Unemployment Insurance

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The evolution of a first-rate service

In the early years of the nation's Unemployment Insurance (UI) program, unemployed workers showed up every week at a local office to verify in a face-to-face interview that continuing benefit requirements were met for the previous week. Some were paid on the spot in cash.

Since every state is responsible for designing its own UI program using federal guidelines, changes in state UI laws and regulations over nearly seven decades have paralleled the dynamics of the national economy. When job opportunities in urban hubs expanded into rural areas of each state, UI administrators were challenged to find new ways to certify eligibility and guarantee timely payment of benefits. The latest national development is the use of interactive voice response or telephone technology to process unemployment insurance claims. The use of this technology and its evolution into a service highly rated by UI customers in Alaska are the subjects of this article.

In 1999, Alaska's recipiency rate of 68.5% was the highest in the nation—it paid benefits to a higher percentage of its eligible unemployed than any other state. The UI program's impact in reducing economic risks associated with unemployment, lost wages and skills shortages is significant. In 2000, Alaska paid a total of $114,331,726 in unemployment benefits to qualified workers who had a history of wage earning in the state. (See Exhibit 2.)

In 1996, a federal budget cut beset the UI program. Its administrators in the Alaska Department of Labor's Employment Security Division had to explore new ways to pay benefits. Rather than close job service offices where workers filed for UI and looked for work, the division considered remote claiming using call center technology, which promised to reduce overhead and remove the unemployment line. By 1997, no one in Alaska was standing in a line waiting to open or continue a UI claim. Claimants now use an automated phone system to file for benefits through the three call centers in Anchorage, Fairbanks and Juneau.

Alaska's call center technology

The key feature of Alaska's UI program is an interactive voice response system known as *VICTOR* (Voice Initiated Claims Telephonic Online Response), available through a local or toll-free phone call, seven days a week. After eligibility has been determined, VICTOR poses automated questions and claimants enter their responses. The caller enters a personal identification number and then chooses from a variety of selections to continue an unemployment insurance claim for a prescribed entitlement period. The voice menu asks the caller to certify his availability for work during the life of the claim. The claimant may select an option for direct deposit of benefits into his bank account. The system is equipped with 184 phone lines and is capable of processing more than one million calls per year.

Surveys are introduced

With the advent of telephone filing, Alaska's UI program administrators and a cadre of interested

Unemployment Insurance Benefit Payment Amounts
By Census Area or Borough–2000

1

Census Areas	State UI [1] Regular ($)	State UI [1] Ext. Ben. ($)	UCFE [2] Regular ($)	UCFE [2] Ext. Ben. ($)	UCX [3] Regular ($)	UCX Ext. Ben. ($)	SSB [4] ($)	All Programs Total ($)
Aleutians East Borough	$351,010	$8,058	$0	$0	$0	$0	$0	$359,068
Aleutians West Census Area	649,749	12,315	5,727	0	0	0	0	667,791
Anchorage Municipality	27,758,874	1,241,426	568,632	32,057	381,355	14,168	16,407	30,012,919
Bethel Census Area	2,116,042	137,212	18,403	1,425	7,886	0	7,855	2,288,823
Bristol Bay Borough	233,406	10,422	5,739	0	0	0	928	250,495
Denali Borough	469,261	32,866	83,610	5,928	0	0	0	591,665
Dillingham Census Area	514,105	17,772	744	0	2,541	0	2,964	538,126
Fairbanks North Star Borough	10,354,204	508,124	363,506	10,086	293,013	22,512	4,901	11,556,346
Haines Borough	465,105	36,827	5,286	0	0	0	1,304	508,522
Juneau Borough	3,110,537	117,217	60,998	0	13,568	1,712	4,783	3,308,815
Kenai Peninsula Borough	8,725,248	678,465	89,077	6,082	42,639	1,354	16,088	9,558,953
Ketchikan Gateway Borough	2,351,680	87,499	15,942	328	6,131	0	3,889	2,465,469
Kodiak Island Borough	3,772,339	85,918	17,434	1,069	1,870	0	1,195	3,879,825
Lake & Peninsula Borough	222,840	2,524	10,940	522	0	0	165	236,991
Matanuska-Susitna Borough	10,068,664	521,804	165,515	7,329	68,247	0	12,715	10,844,274
Nome Census Area	1,409,283	99,735	15,409	1,214	840	0	5,773	1,532,254
North Slope Borough	1,281,180	69,002	4,960	0	0	0	408	1,355,550
Northwest Arctic Borough	1,011,901	73,363	5,328	0	4,446	0	4,852	1,099,890
Prince of Wales-Outer Ketch.	1,982,556	96,596	23,313	708	0	0	3,420	2,106,593
Sitka Borough	830,729	31,399	34,411	268	0	0	508	897,315
Skagway-Hoonah-Angoon	856,814	38,915	39,713	0	0	0	336	935,778
Southeast Fairbanks CA	1,189,155	74,996	87,139	292	13,093	0	5,354	1,370,029
Valdez–Cordova CA	1,740,231	118,069	20,534	284	6,658	0	1,662	1,887,438
Wade Hampton Census Area	1,418,796	92,620	4,942	282	7,375	615	4,726	1,529,356
Wrangell– Petersburg CA	1,440,215	49,583	23,139	920	0	0	1,736	1,515,593
Yakutat Borough	152,362	708	0	0	0	0	0	153,070
Yukon-Koyukuk Census Area	1,193,709	81,131	2,730	3,815	496	0	5,328	1,287,209
Area Unknown	2,048,655	110,315	55,091	0	23,059	1,040	5,899	2,244,059
In-State Totals	87,718,650	4,434,881	1,728,262	72,609	873,217	41,401	113,196	94,982,216
Interstate Totals	17,975,643	286,845	953,640	14,544	113,230	3,450	2,158	19,349,510
Totals All Areas	105,694,293	4,721,726	2,681,902	87,153	986,447	44,851	115,354	114,331,726

Ten-Year Historical Data Series for Census Area Totals ($)

Year	State UI [1] Regular	State UI [1] Ext. Ben.	UCFE [2] Regular	UCFE [2] Ext. Ben.	UCX [3] Regular	UCX Ext. Ben.	SSB [4]	All Programs Total
1991	$112,153,789	$9,281,316	$3,316,482	$214,828	$814,743	$0	$473,221	$129,053,263
1992	121,771,578	3,801	3,897,584	0	2,476,242	0	613,796	175,832,126
1993	105,041,423	579	3,827,029	0	1,767,553	0	813,931	180,188,366
1994	117,904,643	14,895,807	4,536,264	449,480	1,280,696	144,639	304,145	150,010,059
1995	113,609,324	7,248,703	4,343,639	202,109	1,199,348	57,836	136,008	126,843,010
1996	114,031,840	6,906,444	3,342,795	186,912	883,029	49,526	137,013	125,553,553
1997	108,885,202	5,438,470	2,911,603	115,401	998,659	34,166	90,726	118,474,227
1998	109,037,747	5,478,978	3,243,112	115,178	962,573	39,421	119,680	118,996,689
1999	117,903,392	6,842,307	2,992,843	172,629	1,129,943	56,767	136,217	129,234,098
2000	105,694,293	4,721,726	2,681,902	87,153	986,447	44,851	115,354	114,331,726

[1] Includes federal portion of UI Combined
[2] Unemployment Compensation for Federal Employees
[3] Unemployment Compensation for ex-servicemen
[4] State Supplemental Benefits

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

legislators and local citizens were curious about how well the new filing system was received. Did customers prefer the old or the new way? In particular, questions arose about possible differences between urban and rural receptivity —did rural claimants think using the phone was more convenient than did urban claimants? It was also thought that claimants should provide

2 UI Surveys of Customer Satisfaction with Service

Overall Service	Very Good	Good	Adequate	Poor	Very Poor
Nov 1997	35.70%	49.89%	8.70%	1.83%	3.98%
Apr 1998	54.13%	38.23%	6.73%	0.61%	0.31%
Dec 1998	59.06%	34.50%	4.68%	0.88%	0.88%
Apr 1999	57.18%	35.19%	6.16%	1.17%	0.29%
Dec 1999	58.05%	36.41%	4.22%	0.79%	0.53%
Jun 2000	51.05%	42.37%	4.74%	1.58%	0.26%
Oct 2000	54.77%	38.19%	5.28%	1.26%	0.50%

Length of Wait	Very Good	Good	Adequate	Poor	Very Poor
Nov 1997	35.70%	39.40%	23.64%	2.72%	1.09%
Apr 1998	31.60%	44.17%	17.48%	4.91%	1.84%
Dec 1998	37.46%	45.13%	13.27%	3.24%	0.88%
Apr 1999	38.01%	42.69%	15.20%	2.92%	1.17%
Dec 1999	40.16%	41.73%	13.39%	3.94%	0.79%
Jun 2000	40.53%	41.32%	15.00%	1.84%	1.32%
Oct 2000	49.88%	39.90%	7.48%	1.50%	1.25%

Direct Deposit	Very Good	Good	Adequate	Poor	Very Poor
Apr 1999	71.83%	23.94%	2.82%	0.00%	1.41%
Dec 1999	72.41%	20.69%	6.90%	0.00%	0.00%

VICTOR Rating	Very Good	Good	Adequate	Poor	Very Poor
Nov 1997	56.80%	30.00%	5.20%	4.80%	0.00%
Apr 1998	66.44%	23.73%	5.42%	2.03%	2.37%
Dec 1998	68.00%	23.08%	6.15%	1.85%	0.92%

Handbook	Very Good	Good	Adequate	Poor	Very Poor
Dec 1998	34.97%	49.08%	15.34%	0.61%	0.00%

Ease of Filing New Claim	Very Easy	Easy	Adequate	Difficult	Very Difficult
Jun 2000	53.40%	35.86%	8.38%	1.83%	0.52%
Oct 2000	50.75%	34.92%	7.79%	6.53%	0.00%

Ease of Biweekly filing	Very Easy	Easy	Adequate	Difficult	Very Difficult
Jun 2000	59.26%	32.54%	4.76%	2.65%	0.79%
Oct 2000	49.12%	40.81%	7.81%	1.76%	0.50%

Ease Understanding UI Mail	Very Easy	Easy	Adequate	Difficult	Very Difficult
Jun 2000	37.20%	42.48%	15.83%	3.96%	0.53%
Oct 2000	37.94%	44.97%	12.31%	4.52%	0.25%

Source: Alaska Department of Labor and Workforce Development, Employment Security Division

direction to management about what the next program upgrades might be, such as Internet filing or a direct deposit option. The logical way to answer these questions is to survey claimants, a new and seminal area of research for Alaska's UI program.

A series of customer surveys was introduced in November 1997 and continued twice each year. The surveys are a management tool, guiding program improvement to offer new or modify existing services. Managers use the studies to help identify performance and service gaps and to take steps to close them. Since their inception in 1997 through October 2000, seven surveys were completed, and another one is planned for April 2001.

Research began with how the new system compared with the old. The surveys conducted twice a year address a number of factors. Among those are to:

- Evaluate the continuing usability of and general satisfaction with the phone system
- Measure satisfaction and effectiveness of various components of claim filing
- Determine which program components might be improved to increase overall satisfaction
- Identify specific demographic groups for which improvement strategies are needed
- Establish benchmarks for biannual studies tracking customer satisfaction and system success
- Learn how customers find out about services, for use in marketing and outreach efforts

Survey methods: sample and definitions

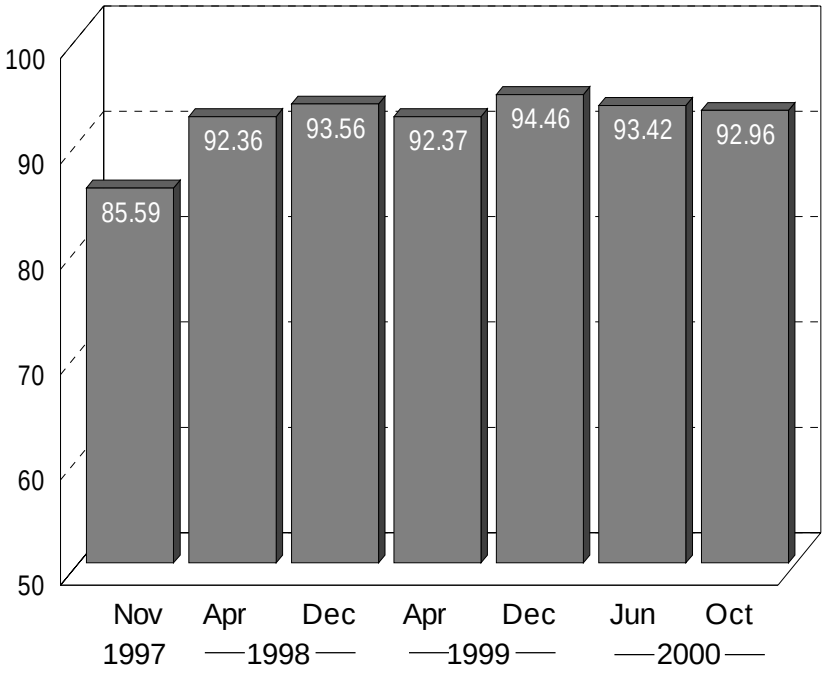
The surveys use standard polling techniques designed for optimal, unbiased results, with emphasis on producing data that are relevant to policy makers. They are developed in-house with assistance from professional survey design staff, and conducted by phone using UI call center staff. Targeted respondents are randomly identified from a universe of persons who recently filed for unemployment insurance benefits in Alaska.

Surveys contain both open and closed-ended questions, and take no more than five minutes to complete. Claimants are asked to rate their satisfaction with UI service by choosing one of five ratings: very good, good, adequate, poor, or very poor. Enough surveys are completed to demonstrate statistically valid results with fixed confidence intervals. Results are arrayed for each of the three call centers and for both urban and rural claimant populations. Urban respondents are selected from samples drawn from claimant populations in Anchorage, Eagle River, Mat-Su, Kenai, Juneau, Ketchikan and Fairbanks. Rural respondents include claimants taken from samples for all other Alaska communities.

Survey results

Each survey collects data on: 1) the degree to which customers are satisfied with overall UI services, and, 2) the degree to which customers are satisfied with the length of time required to

UI Customer Service Satisfaction 3
Percent who rated as Good or Better



Source: Alaska Department of Labor and Workforce Development, Employment Security Division

receive UI services. An assessment of overall satisfaction from the first survey shows customers preferred the convenience of phoning in for benefit filing versus the in-person interview method. Length of wait time is a vital indicator of customer satisfaction with services provided via phone. Conventional research shows if customers have to wait more than a few minutes, they will hang up, and dissatisfaction rates increase.

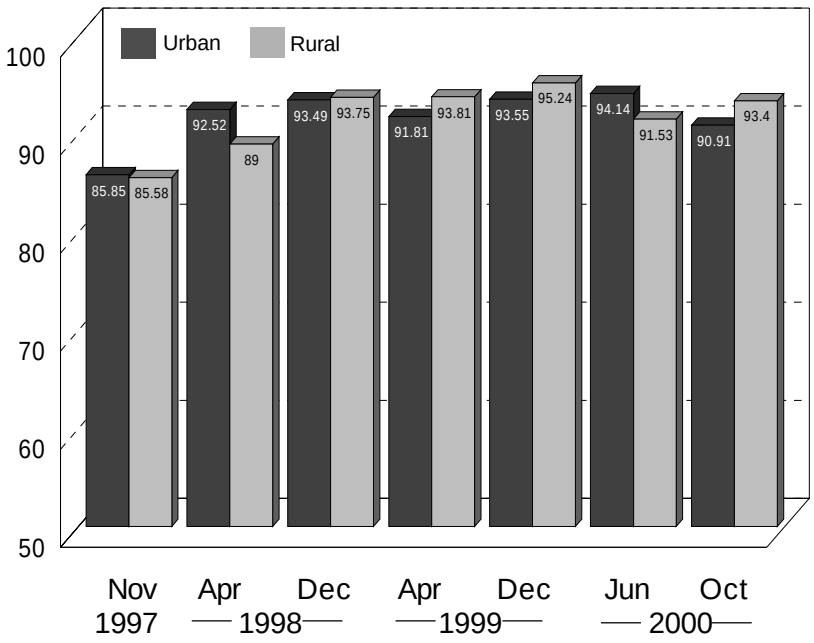
The first survey in 1997 asked claimants to compare the new method of applying for benefits using the call-in procedures versus the old system of applying either by mail or in person. The first survey's sampling differed from subsequent surveys. It surveyed claimants who had experience as filers both before and after the new telephone option was added, to determine how well it was received. The comparison between old and new systems was measured by rating convenience, length of time waiting for service, and quality of help received.

Satisfaction rates with the new telephone method for filing from the first survey were uniformly high. Ninety-two percent of statewide claimants rated the convenience of the new call-in procedure as good as or better than the mail or in-person methods. Of rural respondents, 97 percent who had filed under both systems found filing by phone to be as good or better in convenience than in-person or mail procedures. Ninety-one percent of the urban claimants surveyed found the new way convenient with ratings of good or better compared to the old way. The length of time spent waiting for service category, comparing the new phone system to the old system, showed a statewide satisfaction rate of 91 percent of good or better (97 percent for rural and 90 percent for urban claimants). In terms of quality of help received under the new system, 95 percent of the rural claimants thought the help was as good or better than the old way, as did 88 percent of surveyed urban claimants. The first survey also showed that if offered, 80 percent of the respondents indicated an interest in a direct deposit payment option, whereas only 46 percent said they would consider filing over the Internet.

4 Overall Service Satisfaction

Percent who rated as Good or Better

Urban and Rural



Source: Alaska Department of Labor and Workforce Development, Employment Security Division

A statewide comparison of all surveys conducted from 1997 through 2000 is shown in Exhibit 2. Customer satisfaction with overall service and waiting time increased in just about every survey. The greatest increase was measured in overall satisfaction. In November 1997 (the first survey), 35.7% of respondents rated their overall satisfaction with UI services as "very good." The percentage leaped to 59.06% two surveys later in December 1998, and has been rated "very good" by one out of two respondents since then. A consistent trend throughout the surveys is evident. More than ninety percent of customers in the last six surveys responded that overall services are good or better. (See Exhibit 3.)

In a comparison of urban and rural claimants, rural rates of good or better for overall service were higher than urban rates in four out of seven surveys. (See Exhibit 4.) For most of the time since 1998, satisfaction rates have showed a rising trend, with 90 percent or more choosing good or better ratings. The differences in

satisfaction with overall services between urban and rural populations are relatively small throughout the seven surveys, and in December 1998, nearly disappeared.

For length of wait, ratings are steady from December 1998 to October 2000 with 80 percent of customers rating their satisfaction good or better. The biggest increase in this category occurred recently when satisfaction rates jumped from 81.75% in June 2000 to 89.78% in October 2000. (See Exhibit 5.) Claimants filing through the Fairbanks call center demonstrated the biggest jump in length of wait satisfaction rates when the "very good" category ratings rose from 15 percent in June 2000 to 45.24% in October 2000.

Absent any showings of significant disparity in customer satisfaction categories in the four years of UI program surveying, drivers of dissatisfaction are mostly indicated through content analysis of open-ended, verbatim comments. Comments are generally solicited in relationship to a respondent's rating for a particular measure. For instance, a consistent inquiry prompts, "Would you care to comment on why you rate the UI services you are currently receiving as very good, good, poor, etc.?" Hundreds of remarks and suggestions are provided with some common themes grouped in the in-person versus on-the-phone category. For example, a repeated observation has been that some claimants express discomfort talking and responding to a pre-recorded set of voice responses and dealing with a computer system. Although there is always room for improvement and program enhancements, satisfaction levels for Alaska's UI phone filing system remain uniformly high.

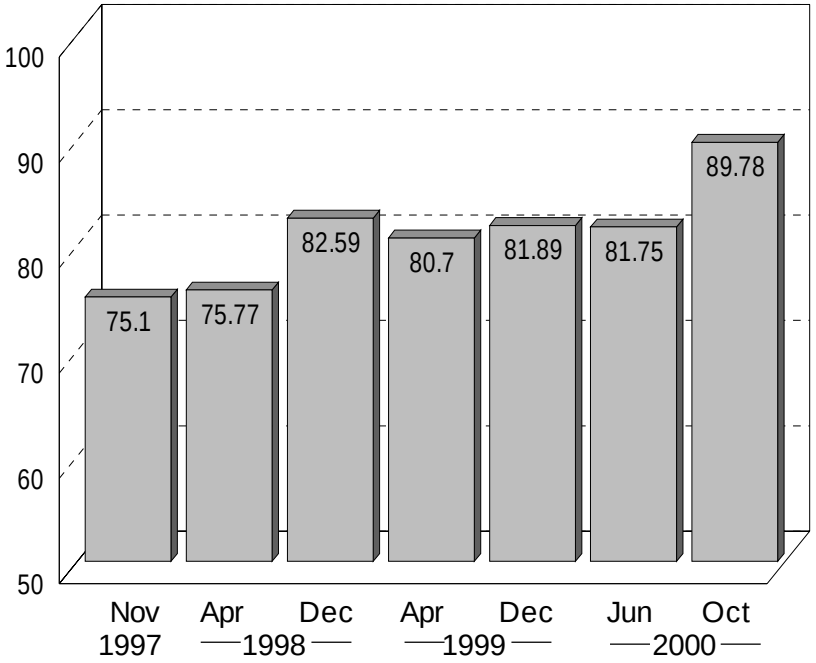
Summary

Since its inception, Alaska has continually improved its UI program and filing methods, and now uses the feedback of customers as the main impetus for program change or modification. Most recent efforts focus on refining the phone system so that customer calls are answered in record time. The Anchorage call center, which handles the majority of the state's UI claims, answered 83% of calls received in December 2000 within 24 seconds, with an average delay of 23 seconds and a 3.5% abandonment rate.

More than 90 percent of all claimants in Alaska now use the telephonic filing option. More than 30 percent have chosen the deposit of their benefits directly into their personal bank accounts, an option implemented only after 80 percent of customers surveyed indicated an interest. Changes to Alaska's UI system intended to bring progressive results and high satisfaction appear to be performing as designed. The program consistently garners high rates of customer satisfaction. The challenge remains to keep Alaska's unemployed workers receiving entitled benefits on time, conveniently and in a satisfied manner.

❑ *James Wilson, Labor Economist, and Lori West, Employment Security Analyst, contributed to this article.*

Length of Wait 5
Percent who rated as Good or Better



Source: Alaska Department of Labor and Workforce Development, Employment Security Division