, the measure is very complex to explain. The agency anticipates completing a comprehensive assessment of its KPMS during the 2019–21 biennium. The goal is to find a more suitable measure of enforcement outcomes.

### Factors Affecting Results

There are many factors that impact cost of funds. Some of the external factors affecting enforcement revenue include the health of the overall economy and the labor market participation rate; however, we don't have a way to measure the impact of those factors on our activities. Internal factors influencing our enforcement revenue include:

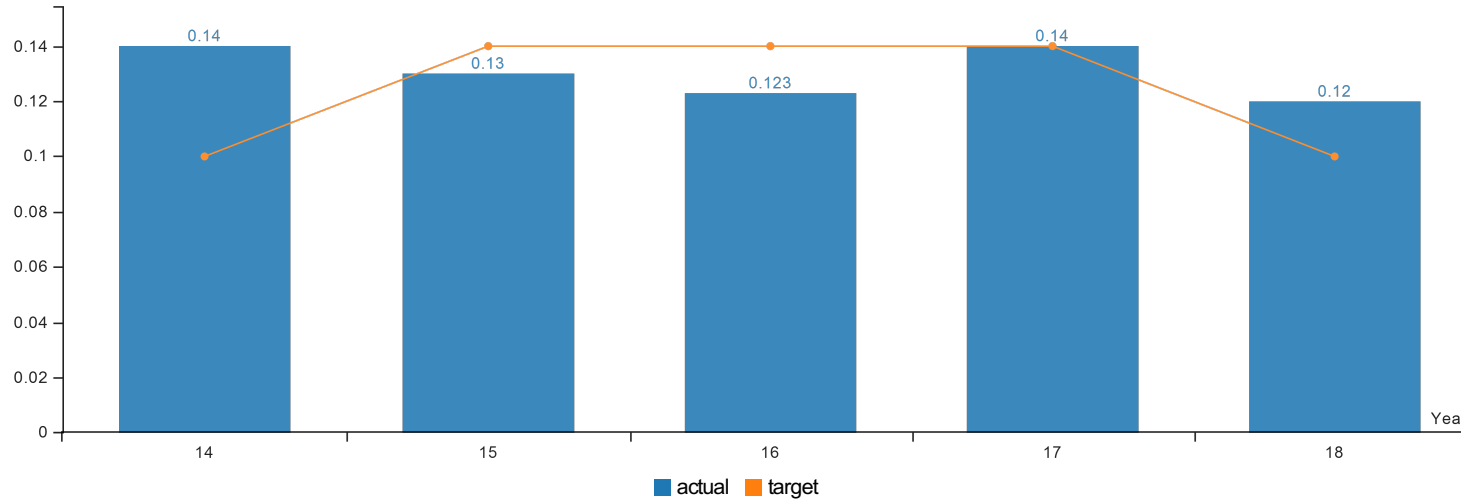
- Increases or decreases to our legislative approved budget. Fiscal Year 2018 represented a large decrease to our enforcement positions. The loss of these positions may contribute to reduced enforcement revenue.



- The Corporation Section has a lot of volatility in its enforcement revenue received. In past fiscal years, one audit payment has made a large difference in the KPM. Corporation enforcement revenue dollars decreased this fiscal year which caused the largest change to the KPM. This decrease is directly tied to relatively few audit payments that just weren't as large as the previous year.

KPM #9	Collection Dollars Cost of Funds - We will demonstrate our efficiency and effectiveness at funding services that preserve and enhance the quality of life for all citizens by measuring the cost of funds (COF) for every dollar collected by our agency.
	Data Collection Period: Jul 01 - Jun 30

\* Upward Trend = negative result



Report Year	2014	2015	2016	2017	2018
<b>Cost of Collections Funds</b>					
Actual	\$0.14	\$0.13	\$0.12	\$0.14	\$0.12
Target	\$0.10	\$0.14	\$0.14	\$0.14	\$0.10

**How Are We Doing**

Our cost of funds (COF) for collections for fiscal year 2018 was \$0.121. For this measure, lower performance is better. This represents a slight decrease from the fiscal year 2017 COF of \$0.14. Dollars collected decreased from \$256.8 million in 2017 to \$237.8 million in 2018. The collection function funding in our Legislatively Adopted Budget (LAB) decreased as well, from \$34.7 million in 2017 to \$28.8 million in 2018.

Similar to KPM #8, this measure’s numerator is the same complex enforcement revenue calculation. The only difference between this measure and KPM #8 is the denominator is based on collections budget instead of enforcement budget. The agency goal is to find a more effective collections measure in the future.

**Factors Affecting Results**

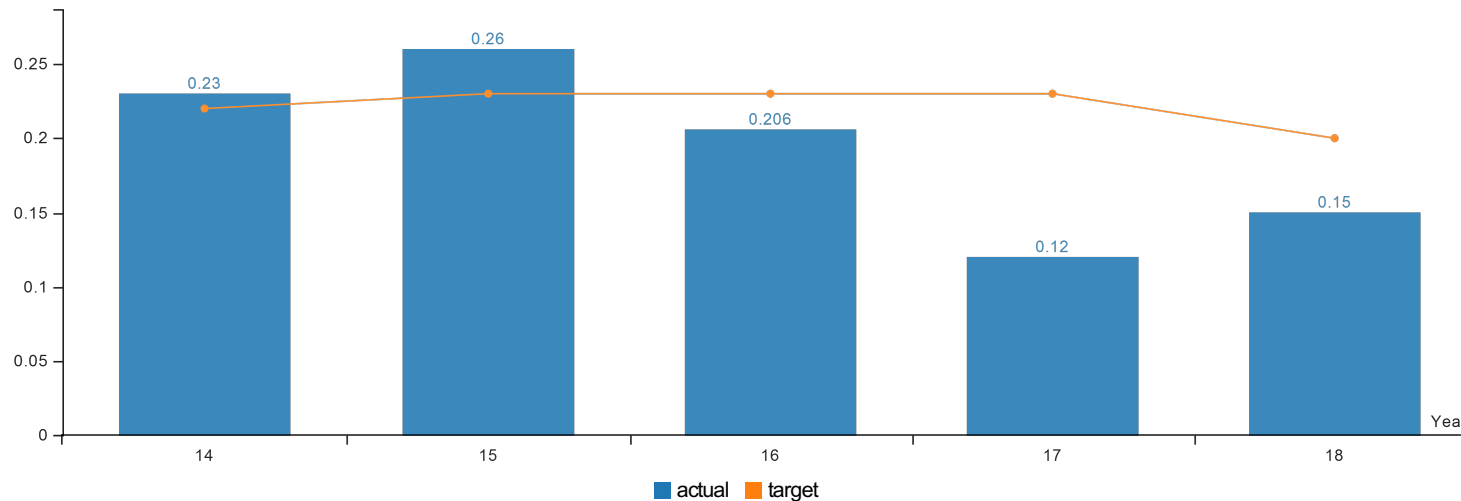
There are many factors that impact cost of funds. Some of the external factors that affect our enforcement revenue include the health of the overall economy and the labor market participation rate; however, we don’t have a way to measure the impact of those factors on our activities. Internal factors influencing our enforcement revenue include:

- Increases or decreases to our LAB. Fiscal Year 2018 represented a large decrease to our enforcement positions. The loss of these positions may be impacting performance.
- The Corporation Section has a lot of volatility in its enforcement revenue received. In past fiscal years, one audit payment has made a large difference in the KPM. Corporation enforcement revenue dollars decreased this fiscal year which caused the largest change to the KPM. This decrease is directly tied to relatively few audit payments that just weren’t as large as the previous year.



KPM #10	Cost of Assessments - We will demonstrate our efficiency and effectiveness of our suspense, audit and filing enforcement functions by measuring the cost of every audit and filing enforcement dollar assessed.
	Data Collection Period: Jul 01 - Jun 30

\* Upward Trend = negative result



Report Year	2014	2015	2016	2017	2018
<b>Cost of Assessments</b>					
Actual	\$0.23	\$0.26	\$0.21	\$0.12	\$0.15
Target	\$0.22	\$0.23	\$0.23	\$0.23	\$0.20

### How Are We Doing

In 2018, our cost of assessments (COA) increased to \$0.15. For this measure, lower performance is better. This represents an increase from the fiscal year 2017 COA of \$0.12. This was due, in large part, to decreased assessments in the personal income tax program. Assessed dollars decreased from \$349.4 million in 2017 to \$241.9 million in 2018. The audit and filing enforcement function funding in our Legislatively Adopted Budget (LAB) decreased as well from \$41.5 million in 2017 to \$35.6 million in 2018.

This measure is calculated using “failure to file” data, which is a department estimate of owed revenues. This estimate is typically quite different than actual moneys owed, which is determined when the taxpayer actually files. When the agency overestimates the amounts owed, performance on this measure will look more favorable. Sophisticated reviewers of this information could make this assertion, which makes this a less reliable measure. The agency anticipates completing a comprehensive assessment of its KPMs during the 2019–21 biennium. The goal is to find a more suitable collections measures.

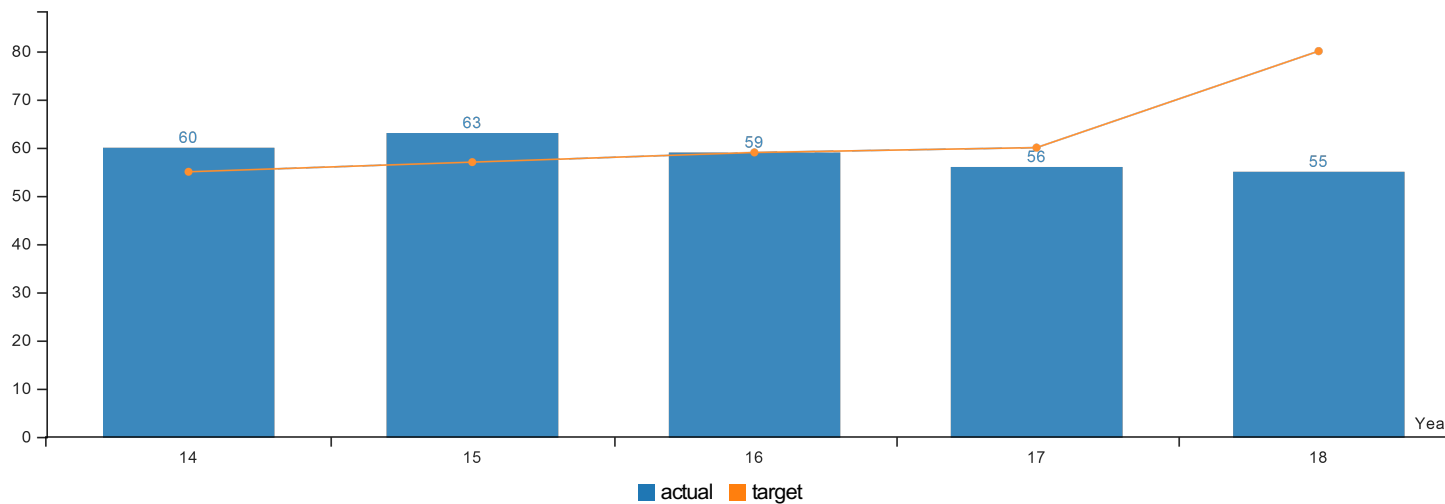
### Factors Affecting Results

There are many factors that impact the cost of assessments. The largest contributing factor to the increase in cost of assessments was a decrease in failure to file assessments. The personal income tax division drastically increased automation in its filing enforcement section last fiscal year through the use of GenTax. By automating filing enforcement cases, we were able to bill a large number of older accounts that we hadn’t been able to address up to that point . This reduced our cost of assessments. In the current fiscal year, we have been able to focus on more recent filing enforcement work and the more difficult cases that can’t be automated. The overall level of assessments decreased this fiscal year as a result.

Another factor that impacted the cost of assessments was a decrease to the LAB. Fiscal year 2018 represented a large decrease to our enforcement positions, which may impact results.

KPM #11	Employee Engagement - Index of employees considered actively engaged by a standardized survey.
	Data Collection Period: Jul 01 - Jun 30

\* Upward Trend = positive result



Report Year	2014	2015	2016	2017	2018
<b>Employee Engagement</b>					
Actual	60	63	59	56	55
Target	55	57	59	60	80

### How Are We Doing

The metric performance result for 2018 is 55, which is a unit below past performance. This level of change is statistically small, so, it's difficult to draw conclusions from this performance. The agency anticipated a dip in performance due to concerns raised externally about low employee morale. Results of the latest employee engagement survey suggest that employees feel similarly for the last two reporting cycles. The agency anticipated that if morale were down it may contribute to decreased employee engagement performance more than what the results suggest. Morale in the work place is complex, and a number of factors contribute. At the request of the legislature, the Oregon Secretary of State has been conducting an organizational culture audit. This audit may provide agency leadership with additional insights into employee engagement and overall morale.

Measuring employee engagement has been a long-standing priority for the agency. In 2013, the agency contracted with Department of Administrative Services to access an employee engagement tool used by several other state agencies. This tool was used to report results from 2013 to 2018. In 2018, the agency was given final use of this tool, without key reporting capability to enable compliance with reporting on this metric. In future years, the product used and methodology for measuring employee engagement must change. Given this, the agency would optimally like to delete this measure and work with the Legislative Fiscal Office to determine if the replacement measure is appropriate as a KPM.

### Factors Affecting Results

Employee engagement is impacted by a number of variables. For example, changes in leadership, new programs or workload, and communications about expectations. The agency has hired a consultant to evaluate the current state of outcome-based management practices and policies within the agency. An outcome-based management approach is built on a foundation that looks to engage and empower employees at all levels of the organization. Given this, the agency will explore new ways to measure the health of the organization that may include and extend beyond employee engagement.

