

GAO

Report to the Chairman, Subcommittee
on Social Security, Committee on Ways
and Means, House of Representatives

June 1997

SOCIAL SECURITY ADMINISTRATION

More Cost-Effective Approaches Exist to Further Improve 800-Number Service





United States
General Accounting Office
Washington, D.C. 20548

**Health, Education, and
Human Services Division**

B-271867

June 11, 1997

The Honorable Jim Bunning
Chairman
Subcommittee on Social Security
Committee on Ways and Means
House of Representatives

Dear Mr. Chairman:

This report responds to your request that we identify (1) how well SSA's 800 number provides service to the public and (2) what steps SSA needs to take to ensure that improvements to the 800 number are cost-effective.

We will send copies of this report to the Commissioner of Social Security and other interested parties. We will also make copies available to others upon request.

Please contact Cynthia Fagnoni, Associate Director, at (202) 512-7202, if you have any questions. Other GAO contacts and major contributors to this report are listed in appendix IV.

Sincerely yours,

A handwritten signature in cursive script that reads 'Jane L. Ross'.

Jane L. Ross
Director, Income Security Issues

Executive Summary

Purpose

The Social Security Administration (SSA) administers the nation's largest federal program—Social Security—as well as the largest cash welfare program, Supplemental Security Income. In addition to administering benefits, SSA records the wages of nearly every U.S. worker and issues new and replacement Social Security cards. SSA's programs touch the lives of nearly every individual in this country. Each day, thousands of people contact SSA to file claims for disability or retirement benefits, ensure that their records are up to date, obtain a Social Security card, or ask questions about SSA's programs.

A major goal of SSA, set forth in its strategic planning documents, is to provide world-class service to the public. To help reach this goal, SSA is seeking to improve its toll-free 800-number service. Since the 800 number became available to callers nationwide in 1989, SSA has struggled to keep pace with caller demand, which grew from 41 million calls in fiscal year 1989 to 121 million in fiscal year 1995. In addition, once callers reach SSA's 800 number, they may conduct only simple transactions such as ordering Social Security card application forms or making appointments to file benefit claims. SSA has initiatives under way to improve the 800-number service, including improving callers' access and expanding the range of transactions that callers may initiate or complete with one call to the 800 number.

The Chairman of the Subcommittee on Social Security, Committee on Ways and Means, House of Representatives, asked GAO to review (1) how well SSA's 800 number provides service to the public and (2) what steps SSA needs to take to ensure that improvements to the 800 number are cost-effective.

Background

To ease the burden on its 1,300 field offices, SSA established teleservice centers—each with its own telephone number and geographic responsibility—that by 1988 were serving 50 percent of the population. Concerned about staff reductions and field office workloads, and in response to a GAO recommendation to improve the quality of its telephone service, SSA established the nationwide 800 number using its existing network of teleservice centers. As of January 1997, SSA employed over 4,000 representatives at 40 answering sites, which include 37 teleservice centers ranging in size from 13 to 573 employees.

SSA thought callers to the 800 number would have basic questions about SSA programs and would conduct simple business such as reporting

changes in benefit status. SSA hoped that the 800 number would replace its local field office telephone service, still leaving more complex tasks, such as filing claims, to field offices. After start-up problems with the 800 number resulted in high busy-signal rates, however, the Congress directed SSA to restore telephone access to local field offices. Today, when calling SSA, the public may call either the 800 number or one of SSA's field offices.

SSA is seeking to improve and expand its 800-number service while facing growing workloads and shrinking resources. As the baby boom generation ages, more and more people will be applying for and receiving benefits. SSA's workloads will also grow because of increased responsibilities, such as legislative requirements to review the continuing eligibility of SSI beneficiaries resulting from the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

Results in Brief

Although SSA's 800 number has consistently provided accurate and courteous service to the public, callers have had difficulty getting through. To address this problem, in early 1996 SSA increased the number of representatives answering calls and implemented a new nationwide automated menu. These efforts brought SSA closer to its goal of having 85 percent of callers get through to the 800 number within 5 minutes of their first attempt. Not all callers who got through actually spoke to a representative, however, or successfully used one of the automated service options. Moreover, SSA came close to accomplishing its goal largely by diverting SSA staff from work responsibilities unrelated to the 800 number. SSA's plans include further increasing the percentage of callers who get through to the 800 number within 5 minutes and expanding the limited range of transactions that callers may complete using the 800-number service. As 800-number and other workloads continue to grow, expanding services while maintaining access levels will challenge SSA.

SSA's plans do not sufficiently reflect lessons learned from the private and public sectors on cost-effectively improving 800-number service. For example, SSA could save a significant amount of money by automating more of its routine transactions and by finding ways to verify callers' identities using automated features. For those transactions deemed complex enough to require personal assistance, private-sector leaders in 800-number service save money and enhance service by locating their call agents at a few large centers. In contrast, SSA maintains a large number of

teleservice centers and has not developed a specific plan and timetable for reducing the number of these centers.

Because SSA continues to offer customer service through its field offices, it needs to carefully consider how changes, such as expanding the range of transactions that callers may conduct or complete using the 800 number, fit into and affect SSA's overall service delivery strategy. For example, SSA needs to compare the cost of conducting additional transactions using the 800 number with other service delivery methods to identify the most cost-effective approach. SSA also needs to collect data for more fully assessing how quickly and completely the 800 number serves customers. By adopting the kind of 800-number initiatives used by some private- and public-sector organizations, SSA could provide effective service while controlling costs.

Principal Findings

Improving Access and Service Will Challenge SSA

Ongoing, internal surveys and regular monitoring have consistently indicated that SSA's 800-number staff provide courteous and accurate service and that customer satisfaction is high. Moreover, in an independent study, SSA's 800-number service received the highest overall score among nine organizations considered to be the best in the business. Meanwhile, SSA's 800 number has never been able to keep up with caller demand. Each year, the number of callers trying to reach the 800 number has grown, while the percentage of callers actually reaching a call agent or automated service has declined. Callers have had particular difficulty getting through during peak calling periods.

SSA's performance goal for fiscal year 1996 was to have 85 percent of 800-number callers reach the 800 number within 5 minutes of their first try. To help reach this goal, SSA installed a new nationwide automated menu and bolstered its call agent workforce in early 1996. Despite a few technical problems, the percentage of callers who got through within 5 minutes increased from 74 percent in fiscal year 1995 to 83 percent in fiscal year 1996—just short of SSA's 85-percent goal. Getting through is not the same as being served, however, and many callers who reached the 800 number hung up before speaking to a representative or completing an automated transaction. Moreover, SSA increased access rates in large part

by diverting 2,300 employees from other work areas, causing these employees' usual work to accumulate.

SSA subsequently raised its access goal for fiscal year 1997 to having 95 percent of callers get through to the 800 number within 5 minutes. In addition, SSA is planning to increase the number of transactions that can be completed in one call, which will occupy telephone lines and reduce customers' access. With growing workloads and limited resources, SSA will have difficulty improving access while adding services. To achieve its access goal for fiscal year 1997, SSA plans to divert even more employees from other duties to answer 800-number calls—an action that could cause other workloads to accumulate.

SSA Must Take Certain Steps to Cost-Effectively Improve the 800 Number

SSA must take certain steps to cost-effectively improve its 800 number and can draw from the experiences of other public and private 800-number services to do so. For example, consistent with private-sector trends, SSA could better use its automated menu to cost-effectively handle routine calls. To identify transactions suitable for automation, SSA needs to develop additional and more detailed data on the reasons for and frequency of customer calls. At this time, the need to verify callers' identities—to protect individuals' privacy and prevent program fraud and abuse—severely limits progress in automating many transactions.

To conduct transactions deemed too complex to automate, SSA could follow the example of leading private-sector companies that have reduced the operating and administrative costs of using live assistance by locating their call agents in a few large call centers. SSA recognizes that its 800-number service has too many teleservice centers but has not developed concrete plans for reducing the number. Instead, SSA plans to continue connecting its smaller centers together electronically, saving some money by more efficiently routing calls to available representatives. Fewer centers could provide further cost savings, such as reduced rent and utilities and increased managerial control and staffing flexibility.

In making decisions about increasing callers' ability to conduct and complete more business through the 800 number, SSA needs to assess these decisions' overall effect on service delivery. Some companies primarily use their 800 number to deliver services; SSA, however, continues to rely heavily on its field office structure. Before adding new services, such as claim filing, to the 800 number, SSA should carefully assess the impact of this on its 800 number and other service delivery workloads and its

cost-effectiveness compared with other approaches. SSA does not now collect enough information to compare the cost of providing services through its 800 number with that of, for example, providing face-to-face or telephone service at its field offices. Nor does SSA collect enough data for measuring the impact of adding new services to the 800 number on the promptness and completeness of customer service.

Recommendations

To cost-effectively serve the public's growing demand for SSA's 800-number services, we recommend that SSA (1) expand automated services, (2) reduce the number of call centers, (3) compare the cost of expanding the 800-number service with that of other approaches, and (4) establish additional performance measures to more fully assess the impact of expanding the service on its ability to effectively serve callers.

Agency Comments

SSA generally agreed with the conclusions and recommendations in this report, stating that the report would be useful to SSA as it further refines its 800-number service. SSA indicated, however, that 800-number callers may not be willing to use automated services to the extent believed possible by GAO. Because of the cost-effectiveness and growing public acceptance of automated services, GAO believes that SSA needs to continue to seek ways to expand 800-number automated services. SSA also noted that it has progressed and will continue to progress toward consolidating its call centers. GAO continues to believe that to provide cost-effective, live assistance like that found in the private sector, SSA needs to develop a more comprehensive and far-reaching plan for reducing the number of its teleservice centers. SSA also made some technical comments about this report, which were incorporated as appropriate. See chapter 4 for GAO's evaluation of SSA's comments and appendix III for the full text of those comments.

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Abbreviations

GPRA	Government Performance and Results Act
HHS	Department of Health and Human Services
IRS	Internal Revenue Service
NPR	National Performance Review
OMB	Office of Management and Budget
PEBES	Personal Earnings and Benefit Estimate Statement
SSA	Social Security Administration
SSI	Supplemental Security Income

Introduction

SSA administers programs that touch the lives of nearly every individual in this country. SSA administers the nation's largest federal program—Social Security—as well as the largest cash welfare program, Supplemental Security Income (SSI). Social Security¹ provides benefits to retired and disabled workers and their dependents and survivors; SSI provides assistance to the needy, aged, blind, and disabled. SSA's expenditures totaled \$386 billion in fiscal year 1996, almost one-fourth of this nation's \$1.6 trillion federal budget. In 1996, over 50 million beneficiaries—nearly one out of every five individuals in this country—received benefits from SSA each month, and the numbers have been steadily growing. In administering these programs, SSA records the wages of almost every U.S. worker and issues new and replacement Social Security cards.

To better enable individuals to contact and conduct business with SSA, the agency implemented a national, toll-free 800 telephone number in 1989.² SSA provides this service through a nationwide network of 40 answering sites, including 37 teleservice centers.³ Callers may use the 800 number to conduct simple transactions, such as requesting information about SSA programs. Rather than use the 800 number, individuals may also call or visit one of SSA's 1,300 field offices.

SSA's long-standing focus on customer service has been reinforced recently by two governmentwide performance improvement initiatives—the Government Performance and Results Act of 1993 (GPRA) and the administration's National Performance Review (NPR). To be consistent with these initiatives and help guide its activities, SSA established a goal of providing world-class service to the public as well as several performance measures to support this goal. In response to growing public demand and preference for using the 800 number, SSA has been particularly focused on improving this service.

SSA's 800 Number Is an Important Service Delivery Option

SSA's responsibilities in managing the nation's largest retirement, disability, and welfare programs require SSA staff to deal directly with the American public. Each day, thousands of people contact SSA—to file claims for disability or retirement benefits, to ensure that their records are up to

¹The Social Security program administered under title II of the Social Security Act (42 U.S.C. 401 et seq.) has two parts—Old Age and Survivors Insurance and Disability Insurance.

²First established in 1988, SSA's 800-number service was initially only available to 60 percent of the population. SSA expanded the service to all callers nationwide in 1989.

³SSA has three additional answering sites that are not dedicated teleservice centers but take 800-number calls on a part-time or provisional basis.

date, to obtain a Social Security card, or to ask questions about SSA's programs. Currently, about one-half of SSA's 67,118 employees are frontline workers who deal with the public. Traditionally, SSA staff have delivered face-to-face services through a nationwide network of 1,300 field offices. As the public began conducting more business by telephone, SSA established local teleservice centers in large metropolitan areas to handle general inquiries. By 1988, SSA was operating 34 teleservice centers nationwide—each with its own telephone number for specific geographic areas. These teleservice centers served about 50 percent of the population.

When SSA established the 800 number to improve its customer service, it used the existing teleservice centers and opened three additional centers to accommodate the increased call volume. In October 1989, SSA had about 3,100 employees, known as teleservice representatives, taking calls from the public on the 800 number. The number of teleservice representatives has since grown to about 4,000 located at 37 teleservice centers ranging in size from 13 to 573 employees as of January 1997.

SSA's 800-number service employees handle general inquiries and help callers conduct simple transactions, such as reporting a change of address. Individuals wishing to file claims for disability or retirement benefits—which are more complex transactions—may make an appointment to do so using the 800 number; currently, however, such individuals file their claims either in person or by telephone with representatives at one of SSA's field offices.

SSA had originally intended for the 800 number to become its primary point of telephone contact with the public. Public demand for the 800 number quickly exceeded SSA's expectations, however—call volumes were so high that busy-signal rates reached 50 percent for several months. To help reduce this volume of 800-number calls, SSA temporarily reestablished direct telephone service for some field offices. Meanwhile, members of the Congress grew concerned that the public would no longer have access to local field office telephone service. As a result, in November 1990, the Congress directed the Secretary of the Department of Health and Human Services⁴ (HHS) to restore telephone access to local offices. Today, individuals wishing to contact SSA by telephone may call the 800 number or a local SSA field office.

⁴At the time, SSA was part of HHS. The Congress enacted legislation making SSA independent of the Department as of Mar. 31, 1995.

World-Class Service Goal Reflects SSA's Customer Focus

SSA's 800-number telephone service reflects its long-standing focus on customer service, and GPRA and NPR have reinforced this focus. A key purpose of GPRA, enacted by the Congress in 1993, is to improve federal program effectiveness and public accountability by promoting an emphasis on results, service quality, and customer satisfaction. To help accomplish this, the legislation requires federal agencies to establish mission statements and goals, measure progress in accomplishing these goals, and use the information obtained to adjust operations as needed to accomplish these goals. GPRA required that the Office of Management and Budget (OMB) select agencies to pilot test GPRA's performance planning and reporting requirements, and OMB chose SSA as a GPRA pilot agency.

The administration's NPR also stresses the need for agencies to treat members of the public like customers and improve customer service while reducing costs. Begun in 1993 under the direction of Vice President Gore, NPR has directed federal agencies to build a customer focus into their operations to eliminate unnecessary bureaucracy, streamline processes, and more cost-effectively serve the public. Also in 1993, President Clinton issued Executive Order 12862, "Setting Customer Service Standards," which set a goal for the federal government to deliver service equal to the best in business. The order directs federal agencies to survey their customers, determine the kind of service they want and whether they are getting it, and set and publish customer service standards.

Many of GPRA's and NPR's concepts are not new to SSA. Since 1984, for example, SSA has routinely surveyed customers who recently contacted SSA to ask about their experience and satisfaction with service provided. More recently, SSA has been using focus groups to understand its customers' and employees' views. Moreover, SSA's strategic planning efforts predate GPRA requirements. SSA published an agencywide strategic plan in 1991 that established a goal of providing timely, accurate, and courteous service to the public. The plan also established service delivery goals and objectives for many aspects of SSA's operations such as access to its 800-number service and waiting times at field offices.

Bolstered by increased congressional and administration attention to improving customer service, SSA has recently strengthened its focus on customer service. SSA has, for example, established a set of customer service standards and formulated a pledge describing what service customers may expect when they contact SSA; field offices throughout the country display this pledge. (See app. I for SSA's current customer service

pledge.) In addition, SSA has revised its agencywide customer service goals to focus on providing world-class service to the American public.

Customer Focus Leads to 800-Number Improvement Efforts

SSA's efforts to meet customers' demand and expectations for 800-number service have led the agency to pay increased attention to improving this service. Caller demand for the 800 number has grown steadily, with the number of calls growing from over 41 million in fiscal year 1989 to over 121 million in fiscal year 1995. Moreover, SSA's customer surveys have revealed that customers increasingly prefer to conduct their business with SSA by telephone and customers who previously contacted SSA by telephone said that they would rather call SSA's 800 number than one of SSA's field offices. SSA's surveys have also indicated that customers would like better access to the 800 number and to use the 800 number to conduct more complex transactions such as filing claims.

Reflecting customer demand and preference for 800-number service, in 1994 SSA established a goal of having callers get through to the 800 number—that is, not get a busy signal—within 5 minutes of their first try. This goal represented a considerable shift in emphasis toward improving callers' access since 1991, when SSA's goal was having 800-number callers get through within 24 hours of their first try. SSA also plans to address customer expectations for improved 800-number service by expanding the range of transactions, such as filing claims, that callers may initiate or complete using the 800 number. Some of SSA's current initiatives, such as its plan to improve callers' ability to complete transactions with one call, have been guided by private-sector practices. For example, SSA participated, along with several other government agencies, in an NPR-sponsored benchmarking study that identified the best telephone service practices of eight private-sector companies considered leaders in customer service.

SSA is seeking to improve its 800-number service while it faces increased workloads and responsibilities due to demographic trends and legislative changes. Increased responsibilities will, in turn, place demands on SSA's service delivery structure, including the 800-number service. For example, as the baby boom generation ages, the number of applicants for and recipients of retirement benefits will increase, placing demands on the 800 number and other service delivery methods. SSA estimates that, by the year 2015, 50.4 million individuals will be receiving benefits—one-third more than the 37.4 million receiving Social Security retirement and survivors benefits in 1995. In addition, because of recent congressional efforts to

overhaul the nation's welfare system, SSA will have to manage the large influx of appeals and reapplications expected to result from changes in benefit eligibility.⁵ Finally, call volume will probably increase when SSA begins to send 123 million records of earnings and estimates of future benefits known as the Personal Earnings and Benefit Estimate Statement to individuals aged 25 and older, which the agency must begin doing by fiscal year 2000.⁶ In the current fiscal environment, SSA is striving to manage its growing workloads and responsibilities with fewer resources.

Objectives, Scope, and Methodology

The Chairman of the Subcommittee on Social Security, Committee on Ways and Means, House of Representatives, asked us to review SSA's efforts to improve its 800-number service. More specifically, in this report, we address (1) how well SSA's 800 number provides service to the public and (2) what steps SSA needs to take to ensure that improvements to the 800 number are cost-effective. To develop information about SSA's 800-number performance and initiatives, we reviewed SSA studies, performance data, and planning documents and interviewed responsible officials at SSA headquarters. To better understand the impact on workloads and operations of recent and future improvements to the 800-number service, we interviewed representatives at selected teleservice centers in Baltimore, Maryland, and in Richmond and Salinas, California, and at SSA's Western Program Service Center in Richmond, California. We also spoke with representatives of SSA's employee groups, including the American Federation of Government Employees, the National Council of Social Security Management Associations, and a representative of the Federal Managers' Association.

We also examined 800-number trends and best practices in private-sector companies and the Internal Revenue Service (IRS) to determine what lessons SSA can draw from their experiences. We reviewed extensive literature on 800-number trends and best practices and interviewed private industry representatives and telecommunication experts and consultants. We also interviewed IRS officials to discuss their 800-number operations and efforts to automate 800-number transactions.

⁵In 1996, the Congress enacted legislation that eliminates disability benefits for drug addicts and alcoholics, restricts noncitizens' SSI benefit eligibility, and tightens the SSA eligibility criteria for disabled children.

⁶These six-page statements supply workers with information about their yearly earnings on record at SSA; information about their eligibility for Social Security retirement, survivor, and disability benefits; and estimates of these benefits. See *SSA Benefit Statements: Well Received by the Public but Difficult to Comprehend* (GAO/HEHS-97-19, Dec. 5, 1996).

Chapter 1
Introduction

Our audit work was conducted from April 1996 through May 1997 in accordance with generally accepted government auditing standards.

SSA Takes Steps to Move Toward 5-Minute Access Goal

Through fiscal year 1995, SSA has had mixed results in providing world-class 800-number service. On the one hand, studies have found that SSA's 800-number teleservice representatives provide accurate and courteous service to callers. On the other hand, 800-number callers have often reached a busy signal instead of a teleservice representative or an automated message service. To improve customer access to its 800-number service, in early 1996 SSA greatly increased the number of employees trained to answer 800-number calls and installed a nationwide automated menu service that allowed callers to conduct transactions without speaking to an SSA representative. These initiatives moved SSA closer to its 5-minute access goal of having 85 percent of callers get through to the 800 number within 5 minutes of their first try. However, some callers SSA counted as getting through to the 800 number within 5 minutes actually hung up or waited for some time to speak to a representative. Moreover, SSA's strategy for improving access resulted in some setbacks and costs. For example, a proportion of the additional employees SSA trained to answer 800-number calls had been diverted from other duties, causing these employees' usual work—maintaining beneficiary records—to accumulate.

SSA's future plans for the 800 number include maintaining high levels of accuracy and customer satisfaction, while further improving access to the 800-number service. Consistent with rising customer expectations, SSA also plans to expand the number of transactions that customers may conduct using the 800 number. For example, SSA would like to conduct pilot tests to determine if callers want to file claims using the 800 number, rather than just make appointments to file claims with a field office. With workloads growing, reaching these goals will challenge SSA, especially since expanding services will make improving access more difficult for SSA. To help reach its goals, SSA plans to divert additional resources to the 800 number—a strategy that with limited resources may prove neither sufficient nor sustainable for managing future 800-number improvements without jeopardizing other critical customer demands.

800-Number Service Has Historically Been Courteous and Accurate but Busy-Signal Rates Were High

Various ongoing surveys conducted by SSA and others have consistently shown that SSA's 800-number teleservice representatives provide accurate and courteous service to callers. Between April 1993 and September 1995, internal monitoring of 800-number calls revealed that teleservice representatives followed proper procedures for more than 81 percent of calls; for those calls involving cash payments, teleservice representatives made no errors for more than 93 percent of calls. In addition, SSA surveys of 800-number callers repeatedly found that over 88 percent of callers had been satisfied with the way their calls were handled, and 97 percent believed they had been treated courteously. Even an independent and unsolicited study found that compared with world-class service organizations, SSA's 800 number provides courteous service from knowledgeable representatives. In April 1995, DALBAR, Inc., compared SSA's 800-number service with those of eight private companies (including Federal Express, AT&T Universal Card, and Nordstrom) in several qualitative and quantitative areas.⁷ Although SSA did not perform well in the quantitative areas (number of rings and time on hold), it rated high in the qualitative areas (such as representatives' attitude and knowledge), giving SSA the highest overall score of all participating organizations.

Although some areas of SSA's 800-number service got high marks, both the DALBAR study and SSA recognized that many callers reached busy signals instead of a teleservice representative or an automated service. Busy-signal rates—which reflect the percentage of incoming calls that do not get through to the 800 number—have been historically high, climbing from under 33 percent in fiscal year 1990 to almost 50 percent in fiscal year 1995. SSA's customers have had particular difficulty getting through to the 800 number during peak calling periods. These periods are generally during the first 3 months of the year (when SSA typically sends beneficiaries cost-of-living and tax-related documents), the first business day of the month (when many beneficiaries are scheduled to receive their checks from SSA), and the first workday of the week (typical for most businesses). SSA is making some procedural changes to help reduce the large volume of calls it gets at the beginning of each month.⁸ In addition, SSA has increasingly diverted employees from other duties, specifically, maintaining beneficiary records, to help answer phones during peak calling periods. This was done, in part, to help counter the high attrition

⁷World-Class Benchmarks: An Evaluation of Non-Financial Service Providers, DALBAR, Inc., (Boston: 1995). DALBAR, Inc., is a financial services, research, and publishing firm that conducts phone and mail surveys to research customer service.

⁸SSA recently published regulations allowing the agency to send checks to new beneficiaries during the second, third, and fourth weeks of the month rather than the first week of the month. SSA expects to begin sending benefit checks on a staggered basis in June 1997.

rate among SSA's teleservice representatives.⁹ Despite these efforts, busy-signal rates continued to grow.

SSA Takes Steps to Improve Access

Persistently troubled by high busy-signal rates, SSA took decisive steps in early 1996 toward reaching its goal of having 85 percent of callers get through to the 800 number in 5 minutes. These steps included doubling the 800-number workforce, mainly by diverting a large number of employees from other duties to help teleservice representatives on an as-needed basis and establishing a nationwide automated menu allowing customers to conduct certain transactions without speaking to a representative. Access rates subsequently improved, largely due to increasing the number of employees answering 800-number calls. SSA's initiatives also experienced setbacks and costs, however, such as paying the diverted employees overtime to manage their usual workload.

SSA Doubles Trained 800-Number Workforce

To help reach its 5-minute access goal, SSA nearly doubled its 800-number workforce. By January 1997, SSA had a total of about 7,400 employees trained and available to handle 800-number calls. SSA managed this increase in staff largely by training and diverting employees, referred to as "Spikes," from other SSA offices to help answer 800-number calls during peak calling periods. SSA had already been diverting higher graded employees from its program service centers as Spikes.¹⁰ Responsible for handling complex changes to beneficiary records that can affect SSA payments to beneficiaries, these employees required little additional training to handle 800-number calls. SSA tripled the number of available, trained Spikes—from just over 1,200 in fiscal year 1995 to 3,700 in early 1996—which included lower graded personnel from program service centers.

SSA Implements a New Automated Menu Service

In addition to enlarging its 800-number workforce, SSA hoped to improve access by installing a new, nationwide automated menu. Before establishing this menu, SSA offered an automated message service to about 60 percent of 800-number callers. Callers could request application forms for a Social Security card or a Personal Earnings and Benefit Estimate

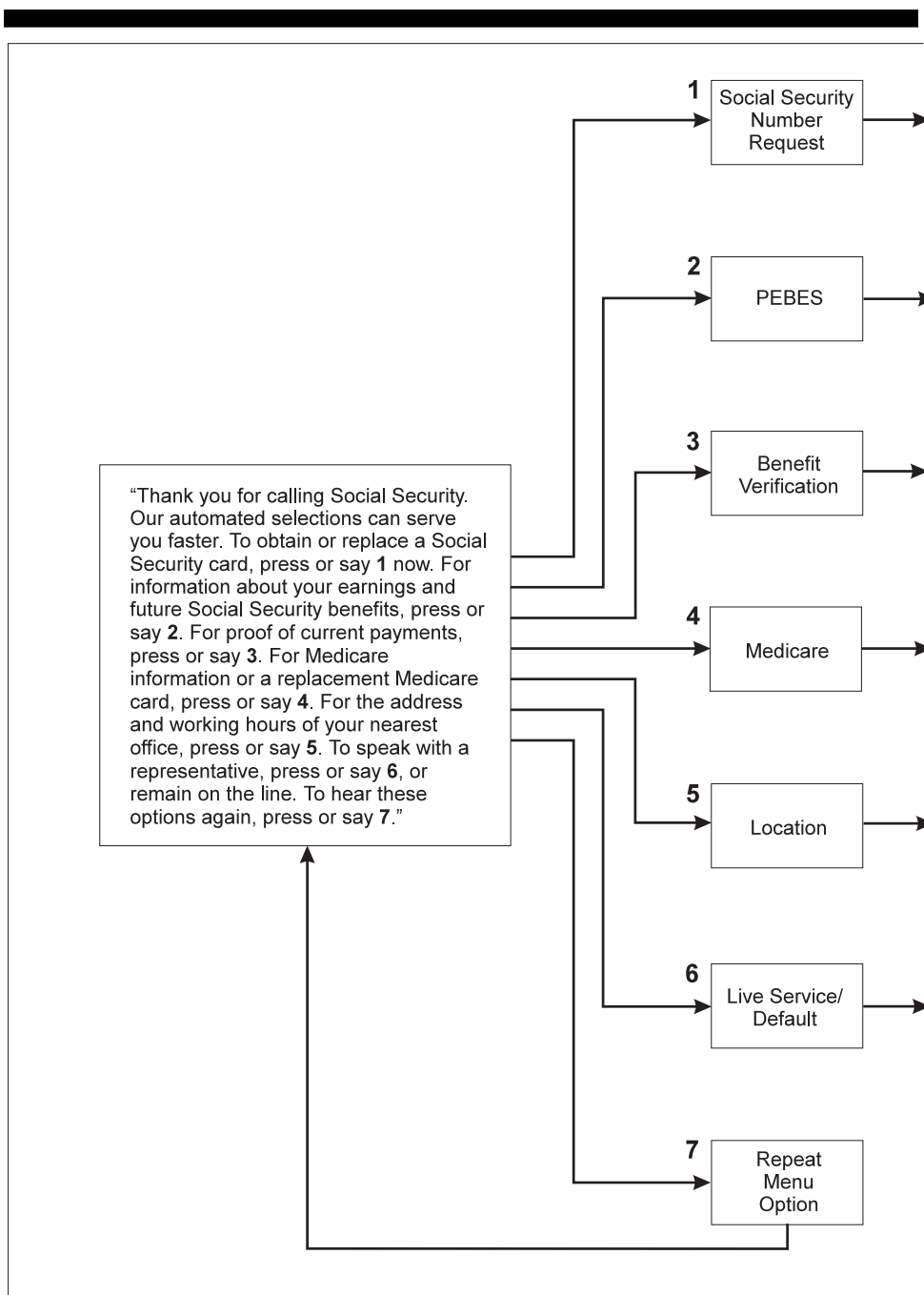
⁹SSA has reported losing an average of one teleservice representative per day to attrition.

¹⁰SSA has six program service centers that as of Sept. 1996 employed 6,807 technical and clerical employees and are primarily responsible for maintaining the records of Social Security benefits recipients. The work of the program service centers includes initiating payment of benefits, establishing the master benefit record, handling changes that affect benefit eligibility or amount, and reconsidering initial decisions on benefit eligibility that claimants have appealed.

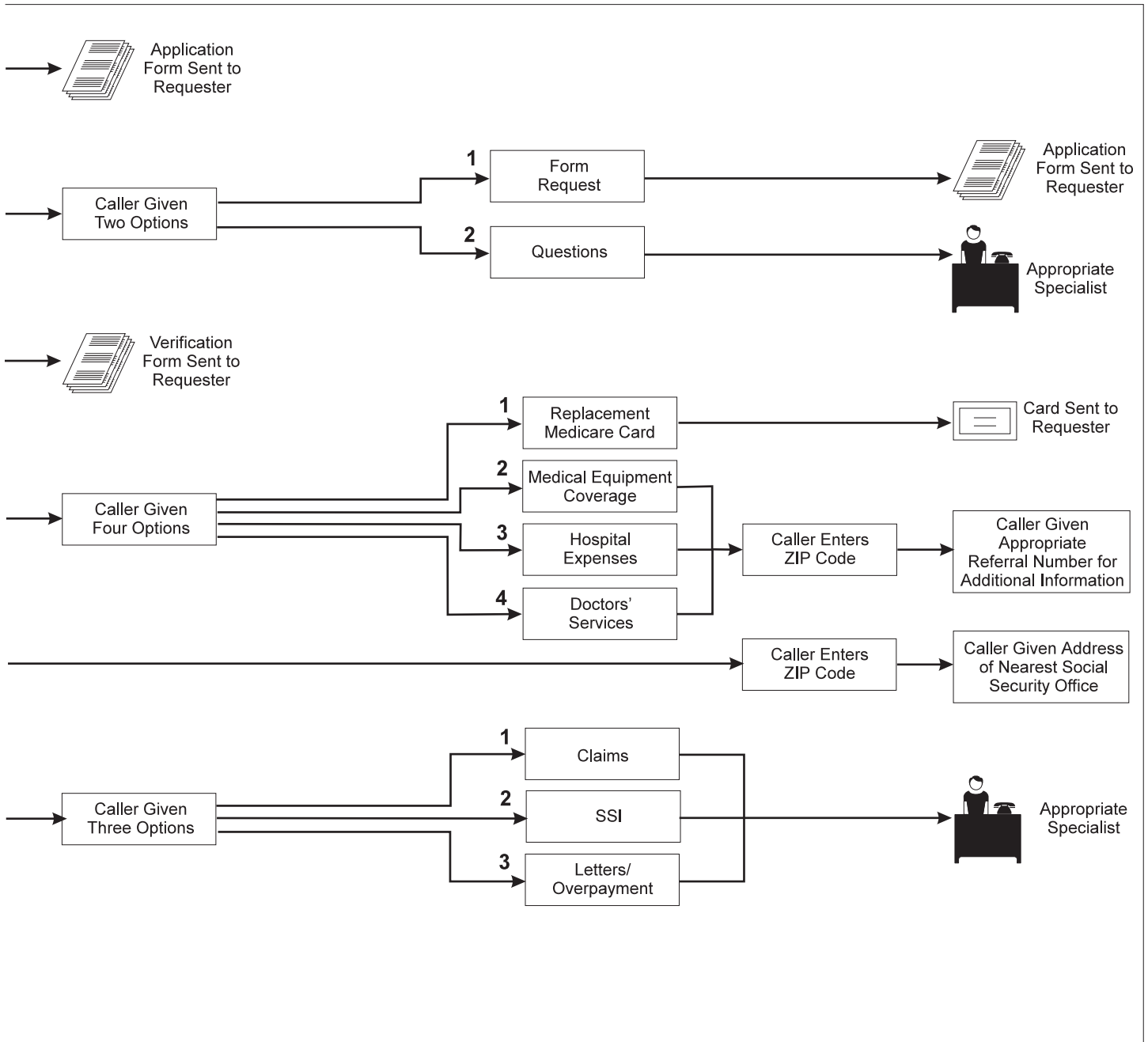
Statement (PEBES), order a statement verifying benefit payments received from Social Security, or listen to recorded information on Social Security programs. In early 1996, SSA implemented a new automated menu service that gave all 800-number callers (with Touch-Tone telephones) access to three of the previously automated transactions plus two additional ones—information on the closest field office location and a Medicare option allowing callers to obtain local numbers to call with questions about their Medicare equipment coverage, hospital expenses, and doctor services. SSA enhanced its automated service in August 1996 to allow rotary dial callers to choose transactions from the automated menu. In December 1996, SSA added another transaction under the Medicare option allowing callers to order a replacement Medicare card. SSA did not offer the recorded information on Social Security programs provided previously because callers had been using it infrequently.

The new automated menu also allowed 800-number callers to select one of several specific topics about which they wished to speak to an SSA representative. These callers would then be transferred or “gated” to an appropriate SSA employee; for example, callers with questions on their PEBES would be gated to an SSA unit trained to handle those questions. The automated menu service available to callers in January 1997, including the new Medicare replacement card option, is shown in figure 2.1.

Figure 2.1: 800-Number Automated
Menu



**Chapter 2
SSA Takes Steps to Move Toward 5-Minute
Access Goal**



Note: If the caller selects a default option or selects no option, the caller is automatically routed to an SSA nonspecialist representative.

SSA Moved Closer to 5-Minute Goal but Also Had Setbacks

SSA's initiatives, particularly the use of additional Spikes, resulted in more callers getting through to the 800 number within 5 minutes of their first try. The percentage of callers getting through within 5 minutes rose to 83 percent in fiscal year 1996 from 74 percent in fiscal year 1995. Although both the additional staff and new automated menu probably helped more callers get through, the additional staff had the more profound impact. The highest rates of callers getting through coincided with the period during which SSA diverted the largest number of Spikes to answer telephones.

In assessing its progress in meeting this goal, SSA is measuring access to the system, not access to service. Specifically, SSA is measuring the percentage of callers connected to the 800-number service within 5 minutes of their first try but stops the clock when callers are connected to either an automated service or a teleservice representative or placed on hold. Therefore, SSA's performance measure does not capture the percentage of callers who actually speak to a representative or complete their business using an automated service. For fiscal year 1996, although SSA counted 83 percent of callers as getting through to the 800 number within 5 minutes, a smaller percentage actually spoke to a representative or completed an automated transaction: the rest hung up before speaking to a representative or completing their automated transaction.¹¹ Nor does SSA include in the 5-minute goal the amount of time that callers spend on hold waiting to speak to a representative. In fiscal year 1996, the average amount of time per month that callers waited to speak to a representative ranged from almost 2 minutes to just over 4 minutes.

The diversion of a large number of employees to answer 800-number calls created problems in other areas. As SSA expected, the usual work of the program service centers accumulated while Spikes were handling 800-number calls. According to SSA officials, program service centers had ended previous fiscal years with about 2 weeks of work in progress or "pending" work. For fiscal year 1996, SSA officials said the program service centers finished the year with 3.5 weeks of pending work, despite program service center employees working 840,000 hours of overtime to manage their telephone duties while keeping the pending workload down. The pending workload was somewhat less than SSA originally expected but still a significant amount. Some program service representatives told us that delays in processing these workloads can affect SSA payments to beneficiaries and have caused additional inquiries to the 800 number by

¹¹In fiscal year 1996, 21 percent of all callers who got through to the 800 number—including callers who got through within 5 minutes—hung up before speaking to a representative or completing their automated transaction. SSA does not track the percentage of callers who got through within 5 minutes and who hung up before being served.

affected customers; however, SSA does not track and therefore does not know the extent to which callers call the 800 number because of delays in processing transactions.

In addition, SSA's efforts to gate callers with specific questions to special units or employees did not work as well as planned. For example, SSA planned to gate all calls about the PEBES to a special SSA unit with expertise in handling those calls. The special unit was quickly overwhelmed with too many calls, however, including calls unrelated to the PEBES, which the unit was not trained to handle. Because the special unit lacked equipment to transfer callers back to the main 800 number, when these staff received questions beyond their expertise, they directed callers to the main 800 number again, which diminished service for those callers. To resolve these issues, SSA took several steps, including limiting the number of calls gated to the special unit; increasing the number of staff for that unit; and training the unit to handle a few additional, simpler types of inquiries. SSA is also considering purchasing equipment and technology necessary for transferring callers to different SSA numbers.

Finally, some initial, technological setbacks hindered SSA's efforts to improve access. Most dramatically, the automated menu service lacked sufficient capacity for SSA's tremendous call volume and was overloaded on its first day of implementation, resulting in only about 25 percent of callers getting through to the 800 number on that day. The next day, SSA switched to another, temporary system capable of handling SSA's high call volume; however, its automated features could not be used by Spanish-speaking callers or callers with rotary dial telephones. SSA began providing automated service to rotary dial callers in August 1996. Later in 1997, SSA plans to phase in a Spanish version of the automated menu as well as change the type of telephone switching centers¹² that support its 800-number service.

In addition, SSA had problems with the technology that allows callers to record their requests for information. This technology sporadically malfunctioned during attempts to transcribe the recorded information, which resulted in, among other things, callers occasionally receiving multiple PEBES applications. In addition, the technology did not provide an accurate count of the number of callers using this technology—data that SSA needs to evaluate the use and effectiveness of this feature. SSA subsequently fixed the transcription problem but, as of February 1997, was

¹²SSA's 800 number currently uses telephone switching centers or computers that serve only Federal Telephone System 2000 customers. SSA plans to move the 800-number service to switching centers that serve other customers and offer more technological features.

still trying to resolve problems with obtaining an accurate count of callers using this technology.

Improving 800-Number Service With Limited Resources Will Challenge SSA

SSA has established more ambitious goals and added performance measures for both its 800-number service and overall customer service for fiscal year 1997. For example, SSA raised its access goal for the 800 number to having 95 percent of callers get through within 5 minutes from its previous goal of 85 percent, although this goal continues to reflect access to the 800-number system and not to service. SSA knows that this measure is incomplete and is considering revising its 800-number goals and measures as part of a broader effort to reassess its customer service standards. For fiscal year 1997, SSA has already added a new goal for accuracy of 800-number service as well as two new goals for overall customer service performance. Table 2.1 shows SSA's performance measures and goals for fiscal year 1997 for the 800 number and for customer service in general.

Table 2.1: SSA's Performance Measures and Goals for Fiscal Year 1997

Measure	Goal (percent)
Overall service	
Percent of people who rate SSA service as courteous or very courteous	90
Percent of people who rate SSA service as good or very good	82
800-number service	
Percent of callers who reach 800 number within 5 minutes	95
Percent of calls handled accurately	97.2

In addition to establishing goals for access and accuracy, SSA plans to increase the number of transactions that customers may conduct and complete with one call to the 800 number. As discussed in chapter 1, SSA has learned that its customers want to transact more business using the 800 number and do so with one call. SSA's future plans include exploring technology and system changes that will enable callers to conduct complex transactions, such as filing benefit claims, and to complete transactions with one call to the 800 number.

SSA officials recognize that improving access while expanding services will be challenging. Improving access alone will be difficult because the volume of 800-number calls is expected to grow as a result of several demographic, legislative, and program changes. Expanding the number of transactions conducted and completed over the 800 number, combined

with increasing call volume, will make it even more difficult for SSA to reach its ambitious access goals. Increasing the number or length of transactions conducted over the 800 number will occupy 800-number lines, further exacerbating busy-signal rates. SSA officials concede that even with its current policy of conducting only simple business transactions over the 800 number, the agency has had difficulty keeping pace with customer demand.

To help reach its access goals, SSA plans to add 1,000 additional, lower graded Spikes to the trained 800-number workforce to help out during peak calling periods. Moreover, SSA has already taken steps to counter its historically high attrition rate of one teleservice representative per day by hiring additional teleservice representatives at the beginning of fiscal year 1997 to replace those expected to leave by the end of the fiscal year. SSA also began installing a network of personal computers in April 1997 that will have expert system software intended to provide guidance to teleservice representatives.¹³ SSA expects that this software will improve the consistency and accuracy—and possibly the cost-effectiveness—of 800-number service.

These steps, however, might not help SSA meet its immediate and long-term goals. SSA's 95-percent access rate will be hard to reach because training the new Spikes and installing the new computer equipment only began in April 1997 but will not be completed until December 1997. Moreover, shutting down teleservice centers for at least a week while computers are being installed and teleservice representatives are being trained to use them might degrade service. Finally, although SSA has increased the size of the trained 800-number workforce by 1,000 Spikes, the agency plans to increase the amount of help that Spikes provide during fiscal year 1997 by only 170 work-years over that of fiscal year 1996. On the other hand, diverting more employees might result in a further accumulation of their usual work, considerable amounts of overtime paid to do this, or both. As SSA seeks to handle growing agencywide workloads and responsibilities with fewer resources, its strategy of paying these employees overtime does not appear to be a sustainable, long-term solution for improving 800-number service.

¹³SSA's Automation Investment Fund of \$1.1 billion supports its 5-year plan, from fiscal years 1994 to 1998, of moving from reliance on mainframe computers toward a nationwide network of personal computers.

Steps Needed to Cost-Effectively Improve SSA's 800 Number

SSA faces many challenges in trying to meet rising customer demand and expectations for its 800-number service. The experiences of the private sector and IRS in meeting similar challenges could help SSA cost-effectively improve its 800 number. While SSA knows about many of these cost-effective practices, it needs to take deliberate steps to successfully implement them. For example, more and more private companies have made greater use of automated services to both satisfy growing customer demand and expectations as well as reduce the cost of their 800-number operations. To move in this direction, SSA would first need to systematically identify transactions suitable for automation, then develop and test an expanded menu of automated transactions. For those transactions considered too complex to automate, leading private-sector companies reduce the operating and administrative costs of providing live assistance by locating their call agents in a few large centers. Likewise, SSA could reduce the cost of providing live assistance by consolidating its network of 37 teleservice centers.

In contrast to some businesses that rely primarily on their 800 numbers to provide customer service, SSA continues to provide service through an extensive field office network as well as over the 800 number. Therefore, before adding to the number of transactions available over the 800 number, SSA needs to determine whether the 800 number is the most cost-effective way to deliver those services. Currently, however, SSA does not systematically collect the cost and performance data necessary to make such a determination. (See app. II for additional information on private-sector trends and best practices in 800-number service.)

Steps Needed to Expand Automated Services

Following private-sector practices, SSA could save money and improve access by expanding the use of the automated menu to provide routine services; however, SSA has not taken concrete steps to do this. Until SSA develops automated methods for verifying callers' identities, it cannot automate transactions involving sensitive information. SSA set up a work group to study this issue, but the group has no results to date. In contrast, IRS—a public agency also concerned with protecting the privacy and integrity of the business it conducts with the public—has successfully implemented automated security measures, such as customer service numbers, to establish callers' identities for several sensitive transactions.

SSA Does Not Have Concrete Plans to Increase Automated Transactions

As in the private sector, SSA could save money while improving access by increasing the number of services provided through the automated menu. Private-sector companies have dramatically reduced per call costs by

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relying on automated response systems to reduce the number of simple and routine calls handled by call agents. Companies have used these systems in the past to handle routine transactions that do not require an explanation but are increasingly using them to handle a wider and more complex range of transactions such as the making of bill or loan payments by customers. As of February 1997, SSA has limited the automated menu to five of SSA's simpler, most frequent transactions.¹⁴ SSA's Office of Inspector General recommended in 1995, before SSA established the nationwide automated menu, that the proposed menu be expanded to include, for example, 11 of SSA's simpler, more repetitive transactions to reduce the number of staff-years needed to handle 800-number calls. Table 3.1 shows these 11 transactions, including the percentage of 800-number calls they represent and whether they are currently automated.

Table 3.1: Transaction Types Suitable for Automation

800-number services	Percent of calls (8/92 to 7/93)^a	Currently automated
Requests for new or replacement Social Security cards	12.9	Request for application
Benefit verification	5.1	Yes
Personal Earnings and Benefit Statement	3.8	Request for application
Field office location	4.1	Yes
Nonreceipt of check	3.8	No
Status of claim	5.0	No
Change of address	6.4	No
Scheduling of appointment to file retirement claim	2.4	No
Other forms/literature	1.0	No ^b
Inquiries about direct deposit	6.4	No
Application for Medicare card	1.6	Yes ^c
Total	52.5	

^aAccording to Inspector General representatives involved in this audit, the data on percent of calls were collected as part of a special study conducted by SSA's Office of Program Integrity Review.

^bAutomated options for requesting pamphlets or listening to informational messages are only available to callers after hours.

^cThe automated menu also allows callers to get information on Medicare coverage of medical equipment or supplies, inpatient hospital expenses, or doctors' services.

Sources: Improving Service on Social Security Administration's 800 Telephone Number Network, SSA, Office of Inspector General, Dec. 1995 and SSA's Office of Telephone Services.

¹⁴During evenings and holidays, when SSA representatives are not working, SSA offers callers two additional automated transactions—to request pamphlets or listen to informational messages.

As of February 1997, SSA did not have concrete plans to expand its current selection of automated transactions. According to SSA officials, SSA is postponing development of such plans until it has completely phased in an automated menu that can be used by Spanish-speaking callers.

In addition, SSA officials are concerned that providing too many automated transaction options and submenus might confuse customers and increase the length (and thus cost) of each call. SSA's current automated menu offers seven initial options (including a live assistance and repeat option). Some of these options lead to other submenus with additional, more specific options. Experience in the private sector has shown, however, that, if carefully scripted and tested, automated systems of two to three submenus with up to four transaction choices each can produce high customer use and satisfaction.

To systematically identify the most cost-effective transactions for automation, SSA needs ready access to detailed data on the frequency of specific types of calls. Using these data, SSA could determine which transaction types, if automated, would most likely decrease time spent by SSA representatives, for example, providing routine information. SSA does not now track reasons for each incoming call because it would require teleservice representatives to remember and accurately record the information. Instead, SSA relies on data acquired from (1) routine call monitoring conducted for quality assurance purposes and (2) surveys of recent 800-number callers. Due to the small sample size of calls monitored for quality assurance purposes, however, "reason-for-call" categories are combined to get representational data. Although combined categories might create more representational information for quality assurance purposes, they become less useful for identifying specific call types that could be transactions suitable for automation.¹⁵ Data acquired from surveys of 800-number callers are based on callers' recollection of their reason for calling and therefore are not very reliable.

SSA Must Resolve How to Verify Callers' Identities Using Automated Transactions

Some types of routine SSA transactions might be suitable for automation but, due to their sensitivity, cannot be automated until SSA develops methods for verifying callers' identities without using teleservice representatives. To reduce the risk of program fraud or inappropriate access to personal records, SSA service representatives handle many routine but sensitive transactions either in person or by telephone to verify

¹⁵To illustrate this, all calls concerning claims are combined into one category. For purposes of automation, SSA might be interested in, for example, the number of callers who want to schedule an appointment to file a claim.

customers' identities. For example, a beneficiary may change the address on record only after establishing his or her identity with an SSA representative by correctly answering a series of questions that only that individual could answer (such as place of birth or mother's maiden name).

SSA is in the early stages of examining how to verify callers' identities using the automated features of an 800-number service. SSA created the Electronic Service Delivery project to identify cross-component, cross-program approaches for providing convenient, cost-effective, secure, and user-friendly service options to customers. Under this effort, SSA work groups are studying the problem of protecting individual privacy and program integrity for sensitive transactions conducted using electronic media. While the work groups are largely focusing on the problem of providing customer service over the Internet, one work group is developing the first set of agency standards for determining the level of security required for different types and methods of transactions, including telephone transactions. As of February 1997, this work group had not yet completed a broad set of standards for authentication.

IRS' 800-Number Service Offers Secure Automated Transactions

IRS provides a useful example of a public agency's conducting sensitive transactions that require verifying callers' identities without the help of agency representatives. IRS operates an 800-number service that had historically experienced even higher busy-signal rates than SSA's. To improve access, IRS has increased the use of automated services to allow telephone agents to take more complex calls. As with SSA, many of the transactions that IRS conducts with the public require security measures to prevent fraud or improper disclosure of information.

As of January 1997, IRS had successfully automated several of its 800-number transactions that require verification of callers' identities. For example, taxpayers may learn the status of their refund or the amount of payment due without speaking to an IRS representative. To learn about the status of a refund, callers first establish their identity by keying in their Social Security number, filing status, and refund amount using their Touch-Tone telephone. Using more stringent security measures, certain taxpayers may also file an income tax return over the 800 number. IRS provides taxpayers who have a history of filing the simplified tax form (1040EZ) a customer service number in the tax documents mailed to them. These preidentified taxpayers may now file their 1040EZ forms using IRS' automated 800-number service by first keying in their personal

identification number along with their Social Security number and date of birth.

SSA Needs a Cost-Effective Strategy for Providing Live Assistance

SSA also needs to pursue cost-effective approaches for delivering those services that it determines are too complex to automate and therefore require the SSA representatives' help. SSA is moving in this direction, for example, by providing its teleservice representatives with new personal computers and software to improve the consistency and accuracy of service and linking call centers electronically to improve call routing. Although these new workstations might improve the consistency and accuracy of service, SSA's plan to electronically link centers falls short of private-sector trends to save money and improve service by reducing the number of call centers.

Consistent with private-sector practices, SSA has plans for improving the way its teleservice representatives provide customer service. Private-sector leaders recognize the importance of providing call agents with state-of-the-art technology and tools to provide fast and effective service. For example, expert systems that provide immediate access to technical guidance are common tools for many 800-number agents. In addition, companies are successfully reducing service time by linking telecommunication and computer technology to access customer records even before the call agent takes a call. As noted earlier, SSA plans to install new personal computers with expert system software at each teleservice center, which it expects will improve the consistency and accuracy of service provided by teleservice representatives and Spikes.

SSA also has plans to expand previous efforts to link more teleservice centers together electronically. SSA recognizes that 37 teleservice centers are too many and that consolidating them would reduce costs. SSA is reluctant to reduce the number of centers, however, because of the impact that closures will have on employees and surrounding communities. SSA's plan to electronically link centers achieves some of the benefits of consolidation, such as increased operational efficiency and telephone access, without closing centers. While closing offices would be difficult, locating its teleservice representatives in fewer call centers would most likely result in even lower operating and administrative costs for SSA and improve the quality of the 800-number service. Private-sector best practices have demonstrated that reducing the number of call centers provides many benefits, including lower rent and utilities, lower operating and equipment costs, increased managerial control and flexibility in

staffing, centralized training and support, and increased consistency in processes and services. Similarly, the benchmarking effort sponsored by the National Performance Review found that 800-number services operate most efficiently with few centers with as many as 600 employees each. As far back as 1990, HHS' Office of Inspector General¹⁶ recommended that SSA consolidate the 800-number network into fewer call centers to lower operating and equipment costs, as well as to increase flexibility in using telephone agents, the public's telephone access, and opportunities to use new technology. SSA continues to study this issue but does not have concrete plans to significantly reduce or consolidate its current teleservice centers.

Expanding Services Requires Carefully Assessing Costs and Benefits

Consistent with private-sector practices, SSA is responding to customers' demands to conduct a greater range of transactions by phone and to complete their business with one call. Unlike some private-sector leaders in 800-number service, however, SSA provides services through an extensive field office network in addition to its 800 number. SSA recognizes that before increasing the range of transactions provided by its 800-number service, it should first assess such changes' effect on other service delivery methods and whether they are the most cost-effective approach for providing service. For example, SSA would like to allow callers to file claims for benefits using the 800-number service without having made an appointment. Individuals must now file claims by calling or visiting one of SSA's field offices, typically by appointment. Because filing a claim requires 30 or more minutes to complete, adding this service to the 800 number might negatively affect access to the 800 number without providing a commensurate reduction in field offices' workload and thus not contribute to the overall cost-effectiveness of service delivery.

Knowing whether filing claims or conducting other complex transactions over the 800 number is cost-effective compared with other methods would help SSA justify 800-number improvements to internal and external stakeholders, including employee groups and the Congress. At this time, however, SSA does not know how the cost of conducting transactions over the 800 number compares with the cost of conducting transactions using other service delivery methods such as field office telephones. Due to differences in local phone systems, SSA does not know how many calls field offices receive. In addition, SSA does not track the resources devoted to answering field office telephones. In general, the cost of 800-number

¹⁶Before SSA became an independent agency, HHS' Office of Inspector General had responsibility for internal audits of SSA. After gaining independence from HHS, SSA established its own Office of Inspector General.

workloads is basically easier to evaluate than that of field office workloads because the 800 number is supported by a centralized telephone network that routinely and automatically tracks all calls.

As SSA expands the range of transactions available through the 800 number, the agency also needs to develop better performance measures of how well or completely callers are being served. As discussed in chapter 2, SSA is currently measuring access to the system, not to service, in assessing progress toward its access goal. This is inconsistent with common private-sector practices, which typically establish performance goals based on access to service. SSA already collects data on the average amount of time callers spend waiting on hold to speak to a representative. SSA also collects data on the length of time each caller speaks with a teleservice representative and the number of callers who hang up either while waiting to speak to a teleservice representative or before completing an automated transaction. With this data, SSA could establish performance goals and measures on the extent to which callers actually completed their automated transaction or were assisted by a teleservice representative, the amount of time spent on hold, and the total length of calls.

Although SSA can establish additional performance goals based on data that it already collects, it does not collect other data that would allow it to more fully measure access to service. For example, SSA does not track the reason for each call and therefore cannot establish a performance measure for whether callers successfully complete specific types of transactions and the length of time required to do so. In addition, according to research and consulting organizations specializing in customer service, customers consider time spent waiting on hold to be less important than what they experience once the phone is answered. A wait of 1 minute is usually acceptable, for example, if customers then reach someone who can handle their call to completion on first contact.¹⁷ SSA does not now track information on the extent to which it transfers callers to other units, however, or refers them to another office to complete the callers' business. SSA is currently reassessing its customer service performance goals and measures. As it does so, SSA will need additional information on the extent to which callers can successfully complete various types of transactions and the length of time or number of steps required to do so.

¹⁷Jay Marwaha and Jeff Tommerdahl, "Outsourcing Your Customer Service," *Telemarketing*, Vol. 14, No. 2 (1995), p. 84.

Conclusions, Recommendations, and Agency Comments and Our Evaluation

Conclusions

Since its inception in 1989, SSA's nationwide 800 number has received increasing numbers of calls, reflecting growing customer preference for using this service. Meanwhile, SSA has had trouble keeping up with caller demand as indicated by persistently high busy-signal rates. Recent initiatives, including adding more people to handle 800-number calls and installing a nationwide automated menu, have increased the percentage of callers getting through to the 800 number within 5 minutes of their initial try. SSA accomplished this, however, mainly by diverting SSA employees from other work areas, causing these employees' usual work—maintaining beneficiary records—to accumulate.

SSA's 800 number will remain an important service delivery method, for which demand is expected to grow. SSA will need to determine how to most cost-effectively meet this growing demand in the current fiscal environment. In addition to improving access, SSA's future plans include expanding the number of transactions callers may conduct and complete using the 800 number. With limited resources, however, SSA will have difficulty reaching its competing goals: expanding the range of and increasing access to 800-number services.

SSA knows that private-sector companies are expanding 800-number services and increasingly relying on technology to cost-effectively meet customer demand and has adopted some of these approaches to meet its growing demand. We support these efforts, but SSA needs to take the additional steps that IRS and the private sector have used to cost-effectively meet their customers' expectations. For example, to improve cost-effectiveness, SSA should develop concrete plans to automate more transactions, systematically reviewing data to identify those best suited for automation. As it seeks to increase the number of automated transactions, SSA will also need to ensure that it protects against fraud and improper disclosure of private information.

To provide cost-effective service when live assistance is necessary, private-sector companies tend to locate their call agents in a few large centers and provide them with the technology and tools to quickly and efficiently serve their customers. SSA has taken some steps to provide its call agents with additional tools but should have a more comprehensive strategy for providing cost-effective live assistance. For example, SSA needs to develop a concrete plan for locating its teleservice representatives into fewer, larger call centers. Office closures involve sensitive human resource issues and may have a negative impact on local communities. For these reasons, SSA will need to work with employee

groups, and with the Congress, to successfully implement any consolidations.

Before expanding the 800-number service to include additional transactions, such as filing of claims, SSA should determine the impact of such an expansion on overall service delivery, including its cost-effectiveness. To do this, SSA will need additional cost data on alternative service delivery methods. In addition, SSA needs additional information on the 800 number's performance, including the extent to which customers may complete their business with SSA in one call and the length of time or number of steps required for SSA to completely serve a customer. With this data, SSA would have a more complete picture of how effectively it is serving callers.

Recommendations

To serve the public's growing demand for SSA's 800-number services with limited resources, SSA needs to take additional steps toward improving the 800 number in a cost-effective manner. These steps should include

- developing a plan for expanding automated services that both systematically identifies additional transactions for automation and, for sensitive transactions, protects against fraud and inappropriate disclosure of private information and ensures program integrity and customer privacy;
- developing and implementing a plan for reducing the number of call centers to save money and enhance service provided by SSA representatives;
- comparing the cost-effectiveness of expanding the 800-number service with that of other service delivery methods, such as face-to-face service; and
- establishing additional performance measures to more fully assess the consequences of expanding 800-number services, including measures for the promptness and completeness of 800-number customer service.

Agency Comments and Our Evaluation

SSA officials generally agreed with the conclusions and recommendations in this report and stated that the report would be useful to SSA as it further refines its 800-number service. In response to our recommendation that automated services be expanded, SSA commented that recent internal surveys suggest that callers may not readily accept automated services to conduct their business. Because of the cost-effectiveness of this approach, however, SSA needs to continue to seek ways, we believe, to expand

800-number automated services. Furthermore, public acceptance of automated services has been growing as indicated by private-sector trends. In response to our recommendation that SSA develop and implement a plan for reducing the number of call centers, SSA said that it continues to explore all potential efficiencies and take appropriate action, including the consolidation and collocation of teleservice centers. While SSA has consolidated or collocated some teleservice centers, it has also continued to add call answering sites to its teleservice center network. SSA needs a more comprehensive and far-reaching plan, we believe, for providing cost-effective live assistance that, consistent with private-sector practices, includes organizing its teleservice representatives into a smaller network of large call centers. Trends in the private sector amply demonstrate that fewer, large centers yield operational and cost efficiencies.

Finally, SSA stated that it has taken steps consistent with our recommendations that it compare the cost-effectiveness of 800-number service with other service delivery methods and that it establish additional performance measures. In establishing more complete performance measures, SSA should ensure that such measures involve the entire 800-number service and that information collected is not limited to pilot projects. SSA also provided technical comments, which we have incorporated in this report as appropriate. The full text of SSA's comments appears in appendix III.

SSA Customer Service Pledge

We will administer our program effectively and efficiently to protect and maintain the Social Security trust fund and to ensure public confidence in the value of Social Security. We are committed to fair and equitable service to our customers. We promise to respect your privacy and safeguard the information in your Social Security record.

We are equally committed to providing you with world-class public service. When you conduct business with us, you can expect:

- We will provide service through knowledgeable employees who will treat you with courtesy, dignity, and respect every time you do business with us.
- We will provide you with our best estimate of the time needed to complete your request and fully explain any delays.
- We will clearly explain our decisions so you can understand why and how we made them and what to do if you disagree.
- We will make sure our offices are safe, pleasant, and our services are accessible.
- When you make an appointment, we will serve you within 10 minutes of the scheduled time.
- If you request a new or replacement Social Security card from one of our offices, we will mail it to you within 5 working days of receiving all the information we need. If you have an urgent need for the Social Security number, we will tell you the number within 1 working day.
- When you call our 800 number, you will get through to it within 5 minutes of your first try.

We know that you expect world-class service in all of your dealings with us. In 1994, when we set these standards, we were unable to meet your expectations in some areas, but we have worked to change that. We are revising all our critical work processes to make them simpler, quicker, and more customer-friendly. When we redesign our processes, you can expect:

- When you first apply for disability benefits, you will get a decision within 60 days.

Private-Sector Trends and Best Practices in 800-Number Service

The private sector is facing many of the same customer demands and challenges faced by SSA. Customers are continually demanding more convenient ways to conduct business. Recognizing these demands, private companies are increasingly relying on 800-number telephone service to conduct business with their customers because 800 numbers are convenient and free to the customer. In addition, once private-sector companies establish 800-number service, customer preferences have had an important influence on what and how services are delivered.

More and more companies are using automated menus, known as automated response systems, to cost-effectively handle the increasing volume of incoming calls while meeting customer preferences for a wide range of 800-number services. Telecommunications experts we contacted unanimously viewed this technology as more cost-effective than using live assistance. Automated response systems have been used mainly when callers have a frequently asked question or wish to complete a routine transaction that does not require live assistance. Companies are increasingly seeking ways to automate more complex transactions, however, that require customers to interact with the system to a greater degree than, for example, simply obtaining information.

Although the private sector continues to emphasize finding 800-number services that can be automated, live assistance remains a necessary part of service for handling unusual or complex transactions or for customers with some special need or question. To lessen the cost of live assistance and enhance service, private-sector companies provide their call agents with state-of-the-art telephones, computers, and software applications and tend to organize them in a few large centers. Although opinions vary on the ideal number and size of call centers, a few sites with large numbers of call agents has become the norm for high-performance call centers.

Customers Want Comprehensive, Complete, and Fast Service

To meet consumer expectations for fast and convenient service, some companies have been moving toward telephone-based service and away from other service delivery approaches such as face-to-face service or mail. For example, banks have been setting up telephone-based services to meet the competitive challenge from nonbank financial competitors, such as mutual fund companies, which are leaders in providing telephone-based service. Given this trend, the percentage of retail transactions conducted over the telephone in the banking sector is expected to increase by 88 percent by the year 2000; in-person transactions are expected to decrease by 38 percent during the same time period.

Other industries are also increasing telephone-based service. For example, one large insurance company has expanded its 800-number service so that about 90 percent of its business is currently conducted over its 800 number. Before expanding its 800 number, this company conducted about 30 percent of its business by telephone, with the remaining 70 percent conducted primarily by mail. According to a company representative, customers are now very satisfied with the more convenient and faster service.

In the private sector, once an 800 number is established, customer preferences have a major impact on how and what services are delivered. Customers soon expect to be able to conduct an increasingly larger number of transactions by telephone and to complete transactions or have questions answered with their first call and in a minimal amount of time. According to telecommunications experts, customers are continually seeking a greater range of services to be conducted by telephone, often basing their expectations on the positive experiences they may have had with another company.

To guarantee quick and responsive service, private-sector firms often establish expected performance levels for providing access to customer service—not just to their system. One expert told us that firms, by analyzing incoming calls, have a precise idea of how long customers will wait on hold before hanging up. On the basis of this knowledge and the service responsiveness of their competitors, companies arrive at their planned level of responsiveness. For example, one company has established performance measures and goals for the percentage of calls answered without the caller spending time on hold (84 percent or higher) and the percentage of callers abandoning their calls (no more than 2 to 3 percent).

Companies also recognize that customers expect to complete transactions with one call. According to one expert, firms need improvement if they completely serve callers on initial contact in 80 percent or less of cases. A research and consulting organization specializing in customer service has found that customers will tolerate being transferred during their first call only if they then actually reach someone who can address their concerns. Multiple transfers caused 10 to 25 percent of customer dissatisfaction, according to this organization's findings.

Directly related to consumers' expectations that transactions be completed with one call are that cycle time (the time it takes to complete a

customer's transaction or business) be kept to a minimum. Having immediate access to a service representative is not the same as getting a prompt answer to a question. The time customers spend waiting on hold is not as important as what they experience after the phone is answered, according to research findings. A wait of 1 minute is usually acceptable if customers then reach someone who can handle their call to completion on first contact. To help their frontline workers assist customers quickly and effectively, industry leaders use computer information systems that allow workers to quickly retrieve online information and procedures manuals.

Automation Is Crucial to Reducing Costs and Improving Service

Companies are increasingly using technology, such as automated response systems, to help them meet consumer preferences and handle growing volumes of incoming calls. Reflecting the increased demand for this technology, the market for automated response products and services is expected to more than double from \$1.1 billion in 1994 to \$2.3 billion in 2000. By installing an automated response system, most companies seek to both improve customer service and reduce the number of routine calls handled by service representatives.

According to one expert, installing an automated response system can improve service responsiveness. By answering callers' questions from preprogrammed menu options, an automated system can curb routine, tedious transactions that detract from employee productivity, such as customer requests for bank account balances. This allows employees to respond to more complex and nonroutine calls more effectively and provides callers with round-the-clock availability and faster transaction processing. To illustrate this, before a state medical bureau installed an automated response system, the bureau's three teleservice agents could answer only about 8 percent of calls from doctors and other health care providers to verify Medicaid claims. Since the bureau installed the automated system, which handles 12 calls simultaneously, 100 percent of its calls are answered. In addition to improving service, the system may save the state over \$1.3 million a year by eliminating claims with errors.

This and other private-sector experiences indicate that automated response systems can dramatically affect the cost of service delivery. Calls would cost \$12 per call if answered by a call agent, according to one financial services firm, compared with \$.20 per call if answered by an automated response system. This firm, with a daily call volume of 250,000, could potentially reduce costs from \$3 million to \$50,000 a day with a fully automated system. In another example, over a 4-year period, one company

reduced staff by 50 percent and increased its account base by the same percentage by promoting the use of automated response systems. One brokerage firm has passed on some of the savings to its customers by offering discounts of as much as 10 percent for trades conducted over its automated telephone system.

Although companies have historically used automated response systems in situations where customers make many repetitive calls requiring no explanation, such as balance and check-clearing inquiries in the banking sector, they are also increasingly using such systems for a wider and more complex variety of transactions. For example, one bank official we contacted said customers may use an automated interactive service to transfer funds between various bank accounts, make loan payments, and pay bills to previously identified merchants. The bank wants to expand its automated services and is setting up an automated feature to stop payment on checks and a merchant-verification procedure (whereby merchants can check to see if customers have sufficient funds to cover a personal check).

To be effective, automated systems should have no more than two to three submenus, with each menu offering a maximum of four options, according to research studies. For more complicated menus, however, companies have found that providing information ahead of time on the features and proper use of an automated system reduces the number of calls ultimately handled by a service representative. Companies generally mail such guidance to customers.

Live Assistance Option Important for Effective Service

Private-sector companies have found that live assistance remains a necessary part of 800-number service for handling unusual or complex transactions or for customers with a special need or question. To provide cost-effective service, private-sector companies recognize the importance of providing their call agents with state-of-the-art technology. Such technology allows call agents to quickly and efficiently serve their customers. For example, expert systems are widely used to enable frontline workers to answer customer inquiries quickly and effectively. Expert systems include databases to quickly retrieve information and online procedures manuals that are easy to use.

Companies are increasingly linking telecommunication and computer technology to retrieve customer records as soon as a call is received. Using automatic number identification technology, a company's computer

matches the caller's phone number to company records to identify and retrieve the record on file for that phone number. Such a quick retrieval of information can reduce call length by 20 to 30 seconds, according to one expert, and, if a business has many of its callers using their phone number on file, the savings can be substantial. The benefits of this technology surpass cost savings, according to one representative of a major vendor, because it is a proactive service saving the customers' time and increasing customer satisfaction. Most of this vendor's largest customers have moved to this technology.

Companies are also increasingly using sophisticated imaging technology that allows them to electronically share copies of documents officewise. In the past, call agents would have to rely on sharing paper documents to provide customer service—an inefficient and time-consuming process. Imaging technology allows a document to be scanned into the electronic database and be made immediately available to all agents on their computer screens anytime they need it. Document scanning and on-screen retrieval have helped one major company answer 80 percent of inquiries on the first call, compared with 40 percent in prescanning days.

Companies are also moving toward fewer and larger centers for organizing their call agents. While opinions vary on the ideal number and size of call centers, experts agree that site consolidation is important for effective 800-number service. A recent example of call center consolidation includes a regional power company that served its customers in the late 1980s through 98 offices in two contiguous states. While service was personal, it was also inconsistent and inefficient, so the company consolidated its 98 offices into a single, state-of-the-art megacenter.

Sometimes companies consolidate operations to achieve purposes other than economies of scale. For example, when one company consolidated 57 branch offices into three regional centers, the primary criterion in site selection was an adequate supply of high-quality labor at competitive labor rates. Other potential benefits of physical consolidation include reduced rent and utilities; lower operating and equipment costs; increased managerial span of control requiring fewer managers; increased flexibility in staffing, centralized training, and support functions; and increased consistency in processes and service. Beyond these benefits, according to one expert, fewer call centers allow easier database management, particularly because teleservice agents often have to share data among centers.

**Appendix II
Private-Sector Trends and Best Practices in
800-Number Service**

Opinions vary on optimal call center size, but the centers in many large corporations range from between 200 to 600 positions. The National Performance Review-sponsored benchmarking study of 800-number services reported that the number of operating locations needed to handle even the largest call volumes is typically one to three call centers, with a maximum of 600 frontline workers per center. Some larger companies, however, have as many as 2,000 to 3,000 teleservice agents at one call center, according to one 800-number vendor we contacted.

Comments From the Social Security Administration



SOCIAL SECURITY

Office of the Commissioner

April 23, 1997

Ms. Jane L. Ross
Director, Income Security Issues
U.S. General Accounting Office
Washington, D.C. 20548

Dear Ms. Ross:

Thank you for the opportunity to comment on the draft report, "Social Security Administration: More Cost-Effective Approaches Exist To Further Improve 800 Number Service" (GAO/HEHS-97-79).

We appreciate GAO's review of our 800 number operations. GAO's findings confirm our own and support initiatives underway to improve the service. We have recognized from the beginning that the 800 number is an evolving part of our service delivery and that we must monitor and evaluate the process continuously to assure that we are providing services that the public wants and needs.

Since the 800 number was established, caller demand has continued to grow, from 39 million in fiscal year (FY) 1989 to 121 million in FY 1995. Because of our success in improving access and reducing the number of redials, the number of calls offered in FY 1996 decreased to 94.2 million, a decrease of 26.8 million calls from the previous year. Additionally, because we are answering more calls on the first attempt, we actually served more callers in FY 1996 (48 million) than in FY 1995 (44.7 million).

In FY 1997, we have made significant improvements in the access rate and the queue time for callers. Based on data through March 1997, we are currently meeting our 5-minute access goal (95 percent of callers reach us within 5 minutes of their first attempt). The queue time range has been between 1-3 minutes, with the average queue being slightly under 2 minutes. This period of time includes what has been traditionally considered our peak period, January through March.

The use of SPIKE employees certainly has helped us achieve this success. We are at the same time very cognizant of the impact that providing telephone service has on program service centers (PSCs) non-telephone workloads. We are working to maximize the cost-effectiveness of the SPIKE function by working to ensure SPIKES are used only to the extent necessary. This process includes improving the prompts used to deliver calls to SPIKES,

SOCIAL SECURITY ADMINISTRATION BALTIMORE MD 21235-0001

**Appendix III
Comments From the Social Security
Administration**

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improving scheduling and forecasting processes, assessing actual staffing needs daily and other activities. At this time, the pending workloads in the PSCs are lower than they were at the same time in FY 1996.

In addition, results from surveys conducted by our Office of Program and Integrity Reviews (OPIR) indicate that callers are highly satisfied with our 800 number service. OPIR's most recent 800 number caller recontact survey data show 92 percent of callers indicated they were satisfied with 800 number service. Ninety-eight percent who expressed opinions indicated they were treated courteously. Ninety-six percent said their opinion of SSA had either stayed the same or improved as a result of their calls to the 800 number.

We are pleased with the progress we have made and will use findings from your study to help us with further refinements in our 800 number service.

Enclosed are our specific comments on the report. If you have any questions, please call me or have your staff contact Jack McHale at (410)966-7758.

Sincerely,


John J. Callahan
Acting Commissioner
of Social Security

Enclosure

GAO Contacts and Staff Acknowledgments

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Staff Acknowledgments

In addition to those named above, Robert R. Tomco was an important contributor to all aspects of this review, including data gathering, analysis, and report writing; and James P. Wright contributed significantly to the writing of this report.

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