



Office of the  
Washington  
State Auditor  
Pat McCarthy

# PERFORMANCE AUDIT

## Report Highlights

# Evaluating Customer Service at Washington's Department of Employment Security

The global COVID-19 pandemic upended life across the nation, leading to exceptional spikes in the number of people eligible to receive unemployment benefits. Washington saw unprecedented insurance claim volumes, which the Employment Security Department (ESD) struggled to manage. Compounding its challenges in helping clients obtain benefits, the agency was overwhelmed by a barrage of fraudulent claims that eventually forced ESD to adopt new procedures to prevent payments from going to false claimants.

In 2021, the state Legislature passed a bill that responded to widely documented concerns about how ESD managed the crisis. The bill required ESD to report key customer service metrics to the public and Legislature; it also mandated practices to address some specific problems many claimants faced. This audit looked at the progress ESD has made in improving customer service.

## **As of July 2022, ESD had partially implemented requirements aimed at helping speed payments and increase transparency**

Legislation from 2021 required ESD to establish a reserve force of trained adjudicators, and to improve accessibility and reporting. With regard to establishing a reserve of trained adjudicators, ESD developed a training program and assembled a group of adjudicators, but it has not taken steps to ensure the training program is sufficient or that it will be able to deploy the reserve force if needed. With regard to improving accessibility, ESD explored all but one required area of the legislation with an advisory committee and established two of the three required phone lines. However, it only partially addressed legislative reporting requirements. With regard to reporting, ESD did not clearly address all required metrics in its quarterly reports. Although ESD established an online data dashboard, it included fewer than half of the measures specified in statute. Additionally, ESD issued required Legislative update reports, but some information was unclear or missing.

## Customer service improved as staff workload declined

ESD did not see improvements in payment times and call center performance until claim volumes dropped to near pre-pandemic levels. Payment times worsened until May 2021 and did not show sustained improvement until October 2021. Call center performance also showed no improvement until the very end of 2021. These improvements in outcomes for claimants corresponded to a drop in claimant volume. By improving the way it tracks payment timeliness and call center metrics, ESD could more effectively monitor customer service improvement. At present, ESD cannot effectively monitor payment timeliness because its tracking method is flawed, nor does it track call center metrics effectively enough to manage performance.

## ESD's efforts to improve service have shown minimal results, in part because it lacks a robust performance management structure

ESD's benefits management software system generates letters using templates and individualized information. Letters sent during the pandemic confused and alarmed claimants, prompting the legislation that called for improvements. As of July 2022, ESD had improved only a few customer service letters in production for clarity and tone; those letters it has revised did not fully meet legislative requirements. While ESD's website now has a virtual assistant to improve customer service, it needs further work. Some issues may be because the agency has not set defined or actionable customer service measures tied to its strategic plan. ESD's draft strategic plan for 2022-26 still lacks defined, actionable customer service measures for achieving goals. A better performance management system could help ESD monitor and improve its customer service. Additionally, ESD still lacks an emergency plan for how to better handle future surges in claims.

## Certain practices helped other states handle increased customer service demands during the pandemic

Experiences in other states offer examples of promising practices that can help maintain good customer service in a crisis. These practices include: designing a system that allows claimants to do as much as possible online; cross-training staff; de-escalation training; adjudication triaging; using data to direct workflows; conducting data analysis to inform decision making; augmenting staffing when necessary; and making the most of external communications opportunities. ESD managers reviewed these practices and said the agency either already does or plans to do most of them.

## State Auditor's Conclusions & Recommendations

In 2021, the Legislature enacted a series of reforms intended to address customer service issues at the Employment Security Department (ESD). Early in the COVID-19 pandemic, the agency had faced a spike in both the number of unemployed people seeking benefits and the amount of benefits available to support them. This performance audit sought to independently determine whether the agency met the requirements of that legislation and to what extent its customer service had improved.

We found ESD has partially met the law's new requirements. However, the customer experience appears to have been minimally affected by those efforts. For example, we found that the decline in claims volume as the pandemic has subsided, rather than the agency's strategic changes, has had far more of an effect on the amount of time people wait for their first benefit payment or to talk to a customer service representative. We made a series of recommendations to ESD to help it maximize the results of its reforms, including fully meeting legislative requirements, measurably improving the customer experience, and improving performance management.