

ANALYSIS

Department of Revenue Call Center Customer Service Report

Analyst: Doug Wilson

Request: Acknowledge receipt of a report on the Department of Revenue's Call Center Customer Service.

Analysis: The 2021 budget bill (SB 5537) for the Department of Revenue (DOR) included the following budget report:

The Department of Revenue will report to the Joint Committee on Ways and Means by January 2023 on a plan to modernize and enhance its customer call centers. The plan shall identify and evaluate options for meeting projected demand; consider technology options for enhanced service such as artificial intelligence and machine learning; consider options for offering 24-hour service to customers; develop strategies to optimize use of live assistance; and include strategies for meeting the increased demands of a surge event.

The agency contracted with Ernst and Young LLP (EY) to conduct a study of the call centers and make recommendations to improve their performance. Their study included (1) interviews with DOR staff, (2) a comparison of DOR's performance against industry standards, (3) analysis of call drivers, performance metrics, and staffing, and (4) evaluation of existing processes for responding to calls and the agency's website. The contract cost of the EY study work was \$300,750. The recommendations were grouped based on the time frames EY thought were for immediate action (1 to 6 months), near-term action (7 to 18 months) and longer-term action (18+ months). Below are some of the findings and recommended actions.

Organizational Alignment -- DOR has nine call centers across three of its operating divisions. Some call centers have staff whose primary duties are taking and responding to calls while other call centers have staff whose primary function is another task (e.g., process returns). There is no centralized approach to call center operations, management, metrics or reporting, and the quality assurance processes are inconsistent. EY presented a two-phase framework option where first the call centers in each division are combined and then over time all call centers are merged into a single grouping sharing metrics, best practices, and through staff cross training to be able to respond to surges in the number of calls. Another recommendation was the establishment of a Center of Excellence to make call center improvements a priority. This center is in the initial stages of organization. While much of the data exists for standardizing many metrics across the agency, EY found the agency has yet to do so.

Call Center Technology -- The study evaluates the current technology used by the nine call centers and encourages further development of call routing, web chatting, interactive voice response, speech recognition, "screen pops" (making available data already possessed by DOR to call taker), virtual agents, and leveraging email as a communication tool.

Data Driven Decision Making -- EY recommends expanding the overall use of metrics moving beyond the current descriptive analytics, to introducing diagnostic, predictive, and cognitive analytics to improve

the performance, effectiveness, and consistency of the call centers. They also recommend specific metrics and practices that represent best industry practices.

Customer Experience -- The EY study evaluated the current call center process and identified several areas where improvements could be improved relating to messaging, use of speech recognition, staffing distribution (workforce management), training, and use of customer surveys. DOR could also provide more opportunity for self-service opportunities including greater use of frequently asked questions (FAQs) and social media. Also evaluated as part of the study was DOR's web page and on-line interaction with customers. Several changes are suggested on the overall organization of the on-line experience as well as specific visual related suggestions on page design relating to menus, color, and layout.

As noted above, EY provided recommendations based generally on three timelines -- immediate (within 6 months), near-term (6 to 18 months) and longer-term (18+ months). These timelines are likely ambitious given budget development, procurement requirements, and information system oversight requirements. There are still areas where the agency can take immediate steps to improve call center performance. Cost estimates provided by EY for implementing their recommendations range from \$3.2 million to \$6.1 million, but these must be reviewed by the agency.

DOR has begun to respond to the recommendations including dedicating a position for standing up the Center of Excellence and redirecting existing call center resources to assist this position. A new website has been launched incorporating many of the recommendations in the report. Agency leadership has expressed concern about consolidating all call center operations into a single unit. They plan to move forward with many of the recommendations within existing resources. The Agency Request budget did include a customer service policy package which added staff to increase the use of analytics across the agency and to provide addition capacity for responding to calls from businesses. At this time, it is unclear whether these resources are also included in the Governor's budget.

Legislative Fiscal Office Recommendation: The Legislative Fiscal Office (LFO) recommends acknowledgement of the receipt of the report. LFO suggests during the next few months the agency carefully review the recommendations and determine which ones can be implemented within the current budget or with minimal investment. Given that the Legislature is now considering the DOR budget for the next two years, the agency should spend the next two months identifying additional investments based on the EY findings and recommendations to present to the General Government Subcommittee for their consideration during phase II of the budget process.

Department of Revenue Gibson

Request: Report on Senate Bill 5537 Budget Note regarding call center enhancements by the Department of Revenue.

Recommendation: Acknowledge receipt of the report.

Discussion: The Department of Revenue (DOR) submitted a report on developing a comprehensive customer experience strategy to enhance the agency's call centers in response to a budget note in Senate Bill 5537.

Senate Bill 5537 (2021) Budget Note:

The Department of Revenue will report to the Joint Committee on Ways and Means by January 2023 on a plan to modernize and enhance its customer call centers. The plan shall identify and evaluate options for meeting projected demand; consider technology options for enhanced service such as artificial intelligence and machine learning; consider options for offering 24-hour service to customers; develop strategies to optimize use of live assistance; and include strategies for meeting the increased demands of a surge event.

The agency contracted with Ernst and Young to review the department's call centers and develop a report identifying best practices and improvement opportunities. The report outlines organizational alignment, call center technology, customer experience goals and expectations, data analytics and metrics, and customer experience design.

The report notes the agency has developed a strong foundation for the improvements based on recent initiatives undertaken to set strategic goals, create a data strategy, and implement web chat technology. However, the report also calls attention to some areas for improvement, including the need for standard practices, consistent use of technology, and increased analytic capabilities across all the call centers. These deficits led the agency's call centers, which have a reported total call volume of 711,899 calls, to have an average speed of answering of 345 seconds, compared to the industry average of 25 seconds.

Ernst and Young completed their analysis by recommending a three-stage implementation plan for strategic improvements within DOR's call centers. The implementation is broken out over 18 months and covers five key areas:

- Strategy, planning, and governance;
- Organizational alignment of people;
- Process and operations;
- Tools and technology; and
- Measurement, insights and compliance.

DOR evaluated the strategies outlined by Ernst and Young and intends to implement all but one recommendation, which suggested the consolidation of all call centers. The agency believes reorganization would be disruptive to the workforce and hinder the agency's ability to gain momentum in the improvements. Additionally, the agency indicated that the recommendations do not accurately reflect the time necessary to complete required state processes for procurement and technology approvals. DOR has started implementing the first improvement opportunities

utilizing current staffing by developing a customer service center of excellence. The agency anticipates the need for additional, dedicated staffing to implement the remaining recommended improvements.



Oregon

Tina Kotek, Governor

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January 10, 2023

Senator Elizabeth Steiner Hayward, Co-Chair
Representative Twana Sanchez, Co-Chair
Joint Committee on Ways and Means
900 Court Street NE
H-178 State Capitol
Salem, OR 97301

Dear Co-Chairs:

Nature of the Request

The 2021 Legislature, through a budget note in Senate Bill 5537, requested that the Department of Revenue report to the Joint Committee on Ways and Means by January 2023 on a plan to modernize and enhance its customer call centers. The plan shall identify and evaluate options for meeting projected demand; consider technology options for enhanced service such as artificial intelligence and machine learning; consider options for offering 24-hour service to customers; develop strategies to optimize use of live assistance; and include strategies for meeting the increased demands of a surge event.

Agency Action

The department contracted with call center experts through competitive procurement to fulfill the legislative direction. Ernst and Young, was hired to review the department's call centers, identify best practices, and provide a road map for improvements. The full report is attached.

The work ahead includes a series of complex, interdependent recommendations that will take years to complete. The department has built a customer service center of excellence to begin moving the work forward with internal staffing. The center of excellence is focused on working through the opportunities identified in the report to drive improvement toward our vision of creating a clear and easy experience for our customers.

Eventually we will need dedicated, focused resources to make the recommended improvements. The agency request budget includes a customer service focused policy options package (POP105) addressing specific gaps identified in the report to reduce call times for our business customers, and to develop our data analysis capabilities. Data analysis will be key in making future improvements.

January 10, 2023
Joint Committee on Ways and Means
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Action Requested

The department requests that the Legislature acknowledge receipt of the report.

Legislation Affected

None

Thank you.

Sincerely,

A handwritten signature in black ink that reads "Betsy A. Imholt". The signature is written in a cursive style with a large initial "B".

Betsy Imholt, Director
Oregon Department of Revenue

Enclosure