EVALUATION OF EMPLOYMENT SECURITY DEPARTMENT CALL CENTERS

SCOPE AND OBJECTIVES

MAY 3, 2001

STATE OF WASHINGTON

JOINT LEGISLATIVE AUDIT AND REVIEW COMMITTEE

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Legislation enacted in 1998 allows the Washington State Employment Security Department to accept initial applications for unemployment insurance benefits over the telephone and via the Internet. These applications are now processed in centralized call centers. The 1998 legislation directs JLARC to conduct an evaluation of the new call center approach to unemployment insurance. JLARC's review is due to the Legislature by September 2001.

BACKGROUND

The Employment Security Department manages Washington's unemployment insurance (UI) benefits program. Historically, a person who wished to file for UI benefits completed the application on paper and brought it in person to a department office such as a Job Service Center. In the mid-1990s, the department initiated a major effort to review and improve many of its business processes. One recommendation from this effort was to make better use of technology to improve customer access to UI services. Implementing this recommendation called for the department to move its UI functions out of Job Service Centers and into centralized call centers, leaving the Job Service Centers to focus more on reemployment and training.

At the time the department was contemplating this change, state law required initial applications for UI benefits to be *in writing*. During the 1998 Legislative Session, the department asked the Legislature to change this requirement so that initial claims could be filed by telephone or other means. The department asserted that switching to telephone claims and centralized call centers would enhance customer service. The department also projected savings of more than $2.8 million per year for the UI program by 2005. In SSB 6420 (C 161 L 98), the Legislature granted the department's requested statutory change but also expressed "serious concerns" that losing face-to-face contact in initial claims filing might increase the potential for fraud and weaken the link to reemployment services.

The Employment Security Department phased in the use of call centers from February 1999 through November 1999. By this time, initial applications for UI benefits were taken by telephone rather than in person. In May 2000, the department began offering the option of filing an initial UI benefit claim via the Internet as well.

The same legislation that granted the department's requested statutory change directed the Joint Legislative Audit and Review Committee (JLARC) to review the performance of the new call center approach. JLARC is to include in its review a comparison of the new system and the old system with regard to promptness of benefit payments, fraud, and benefit overpayments and underpayments. The bill also contained provisions aimed at ensuring that recipients of UI benefits are actively seeking employment.

STUDY SCOPE

As directed by SSB 6420, JLARC's study will review the performance of the call center approach to administering unemployment insurance benefits. The study will include a review of the department's processing of initial UI claims, its resolution of issues that arise during the processing of initial and on-going weekly claims, and the department's efforts to address benefits fraud and erroneous payments. JLARC's study will also include an assessment of the link that call centers provide to reemployment services. The study will not address UI tax issues or the overall performance of the Employment & Training Division of the Employment Security Department.

STUDY OBJECTIVES

(1) Evaluate the cost differences between the former in-person UI claims application system and the new call center system, and identify possible changes to make the new system more cost-effective;

(2) To the extent possible, identify the satisfaction of claimants and employers with regard to the transition to call centers;

(3) Assess the impact of the switch to call centers on benefit payment timeliness and the quality of UI benefit decisions using the U.S. Department of Labor UI performance measures and benchmarks for these factors;

(4) Describe the department's efforts to address benefits fraud and erroneous payments, and examine the role of the call centers with regard to benefits fraud and benefits overpayments/underpayments. This objective will include consideration of the Legislature's concerns that the shift to call centers could encourage more fraud; it will also include an assessment of the department's performance in these areas according to the U.S. Department of Labor's UI performance measures and benchmarks;

(5) Evaluate the role of call centers in linking UI applicants to reemployment services; and

(6) Document the "lessons learned" in making the transition to call centers for the possible application to any future proposals to adopt the call center approach in other areas of state government.

TIMEFRAME FOR THE STUDY

Preliminary report for the JLARC meeting in August 2001.
Final report for the JLARC meeting in September 2001.

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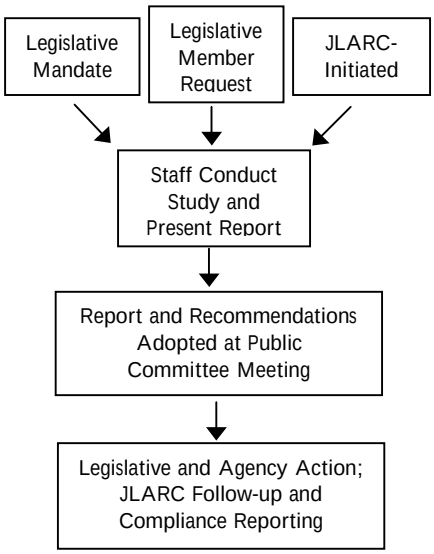
JLARC Study Process



Criteria for Establishing JLARC Work Program Priorities

- Is study consistent with JLARC mission? Is it mandated?
- Is this an area of significant fiscal or program impact, a major policy issue facing the state, or otherwise of compelling public interest?
- Will there likely be substantive findings and recommendations?
- Is this the best use of JLARC resources: For example:
  - Is the JLARC the most appropriate agency to perform the work?
  - Would the study be nonduplicating?
  - Would this study be cost-effective compared to other projects (e.g., larger, more substantive studies take longer and cost more, but might also yield more useful results)?
- Is funding available to carry out the project?