
Kentucky Nomination Form 2003

Title of Nomination: Kentucky Telemarketing NoCall Program: “No *more* Calls *please*...AND we’re coming to get ya if you do!”

Project/System Manager: Scott C. Sutherland
Job Title: Assistant Attorney General
Agency: Kentucky Office of the Attorney General
Department: Consumer Protection
Address: 1024 Capital Center Drive
City: Frankfort
State: Kentucky **Zip:** 40601
Phone: 502-696-5465
Fax: 502-573-7150
Email: scott.sutherland@law.state.ky.us

Category for judging: Digital Government: G to C

Person Nominating
(if different from above): Aldona K. Valicenti
Job Title: Kentucky Chief Information Officer
Agency: Governor’s Office for Technology
Department:
Address: 101 Cold Harbor Drive
City: Frankfort
State: Kentucky **Zip:** 40601
Phone: 502-564-7680
Fax: 502-564-6856
Email: avalicenti@mail.state.ky.us

**2003 NASCIO Recognition Awards
Kentucky Office of the Attorney General
Telemarketing NoCall Program:**

“No *more* Calls *please*...AND we’re coming to get ya if you do!”



Overview

Kentucky’s “bite” is *worse* than its “bark”!!!! Now that Kentucky has implemented the “No Call” program along with its companion “Online Complaint Registration” program...and telemarketers are feeling the “heat”!!! Several states have now implemented an ‘online’ No Call application, but few have gone to the lengths as has Kentucky to implement an online complaint system to enforce the legislation and to also prosecute and fine those in violation of a law designed to protect the privacy of consumers.

Since 1998, 34 states have passed laws to prevent unwanted telemarketing calls from invading the privacy of consumer’s homes. Recently the Federal Trade Commission has enacted a federal rule creating a Federal Do Not Call registry. According to a Federal Communications Commission memo telemarketers attempt 104 million calls a day to U.S. consumers and businesses. In March 2002, the Kentucky General Assembly enacted one of the strictest Telemarketing No Call laws in the United States. The public’s overwhelming response to the passage of Kentucky’s Telemarketing No Call law, large numbers of telemarketers marketing products and/or services to Kentucky consumers, and the goal of aggressive enforcement, resulted in a critical need for effective intake, processing and analysis of large amounts of data from consumers and businesses.

The Kentucky Attorney General’s Telemarketing No Call program has met this need with tremendous success.

Critical to Kentucky’s No Call program has been the development and administration of the NoCalli Internet database application utilized by the Kentucky Attorney General’s Telemarketing Resources Branch. The NoCalli database allows for the interfacing of three (3) distinct groups of data related to consumer sign-ups, business registration, and complaint intake and investigation. The NoCalli database allows staff within seconds to (1) determine whether a complainant’s telephone number is signed-up on the Kentucky No Call list, the date, time and method of sign-up, (2) identify a company by name, address or called from number, and determines whether the company has been the subject of other complaints, (3) assign a complaint to a case, (4) generate appropriate correspondence to the consumer and business, and (5) create an audit record of all user activity.

The Kentucky No Call Program has signed-up over 775,000 Kentucky households to the Kentucky Telemarketing No Call list. Since June 15, 2002, over 1,400 telemarketing companies nationwide have made application to obtain Kentucky’s Telemarketing No Call list. Since July 15, 2002, Kentucky consumers have filed over 7,500 complaints with the Kentucky Office of Attorney General for alleged violations of Kentucky’s No Call law. As a result, the Kentucky Attorney General has filed ninety-three (93) enforcement actions and obtained over \$500,000.00 in civil penalties from telemarketers for violations of Kentucky’s No Call law. Since the Kentucky No Call law took effect on July 15, 2002, the volume of telemarketing complaints being filed has been reduced a staggering 91%.

“I haven’t had one call from a telemarketer since hour one. You have made my existence much better and I am sure I speak for all those who signed up for No-Call,” says one happy Kentucky consumer. “Frankly, it is the first thing that anyone in government ever did to really make my life a little more pleasant,” says another happy Kentuckian.

Kentucky’s Telemarketing No Call program is a model of success.

a) Description of Project (Including length of time in operation)

Unwanted telemarketing calls invading the privacy of American homes has become such a large problem that 34 states, and recently the federal government have enacted laws to prevent unwanted telemarketing solicitations. These calls interrupt the lives of citizens, disturbing family dinner times, and often times involve fraud that disproportionately affects our nation's elderly. In the spring of 2002 Kentucky passed a new Telemarketing No Call law in response to this problem. This law allows for consumers to reduce the number of unwanted telemarketing calls they receive by placing their residential telephone number on Kentucky's Telemarketing "No Call" List. The law prohibits telemarketers from making a telephone solicitation to a telephone number appearing on the current publication of the list, unless one of the limited exemptions applies.



The Telemarketing Resources Branch of the Kentucky Office of the Attorney General (KYOAG) was tasked with enforcing Kentucky's new Telemarketing No Call law starting on July 15, 2002. This legislation signed into law on March 6, 2002, left the office only a few short months to develop and implement a comprehensive registration and enforcement program. In the face of these tough deadlines the KYOAG worked with Advanced Systems Design, Inc. to develop the Kentucky NoCall database application. The initial plan devised called for three releases, each a month apart, with deadlines coinciding with the legislatively mandated timetable to be followed by an extended enhancement phase. Each of the initial three releases and the enhancement phase is described below.

R1 – Signup of Citizens

The first release of the project required that citizens be able to sign-up their residential telephone number on the NoCall list. The agency decided to provide three methods of signup: Internet, Interactive Voice Response (IVR), and regular mail. The Internet and mail methods of signup required web pages to allow for data entry. The IVR method required that an interface be built to handle the transfer of data to the external vendor responsible for the IVR system. Additionally, all signups had to be transferred to and from the third party responsible for verifying the numbers as being from Kentucky and as non-business. Additionally it was required to import and accommodate consumer signup data from a previous, albeit less effective law.

The citizen sign-up portion of the application was expected to have a high volume of usage, especially during the first months of operation when the new law was announced. In light of the high visibility of the project it was critical that the system work flawlessly during this initial period even when under peak load. To assure this level of availability the application was designed to handle over 1 million signups in an eight-hour period and stress tested to verify that this performance level was achieved.

R2 – Publication of "No Call" List

The second release centered on the publication of the list of residential telephone numbers, to enable merchants to remove the numbers from their calling lists. In order to make the list easily accessible to all merchants and to comply with the statute, the list was made available in five formats: Adobe Acrobat, D-base, Microsoft Access (Jet), Comma Separated Value (CSV), and Extensible Markup Language (XML). This release additionally encompassed the registration, authentication, and auditing of merchant activity.

R3 – Filing of Complaints / Case Management

The primary milestone for the third release was the taking of complaints from one of three sources: Internet, Phone, and mail. To accomplish this in the most efficient manner possible three distinct forms were created, one tailored to each of the three methods.

As a large number of complaints were expected, a method for managing complaints and cases was deemed necessary. However, due to the time constraints of a one-month development cycle, the agency knew that it would not be possible to develop and deliver a full blown case management system in this release. To deal with this reality the agency scoped the case management functions very carefully to deliver the minimum required functionality, which basically encompassed the grouping of complaints by merchant. Additionally it was possible to assign a group of complaints (a case) to an investigator. All additional features were documented and to be accomplished in the enhancement phase.

Enhancement Phase

The enhancement phase developed features that were not possible under the time constraints of the first three releases. Once the first three releases were completed, these items were evaluated and grouped into an array of releases and subsequently prioritized. Currently, the enhancement phase has provided for the addition of a full case management system, an interface to the telephone companies serving Kentucky residents for list maintenance, a trainable merchant search feature, an automated rules-based complaint assignment and management routine, and others. Future items planned include a special registration for companies exclusively engaged in telemarketing, an online help system, an interface for transferring all numbers on the Kentucky list to the Federal NoCall list, and vice versa.

NoCall was first released in May 2002 with the sole purpose of stopping unwanted and illegal telemarketing calls to Kentucky residents who chose to sign-up for Kentucky's NoCall Law. After completing the three initial releases, the agency is completing a second phase of enhancements to the system to further improve the efficiency of the system and subsequently improve the service provided to the citizens of Kentucky.

b) Significance to the Improvement of the Operation of Government

The primary goal of the project is to stop unwanted telemarketing calls in the state of Kentucky. The secondary goals of this project focused on achieving the primary goal both quickly and efficiently. Being efficient in the use of time and staff resources was essential to the success of this project as zero additional funding was granted to the agency to develop a program to enforce the new Telemarketing No Call law.

There are four primary groups of users who have benefited from the utilization of the system, and for whom it was designed.

- **Citizens**

Any citizen of Kentucky, who has a residential phone line, can sign up their number to be on the Kentucky NoCall List via Internet, phone or mail. The list currently includes over 775,000 residential phone numbers representing approximately half of the state's population. The system has fully automated the process whereby the agency is capable of receiving sign-up information from several hundred thousand consumers, exporting the data for verification, and importing the verified data into the database with no human intervention required. Since the system was implemented, over fifty percent (50%) of sign-up activity has occurred directly through the agency's Internet application.

The system permits the intake of consumer complaint data via Internet, phone and mail. With minimal manual review the system (1) confirms whether the consumer is on the Kentucky “No Call” list, the date, time and method of the sign-up, and the effective date of the sign-up, (2) determines whether there are complaints against merchants with the same name, address and/or called from telephone number, (3) assigns the complaint to a case, (4) assigns the complaint a status, (5) generates appropriate acknowledgment correspondence to the consumer, and (6) creates an audit history of all user activity. The agency has received over 7,500 complaints filed by Kentucky consumers. Over thirty-seven percent (37%) of the total complaints have been filed through the agency’s Internet application. Relative to national averages for adoption rate in regard to Government-to-Citizen self-service applications, Kentucky’s adoption rate was phenomenal.

- **Merchants**
All businesses making telephone solicitations to Kentucky residential telephone numbers are prohibited from making calls to those numbers on the current publication of the Kentucky No Call list. These companies can register to receive the NoCall list through any of three channels including Internet download, mailed CD-ROM, or a mailed printed copy of the list. There are over 1400 registered merchants who are actively working to comply with the law. Currently nearly 90% of all businesses are accessing the list through the Internet application, which is an amazing adoption rate.
- **KYOAG Staff**
The agency staff are able to interact and correspond with consumers and business, intake, process, investigate and take appropriate action on complaints through interface with the NoCalli database in a fraction of the time and with a fraction of the human resources which would be necessary without the application. This ability to quickly intake, process and investigate data has resulted in the agency’s ability to file ninety-three (93) enforcement actions, and obtain over \$500,000.00 in civil penalties in less than one (1) year.
- **Telephone Companies**
This group represents any company providing residential phone service in the state of Kentucky. This group must provide quarterly data to the KYOAG necessary for maintenance of the NoCall list. The NoCalli database has an automated process that identifies companies with active status with the Kentucky Public Service Commission, generates correspondence making the company aware of regulatory requirements, and provides a method for companies to provide required data through a secure FTP server with minimal agency staff administration.

From the start of this project the agency worked to make the system simple and efficient for all parties involved. To achieve this the agency maximized functionality through multiple channels including the Internet, mail, and/or phone. To further simplify interaction with the system the agency has provided a wide array of information, help files, and Frequently Asked Question (FAQ) lists customized for both citizens and merchants using our website (www.kycall0.com).

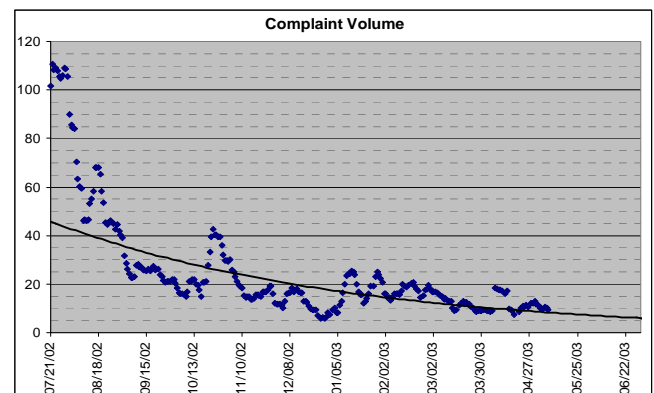
Additionally, the agency designed the system to provide security where necessary and to audit virtually all interaction with the system, which makes it possible for the system to automatically keep the detailed chronological records that are invaluable to investigators. These records also make it possible for KYOAG staff to provide a high level of service whenever a party inquires about some piece of information or activity related to their sign-up, registration or complaint status.

c) Benefits Realized by Service Recipients, Taxpayers, Agency or State

As mentioned previously, the system has four primary groups of users. The system provides a quick and efficient means for each of these groups to accomplish their objectives.

Citizens

This system allows Kentucky citizens to enter their phone number on the NoCall list in a matter of seconds. In the few seconds required to signup, a citizen can virtually eliminate all unwanted telemarketing



calls. To date there has been a 91% reduction in complaints filed with the Kentucky Attorney General for unwanted telemarketing calls. In the event that a citizen was to receive an unwanted call, he can file a complaint via the Internet, toll-free phone call or mail. Thus, in the matter of a few minutes a consumer can file a complaint giving the KYOAG information needed to investigate the alleged violation, and if necessary enforce the law.

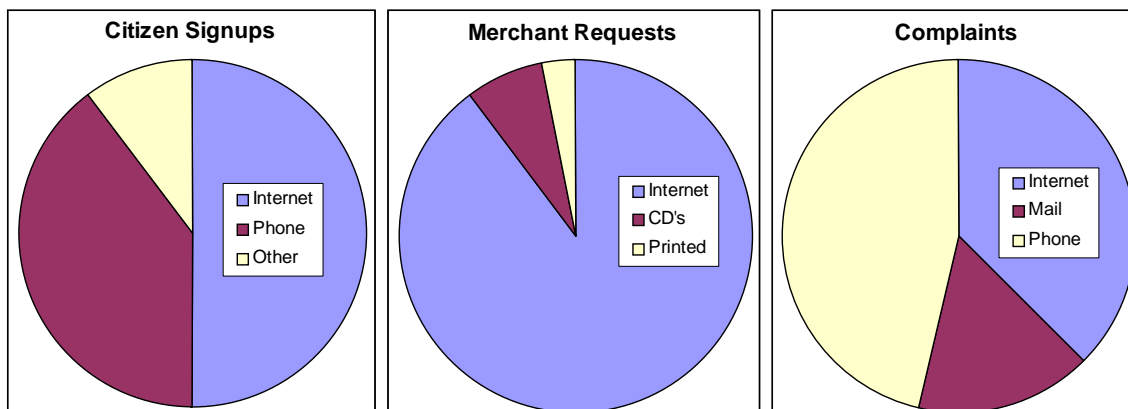
The system automatically generates carefully tailored correspondence to citizens informing them of the status of their complaint. For example, a letter will be mailed to inform the consumer if they did not provide enough information, that the business is exempt, that an investigation has been opened; etc. Additionally, the system facilitates the mailing of letters to keep the consumer informed on the progress of the investigation, litigation, and resolution of the case.

Merchants

To obtain the “No Call” list, only a few simple steps are required. The merchants need only complete a one-page application, downloadable from the website, and send a signed copy to the Attorney General’s office. The applications are processed and confirmation correspondence, including a username and password, is mailed out the same day the request is received, allowing the merchants to immediately download the list in the format of their choice using a web browser. This simple process allows the merchants to get the quarterly updates in a matter of minutes depending on the speed of their Internet connection. Merchants may also request a CD or printed copy. The statute provides that no fees are charged for obtaining the list.

KYOAG Staff

The system dramatically increases productivity of the individuals tasked with enforcing Kentucky’s Telemarketing NoCall law. Through leveraging the Internet, the system allows both Citizens and Merchants to handle most of their needs online. This increase in productivity, frees KYOAG staff to spend more time investigating complaints and less time on data entry and other administrative tasks. The online system has been popular with consumers and merchants alike as demonstrated by the high utilization rates depicted in the following tables. The Attorney General’s Office has been especially pleased by the ninety percent utilization rate of the online system by merchants requesting the No Call list.



Additionally, the system enables the agency to accomplish tasks that would simply not be possible in a paper-based system. For example, the system is capable of instantly and accurately matching a complaint to a merchant based on a variety of criteria including the merchant’s name, phone number, and product or service being offered. This function self-educates whenever a staff member confirms a suggested match. Additionally, a user can directly train the system as a profile is constructed for a merchant through the efforts of investigation.

The system also automated a majority of the business rules involved with processing a complaint. This includes items such as verifying a complaint is complete, that it is not exempt, checking on whether it could involve fraud. Upon consideration of all of the options the system determines the appropriate action. If a complaint is to be investigated the system will attempt to automatically assign it to an investigation, which is successful, a majority of the time. This saves tremendous amounts of managerial time in assigning complaints and managing investigator caseload. The sophisticated reporting functions, also give managers the ability to prioritize investigations, litigations, and workloads based on trends identified.

Telephone Companies

The law requires that all companies providing residential phone service in the state of Kentucky provide the name and phone number of all their customers who are on the NoCall list for the purposes of removing those numbers which are no longer held in the name of the applicant. The agency has gone to great lengths to make this useful contribution of the phone companies as simple and quick as possible. To accomplish this a link was established with the Public Service Commission to obtain a list of all active companies in Kentucky. A letter is sent to each of these companies explaining how to send the appropriate data to the KYOAG via a secure FTP server (SSL Encrypted transmission). This allows most companies to simply run a query and then to transfer the desired information using a method that is easily automated.

d) Return on Investment, Short-term/Long-term Payback

The No Call project is funded in its entirety from the budget of Consumer Protection Division of the Kentucky Attorney General’s Office. The total cost of the system including hardware, software, development, and consulting was approximately \$215,000.

As you can see in the table below, the No Call project saved the state of Kentucky approximately 1.09 million dollars in personnel costs to enforce the new law in its first year alone. Additionally, the program generated \$511,500 in fines during its first ten months.

Furthermore, the No Call project has enabled the KYOAG to provide a much better service to the citizens of Kentucky than would have otherwise been possible. Although it can be difficult to put a dollar figure on the value of the program to the citizens of Kentucky, it may suffice to say that this is one of the most popular programs with the people of Kentucky in many years.

Description	# Staff	Productivity Gain	FTE Saved	Dollars	Total Savings
Complaint Processing	2.5	410%	10.25	\$36,684	\$376,011
Consumer Signups	2	866.00%	17.32	\$34,733	\$601,576
Merchant Registrations & Downloads	0.1	800.00%	0.8	\$35,645	\$28,516
Investigation / Case Management	5	100.00%	5	\$54,207	\$271,035
Fines & Settlements					\$511,500
Total Application Development Costs					(\$215,000)
Total Savings					\$1,573,638

This results in a benefit to cost ratio of 7.5 to 1 or as a percent the Return on Investment (ROI) can be stated as 650% for the first year.

The agency estimates that after the first year the system will generate a cost savings of approximately \$460,000 per year for a total cost savings of approximately 3.4 million dollars over five years.