



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #412

Customer Call Center Enhancements (ETF)

[LFB 2001-03 Budget Summary: Page 277, #5]

CURRENT LAW

The Department of Employee Trust Funds (ETF) operates a customer service call center within its Office of Communications to respond to telephone inquiries from Wisconsin Retirement System (WRS) participants, employers and annuitants concerning any aspect of the benefit programs administered by the agency. Currently, 12.5 SEG positions (4.5 FTE permanent and 8.0 FTE project positions) are assigned to this function. Base level salaries and fringe benefits funding of \$530,300 SEG annually is budgeted for these positions. All of the call center's project positions and associated funding (\$304,900 SEG) expire at the end of the current fiscal year.

GOVERNOR

Provide \$308,000 SEG in 2001-02 and \$314,000 SEG in 2002-03 and 2.0 SEG permanent and 4.5 SEG two-year project positions for additional staffing and related enhancements in the agency's customer service call center. The recommended funding would be used to: (1) convert 2.0 SEG of the 8.0 SEG expiring positions to permanent status at the beginning of the 2001-02 fiscal year (\$77,700 SEG annually); (2) extend another 4.5 SEG of these 8.0 SEG expiring project positions for another two years (\$175,300 SEG annually); and (3) support ongoing call center software enhancements and InfoTech charges (\$55,000 SEG in 2001-02 and \$61,000 SEG in 2002-03). Under the Governor's recommendation, a total of 11.0 FTE positions would then be assigned to the call center during the 2001-03 biennium.

DISCUSSION POINTS

1. Provisions of 1999 Wisconsin Act 9 authorized 8.0 FTE project positions for ETF's customer call center to enhance the agency's ability to handle an increasing volume of WRS participant, employer and annuitant contacts. Of these positions, 6.0 FTE were provided specifically to address the short-term impact of an expected significantly increased volume of participant inquiries due to the enactment of major retirement benefit improvement legislation (1999 Wisconsin Act 11).

2. The volume of telephone contact to the agency has been rising, in part, because the WRS is still an expanding retirement system with a growing number of participants and annuitants, as well as a steadily increasing number of active and inactive participants eligible to retire. These trends are illustrated in the following table. In addition, there are 1,270 participating employers statewide who must frequently contact the agency.

Projected Growth of WRS Members

<u>WRS Members</u>	<u>1999-00*</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>
Active Participants	255,661	260,465	265,357	270,316	275,385	280,547
Inactive Participants	107,720	110,177	113,353	116,112	119,055	122,171
Annuitants	<u>106,676</u>	<u>112,383</u>	<u>116,353</u>	<u>120,831</u>	<u>125,768</u>	<u>131,117</u>
TOTAL	470,057	483,025	495,063	507,259	520,208	533,835

*Actual member count. All other figures are estimates based on current participant counts and actuarial projections.

3. During each of the last two calendar years, the call center has received in excess of 230,000 calls. In addition, in May, 2000, the agency began offering toll-free access to the customer call center, which now makes it easier for participants to direct inquiries to the Department.

4. ETF believes that in recent years the large volume of telephone contact to the Department has also been due, in part, to the public's inability to reach an agency representative when calling. Consequently, one or more callbacks have historically been required in order to reach call center staff or other ETF staff. For example, in the 1999 calendar year, some 156,599 of the 233,392 (or 67.1%) telephone calls received by the agency encountered a busy signal or were abandoned by the caller before contact was made with a service representative.

5. A 1999 cost effectiveness study commissioned by the Department showed that ETF, when compared to peer retirement systems, scored low in both service (that is, busy signals, average answer time, hours of operation) and volume of calls actually taken by an agency representative, but very high in the complexity of the calls.

6. The Department now believes that the additional project staff provided in late 1999 as well as the recent (October, 2000) installation of sophisticated call center hardware and software that permits the immediate accessing of agency databases, the on-line updating of participant files and more sophisticated inquiry tracking and routing capabilities will result in significant improvements in the agency's ability to manage its call center volume. This appears to be an accurate assessment. In December, 1999, before the new staff was fully trained and the new software had not yet been installed, only 34.1% of incoming calls were being answered. By December, 2000, fully 90.8% of all in-coming calls were being answered by call center staff.

7. The Department now plans an internal reallocation of an additional 0.5 FTE newly vacant position from its Member Services Bureau to the call center function. This reallocated position, when added to the center's 4.5 FTE base level staffing level and the 6.5 FTE positions recommended by the Governor, will provide a total staffing complement of 11.5 FTE positions for center operations and supervision. Excess base level salary and fringe benefits funding of \$16,000 SEG annually budgeted to the reallocated position could be applied to reduce the amount of new funding proposed for the additional call center staff.

8. The principal rationale for providing 4.5 FTE project positions to the agency's call center function at this time is that the combined impact of increased call center staff generally and the recent implementation of sophisticated software and hardware to manage in-coming calls should result in a more efficient handling of such calls. Additionally, once Act 11 matters have been adjudicated by the Supreme Court and implemented by the Department, there should eventually be a reduction in the number of calls to the center relating to that topic. An argument can be made that the Department and the Legislature will be in a better position two years from now to assess the on-going staffing needs for the call center based on a review of the impact of the above factors. Consequently, the Committee could conclude that 4.5 FTE of the new positions should be provided on a project basis at this time, as recommended by the Governor, pending that subsequent review.

9. The agency believes that the 11.5 FTE positions should be adequate to manage the call center's near-term workload needs. [Any near-term additional staffing requirements due to the impact of the Supreme Court's ruling on Act 11 will be addressed as a subsequent matter.] However, at the Committee's March 15, 2001, budget briefing session, the Secretary of ETF requested that 2.0 of the 4.5 call center project positions recommended by the Governor instead be provided to the agency as permanent positions.

10. The Secretary cited two principal reasons for this request: (a) the agency has experienced a 100% turnover rate among the call center project staff provided under Act 9 compared to only a 9.6% turnover rate among permanent call center staff; and (b) complexities of the WRS benefit plans requires time for call center staff to master; consequently, a high turnover rate impedes the efficient operation of the call center function. The agency believes that relatively few employees will want to make the commitment to learn the complexities of the retirement system where the position is of a limited two-year duration. Given this rationale and the volume of calls received, the Committee could choose to provide 2.0 FTE of the 4.5 FTE projects positions recommended by the Governor as permanent call center positions.

ALTERNATIVES TO BASE

1. Adopt the Governor’s recommendation to provide \$308,000 SEG in 2001-02 and \$314,000 SEG in 2002-03 and 2.0 SEG permanent and 4.5 SEG two-year project positions for additional staffing and related enhancements in the agency’s customer service call center.

Alternative 1	SEG
2001-03 FUNDING (Change to Base)	\$622,000
[Change to Bill]	\$0]
2002-03 POSITIONS (Change to Base)	6.50
[Change to Bill]	0.00]

2. Provide \$292,000 SEG in 2001-02 and \$298,000 SEG in 2002-03 and 2.0 SEG permanent and 4.5 SEG two-year project positions for additional staffing and related enhancements in the agency’s customer service call center. *[Under this alternative, \$16,000 SEG annually of base level salary and fringe benefits funding would be used to offset a portion of the costs of the new call center positions.]*

Alternative 2	SEG
2001-03 FUNDING (Change to Base)	\$590,000
[Change to Bill]	- \$32,000]
2002-03 POSITIONS (Change to Base)	6.50
[Change to Bill]	0.00]

3. *In addition to either Alternative # 1 or Alternative #2, provide 4.0 SEG permanent positions and 2.5 SEG two-year project positions annually for call center staffing, rather than 2.0 SEG permanent positions and 4.5 SEG two-year project positions annually.*

4. Maintain current law.

Alternative 4	SEG
2001-03 FUNDING (Change to Base)	\$0
[Change to Bill]	- \$622,000]
2002-03 POSITIONS (Change to Base)	0.00
[Change to Bill]	- 6.50]

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