Employment Development Department Recession Plan

Response to California Senate Bill 390

Submitted March 2022

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Executive Summary

This report documents the Employment Development Department (EDD) plan for an increase in unemployment insurance (UI) benefits claims caused by an economic recession, as required by California Unemployment Insurance Code (CUIC) Section 339 (Senate Bill 390).

This report assesses the EDD's current UI operations through an analysis of 11 distinct metrics, identified in this report as line items. These 11 sub-sections contain the aforementioned analysis and corresponding actions that the EDD plans to implement to scale up and streamline operations in response to future economic recessions and a corresponding rise in UI benefits claims.

Section one documents lessons learned from the Great Recession (2008-2010), the Benefit Systems Modernization project (begun in 2016), the Unemployment Insurance Myths Catalog project (begun in November 2020), and the Coronavirus Pandemic. Evidence gathered directly from UI Branch staff and management is presented and sorted into specific themes, pain points, wish-list items, and policy and process myths.

Drawing on changes made prior to and during the COVID-19 Pandemic, section two examines how UI workload metrics were used to establish baselines for initial claims, determinations, and call attempts, thereby mapping the seasonal nature and fluctuation in unemployment. Additionally, it details the establishment of the UI Command Center Division (UICCD), which oversees the planning of benefit claim processing workloads and staffing resource allocations for the UI Branch. Recession indicators are identified that will trigger the UICCD Forecasting Unit to begin projecting the impact of the recession on the volume of initial claims and usher in a three-phased approach tied to unemployment rate thresholds.

Section three discusses personnel adjustments (recruitment, hiring, borrowing) that the EDD made prior to the Covid-19 pandemic to prepare for a potential recession and during the Covid-19 pandemic to address the workload increase. Long-term solutions are proposed to create a sustainable and expandable UI workforce and impediments to the rapid expansion of staffing during workload increases are addressed (hiring timeframe, physical space, and technology equipment inventory).

Putting to use the knowledge gained from the COVID-19 pandemic and the Great Recession, section four analyzes current classifications and corresponding job duties of extant EDD staff and explains how the solutions to use extant EDD staff more effectively, such as a staffing backup system, utilization of seasonal and part-time staff, cross-training of staff, and extending EDD's call center operations hours, will be implemented in response to increased UI workloads.

Section five details the history of EDD automated systems, which allow claimants to self-serve, and details recent solutions implemented during the COVID-19 pandemic to improve claimant self-service and reduce wait times. Strategies for developing and improving current EDD automated systems are also detailed.

Section six provides an overview of the standard process for procuring equipment for new employees and the standard purchasing practices of the Information Technology Branch (ITB). It also identifies the COVID-19 pandemic as a singular economic recession and details the unique impact the COVID-19 pandemic had on inventory and equipment procured. Practices to ensure adequate inventory to address increased UI claim workloads are proposed.

Section seven outlines the development of EDD's UI policy and procedures and scrutinizes their potential future modification when the need arises due to an increase in UI benefit claims by taking into account standard feedback mechanisms, implemented COVID-19 pandemic changes, impediments to modification, triggers for activating new policies and procedures, and specific categories in which changes could be effected.

Historical and current EDD public communication efforts to stakeholders are detailed in section eight along with changes made during the COVID-19 pandemic to respond to increased communication needs due to the increased departmental workload. Various avenues to improve future EDD communication efforts are proposed.

Section nine addresses the federal funding gap in administering the UI program and stopgap measures pursued by the EDD to make up for budget shortfalls. As investment in UI often tracks with recessionary periods, long-term modernization projects to update outdated EDD systems have been superseded by immediate funding needs to address increases in UI claims for benefits. This section outlines steps the EDD will take to address budget constraints during recessionary and non-recessionary periods.

The EDD claims-processing tools are reviewed in section ten with a specific focus on the identity verification process before the COVID-19 pandemic and during the COVID-19 pandemic in response to the exponential increase in claims submitted online and the idiosyncrasies of the Pandemic Unemployment Assistance program. Solutions are proposed to balance timely delivery of benefits with efforts to prevent fraud against the EDD.

Section eleven assesses UI call-center protocols including the implementation of the call center's Interactive Voice Response system and emergency COVID-19 pandemic measures, specifically the introduction of the UI Online Assistance Center later renamed the UI Customer Service Center. It details how these new systems enhanced self-service for claimants based on integrated call center and customer feedback and EDD's Quality Assurance Management program. Opportunities to further automate complex calls and streamline contact center operations using data collected by the UI program are outlined along with a method to establish a baseline that will be used in the future to monitor and determine when the customer experience deviates from established baselines.

Introduction

California [Senate Bill 390](#), approved by Governor Newsom on October 5, 2021, requires the California Employment Development Department (EDD) to develop and, upon appropriation by the Legislature, implement a recession plan to prepare for an increase in UI benefits claims caused by an economic recession.[*] Senate Bill 390 requires the EDD's recession plan to detail how the Department will use a predetermined strategy to respond to economic downturns, and the Legislature intends that this strategy should consider all aspects of the EDD's operations—including, but not limited to, identifying the lessons learned from previous economic downturns; identifying ways to improve self-service options so that EDD customers will not experience long wait times to speak with staff; and enhancing claims-processing tools to ensure that the Department's identity verification processes are as "robust as possible." Senate Bill 390 further requires the Department to provide a copy of its recession plan to specified legislative committees and the Department of Finance by March 1, 2022, and to update the recession plan and provide a copy to specified legislative committees and the Department of Finance every second year thereafter.

Text of Senate Bill 390

For ease of reference, the complete text of Senate Bill 390 is provided below.

Senate Bill No. 390
CHAPTER 543

An act to add Section 339 to the Unemployment Insurance Code, relating to unemployment insurance.

SB 390, Laird. Employment Development Department: recession plan.

Existing law creates, in the Labor and Workforce Development Agency, the Employment Development Department, which is vested with the duties, purposes, responsibilities, and jurisdiction with respect to job creation activities. The department is authorized to study and make recommendations as to actions that might tend to do several things, including, but not limited to, promoting the prevention of unemployment and the stabilization of employment, reducing and preventing unemployment, and establishing the most effective methods of providing economic security through all forms of social insurance.

This bill would require the department to develop and, upon appropriation by the Legislature, implement a recession plan to prepare for an increase in unemployment insurance compensation benefits claims due to an economic recession. The bill would require the plan to detail how to respond to economic downturns with a predetermined strategy that has considered the full effect on the department's operations, and include, but not be limited to, identifying the lessons learned from previous economic downturns, identifying ways to improve self-serve services to avoid long wait times to speak to staff, and enhancing claims processing tools to ensure that the department's identity verification processes are as robust as possible. The bill would require the department to

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[*]See https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB390.

provide a copy of the recession plan to specified legislative committees and the Department of Finance by March 1, 2022, and to update the recession plan and provide a copy to specified legislative committees and the Department of Finance every 2nd year thereafter.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1.

Section 339 is added to the Unemployment Insurance Code, to read:

339.

(a) The department shall develop and, upon appropriation by the Legislature, implement a recession plan to prepare for an increase in unemployment insurance compensation benefits claims due to an economic recession. The plan shall detail how to respond to economic downturns with a predetermined strategy that has considered the full effect on the department's operations, and shall include, but not be limited to, all of the following:

(1) Identifying the lessons learned from previous economic downturns, including the coronavirus (COVID-19) pandemic.

(2) Identifying the indicators the department will be monitoring and using to project the likely upcoming workload impacts.

(3) Identifying the steps the department will take to address increases in its workload, such as cross-training staff, changing its staffing levels, prioritizing specific tasks, and adjusting the way it performs certain work, including addressing all of the following factors:

(A) How quickly staff can be hired.

(B) Whether there is physical space for staff.

(C) Whether the selected location has the technology that will be needed.

(4) Analyzing current job duties or classifications and ensuring the right staff is doing the right work, including all of the following factors:

(A) Whether current staff is ready to take on more complex work, increased volumes of work, or both.

(B) Identification of a backup system for a sudden influx of work.

(C) Assessing how existing seasonal and part-time staff is utilized, including whether the department can temporarily alter the work duties of current staff instead of hiring new staff.

(D) Assessing how current staff can be cross-trained.

(E) Extending hours of operation.

(5) Identifying ways to improve self-serve services to avoid long wait times to speak to staff.

(6) Assessing the current inventory of equipment, including both of the following:

(A) Determining if the department should lease equipment.

(B) Determining if there is enough equipment to support anticipated increased staffing levels.

(7) Identifying the altered policies or procedures that the department would activate if a rise in unemployment insurance compensation benefits claims became significant enough to warrant that step.

(8) Analyzing communications, including determining if additional lines of communication are needed, such as additional phone lines, additional email boxes, and external communications, including, but not limited to, social media.

(9) Identifying budget and funding constraints.

(10) Enhancing claims processing tools to ensure that the department's identity verification processes are as robust as possible.

(11) Assessing call center protocols by doing both of the following:

(A) Establishing a process for tracking and periodically analyzing the reasons why unemployment insurance compensation benefits claimants call for assistance.

(B) Analyzing the data gathered to improve the department's call center by doing both of the following:

(i) Identifying and resolving weaknesses or problems with the ways in which the department assists unemployment insurance compensation benefits claimants through self-serve services and non-call center options.

(ii) Developing specialized training modules to quickly train call center staff on the most commonly requested items with which callers want assistance.

(b) (1) The department shall provide a copy of the recession plan to the Joint Legislative Budget Committee, the Senate Committee on Labor, Public Employment and Retirement, the Assembly Committee on Insurance, and the Department of Finance by March 1, 2022, and update the recession plan and provide a copy to the Joint Legislative Budget Committee, the Senate Committee on Labor, Public Employment and Retirement, the Assembly Committee on Insurance, and the Department of Finance every second year thereafter.

(2) The report shall be submitted in compliance with Section 9795 of the Government Code.

In response to and in accordance with Senate Bill 390, the EDD hereby presents its recession plan.

Line Item 1: Identifying Lessons Learned from Previous Economic Downturns, Including the Coronavirus Pandemic

Line item 1 of California Senate Bill 390 requires the EDD to identify "lessons learned from previous economic downturns, including the coronavirus (COVID-19) pandemic." Drawing especially on challenges experienced during the Great Recession and the COVID-19 pandemic—but also on the EDD's efforts over the years to modernize benefit systems and evaluate internal policies and processes—the Department has gathered a substantial amount of information from prior economic crises.

The following sections highlight the efforts by the EDD to gather lessons learned from the state's most recent economic downturns. *Lessons learned* are the documented information that reflects both positive and negative experiences over time. Plans and actions discussed later in the EDD's response to Senate Bill 390 (line items 2 to 11) are a result of efforts to document lessons learned that are described below.

The Great Recession (2008–2010)

In 2019, the EDD assembled focus groups to collect information on the challenges and lessons learned during the Great Recession. The information gathered from these focus groups provides critical data that will allow the Department to better prepare for the next crisis or economic downturn. It is worthwhile to note that of the two recent crises—the Great Recession and the COVID-19 pandemic—the financial crisis that led to the Great Recession may serve as a better case study for future economic downturns. As severe as the Great Recession was, the economic decline, the rise in unemployment claims, and the overall impact on EDD resources unfolded over many months, which allowed the Department time to enhance resources to meet the increased demand for services. By contrast, the COVID-19 pandemic was both extreme and sudden and overwhelmed the EDD's available resources.

Four focus groups included representatives from Unemployment Insurance (UI) Branch staff and management. These sessions documented 119 insights spanning five themes: communication; recruiting, hiring, and retention; technology; training; and workload management.

Category	# of Insights	Percentage
Communication	16	13
Recruiting, Hiring, and Retention	21	18
Technology	18	15
Training	33	28
Workload Management	31	26
Total	**119**	**100**

Below are a few examples of information gathered by the Department:

- **Recruiting, Hiring, and Retention—**The increase in UI workload required rapid, mass hiring of new EDD employees who needed additional training, guidance, and direction.
- **Technology—**UI systems lack integration. Critical customer data is spread across multiple, legacy systems.
- **Training—**The UI program is complex. Employee proficiency is achieved over time and requires months of training and mentoring. The learning curve for new staff and managers did not keep pace with the increase in workload during this time.
- **Workload Management—**Quality assurance suffered during periods of peak workloads, resulting in a high rate of errors from inexperienced staff.

Benefit System Modernization Project

In 2016, the EDD started a Benefit System Modernization (BSM) project to modernize the UI, Disability Insurance, and Paid Family Leave benefit systems. During the development of "As Is" requirements, the UI Branch conducted outreach sessions, also known as "Engagement Sessions," with UI Branch staff and management. These outreach sessions documented 1,740 pain points and wish-list items for the BSM solution. Based on the UI Branch's analysis of the pain points and wish-list items, the following categories were most commonly mentioned:

Category	Percentage
Process Improvements	24.6
Policy and Procedure Improvements	17.8
Enhanced System Functionality	7.6
Self-Service Options	7.2
Simplified and Clear Language	6.5

In 2020, the BSM project was paused based on a recommendation from the Governor's EDD Strike Team.[*] With an investment of $11.8 million in the 2021 Budget Act, the BSM project was restarted as Reimagined BSM (RBSM).

The 1,740 lessons learned that are documented as pain points and wish-list items continue to serve as requirements for the new RBSM project and as action items for other UI improvement projects.

Unemployment Insurance Myths Catalog

On November 24, 2020, in response to the Strike Team recommendation #98 (re-evaluate policy and process, and simplify wherever possible; push back on "policy myths"), the UI Business Process Improvement (BPI) team surveyed UI Branch staff and management for opinions about any potential "myths" they believe hinder rapid changes or updates to policy

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[*]Governor Newsom announced the formation of his EDD Strike Team via press release dated July 29, 2020. See https://www.gov.ca.gov/2020/07/29/governor-newsom-takes-action-to-strengthen-state-unemployment-insurance-delivery-system/.

and processes within the UI program. The BPI team received a total of 161 responses, which included anecdotal information and personal observations. The responses have been categorized into the following themes for the purpose of discussing lessons learned from past economic crises.

Category	# of Suggestions
Policy, Procedure, and Process Myths	65
Staff Pain Points	34
Customer Pain Points	28
Customer Myths	26
Other	8

The BPI team examined the 65 policy, procedure, and process myths and cross matched them with the pain point categories previously outlined by the Strike Team to further refine the list. Then the BPI team eliminated the myths that overlapped with other UI Branch efforts, or were duplicates within the spreadsheet, and those that were operational in nature. The BPI team used a Lean/Six Sigma tool, called the Benefit-Effort Matrix, to assess the remaining policy, procedure, and process myths.

The analysis and assessment of these 161 responses serve as documented lessons learned and as requirements for future UI improvement projects.

The COVID-19 Pandemic

In November 2021, the UI Branch issued a branch-wide "Pandemic Lessons Learned Survey" to solicit feedback from UI Branch staff and management about their work experiences during the COVID-19 pandemic. The survey asked respondents to identify the biggest challenges faced by the EDD as the Department prepares for the next global crisis or economic downturn.

The UI Branch received feedback totaling 10,633 responses from 1,519 employees to seven survey questions. Responses to the question "What is the biggest challenge we face today in preparing for the next crisis or economic downturn?" have been categorized into the following seven themes: training; technology; recruiting, hiring, and staff retention; workload management; fraud; communication and change management; and resources.

Category	# of Insights	Percentage
Training	386	22
Technology	362	20
Recruiting, Hiring, and Staff Retention	313	17
Workload Management	297	17
Fraud	224	12
Communication & Change Management	127	7
Resources	84	5
Total	**1,793**	**100**

Feedback from this survey will continue to be reviewed for ongoing program improvements and future economic recession planning. Below are a few of the survey responses communicated by UI Branch staff and management.

Training
- Condensing UI training from 12 months to three months did not prepare new staff with all the necessary tools to be able to succeed.

Technology
- The EDD must constantly improve technology, offer continuous staff training, and keep thinking outside the box on how to perform better in every aspect of the job.
- The EDD is moving in the right direction in updating systems to be efficient and effective. The two automated systems for the UI program need to be merged; these should be combined into one system that is user-friendly, simple, and has emergency codes implemented as a default.[*]

Recruiting, Hiring, and Staff Retention
- The UI Branch needs to be able to scale up staff to handle major crisis workloads with sufficient, functional training. The accelerated training is inadequate and fails to directly address the day-to-day work of EDD employees.

Workload Management
- The EDD needs pre-established guidelines for each program offered. Some of the communications were not easily understandable for some of the public in general.
- The UI Branch should limit individual workload that can be completed daily. Eligibility determinations require highly trained staff to properly adjudicate eligibility for UI compensation.

Resources
- The UI Program budget process makes it difficult for the UI Branch to increase staffing resources quickly in anticipation of an economic slowdown. Budget increases occur after the impact of a downturn is identified. The UI Branch should have reserve workload capacity on hand.

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[*]The two automated systems referenced are the Single Client Database (SCDB) and California Unemployment Benefit Services (CUBS).

Line Item 2: Identifying Indicators the EDD Will Monitor and Use to Project Likely Upcoming Workload Impacts

Line item 2 of Senate Bill 390 requires the EDD to submit an economic recession plan that includes "identifying the indicators the Department will be monitoring and using to project the likely upcoming workload impacts." The following discussion addresses this topic.

Changes Made Prior to the COVID-19 Pandemic

In January 2020, the EDD's Unemployment Insurance (UI) Branch began developing an economic resilience plan to create a holistic approach to adapt to the cyclical nature of California's economy and to support the Department's strategic goals and core values. To ensure a comprehensive and well-balanced plan, the EDD assembled a workgroup to analyze various operational elements of the UI program.

One of the key objectives of this workgroup was to monitor existing reports and provide context to the seasonal nature and trends of UI workload data. The intent was to use this information to establish a statistically centered and reliable baseline methodology, and act as the foundation for future efforts to create triggers and threshold levels.

Over a year, the size of the labor force and levels of unemployment fluctuate due to seasonal events that include changes in weather, harvests, major holidays, and school schedules. In some instances the rate of unemployment can increase due to unanticipated external factors (such as strikes or lockouts, furloughs, or natural disasters). Since these seasonal events follow a regular pattern each year, workload metrics were analyzed to identify periods when predictable, repeating fluctuations occur. The analysis aimed to pre-plan a more efficient distribution of EDD employees across various workloads and to have sufficient staffing to handle predictable surges in expected workload.

Historically, the UI Branch has used various reports to monitor workload, budget, and other pertinent data to make data-driven decisions. The first phase of this effort analyzed three of the most well-documented and accessible UI workload metrics. The following metrics were selected for the data analysis:

- **Initial Claims** from the US Department of Labor (DOL) Employment and Training Administration (ETA) Report 539, *Weekly Claims and Extended Benefits Trigger Data*
- **Call Attempts** (Virtual Contact Center)
- **Determination for Eligibility of Unemployment Compensation Interview Monthly Scheduled Counts** (UI Scheduling System)

Exploratory data analysis was performed on these UI workload metrics by collecting historical data, performing distribution analysis, and comparing historically available data to National

Bureau of Economic Research (NBER) recession dates. Since the selected UI workload metrics are mostly seasonal in nature, baselines were calculated monthly to account for seasonality.

The baseline average was calculated using the last five completed calendar years (2015–2019) comparing each calendar month against the same month's data from other years within the baseline. The data associated with the calendar year 2020 continues to be analyzed due to the COVID-19 pandemic. Using this baseline average, the following parameters were developed:

Parameter	Formula	Definition
Extremely Light	X ≤ 15%+	Data point is 15+ percent less than the monthly average.
Very Light	X ≤ 10 – 14.9%	Data point is 11–15 percent less than the monthly average.
Light	X ≤ 5 – 9.9%	Data point is 6–10 percent less than the monthly average.
Normal	X = +/- 4.9%	Data point is 5 percent more or less than the monthly average.
High	X ≥ 5 – 9.9%	Data point is 6–10 percent more than the monthly average.
Very High	X ≥ 10 – 14.9%	Data point is 11–15 percent more than the monthly average.
Extremely High	X ≥ 15%+	Data point is 15+ percent more than the monthly average.

Based on the 2015–2019 data, the Department applied these parameters by month to the three most well-documented and accessible UI workload metrics:

Month	Initial Claims	Determinations	Calls Attempts
January	Extremely High	Light	Extremely High
February	Normal	Normal	High
March	Normal	High	Extremely Light
April	Normal	Normal	Extremely Light
May	Light	Normal	Extremely Light
June	Normal	Normal	Normal
July	Normal	Very High	High
August	Light	Extremely High	Extremely Light
September	Extremely Light	Normal	Extremely Light
October	Normal	Light	Extremely Light
November	Normal	Extremely Light	Extremely High
December	High	Very Light	Extremely High

As a result of this analysis, the workgroup developed the following recommendations to be considered for future efforts:

- Incorporate the baseline methodology and parameters as a standard reporting procedure for existing reports.
- Incorporate the baseline methodology and parameters to be used as a point of consideration for quantifying recommendations on overtime requests, hiring justifications, and significant workload redirections/decisions.

The onset of the pandemic halted efforts toward these recommendations as the Department shifted to responding to the increase in workload.

Changes Made During the COVID-19 Pandemic

In January 2021, the EDD established the UI Command Center Division (UICCD) to oversee the planning of benefit claim processing workloads and staffing resource allocations for the UI Branch. The division's primary functions include forecasting UI workload volumes, customer service demands, and staffing levels needed to meet performance objectives. The UICCD has identified tools and processes to project/forecast workloads and determine staffing resource allocations.

The UICCD has designated a Workload Forecasting Unit staffed with a Staff Services Manager I and three analysts. This unit works closely with a vendor to learn industry-standard "best practices" associated with workload forecasting and workload management initiatives. The vendor is assisting the unit to process workload forecasts through the NiCE inContact Workforce Management (WFM) system. The creation of workload forecasts in the NiCE inContact WFM system is currently a semi-automated process, and the final phase of its implementation should be completed by May 2022.

In the interim, the Workload Forecasting Unit has developed a process flow to demonstrate the downstream workloads triggered by the volume of initial claim applications to assess the staffing levels required to meet the projected workload demand. This model provides percentages for the number of downstream workloads that are created requiring manual staff intervention (such as eligibility issues detected, work items generated, determination interviews scheduled, appeals filed, and recomputations required) that can be applied to any volume of initial claims.

The Program Estimates Group (PEG) in the Fiscal Programs Division (FPD) of the EDD's Administration Branch utilizes economic forecast data from the Department of Finance (DOF) and the University of California, Los Angeles (UCLA) to project future workload volumes for the EDD to determine the spending authority of the UI program. The PEG produces workload projections for the current state fiscal year (SFY) and the following two SFYs prior to each October and May Revise. The PEG focuses on four main UI workload categories in its projections: initial claims, weeks claimed, non-monetary determinations, and appeals. The

UICCD's Workload Forecasting Unit will be able to use the PEG's projections for initial claims in the newly developed workload model to prepare adequate staffing plans for all downstream workloads likely to be produced. The UICCD Forecasting Unit will also make adjustments to the PEG projections for initial claims, as needed, to prepare for any foreseeable economic changes, such as strikes, or contingency plans for hypothetical scenarios, including pandemics and disasters.

The UICCD Forecasting Unit will further improve the accuracy of manual projections for UI off-phone production workloads until an information technology (IT) solution for system and data integration to the NiCE inContact WFM system is implemented and fully operational.

Identifying Indicators to Project Upcoming Workload Impacts

Historically, unemployment inversely follows the strength of the economy, which grows steadily but collapses quickly (as indicated in the graph below). Because federal funding for the UI program is tied to actual—not *anticipated*—workload, it is challenging to adequately prepare for significant needs for talent and resources when economic conditions change rapidly.

United States Recession Periods and the United States and California Unemployment Rates
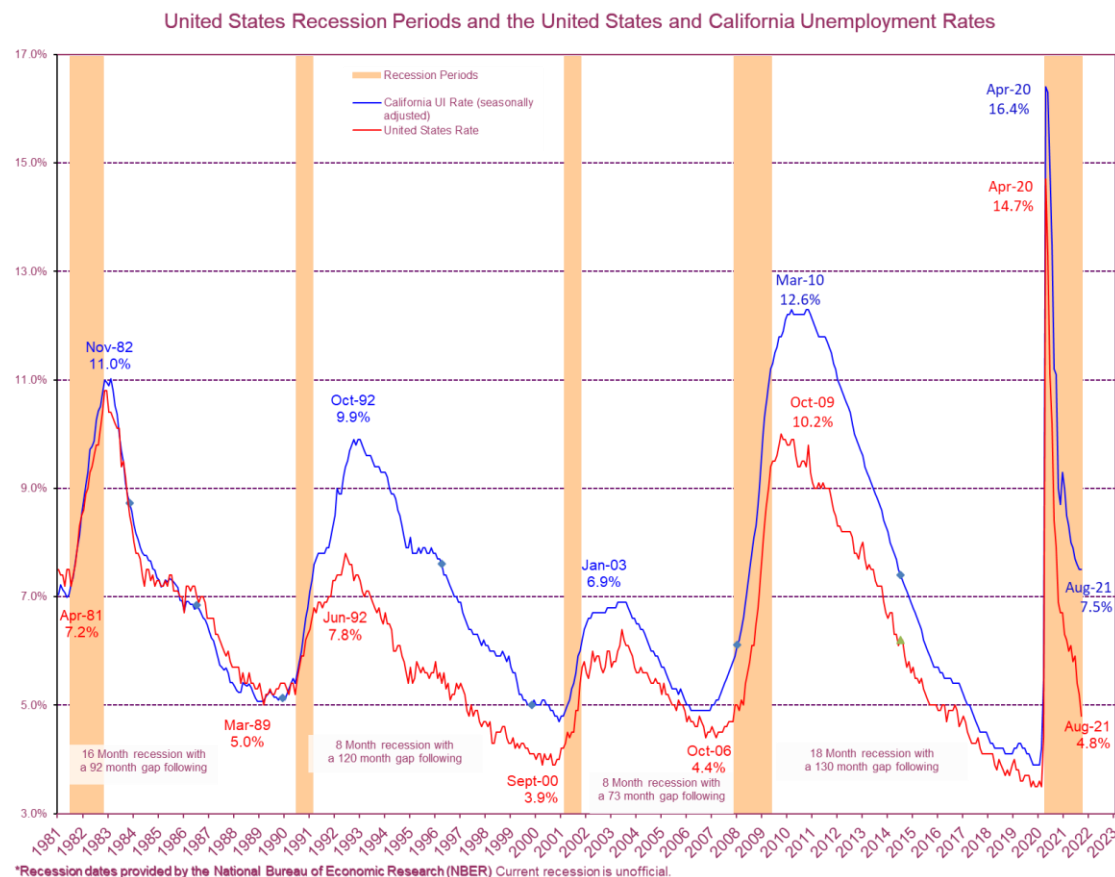
The EDD has made great strides during the COVID-19 pandemic in improving its ability to project future UI workload levels. The opportunity now facing the EDD is to more closely monitor the national economic climate in order to accurately predict and prepare for an

upcoming recession. While this appears to be a very straightforward goal, recessions are complex and are considered impossible to predict with certainty.

The EDD's own economist, who works in the Labor Market Information Division (LMID), indicates that economists do not have models to predict recessions, and therefore economic forecasts never predict recessions. The timing and arrival of recessions have too much of a random element (witness the suddenness of the COVID-19 pandemic-induced recession that began in March 2020). With this in mind, the best one can do is speak to the probabilities of a recession. Economists track several variables to determine the probability of a recession, including recent unemployment and job trends at state and national levels, as it is unlikely for California's economy to fall into recession without a national recession. Other national economic indicators—such as gross domestic product (GDP), personal income, consumer confidence indices, and consumer expenditures (including retail spending)—are typically monitored and weighed by economists to determine whether the economy is in recession.

The [National Bureau of Economic Research (NBER)](#) is the official arbiter of US recessions.[*] The NBER defines recessions as having the following five elements:

1. Decline in economic activities lasting more than a few months
2. 1.5% decline in real gross national product (GNP)
3. Decline in manufacturing over a six-month period
4. Reduction in jobs in more than 75% of the industries for six months or more
5. Two point rise in unemployment to a level of at least 6%

Monthly, the NBER monitors the following indicators to determine if a recession is occurring: income, employment, manufacturing, and wholesale–retail sales. When these indicators decline, so will the GDP.

The NBER's website states, "The warning signs of a recession are a quarter of negative growth followed by positive growth of several quarters, then another negative quarter growth. A recession can typically be anywhere from nine to 18 months but the impact is long lasting."

Employment Development Department Operational Changes or Recession Triggers

While all recessions behave similarly and are characterized by rising unemployment, falling consumer demand, production cutbacks, stock market losses, and so forth, the trigger for each recent recession has been unique. The recession of the early 1990s was caused by a sharp decrease in military spending after the Cold War. The recession of the early 2000s was caused by the collapse of the housing market. The most recent recession was caused by a worldwide public health emergency. Recessions are triggered by unanticipated shocks to the economy and

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[*]See https://www.nber.org/about-nber.

reveal themselves over time. The EDD will track the following variables to determine the probability of a recession and monitor:

- The [US Gross National Product (GNP)](#) on a quarterly basis for decreases of 1.5% or more (information tracked at [tradingeconomics.com](#)).[*]
- The health of manufacturing by referring to the [Industrial Production and Capacity Utilization Report](#) on the Federal Reserve website.[‡] A decline in manufacturing over a period of six months or more could indicate a recession.
- The status of [Personal Income](#) on the US Bureau of Economic Analysis (BEA) website.[‡] This data is also available on the [California Department of Finance website](#).[**]
- Additionally, the EDD will track income data from the [US Census Bureau](#), California's Franchise Tax Board and Department of Industrial Relations, and the US Department of Health and Human Services.[‡‡]
- Franklin Templeton's dashboard on Recession Risk Indicators (shown below). This dashboard shows the high-level status of 12 economic recession indicators for consumer, financial, and business activity. The Franklin Templeton webpage on U.S. recession risk—[U.S. Economy: Anatomy of a Recession](#)—displays the 12 indicators in a quick-reference graphic.[‡‡]

Recession Risk

U.S. Recession Risk Indicators

		October 31, 2021	September 30, 2021	June 30, 2021
Consumer	Housing Permits	⬆	⬆	⬆
	Job Sentiment	⬆	⬆	⬆
	Jobless Claims	⬆	⬆	⬆
	Retail Sales	⬆	⬆	⬆
	Wage Growth	🟡	⬆	⬆
Business Activity	Commodities	⬆	⬆	⬆
	ISM New Orders	⬆	⬆	⬆
	Profit Margins	⬆	⬆	⬆
	Truck Shipments	⬆	⬆	⬆
Financial	Credit Spreads	⬆	⬆	⬆
	Money Supply	⬆	⬆	⬆
	Yield Curve	⬆	⬆	⬆
	Overall Signal	⬆	⬆	⬆

⬆ Expansion 🟡 Caution ✖ Recession

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[*]See https://tradingeconomics.com/united-states/gross-national-product.
[‡]See https://www.federalreserve.gov/releases/g17/current/default.htm.
[‡]See https://www.bea.gov/data/income-saving/personal-income.
[**]See https://www.dof.ca.gov/Forecasting/Economics/Indicators/Income/.
[‡‡]See https://www.census.gov/topics/income-poverty/income.html.
[‡‡]See https://www.franklintempleton.com/insights/anatomy-of-a-recession.

Recession Trigger Metrics

In the event several recession indicators listed above become present, the UICCD Forecasting Unit would be tasked with projecting the impact of the recession on the volume of initial claims. Utilizing either the manual model for projecting off-phone workloads and/or the completed NiCE inContact WFM system (when it becomes available in May 2022) to predict the impact of a potential recession on all UI workload volumes, the Forecasting Unit will recommend immediate actions to increase staffing capacity and productivity based on the severity of the probable economic downturn.

The unemployment rate will be the primary recession indicator that will drive the EDD's decision-making. When comparing the monthly unemployment rates and the volume of initial claims from 2005 to 2020, there is an observable correlation in trends (as shown in the charts below).

Initial Claims
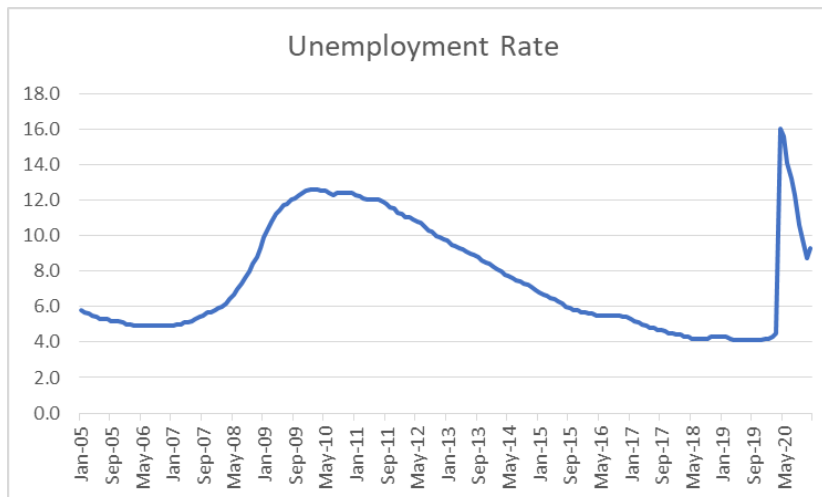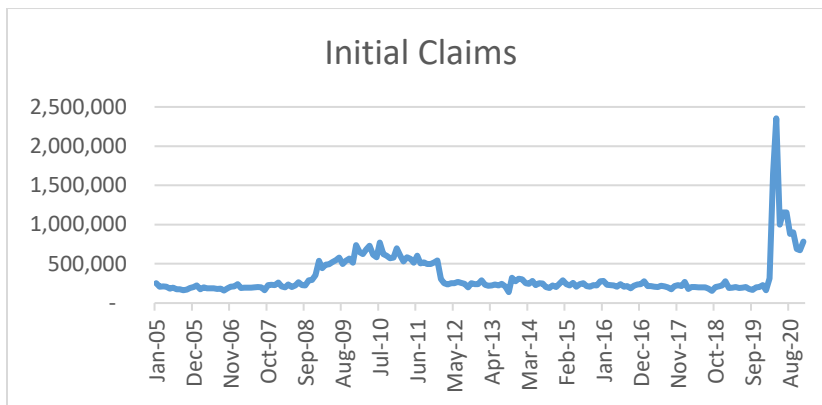
Unemployment Rate

When available staffing resources exceed workload demand, the EDD will proactively cross-train staff to prepare a more flexible workforce to process workloads where historical demands are greatest. As the unemployment rate reaches different thresholds, the EDD will implement the following phased approach.

Phase 1 — Increase capacity with existing staffing resources when the California Unemployment Rate reaches 6%.[*]

- Authorize overtime.
- Process the work in priority order (such as workloads that are especially sensitive, workloads with external Service Level Agreements [SLAs] that prevent payment, workloads without external SLAs that prevent payment, and workloads with external SLAs that do not prevent payment).[‡]
- Reduce vacation slots during peak workload periods.
- Schedule quarterly training during non-peak months.
- Minimize and strategically schedule administrative time.
- Limit approval of part-time and voluntary time (V-Time) reduction requests.
- Maximize determination schedules and assign schedules to first-level managers.
- Adjust internal SLAs.
- Prepare for Phase 2, which includes:
    - Soliciting other EDD branches and non-EDD volunteers to assist with liquidating less complex, predetermined workloads. This will allow seasoned UI staff to focus on liquidating the more complex workloads requiring full training scope in the event Phase 2 is realized.
    - Determining an alternate hiring plan approach to onboard/train additional UI staff—up to a certain rank to ensure that a skilled workforce is in place.
    - Surveying potential retired annuitants to recruit and onboard.
    - Identifying other non-traditional options for meeting workload demands to increase staffing resources.

Phase 2 — Increase capacity by adding staffing resources when the California Unemployment Rate reaches 8%.[‡]

- Utilize other EDD branches and non-EDD volunteers to assist with liquidating less complex, predetermined workloads.
- Implement hiring plan to onboard/train additional UI staff (such as Office Technicians [OTs], Employment Program Representatives [EPRs], and Employment Program Managers [EPMs] I). To ensure reasonable managerial oversight, this hiring plan should include sustainable staff-to-manager ratios (such as EPM 1 1:10, EPM II 1:40, and EPM III 1:80).
- Deploy retired annuitants.

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[*] 6% threshold based on previously referenced NBER (nber.org) recession indicator.

[‡] SLAs are formal negotiated agreements which help identify expectations and basic service levels as well as clarify the roles and responsibilities between a service provider and its customer. Two examples of EDD SLAs involve answering a specified number of phone calls each week and processing online applications within a definite time frame.

[‡] 8% threshold based on analysis of previously displayed Initial Claims and Unemployment Rate charts. At this point, workload demand will soon exceed staffing capacity (even after Phase 1 efforts) and additional staff would be needed.

- Brainstorm other non-traditional options for meeting workload demands to increase staffing resources that involve outside vendors (such as, draft statement of work and draft contract language).

Phase 3 — Increase capacity by adding temporary vendor staffing resources when the California Unemployment Rate reaches 12%.[*]

- Release Request for Proposal (RFP) and execute vendor contract to add temporary vendor staffing resources, contingent upon supplemental funds (similar to FTB during peak tax season or Covered California during open enrollment).
- Reassess hiring plan to onboard/train additional UI staff (OTs, EPRs, EPMs I), as needed, to accommodate for attrition.

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[*]12% threshold based on analysis of previously displayed Initial Claims and Unemployment Rate charts. At this point, workload demand will soon exceed staffing capacity (even after Phases 1 and 2) and additional staff would be needed.

Line Item 3: Identifying Steps the EDD Will Take to Address Workload Increases

Line item 3 of Senate Bill 390 requires the EDD to identify "the steps the Department will take to address increases in its workload, such as cross-training staff, changing its staffing levels, prioritizing specific tasks, and adjusting the way it performs certain work, including addressing all of the following factors:

> (A) How quickly staff can be hired.
> (B) Whether there is physical space for staff.
> (C) Whether the selected location has the technology that will be needed."

The following discussion addresses these topics.

Background

The EDD's Unemployment Insurance (UI) Branch was tasked with implementing mass-hiring measures in the midst of the COVID-19 pandemic. After a thorough review of the recruitment and hiring practices used by the State of California and the EDD before and during the pandemic, the Department has identified several opportunities to be better prepared for recruitment and hiring before the next economic crisis occurs.

Changes Made Prior to the COVID-19 Pandemic

The EDD's UI Branch has made many positive strides in recruitment and hiring since the Great Recession. Despite departmental efforts to maintain a viable workforce, federal reduction in funding eliminated branch recruitment efforts. Due to budgetary constraints and declining workload, the Department did not refill its lost workforces after the Great Recession subsided in 2010. From 2011 to 2019, the UI Branch was downsized by approximately 1,950 employees through attrition; approximately 85% of the reduced workforce were Employment Program Representatives (EPRs).

The table below provides UI attrition numbers for the 2011–2019 period.

ATTRITION	2011	2012	2013	2014	2015	2016	2017	2018	2019	TOTAL 2011–19
UI Field Total	251	355	279	221	223	208	91	151	169	1,948

Beginning in April 2019, the EDD planned for a potential recession and allowed its field offices to gradually increase the workforce by converting pre-existing Permanent Intermittent (PI) EPRs to full-time positions and refill behind the PI EPR vacancy. From July 2019 to March 2020, EDD field offices hired approximately 400 new PI EPRs across the Department.

The California State Constitution establishes that all appointments and promotions must be strictly based on the employee's ability to perform the essential functions of the job. Article VII, Section 1 of the California State Constitution states, "In the civil service permanent appointment and promotion shall be made under a general system based on merit ascertained

by competitive examination."[*] This competitive examination is a way of confirming that appointments to California civil service are made using a Merit System for hiring.[†] Thus anyone appointed to state service must first pass a classification examination. The competitive examination confirms that appointments to California civil service follow the Merit System for hiring.

The California Department of Human Resources (CalHR) manages examinations for classifications used by multiple departments (such as the Office Technician [OT]). Departments manage examinations for classifications that are not shared with other departments (such as the EDD's EPR series).

Prior to the COVID-19 pandemic, the OT exam was offered through the state and administered in person with test dates announced a month in advance. Registration was completed online with candidates selecting a location of their choice. The exam was a 90-minute, timed, multiple-choice skills assessment consisting of three sections: arithmetic calculations, written communication, and reading comprehension. Candidates received the results in their online CalHR account up to one week later.

The EPR exam is a life experience questionnaire that evaluates an applicant's relative knowledge, skills, and abilities. This examination is continuously available on the CalHR CalCareers website.

All candidates passing an exam have their names added to the list for corresponding classification. These candidates are referred to as being "list eligible" for the classification and can apply to vacancies listed on the CalHR CalCareers website. Vacancies are posted on CalCareers for a minimum of 10 calendar days and are not often promoted beyond this website. A candidate must apply to the vacancy before the deadline, which is referred to as the final filing date.

The EDD hiring manager reviews and scores all applications to determine whom to interview. The interview is conducted in person with a panel, and candidates respond verbally to questions asked. Reference checks and personnel file reviews are then completed for the leading candidates.

Once the hiring management determines which candidates to hire, conditional job offers are made to the candidates, and hiring paperwork is submitted to the EDD's Human Resource Services Division (HRSD). The average amount of time from the final filing date to a conditional job offer is 45 days, depending on how quickly the hiring manager schedules interviews,

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[*]See California Constitution, Article VII, Section 1, at https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=CONS&division=&title=&part=&chapter=&article=VII.
[†]See https://www.calhr.ca.gov/pmd/Documents/about-merit-system-services.pdf.

completes reference checks, and obtains hiring approvals. The HRSD final hiring approvals take an additional 12 days, on average.

The HRSD first determines if candidates meet minimum qualifications (MQs) for the classification, and then determines if they are list eligible for the classification and are "reachable." To be reachable, the candidates must be in one of the top three scoring ranks among candidates who applied to the vacancy and passed the exam.

For the EPR classification, most candidates receive a top score for the self-assessment exam. The OT exam results generate a wider variety of scores, with most candidates receiving scores well below the top three. This has led to hiring challenges. If the candidates are not reachable, they cannot be hired. The hiring manager must move to the next highest-scoring candidate until a reachable candidate is identified.

After a candidate meets MQs and is reachable on the exam list, or the person is being appointed through a non-list method, the candidate needs to complete a background investigation. The background investigation is required for all UI Branch staff and in the Department for any candidate who will have access to federal tax information.

Once a candidate has been approved through the HRSD process, the approval is sent to the hiring manager, who then makes a formal job offer to the candidate. Although a classification may have a salary range, the candidate's salary has not yet been determined by the EDD at that point, and the hiring manager must offer the position to the candidate without knowing the person's actual salary. With few exceptions, a newly hired state employee starts at the bottom of the salary range for their classification (Range A).

Once the candidate accepts the job offer, the hiring manager completes additional paperwork to onboard the new employee. This includes setting up the employee's email account and information technology profile, making sure the employee has access to the hardware and software needed to perform the job, registering the employee for required training, and alerting staff members to update office documents and organizational charts. Candidates typically begin their new position within two to four weeks of receiving a formal job offer.

Changes Made During the COVID-19 Pandemic

In two of the last three recessions, the HRSD estimated that approximately 1,000 new EPRs were hired in response to the increased workload. In both cases, the unemployment rate and corresponding departmental workload increased incrementally over the course of many months.

The recession caused by the COVID-19 pandemic did not follow historical patterns. In February 2020, the United States had a historically low unemployment rate of 3.9%. Two months later, in April 2020, the rate increased to 16.4%—the fastest rate increase ever recorded.

As a result of the COVID-19 pandemic, the EDD hired more than 5,000 new staff members. In response to this immediate hiring need, the Department planned to have each of its field offices hire 40 new EPRs. However, the typical timeline to complete the hiring and onboarding process for a new employee is at least 71 days, which would result in a delay of new hires by approximately two and a half months into the COVID-19 pandemic. The overwhelming increases in workload further complicated the Department's hiring efforts in field offices. To hire 40 new EPRs, three Employment Program Managers (EPMs) would need to be redirected from the direct management and oversight of staff to focus on hiring for each of the 15 field offices.

Additionally, the COVID-19 pandemic resulted in enhanced office safety protocols. The need to physically distance at the beginning of the pandemic caused most staff to telework, which meant the office to which they were assigned didn't need to be within commuting distance of a staff member's home. New employees could be assigned to work in any office regardless of location.

Fortunately, teleworking opened the doors to borrowing staff from other EDD branches and other state departments via a mission task directive. Anyone who was an EPR within the last five years was contacted to return to the classification. Retired EDD employees were contacted and encouraged to return to work as retired annuitants with previous limitations temporarily lifted. Approximately 46 retired annuitants returned during the COVID-19 pandemic and made significant contributions to reduce workload with minimal training and supervision required.

The Department hired individuals in 15 additional classifications to assist with workload increases, in areas such as identity verification and auditing. Additional EPRs required additional support staff and management personnel. In April 2020, the EDD began hiring employees in the following limited-term classifications to assist with the workload:

- Accountant I (Specialist)
- Accountant Trainee
- Accounting Officer (Specialist)
- Accounting Technician
- Employment Program Manager I
- Employment Program Manager II
- Employment Program Manager III
- Employment Program Representative
- Office Assistant (Typing)
- Office Technician (General)
- Program Technician II
- Senior Accounting Officer (Specialist)
- Senior Accounting Officer (Supervisor)
- Tax Administrator I

The EPR and OT classifications accounted for 76% of the new staff hired during the pandemic. The OT classification was used in place of the Program Technician classification. The OT classification was used to supplement the EPR workload because the Program Technician classification did not have a sufficient number of list eligible candidates. The Program Technician exam was an in-person exam and not available for candidates to take due to the pandemic.

Most of these positions were established as limited-term tenure with an intermittent time base for several reasons. The result was that the Department had a more flexible workforce; their hours and employment could be adjusted based on the workload.

Job vacancies were posted on the CalHR CalCareers website in April 2020. The EDD recruiter used multiple methods to promote the vacancies, such as:

- Promoting vacancies on recruitment platforms (such as Indeed, LinkedIn, and Handshake).
- Marketing hiring information on EDD social-media platforms (such as Facebook and Twitter).
- Partnering with CalHR to put on a three-part virtual workshop on employment opportunities with the EDD.
- Highlighting vacancies through the EDD homepage and Careers page.
- Promoting the Department through virtual career fairs (in the latter part of the year).
- Interacting with job seekers through email and the LinkedIn Recruiter Seat.
- Sharing EDD employment opportunities with other state departments.

This approach, in addition to word-of-mouth and media reporting on the Department's efforts to hire new employees, resulted in the EDD receiving almost 20,000 job applications.

Hiring Process

Hiring almost 5,000 people in the 16 classifications was centralized within the HRSD, with staff borrowed from other departments to help with the hiring process.

- **SharePoint Site Developed**—The site assisted with administering the hiring process among the various groups.
- **Application Review**—HRSD determined whether a candidate met MQs.
- **Interview Process**—Telephone interviews were conducted with candidates that consisted of four questions related to the candidates' availability to work. This caused a delay in the process because candidates often failed to answer when the Department called. A secure Google Docs form was then used as the interview tool for EPR and OT candidates (two months into the process). This form asked the same questions about the candidates' availability to work and directed candidates to email it back to a general HRSD email account.
- **Offer of Employment**—Candidates who responded and met the MQs were extended a start date. This reduced the time it would normally take to score applications, conduct

panel interviews, complete reference checks, make a hiring decision, and submit paperwork to HRSD.

- **Onboarding**—New employees completed their onboarding and picked up equipment at the EDD field office that was closest to their place of residence. Offices had one onboarding day each month per classification. Instead of hiring 40 new EPRs over the course of the recession, as originally planned, this process enabled each office to hire exponentially more staff.

Opportunities Identified by the Employment Development Department

Change the Office Technician Hiring Process

CalHR oversees the OT exam as the job classification is used by most state departments. The current examination process and ranking system can be challenging for hiring managers to identify viable candidates that have met the CalHR MQs and who have the competitive knowledge, skills, and abilities to perform the work.

The Department recommends the use of a more thorough interview method to identify life experience and demonstrated knowledge, skills, and abilities (KSAs) of potential employees during the hiring process. For example, the chart below provides areas of identified opportunities when comparing the existing hiring process flow to the enhanced flow incorporating identified opportunities:
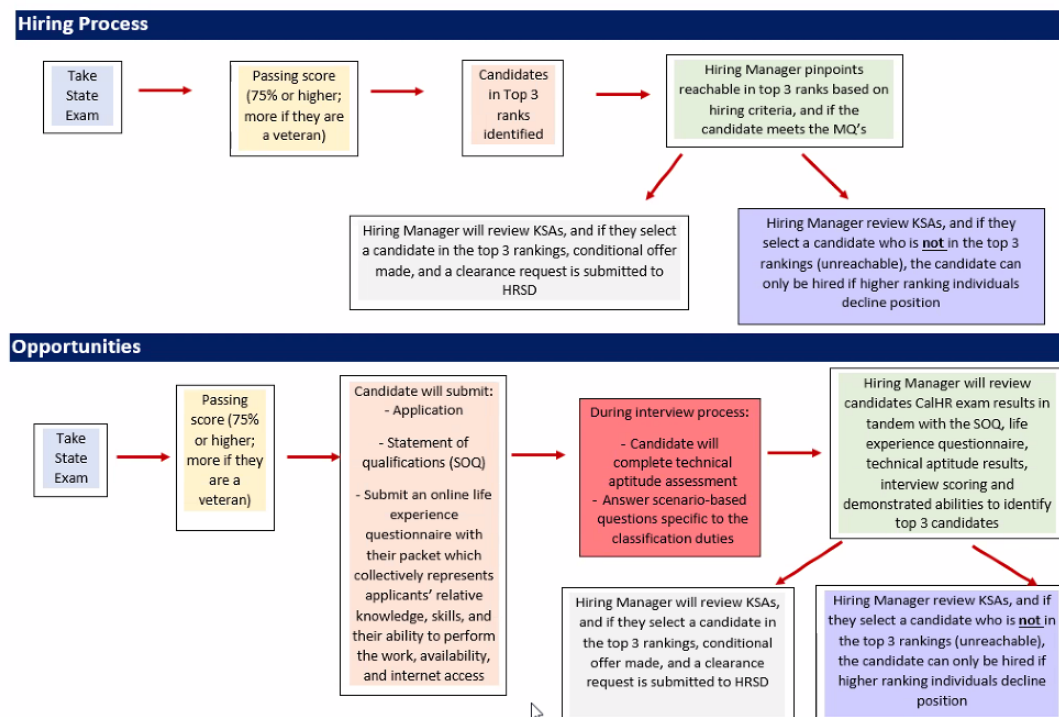
SB 390 Hiring Process Opportunities Graphic – Revised January 10, 2022, Matthew Pierson, Employment Development Administrator (EDA)

Online platforms can be utilized as part of the technical aptitude portion of the assessment to help determine the candidate's ability to use a computer in a business setting, typing skills,

simple and complex comprehension of law and policy, conflict resolution, writing, and mathematical abilities. These proactive measures will enable the Department to select the best candidates during the interview process and gauge candidates' fluency in the basic computer literacy and typing skills necessary to perform the essential functions of the position. Equally, departmental use of interactive scenarios during the interview will enhance the hiring manager's ability to determine a candidate's ability to comprehend and utilize information/materials provided.

Cross-Train Staff

When initial claims are filed, a certain percentage result in a telephone eligibility interview being scheduled to determine if the claimant is eligible to receive unemployment benefits. These telephone eligibility interviews are referred to as determination interviews.

As agreed upon through formal meet-and-confer agreements, an EPR cannot complete more than 13 determinations in an eight-hour workday. This results in workload constraints and impacts determination processing, regardless of how quickly an EPR completes the interviews.

As initial claims are filed, the determination workload increases correspondingly. Processing a determination requires extensive, additional training by journey-level EPRs. By making it a priority to cross-train all EPRs on both determination and claim filing, the Department will have a more flexible workforce and be able to respond to changing workload needs.

To better prepare for increased workload, all EPRs should be cross-trained and able to perform all functions at the field office level. Existing staff that have not been trained in determinations should be trained before the next recession. Newly hired staff should also be trained in determinations. All EPRs in field offices should have the ability to file claims and conduct determination interviews. The Department is in the process of cross-training most EPR staff for multiple work assignments.

Field offices will identify more entry-level workloads that require less training time and can be more easily performed by new staff. This allows for more seasoned staff to process more complex workloads while newer staff handle the first-level steps to allow claims to move forward in the process.

Make the EPR Class Interchangeable

The EPR classification is a deep class with three salary ranges: A, B, or C. By dividing the classification into an entry-level class and a journey-level class, it motivates staff to develop the skills and ability needed to promote to the higher-level classification. Determination training would be required to promote in place to the higher-level classification.

Establishing minimum requirements to move from one classification to the next, such as learning field office functions and meeting production standards, would improve the use of salary ranges. A possible evaluation of ranges would establish proficiency in claim-filing functions as Range A, satisfactory handling of determinations workload in Range B, and learning

specialty functions (including appeals and adjustments) to move to Range C. These minimum requirements would provide an incentive to learn new job functions. The EDD will review the feasibility of this approach and will work with CalHR and the State Personnel Board (SPB) given existing classification specifications and bargaining unit considerations.

Recommendation for Review and Reclassification of the EPR Position

The EPRs are performing job duties similar to Staff Services Analysts and Associate Governmental Program Analysts in the Department and at other state agencies. The EDD recommends reviewing whether the EPR series can be reclassified as an analyst series. This recommendation would benefit both the Department and the candidates. Recruitment efforts would reach a broader range of people, and candidates would have the potential for greater upward mobility within the EDD, with opportunities to eventually compete in the Staff Services Manager series. The EDD intends to engage in discussions with CalHR to consider options for addressing these issues.

Need for Better Crisis Planning for Immediate, Expandable UI Labor Force

Lessons learned through internal redirection and leveraging staff resources through other agencies highlight the need to develop a taskforce to address future recruitment and retention needs. This taskforce can proactively work on the following issues to address future hiring:

- Identification of partnering agencies with a workforce that has transferable skills
- Development of Memorandum of Understanding (MOU) agreements for reciprocal workforce support in times of emergency or crisis, possibly via Interagency Agreements.
- Creation of an interagency SharePoint site to house interagency training information

The EDD experienced several types of disruptions to its systems during the COVID-19 pandemic. To ensure future success and prevent these types of disruptions, the Department needs a careful assessment of threats and an emergency response plan. One solution the UI Branch successfully utilized during the pandemic was coordinating with other EDD branches and several other state agencies to rapidly expand its workforce, making over 1,000 staff available to work on the Department's unprecedented UI workload without hiring new employees (see the EDD Redirected Staff Totals chart below). To incorporate assistance from other departments, the EDD intends to work with employee representatives with the understanding and acknowledgment that partnership is needed to initiate this consideration.

EDD Redirected Staff Totals = 1,084 people
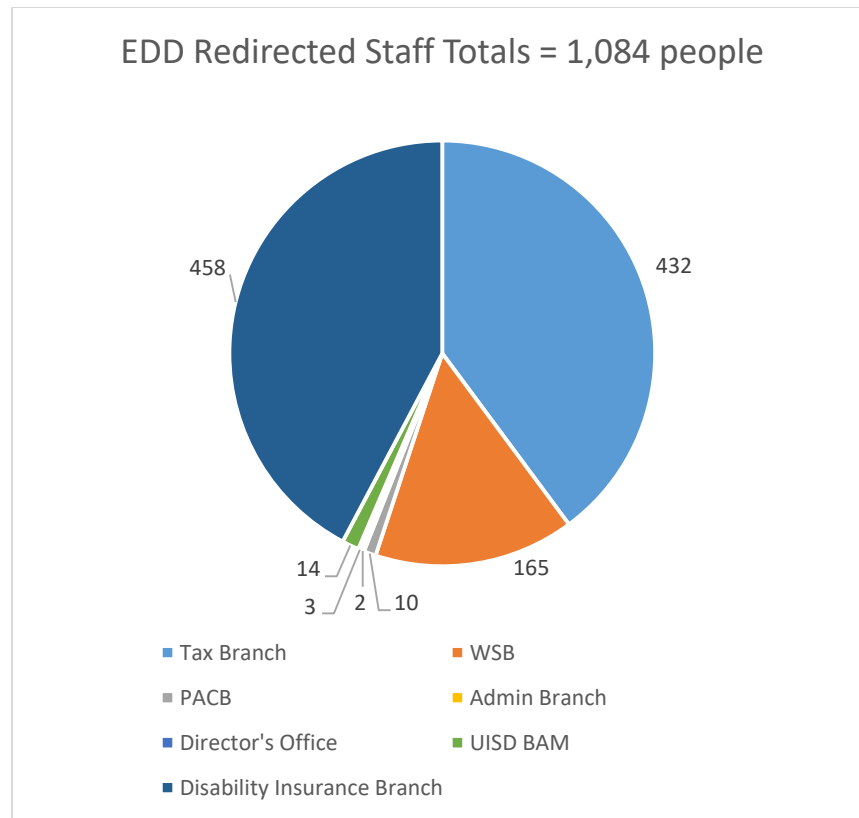
California and other states leveraged other internal state agencies' staff to increase UI workload capacity during the height of the COVID-19 pandemic. The State of Nevada utilized the Department of Social Services eligibility workers to conduct eligibility interviews, leveraging their welfare claims review skills.[*] This reduced the amount of training needed. The EDD also implemented a similar model, making over 750 non-EDD staff available to assist in processing unemployment claims (see the Non EDD Redirected Staff Totals chart below).

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[*]Report of DETR Rapid Response Strike Force: https://cms.detr.nv.gov/Content/Media/Strike_Force_Report_2021_FIN.pdf.

Non EDD Redirected Staff Totals = 766 people

- Franchise Tax Board
- Division of Apprenticeship Standards (+ 4 in Phase 3)
- California Department of Corrections and Rehabilitation (+5 in Phase 3)
- Department of Industrial Relations
- Department of Motor Vehicles
- Department of Tax and Fee Administration (+245 in Phase 3)
- Additional LWDA Staff
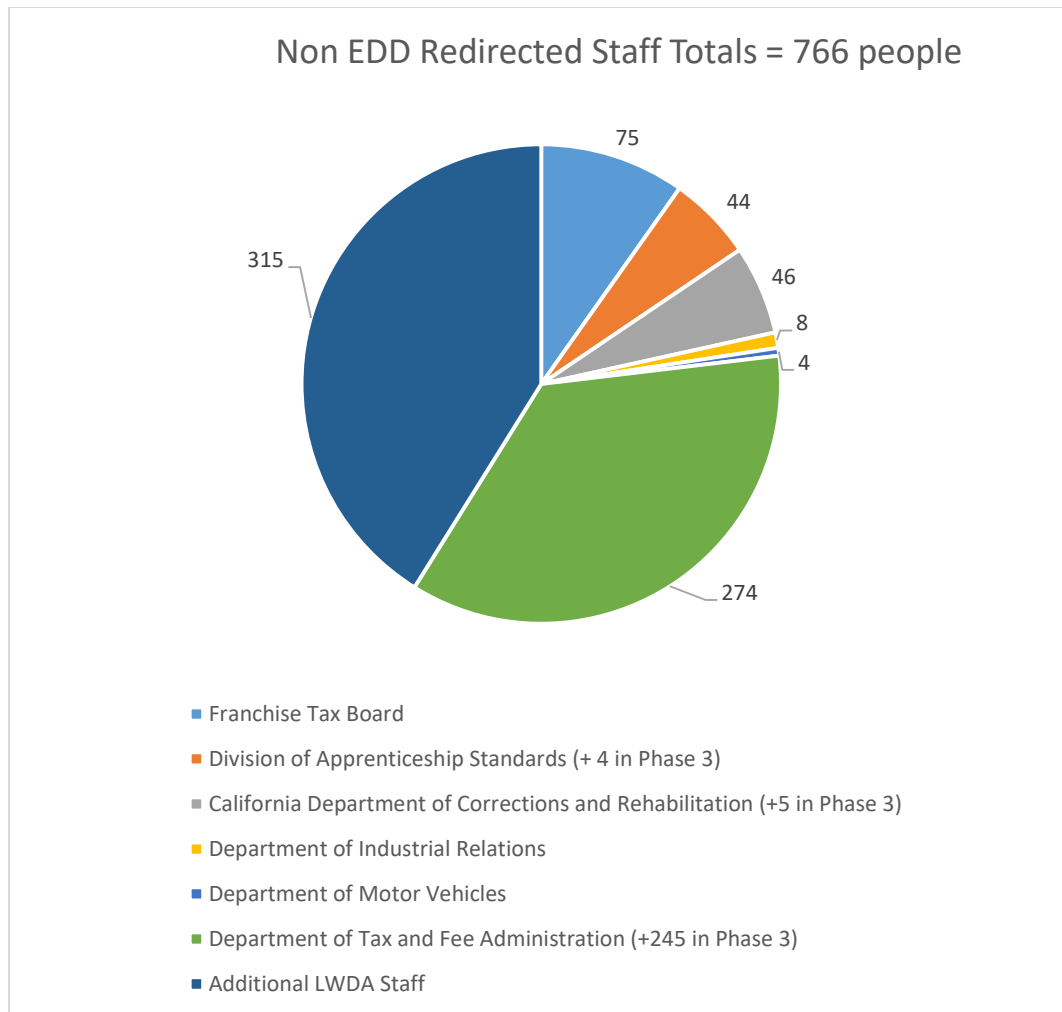
Incentivized Hiring for Retention

The EDD needs to recruit part-time staff who are available to work flexible hours. The Department must adapt to the needs of the labor market, whether in normal times or during an economic crisis. The EDD should identify ways to offer flexible hours and other benefits to attract a higher level of skilled candidates.

The Permanent Intermittent (PI) positions currently used by the EDD to fill gaps in its workforce must be restructured. The PI status was established to set up a part-time labor force designed to increase to full time during peak workload each year. The Department did not have the ability to increase workforce production with existing PIs as they were already working full-time at the onset of the COVID-19 pandemic. The Department will review the budgetary ability to hire additional PI positions to better prepare the Department to increase workforce production when necessary.

Employment Development Department Operational Changes or Recession Triggers

Senate Bill 390 specifically calls for the EDD to identify the steps the Department will take to "address increases in its workload, such as cross-training staff, changing its staffing levels,

prioritizing specific tasks, and adjusting the way it performs certain work, including addressing all of the following factors:

> (A) How quickly staff can be hired.
> (B) Whether there is physical space for staff.
> (C) Whether the selected location has the technology that will be needed."

(A) How quickly staff can be hired.

To address understaffing issues, the Department evaluates analytics to be strategic and proactive rather than reactive. To improve processes and administrative structures, it is prudent to address the hiring process beyond this current economic crisis. A predictive staffing solution will be the key to streamlining the mass-hiring process and capitalizing on strategies to improve future staffing.

One of the greatest challenges faced during this economic crisis was reducing the onset of backlog. The Department had an immediate need for thousands of experienced and trained staff. However, the typical process to recruit, select, train, and mentor new UI staff proved to be inefficient in addressing the short-term operational goals. In fact, the Department had to move the most experienced and productive staff to serve as trainers, mentors, and managers of new hires.

Lessons learned prove the systemic need to leverage other state agencies that employ staff who have similar skillsets in filing claims, providing customer service, and conducting eligibility determinations to address anticipated workload needs. Subsequently, it is recommended that a plan be developed to include partnering agencies and identify a Department list of staff interested in cross-training to assist the UI Branch in the future.

Other options to address the hiring needs include:

- Contract vendors to assist with increased workload as stop gap measure.
- Contract vendors to assist with our hiring if field offices and HRSD are unable to keep up with demand.

Based on improvements made to pre-pandemic hiring practices, it is feasible to hire staff in a 12 to 60 day period. This is based on the demonstrated ability of the Department to adapt merit hiring practices to address workload expansion, and departmental emergent needs during a recession. In addition, depending on the limited term to hire classifications, training time frames average 12–28 days from posting to on-the-job training.

As referenced in the line 2 response to Senate Bill 390, hiring should be done in phases as outlined below:

- Phase I: Increase current staff capacity
- Phase II: Initiate hiring plan/activate all Department volunteers and other state agency volunteers.
- Phase III: Reassess Mass Hiring Plan.

Pre-pandemic merit hiring processes require at least 71 days to hire staff. Equally as important, new staff may require an additional 14-28 days to start work, depending on how much of a notice they may need to provide their current employer.

(B) Whether there is physical space for staff.
Physical space is unlikely to be needed given the development of the Department's telework policy. Minimal additional staff will be needed for workloads that require in-person processing. In those instances (such as at mail-sorting facilities), staff work hours are staggered to accommodate spacing needs and processing of incoming workloads. "Hoteling" is a workspace-sharing model utilized when employees outnumber desks. At the EDD, each workstation has its own computer and equipment allowing an employee to log into an available computer to perform their job function. Hoteling is a valuable model for reducing overhead costs and promoting telework.

(C) Whether the selected location has the technology that will be needed.
The narrative for line item 6 of Senate Bill 390 recommends that the EDD's Information Technology Branch (ITB) review its ability to sufficiently and rapidly increase the number of computers and corresponding equipment in anticipation of increased staffing levels.

When future hiring takes place, the Department will need to reassess its technology needs. Prior to the COVID-19 pandemic, the Department had little need for video conferencing technology. If additional hiring were needed today, the Department has sufficient technology equipment inventories. However, these inventories will be continuously reassessed for future hiring efforts.

Line Item 4: Analyzing Current Job Duties or Classifications to Ensure the Right Staff Are Doing the Right Work

Senate Bill 390 specifically calls for the EDD to analyze current job duties or classifications to ensure the right staff are doing the right work, including all of the following factors:

> (A) Whether current staff is ready to take on more complex work, increased volumes of work, or both.
> (B) Identification of a backup system for a sudden influx of work.
> (C) Assessing how existing seasonal and part-time staff is utilized, including whether the department can temporarily alter the work duties of current staff instead of hiring new staff.
> (D) Assessing how current staff can be cross-trained.
> (E) Extending hours of operation.

Background

During the Great Recession, the EDD was able to prepare for increased workloads by training staff in large training groups to address the Department's workload priorities. This was largely possible because the EDD had already begun cross-training a large portion of staff in EDD offices, and all staff worked in the same classification (Employment Program Representative [EPR]). The training provided at that time was not altered significantly, other than to remove certain amounts of on-the-job training (OJT) so that staff could be trained more quickly.

The EDD staff are hired into job classifications defined and maintained by the California Department of Human Resources (CalHR). These classifications specify the work each employee can be expected to perform in a given role and clearly define each job title. Few exceptions allow staff, who are able, to perform work outside these specifications. These include considerations of "out-of-class pay" which allow an employee to perform duties outside of and above their appointed classification for a maximum of 120 days. However, staff are unable to utilize out-of-class work experience on a résumé or use the experience to compete for another classification unless that work is performed as part of an official out-of-class assignment. During the COVID-19 pandemic, when hiring staff from classification lists that were exhausted, the Department often hired people in other classifications. This limited the EDD's ability to hire sufficient staff in the appropriate classifications to perform the various complex workloads.

Response to Line Item 4 (A): Whether Current Staff is Ready to Take on More Complex Work, Increased Volumes of Work, or Both

Staff who are currently working in the EPR classification can perform more complex work; however, staff classified as Office Technicians (OTs) perform less complex and administrative workloads. The ability for current staff to take on more complex work requires assessing the OT classification and resources to determine if out-of-class assignments are suitable for resources to assume EPR classification responsibilities. In considering this approach, OTs could be utilized

to help alleviate workloads that can be liquidated in less than 120 days (including training) and assist with the overall management of the workloads. In an effort to perform work faster and more efficiently, OTs are being trained to perform data-entry work that does not require analysis. Workload resources are defined in the Department's Knowledge Management System (KMS), which is programmed to help EDD staff locate information and answer targeted questions. The KMS provides instructions to staff on how to perform data entry. The KMS guides require time and analysis to build, and will be available to assist staff during the next economic crisis.

The Department also recommends measures that can be taken before and during high levels of unemployment, and these measures are explained below.

Normal Operations (Non-Recessionary)
- Hire in the EPR Permanent Intermittent (PI) classification to above workload levels. This extra group allows for attrition and flexibility needed in periods of high unemployment.
- Cross-train staff in claim filing and determinations, with workload priorities guided by the UI Command Center Division (UICCD).
- As staff resources increase, allow highly skilled staff to shadow automation projects to act as early adopters, testers, and build capacity for a recession.
- Hire in the UI Support Division (UISD) and UICCD to a level slightly above capacity so that staff in these divisions are able to meet business demands during periods of high unemployment without having to face a learning curve during a recession.
- Expand the UI Branch Training Section (UIBTS), responsible for the development of training resource and materials, to meet the new workload that increases staff training needs. This will allow the support of policy sharing and the creation of tools for recessionary and pandemic times.

Recession Activities
- Increase UIBTS staffing by creating Training and Development (T&D) assignments that include training and mentoring to assist new staff.
- Utilize the UICCD to identify workloads that reach capacity quickly and create targeted trainings specific to those workloads.
- Use overtime to assist processing targeted workloads.
- Hire in the EPR classification when there is an upward trend in workload or when there is an increase in the unemployment figures.

Pandemic Activities

- Engage in all recession activities listed above.
- Create T&D assignments for UI field staff to assist with automation projects in areas where they have shadowed previously.
- Identify workloads for which employees can be trained quickly and which can be performed for 120 days in a higher classification with employees earning out-of-class pay.
- Provide training on workloads that can be done in 120 days by staff working out of their classification for less than 50% of the time, if EPR hiring lists are exhausted.
- Exhaust hiring lists first, then hire vendors to assist with less complex workloads, focusing skilled staff on more difficult workloads.
- Implement technological options such as chat features where skilled EDD staff could identify issues, make determinations, and direct vendor staff to follow through on EDD staff decisions.

Reasoning

The EDD should utilize overtime to meet business needs during a recession. The success of this approach depends on cross-training staff to perform many duties so staff who work overtime can be redirected to appropriate workloads.

In non-recessionary times, the UISD needs to modularize training for targeted workloads and update resources (such as the KMS) in order to ensure the Department is better prepared for a period of high unemployment. The UISD staff also need to be trained and prioritized for experience leading large automation projects. During recessionary times, information technology (IT) projects implement quickly and do not allow for OJT by project managers. Staff need to be ready to perform the work, lead an IT team to implement a solution, and manage a project successfully to avoid costly errors and rework. The UISD has expanded responsibilities to include the Department's KMS, a library of public videos in multiple languages, a training library in a centralized Learning Management System (LMS), and the delivery of training in virtual meeting rooms. Additionally, considerations will be identified to ensure training staff are located and work in EDD field offices to provide necessary training support to each office. The Department will also review the need to expand and define the role of field-office mentors in the OJT process. Staff should be cultivated and assigned rotationally so that UI field offices maintain an available pool of highly skilled staff.

Each job classification has an eligibility list maintained by the Department and used when hiring new staff. Occasionally, these lists are exhausted (no job candidates remaining). Instead of hiring in a different classification, with staff who cannot perform the same duties, the Department will at times use vendors to supplement staffing.

According to US Department of Labor (DOL) guidance interpreting the federal "merit system" rules, vendor staff are not allowed to make determinations on a claimant's individual eligibility

situation or an employer's individual costs. Despite these work limitations, vendor staff provide an excellent workforce option for large, targeted workloads that do not directly affect a claimant's final eligibility determination or an employer's account charges. For example, the EDD is currently utilizing vendors to process requests for payment preferences, conduct interviews to collect eligibility information, and read informational scripts to assist claimants with self-service options. In addition, other technologies (including the EDD chatbot) help claimants and employers locate information on the EDD website. If the Department fully embraced chatbot technology or trained vendors to perform supportive activities necessary to clear claims, UI staff could be made available to perform the more complex work of making eligibility decisions while vendor staff could be trained to implement those decisions.

In accordance with DOL guidance, the EDD is not authorized to have staff file a claim and pay the claim on the same day. This restriction maintains the integrity of the program and adheres to federal guidelines. Staff are allowed to authorize a claimant-initiated request for payment, but they are unable to manually pay a claimant without first receiving a claimant's certification (Continued Claim Form [DE 4581]). Paying a claim is different from authorizing payment on a claim, which is a manual process.

Attrition of highly skilled senior management and a reluctance of staff to seek senior-level management positions during periods of high unemployment present significant challenges to the Department. Due to the large amount of overtime authorized during the COVID-19 pandemic, many first-line supervisors and staff received overtime compensation. When offered the opportunity to promote, many declined given that the potential for increased income from overtime was not available at the senior management level.

Managers are salaried, and the state's current arduous pay differential only affords excluded employees the opportunity to receive $300 per work week (up to $1,200 total per pay period and a maximum of $4,800 per fiscal year) for up to 10 hours of work each week, regardless of the hours required.[*] Managers were working up to 40 additional hours per week making as little as $7.50/hour for the additional hours. Their first-line supervisor—with less responsibility—made approximately $46 per hour for the same amount of time worked. There was minimal incentive for first-line supervisors and staff to promote, and some skilled first-line supervisors actively chose not to.

The EDD believes changes to the policy for arduous pay differential should be considered for extremely heavy workloads lasting longer than four months. The Department recommends that when staff are receiving time and a half for overtime work performed, management are compensated based on thresholds of hours worked. For example, arduous pay could be available when thresholds of hours have exceeded 10–20, 20–30, or 30–40 additional hours of work performed in one week. This consideration may prevent many talented EDD managers

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[*]See https://www.calhr.ca.gov/Pay%20Differentials%20Library/Pay_Differential_062.pdf#search=arduous%20pay.

from leaving the Department and encourage employees to promote into managerial roles during an economic crisis. The EDD intends to engage in discussions with CalHR to consider options to address these issues.

Response to Line Item 4 (B): Identification of a Backup System for a Sudden Influx of Work

The Department has taken concrete steps to identify a backup system for a sudden influx of work. In January 2021, the EDD established the UICCD to help oversee the planning of workloads and resource allocations. One of the primary functions of the UICCD is to help forecast future workloads and customer service demands while considering the claimant experience through focus groups and staffing levels needed to meet performance objectives. The UICCD is charged with identifying tools to project EDD workloads, assess staffing and resource allocations, and to help measure production, performance, and quality of UI Branch work. As the EDD moves forward, the UICCD will focus on identifying tools to minimize contact center calls and provide more self-service options, make data-driven decisions for resource allocations based on projected workload peaks and valleys, and review the quality of customer service delivered by the UI Branch.

The EDD has also implemented self-service options—such as UI Online and a [Frequently Asked Questions (FAQs)](#) webpage—that allow Californians to obtain assistance with minimal interaction with an EDD agent.[*] Given constraints associated with the manner in which the UI program is funded, it is difficult to ensure that the Department will have an adequate number of trained agents to answer all calls it receives at peak volumes. This is also due to the need to ensure call center agents are staffed appropriately and do not remain idle awaiting an inbound call. However, improvements in self-service options would decrease the need for individuals to call the EDD for assistance. Measures to improve the Department's self-service options for customers are addressed in the narrative for line item 5 of this report.

To respond to increased workload volumes related to a recession, the UI Branch will take the following measures.

1. Cross-Train Claim Filing Staff During Low Workload Periods
The UI Branch will continuously look for opportunities to expand the skills of existing claim filing staff to proactively prepare for increased volumes in determinations workloads. The UI Branch will strategically cross-train claim filers in the months identified as having low workload volumes in both claim filing and call attempts. A more flexible workforce will strengthen the UI Branch's ability to respond quickly to unexpected increases in workload volumes.

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[*]See https://edd.ca.gov/Unemployment/FAQs.htm.

2. Reduce Vacation Slots During Peak Workload Periods and Increase Slots During Low Workload Periods

The collective bargaining agreement requires the Department to publish an annual vacation calendar with vacation slots that are available each day. Each UI center must have sufficient vacation slots so that all employees can use their annually accrued leave time, which is a maximum of 21 days per year. The vacation calendar is adjusted to provide fewer vacation slots during peak workload periods and more slots during low workload periods. Since employee vacation demand is greatest during non-peak workload periods, this approach is beneficial for employees and EDD customers.

3. Schedule Quarterly Training During Non-Peak Months

The collective bargaining agreement requires the Department to conduct a two-hour training on determination quality each quarter. This training results in a loss of capacity to work an estimated 1,500 determination appointments each quarter. To mitigate the impact to customers, UI centers should schedule this training during months with the lowest workloads. When possible, training should also be scheduled over several weeks to disperse the decline in workload capacity.

4. Minimize and Strategically Schedule Administrative Time During Non-Peak Times

During peak periods, managers and supervisors can reduce the amount of time their staff are taken away from production for administrative duties by limiting meetings, streamlining administrative processes for production staff, and staggering the scheduling of their staff's administrative time. Communication is critical, and the Department's KMS can be used to proactively inform staff of important UI program changes.

5. Limit Approval of Part-Time and Voluntary Time (V-Time) Reduction Requests

The Department's budget and full-time positions do not provide sufficient staffing levels to meet peak workload demands. Part-time status limits the UI Branch's ability to perform its mission and provide services. Given that staff positions are limited, the Department should limit approval of part-time and voluntary time (V-Time) requests to only those involving medical or family issues.

6. Maximize Determination Schedules

The collective bargaining agreement limits the number of determination appointments that staff may handle on a daily basis. Staff who are assigned to separation schedules receive 13 appointments daily, while those who are assigned to non-separation schedules receive 16 appointments daily. All UI centers must ensure staff schedules are maximized. If all determinations staff have full schedules and additional capacity is needed, first-level supervisors and other ancillary staff in the UI center who have been trained to perform determinations can be deployed for these workloads.

7. Adjust Internal Service Level Agreements (SLAs)

In the event of a large influx of claim filing or determinations workloads, the Department will adjust the service level to allow the UI Branch to strategically redirect staff to priority workloads. As an example, adjusting the call center SLA of answering 80% of callers within 30 minutes would free up a substantial number of staff to address large increases in claim filing or determinations workloads.

8. Implement Overtime

Because the process of onboarding and training new staff takes several months, the Department may need to implement overtime to immediately increase staffing capacity during peak workload periods. The EDD offers overtime to trained staff on a voluntary basis as needs arise. Overtime is useful for addressing short-term, seasonal influxes of work and for bridging the gap in time between identifying the need to hire new staff or vendors and onboarding and training additional staff.

9. Borrow Staff from Non-UI Branches

Based on Department priorities, the EDD may redirect former UI Branch staff (trained in production work) who are now working in other EDD branches to assist with UI workloads. This can be accomplished during the employees' regularly scheduled hours or via overtime. The Department can utilize the KMS to build workload guides to ensure that staff follow the correct steps to perform work and reduce errors and training time.

10. Recruit Retired Annuitants

Provided the Department's budget allows for it, the UI Branch can reach out to recently retired UI Branch employees who have experience with production workloads. These individuals could be brought back to the EDD as retired annuitants. Retired annuitants are limited in the number of hours they are permitted to work in a fiscal year, but they can be scheduled according to fluctuations in workload needs.

Response to Line Item 4 (C): Assessing How Existing Seasonal and Part-Time Staff is Utilized, Including Whether the Department Can Temporarily Alter the Work Duties of Current Staff Instead of Hiring New Staff

As previously discussed in the answer to line item 4 (A), EDD staff are hired into specific job classifications. These classifications define what work they can be expected to perform. While hiring staff in other classifications is possible, the Department does not believe this would be the best plan for future economic crises due to the fact that employees may be working "out of class." This concern also applies to temporarily altering the work duties for existing staff, which limits staff to 120 days of maximum work outside designated job classifications. Staff would not be able to reference the work to promote into higher positions without a formal out-of-class agreement. While increasing state staff is preferable, the EDD should hire vendors where

appropriate to provide additional assistance during a recession or pandemic if the EPR hiring list has been exhausted.

Response to Line Item 4 (D): Assessing How Current Staff Can Be Cross-Trained

As discussed previously in 4 (A), the EDD's EPR staff are regularly cross-trained. The EDD had 144 staff engaged in its cross-training process before the COVID-19 pandemic. When the pandemic began, the Department increased from 144 staff to classes of 300 staff every other week. Due to the fact that the UI program training is extensive and the subject complex, the Department believes cross-training should involve a combination of the following measures, including additional steps when not in a period of high unemployment. This approach would minimize out-of-class assignments and increase cross-training potential.

Normal Operations (Non-Recessionary)

- Hire in the EPR PI classification instead of the OT classification.
- Cross-train in claim filing and determinations with workload priorities guided by the UI Command Center Division (UICCD).
- As staff are added, allow highly skilled staff to shadow automation projects to act as early adopters, testers, and to build capacity for a recession.
- Staff the UISD and UICCD to capacity to allow staff to take on demanding duties, competing priorities, and increase the number of automation projects.
- Expand the UIBTS to meet the new workload, supporting policy sharing and tools creation for recessionary and pandemic times.

Recession Activities

- Increase UIBTS staffing by creating T&D assignments that include training and mentoring to assist new staff.
- Utilize the UICCD to identify workloads that reach capacity quickly in order to create targeted trainings to those workloads.
- Use overtime to assist processing targeted workloads.
- Proactively hire necessary staff by classification as the unemployment rate trends upward.
- Immediately hire in the EPR classification when unemployment numbers are shown to be projecting upward.

Pandemic Activities

- Engage in all recession activities listed above.
- Create T&D assignments for UI field staff to assist with automation projects in areas where they have shadowed previously.
- Identify workloads for which employees can be trained quickly and which can be performed for 120 days in a higher classification with employees earning out-of-class pay.

- Train employees for workloads that can be done in 120 days by staff working out of their classification for less than 50% of the time.
- After Department hiring lists have been exhausted, hire vendors to assist with appropriate workloads, focusing skilled staff on more difficult workloads.
- Implement technological options such as chat features where skilled EDD staff could identify issues, make determinations, and direct vendor staff to follow through on EDD staff decisions.

Response to Line Item 4 (E): Extending Hours of Operation

As of January 2020, the EDD's call center had approximately 1,270 UI agents located in field offices across California. These agents provide customer service by answering questions and providing assistance to UI claimants. Call center agents also perform off-phone work processing UI claims. When contacting the call center, claimants call a toll-free number and navigate a series of prerecorded messages—known as the Interactive Voice Response (IVR) system—that routes callers based on the options selected.

In 2014, the EDD made an SLA commitment to the Legislature to answer 50,000 claimant calls per week as a result of receiving increased funding to hire Permanent Intermittent staff. This SLA is used as a benchmark for staffing decisions and to measure the success of the UI call center.

During the COVID-19 pandemic, the UI Branch answered 3.8 million calls in 2020 and 9.5 million calls in 2021 (through November 8, 2021), in contrast to 2.17 million calls answered in 2018 and 2.07 million calls in 2019.

On April 15, 2020, the Governor signed an executive order requiring the EDD's oversight agency to expand call-center hours and ensure sufficient staffing levels to process claims. Following this order, the Department quickly implemented a minimal, preliminary version of a new phone system—known as the Virtual Contact Center (VCC)—in late April 2020. The VCC allowed agents now teleworking as a result of stay-at-home orders to answer claimant calls. Prior to the April 2020 upgrade, the VCC lacked some functionality of the previous system. The EDD also expanded its call-center hours and began adding thousands of agents to answer calls and perform other tasks related to claim processing.

As the EDD moves forward, the Department is assessing methods to target the following options to address call-center hours:

- Implementing overtime
- Maintaining hours of 8 a.m. to 12 p.m., Monday through Friday, in periods of low unemployment
- Expanding hours to 8 a.m. to 5 p.m., Monday through Friday, in recessionary times

- Expanding hours to 8 a.m. to 8 p.m., Monday through Friday, in pandemic times (this includes weekend hours not on the phones to process workloads, as driven by the UICCD)

Due to the fact that the process of onboarding and training new staff requires several months, implementing overtime can be necessary to immediately increase staffing capacity during peak workload periods. The Department offers overtime to appropriately trained staff on a voluntary basis when needs arise. Overtime is particularly useful for addressing short-term seasonal influxes of work and for bridging the gap in time between identifying the need to hire staff or vendors and onboarding new staff. The ability to utilize this valuable tool is completely dependent on the availability of state funds in the UI Branch's administrative budget, as overtime is not federally reimbursed. During times of peak volumes, when hours are expanded to 12-hour days, overtime can be reduced by assessing the ability to hire more staff with flexible schedules (such as shifts that are from 12:00 p.m. to 8:00 p.m., in addition to 8:00 a.m. to 5:00 p.m.).

Line Item 5: Identifying Ways to Improve Self-Service Options so EDD Customers Avoid Long Wait Times to Speak with Staff

Line item 5 of Senate Bill 390 requires the EDD to submit an economic recession plan that includes "identifying ways to improve self-serve services [*sic*] to avoid long wait times to speak to staff." The following discussion addresses this topic.

Changes Made Prior to the COVID-19 Pandemic

Prior to the COVID-19 pandemic, the EDD developed automated systems to allow claimants to self-serve information about their unemployment insurance (UI) claims. By enabling greater self-service, representatives could be made available to handle only those claims where an issue has been identified or requires additional review.

The earliest automated process involved the biweekly certification process. Claimants must submit a certification form (DE 4581) to show their continued eligibility to receive benefits each week. The DE 4581, when received in paper form, is scanned and UI systems automatically review the claimant's information to determine if responses are in pattern (eligible) or out of pattern (requiring more information). If answers are in pattern, the claim form would be authorized by the system to pay the claimant for that week's benefits. When out of pattern answers are detected, the system flags the form for review by a representative to determine if any eligibility issues exist and to take appropriate action. In 2010, the EDD implemented Web-Cert which allowed claimants to submit their DE 4581 using an online form. The system reviewed answers provided to determine if benefits could be paid or if additional review was required.

In 1999, the EDD transitioned to a call center environment. The initial structure included six call centers with separate toll-free phone numbers for each office geographically located throughout California. In 2010, the UI Branch consolidated the call center function to one set of toll-free phone numbers in English, Spanish, Cantonese, Mandarin, and Vietnamese. It also deployed an Interactive Voice Response (IVR) system to route calls to agents in offices throughout California. The IVR included the ability to provide payment information and to enable biweekly certification for benefit payments through the Tele-Cert system.

In 2015, the EDD deployed the California Unemployment Benefit Services (CUBS) system with the claimant-facing UI Online web application. Claimants have the ability to monitor basic claim activity, such as payments, and submit biweekly certifications through UI Online. More recent modifications include the ability to complete the claim application through UI Online. The claim application process entailed automation and logic development to process and file the claim application automatically when the application met specified conditions. If conditions were not met, the application was queued for processing by staff utilizing other tools to assist, such as the Claim Processing Tool (CPT).

These self-serve processes helped to reduce the number of calls to UI call centers and enable claimants to help themselves, except when items resulted in more complex claim situations.

Changes Made During the COVID-19 Pandemic

In response to the increased workload and call demand during the COVID-19 pandemic, the EDD implemented a number of solutions to improve claimant self-service.

Voice of the Customer Report

Working in partnership with Verizon and Emplifi (formerly Astute), the EDD began analyzing feedback obtained through social media and a new website chatbot. The Voice of the Customer (VOC) report provides insight surrounding the current issues of interest to claimants. In addition to monitoring our own social media accounts on Facebook, Twitter, LinkedIn, and Instagram, our partners monitor for intents and comments from Reddit, YouTube, and content from non-EDD accounts. The aggregation of comments and feedback is useful to help provide a sense of where claimants are struggling with EDD processes or if there are emerging trends. By enabling this effort, the EDD has been able to identify potential topics of interest and focus our social listening for intents that can be used to refine our communication with customers, media, legislative members, and the advocate community.

Website Chatbot

Another solution created in partnership with Verizon and Emplifi is the deployment of the chatbot on the EDD website. The chatbot is a software application that recognizes key terms used by customers asking questions and responds with appropriate content (messages and website references), in lieu of direct contact with a live human agent. The chatbot learns and is trained to respond to new inquiries and provided with appropriate response from the program areas and EDD's Public Affairs Branch. Customers are able to obtain answers to questions that do not require a conversation with a representative.

In-Queue Informational Messages

In response to the increase in calls from customers with little past exposure to the UI program, the EDD implemented in-queue (on hold) informational messages in the IVR. These messages are programmed to play while a customer is on hold waiting to speak with an agent. The intent of these messages is to help address basic reasons customers have called, redirect customers to appropriate self-serve content on the EDD website, provide direct answers to specific questions, and to ensure that customers have the necessary information before they begin speaking with a representative. The in-queue informational messages can be modified to address changing information as workloads or programs progress.

SMS Text Messaging

Further partnership with Verizon has led to implementation of Short Message Service (SMS) text messaging, which involves sending limited-character messages to EDD customers' cell phones. The EDD developed several SMS text messages to provide information or reminders at key points in a claim life or to help communicate about special situations that require a

claimant's attention. Although SMS text messages are limited in length, the Department can deliver sufficient information through these messages to direct claimants to their UI Online account or to a website for additional details.

Claim Status Tracker

In partnership with NAVA, a public benefit corporation and technology services provider, the EDD deployed an add-on to the UI Online application—a Claim Status Tracker (CST)—that provides updated claim status based on a variety of claim conditions. The CST provides detailed information about the current status (e.g., paid) and the appropriate next steps for both the claimant and the Department (e.g., weeks available to certify).

Document Upload

During the pandemic, the EDD experienced a significant increase in potential identity fraud, which required many claimants to produce additional information to verify their identity. The identity verification process involves confirming identity via the California Department of Motor Vehicles (DMV) and the Social Security Administration (SSA). When identification remains uncertain, additional documentation is required. In order to reduce the timeframe for document submittal and streamline the receipt of documents, the EDD implemented the Document Upload process through DocuSign. The claimant is provided with a button on their UI Online account when identity documents are required to be provided. Staff working the identity verification process have immediate access to documents to resolve the identity issue and return claimants to an eligible status. For a full description of the identity verification processes used by the Department during the COVID-19 pandemic, see Senate Bill 390 line item 10.

ID.me

The EDD integrated ID.me, a third-party technology solution, into the claim application process through UI Online to assist with identity verification. When a customer begins a new claim application, they are immediately directed to ID.me to verify their identity using government-issued forms of identification such as a driver's license or passport. If a customer has difficulty using the system or if their documents could not be read adequately by the system, the customer can video chat with an ID.me representative who has the ability to confirm identity. Once identity is confirmed through ID.me, the claim application process may continue and if the application meets the specified conditions, the system will automatically file the claim without requiring staff intervention or review.

Emergency Claim Processing Tool (eCPT)

As a result of the emergency nature of the COVID-19 pandemic, DOL provided guidance allowing the EDD and other state labor agencies to suspend some claim application conditions that would require additional eligibility review under normal circumstances. The EDD was able to leverage some of the suspended conditions through the deployment of the Emergency Claim Processing Tool (eCPT). As stated above, prior to the pandemic, if a claim application was

submitted online, the system reviewed the application to determine if it could file the claim automatically or if additional staff review was required. For claim applications that require additional review, staff utilize the CPT. During the pandemic, staff would use the eCPT to process claims. Due to the fact that the eCPT had a component that would review for the suspended conditions, a claim could be processed quickly and allow a claimant to begin certifying for benefits. The suspended conditions were limited to the pandemic time period and ended in September 2021.

Opportunities Identified by the Employment Development Department

The EDD must take a multi-pronged approach to systems and customer-facing business processes to ensure the Department is able to meet its workload demands. The EDD continues to develop and improve existing systems. Some efforts currently in development and/or in consideration are described below.

Listening for Feedback and Reason for Calls

The VOC report continues to be a successful tool for insights into the reasons customers call the EDD. In addition, new efforts are being performed to ensure EDD agents accurately capture the reason for customer calls through the collection of disposition codes. The Department is working to implement an after-call survey and call monitoring that will be used to obtain information surrounding the customer experience. Combining these aspects together will reinforce insights and help identify changes needed for the IVR and deployment of agents. This information could help identify communication or clarification needed to answer questions through the EDD website, chatbot, and in-queue informational messages.

Expand Chatbot to Claim-Specific Responses

The chatbot currently provides general responses to inquiries on the EDD website. If a customer authentication component could be added, potentially through the chatbot itself or by integrating the chatbot into UI Online, the chatbot could provide claim-specific responses similar to the kind of information found in the UI Online account or through the CST. While it would be the same information, doing so through the chatbot could improve the customer experience. The EDD is currently reviewing this opportunity.

Expand Conditions for Automated Claim Filing

While some conditions were temporarily suspended through the eCPT during the COVID-19 pandemic, a few conditions can be incorporated into the automated claim filing process thus reducing the number of claim applications that require staff interaction. Those conditions are being defined and logic created to be included into the automated claim filing process. Due to the fact that the program is driven by federal and state law, and must adhere to regulations set forth by the DOL, any programming to automate the claim filing process must be examined to ensure it is in compliance and identifies claims appropriately that require additional staff review.

Expand Claim Status Tracker

The CST project continues with the focus on refining claim conditions and providing appropriate status feedback to customers. Possible expansion opportunities include refined timeframes for eligibility determination status, the provision of questionnaires through the CST to obtain the necessary information to quickly determine a customer's eligibility, and integration with the California Unemployment Insurance Appeals Board to provide appeal status.

Reimagined Benefit System Modernization

As mentioned in the narrative for line item 1 of Senate Bill 390, in 2016 the EDD started a Benefit System Modernization (BSM) project to modernize the UI, Disability Insurance, and Paid Family Leave benefit systems. In 2020 the BSM project was paused based on a recommendation from the Governor's EDD Strike Team. The BSM project was restarted in 2021 as Reimagined BSM (RBSM).

Through the RBSM project, the Department seeks to assess, analyze, and redesign the business processes for its multiple, disparate information technology systems. The goal is to impact and transform existing business system processes into a customer-centric technology framework that delivers world-class customer service. The EDD seeks to identify and redesign business processes to deliver:

- Improved experiences for all EDD customers that address specific stakeholder concerns (from claimants, businesses, constituents, and employees).
- Improved services (and service delivery).
- Minimized process complexity, cost, and service-delivery time.
- Increased transparency.
- Reduced administrative burdens.
- Adoption of best practices from similar environments.

Line Item 6: Assessing Current Inventory of EDD Equipment

Senate Bill 390 specifically calls for the EDD to assess its current inventory of equipment, including both of the following:

(A) Determining if the Department should lease equipment.

(B) Determining if there is enough equipment to support anticipated increased staffing levels.

Changes Made Prior to the COVID-19 Pandemic

The Unemployment Insurance (UI) Branch hires approximately 300 people every year. To onboard a new employee, the hiring manager and often another designated individual are responsible for ensuring there is suitable equipment for the new employee. This includes all necessary computer hardware, software, and office supplies. When recruiting and filling a new position, the hiring manager is required to obtain a necessary computer hardware, software, and office supplies for the new employee. Equipment may be purchased or a new employee may be provided the equipment of a former employee.

Before the COVID-19 pandemic, the process of acquiring equipment was accomplished through different methods depending on the item being purchased. Each EDD office has one person or unit responsible for acquiring items requested in their office. Prior to filling an acquisition request, the request must ensure that no serviceable surplus is available in the EDD warehouse.

For incidental office supplies, a State of California Purchase Card (CAL-Card) can be used to purchase a combined total of $15,000 of equipment per 30-day billing cycle, with additional limitations on single-day transactions and vendors used. The CAL-Card is ideal for smaller purchases, restocking existing supplies, and ordering as needed for individual hires. When information technology (IT) equipment is needed for a new employee, an IT service request is submitted to acquire computer hardware and software. As a standard business practice, the EDD's Information Technology Branch (ITB) purchases approximately 1,000 new computers every year. These computers are used to replace broken units, refresh aging units, and supply equipment for new hires. New computers aren't typically purchased for individual employees. Requests for items are fulfilled with the ITB's current inventory. On average, it takes approximately 10 days to complete an ITB service request for accounts, permissions, and equipment. If new equipment is required to be purchased, the turnaround time may extend to as many as three months.

After purchasing a new computer, the equipment must be imaged at the EDD's Central Office. This process allows ITB to assign the unit to a specific office to help manage, repair, and update the machine and software. In addition, EDD-specific software security features are installed onto all machines. Once this process is complete, the computer can be shipped to the appropriate EDD office for use by the new employee.

Prior to the COVID-19 pandemic, all UI Branch employees were assigned to work in an office. Equipment for newly hired staff was delivered via overnight shipping or sent via courier to the office and placed at the new employee's workstation. Computers were connected to the office network with existing wiring. If one or two new workstations or cubicles were needed, a Facilities Service Request form was necessary. Equipment movements for more than two desks required contacting an EDD facilities representative to plan and schedule the change.

Additionally, prior to the pandemic, hiring new staff in response to a recession required finding new space where those employees could work. During the Great Recession, EDD offices added workstations to conference rooms and break room areas to accommodate additional staff. This required the acquisition of facility equipment such as cubicle panels, desks, chairs, and lighting in addition to computer equipment and phones. Staff did not have assigned cell phones, and call center staff used office-provided headsets.

Changes Made During the COVID-19 Pandemic

Within two of the last three recessions, the EDD's Human Resource Services Division (HRSD) estimated that approximately 1,000 new Employment Program Representatives (EPR) were hired in response to the increased workload. In both cases, the unemployment rate and corresponding departmental workload increased incrementally over the course of many months. The COVID-19 pandemic did not follow any historical patterns. In February 2020, the country had a historically low unemployment rate of 3.9%. Two months later, in April 2020, the unemployment rate increased to 16.4%.

Enhanced office safety protocols were implemented as a result of the COVID-19 pandemic. The need to physically distance during the pandemic caused most staff to telework and resulted in a lack of need for the typically required new employee workstation space. The implemented telework model altered the type of equipment required for new staff.

In May 2020, the EDD began onboarding the first of more than 5,000 new staff hired in response to the COVID-19 pandemic. Newly hired staff initially reported to an EDD office to collect computer equipment and proceeded to telework from their homes. Staff teleworking were required to have hard-wired, high-speed internet service and reside in California. A newly hired EPR required eight pieces of computer hardware for production: a computer; monitor; keyboard; mouse; cord/surge protector; Ethernet cable; key fob for multi-factor authentication (MFA) or soft token; and a phone. If needed, additional hardware such as a web camera and mobile hotspot (MiFi device) was provided. These limited requirements allowed the telework model to be implemented to as many staff as possible.

Telework reduced the costs associated with new staff due to the fact that facility equipment and square footage space was not required. Further cost reductions (which are ongoing) were realized with reduced utility costs at EDD offices. However, the acquisition of new cell phones and service, video conferencing licenses, and other equipment added new expenses for the Department.

In early 2020, the ITB purchased 1,600 machines as part of the Department's normal business process, not related to the COVID-19 pandemic. This bulk purchase allowed the Department to pivot from replacing existing equipment to supplying new staff quickly. As the pandemic progressed, the ITB continued to purchase new hardware in bulk. Traditionally, new equipment is procured within 90 days. However, procurement delays during the pandemic doubled with supply chain limitations and computer chip shortages adding unexpected delays. The ITB was able to obtain equipment ahead of the hiring requests for a full fiscal year. In April 2021, older but still serviceable computers from the EDD warehouse were reverted into production for the last groups of new staff.

The MFA tokens used by the Department are small devices, or smartphone applications, that provide temporary, randomly generated passcodes that an employee must enter into the system before accessing the EDD network. These MFA tokens add an extra layer of security for staff who are teleworking. The hard token (key fob) is issued to the employee by the hiring manager or office contact. Soft tokens are a form of digital authentication loaded onto a device (such as a smartphone) and provide temporary passwords in a manner similar to that of a hard token.

Due to the fact that staff were teleworking, desk phones were no longer necessary and cell phones were utilized to substitute standard phones. The ITB worked with a cell-phone service provider to purchase or lease bulk quantities of phones, depending on the options available at the time. It can take up to eight weeks to acquire the phones needed. Cell phones were distributed based on the mass onboarding plan received from the field offices. In approximately three weeks, phones are mailed from ITB to the UI Support Division (UISD). The UISD staff then mailed the cell phones to the requesting office who in turn distribute to new staff.

Opportunities Identified by the Employment Development Department

To maximize the use of resources and improve the Department's responsiveness while minimizing potential service delays to our customers during a future recession, it is recommended that the Department adopt the following practices.

Improved Communication Among Branches

The COVID-19 pandemic introduced many new processes, including regular partnership meetings between the ITB and other branches. These meetings have been proven beneficial in staying ahead of departmental changes. Monthly Customer Advisory Group meetings hosted by ITB offer an avenue for branches to communicate potential and impending changes that would impact computer equipment and software needs. Meeting agendas include upcoming hardware and software deployments, training plans, and equipment refresh plans. It is recommended that these meetings continue monthly, with additional meetings added once certain recession indicators are met.

Store Computers in Warehouse

Computer equipment has a lifespan of approximately five years and is typically replaced near its end of life to prevent the Department from utilizing computers that may crash unexpectedly and create additional workloads for IT staff.

The ITB purchases approximately 1,000 new desktop computers every year to replace existing equipment. The replaced computers are at the end of their life, but many have not yet deteriorated past the point of viability.

The EDD warehouse, which currently stores general office supplies, could store computers that have been removed from general use. It is recommended that the ITB commit to a study of storing a minimum of 1,000 refurbished units within the EDD warehouse. In two of the last three recessions, the EDD hired approximately 1,000 EPRs in response to the increased UI claim workload. By storing viable computers in the EDD warehouse before disposing of them, the EDD will have a ready supply of computers for recession-response new hires.

Purchase Supplemental Computer Equipment

In addition, computer equipment requires cords, surge protectors, Ethernet cables, keyboards, mice, and monitors in order to be functional. These items are purchased by individual offices, and surplus items are kept in an on-site storage room. These items are able to be stored in a temperature- and moisture-controlled environment for up to 10 years in order to maintain in working condition. Currently, EDD offices purchase their respective supply of these items to reduce the time needed to replace defective products. However, in order to ensure sufficient equipment is available to support anticipated increased staffing levels in the future, the Department will identify a large supply to accompany the surveyed computers in the EDD warehouse.

It is recommended that the Department purchase 1,000 of each item to be used with the retired computers as needed.

ITB Study on Leasing Versus Purchasing

Leasing equipment should not be necessary when a sufficient quantity is stored in the EDD warehouse. When ITB procures computers in the future, the EDD will determine whether leasing or purchasing is the appropriate method.

Determining whether the Department should lease equipment is contingent on the item and how long the item is needed. Leasing can be an economical option if equipment is needed for short periods of time. Increased hiring during a recession is typically aligned with the intent of the new positions being limited in term. However, current recession-hired staff have been working for more than a year, with many coming up on two years of employment with the Department.

The ITB study on leasing versus purchasing will determine the cost benefit point and the remaining use of life for existing Department computers.

Virtual Desktops Eliminate Need for Department Computers

A virtual desktop allows an employee to use their own computer equipment to remotely access their EDD desktop and applications. Other departments, such as the Secretary of State, have successfully implemented a virtual desktop to borrow state workforce during times when temporary staffing is needed.

The ITB could deploy and manage these desktops while employees use their own equipment to telework. This would allow the EDD to onboard new hires in a more efficient and effective manner than if new equipment was required to be deployed. It must be noted that this solution could present possible security issues as well as questions of maintenance and cost reimbursement, so it is recommended that the ITB develop a workgroup to determine if a virtual desktop is a feasible solution for the Department.

Softphones Instead of Cell Phones

A *softphone* uses a computer to make a phone call rather than a telephone or cellular service provider. The Department's Virtual Contact Center possesses the capability to enable softphones, which reduce the cost of telephone service and equipment. A headset is the only additional equipment needed when using a softphone.

It should be noted that softphone technology is not as reliable as telephone or cellular service due to the fact that it depends on the user's internet connection—which may result in dropped calls when bandwidth reduces. If a future recession involves problems with obtaining cell phones (for example, as a result of supply-chain issues), softphone technology may present an opportunity for the EDD to increase call capacity quickly. However, the Department does not currently provide ITB support for softphones, as the service relies on the employee's home internet connection.

Line Item 7: Identifying Altered Policies or Procedures to Activate if a Rise in Unemployment Insurance Compensation Benefits Claims Becomes Significant Enough

Senate Bill 390 specifically calls for the EDD to identify the altered policies or procedures that the Department would activate "if a rise in unemployment insurance compensation benefits claims became significant enough to warrant that step."

The following sections address the driving factors for policy and procedure development or modification; the policy and procedure changes the EDD made during the COVID-19 pandemic; the challenges the EDD faces when creating or modifying policies or procedures; and the operational process to evaluate, modify, or create policy or procedures the EDD will trigger when a rise in UI benefit claims occurs.

Policy and Procedures Before the COVID-19 Pandemic

Prior to the COVID-19 pandemic, policy and procedure changes were driven by the following factors.

State and Federal Laws, Regulations, and Guidance

Generally, the EDD's UI policy and procedures are shaped by the California Unemployment Insurance Code (CUIC), the California Code of Regulations, the United States Code, the Code of Federal Regulations, state judicial decisions, California Unemployment Insurance Appeals Board precedent decisions, and guidance from DOL. Together, these sources provide the guiding principles of the UI program. Changes can be introduced through new legislation, new or modified regulations, new policy documents, or new judicial decisions. As changes occur the EDD evaluates existing policies and procedures to identify impacts and implement any necessary changes.

Customer Experience

The EDD ensures that customers are provided accurate, consistent, and timely information on all of our public-facing platforms. The EDD ensures that the Department's website is accessible, easy to navigate, and adheres to state and industry standards. Additionally, the EDD consults on user-centered design and usability evaluation methodologies. When the EDD Usability team identifies a change to improve the customer's experience, the UI program ensures the change follows existing state and federal guidelines and evaluates existing policies and procedures to identify related impacts and implement any necessary changes.

Internal Feedback

The UI program has staff with the experience to provide input that may result in a change to a policy or procedure. In addition to staff providing feedback through their managers, the UI program has a Business Process Improvement (BPI) team that focuses on the creation, innovation, and/or standardization of policy, procedures, and operational practices along with workload allocation and utilization standards. The low-effort, high-impact solutions have sought

to eliminate bottlenecks and enhance operational and administrative processes within the UI Branch's sphere of influence.

Technical Impacts
As the EDD incorporates additional innovation to further automate its systems, a policy or procedure change may require a technical change to one or more of our systems. If a change to the system is necessary, the level of effort, return on investment, and technical feasibility are evaluated. For example, prior to the COVID-19 pandemic, the impact to the Single Client Database (SCDB), California Unemployment Benefits Services (CUBS) and UI Online systems were weighed heavily when making policy or procedure changes as these systems were scheduled to be replaced during the Benefit System Modernization project.

Changes Made During the COVID-19 Pandemic

At the onset of the pandemic in March 2020, and throughout the pandemic period (federal programs ending September 6, 2021), the EDD has continuously evaluated its policies and procedures. Some changes made during the pandemic period include:

Enhanced Fraud Detection Processes
Prior to the COVID-19 pandemic, the EDD used data from the Social Security Administration (SSA), California Department of Motor Vehicles (DMV), and EDD data to verify the identity of a person applying for UI benefits. Additional fraud schemes were identified manually by investigating and analyzing claims. At the onset of the pandemic, the immediate and significant increase in UI applications across the country crashed the SSA system. The SSA system impact resulted in the EDD utilizing only the DMV and EDD data to verify the identity of a person applying for UI benefits. Although the process was semi-automated on the front end, the back end resulted in a manual process.

In October of 2020, at the recommendation of the EDD Strike Team, the EDD incorporated ID.me, a third-party technology provider and digital identity network, into the UI Online application process to simplify how a person applying for UI benefits could verify their identity before submitting an application. This deterred many fraudsters from submitting applications, allowing EDD to focus its resources on filing claims for people who needed assistance. Additionally, the EDD implemented the policy to utilize Thomson Reuters to analyze all UI claims and identify fraud schemes related to a person being incarcerated, a person's personal indicators, or identify when a person was utilizing someone else's identity to collect UI benefits. A process was established with the California Department of Corrections to send EDD a monthly file to identify incarcerated individuals who were collecting UI benefits. The EDD is currently finalizing the establishment of a process to access nationwide data from the National Association of State Workforce Agencies (NASWA) Identity Hub to further enhance fraud prevention and deterrence processes.

Temporary Suspension of Eligibility Issues
Effective March 2020, many Californians became unemployed because of the COVID-19 pandemic. Businesses were forced to lay off workers or cut employee hours, either due to safety issues or due to a reduction in business needs. The EDD determined that many

unemployed claimants had a significant reduction in available work due to the stay-at-home orders, health quarantines, and widespread business closures. These limitations resulted in conditions that virtually eliminated most labor markets throughout California and made the prospect of finding suitable work remote. State law requires that a claimant conduct a search for suitable work in accordance with specific and reasonable instructions of a public employment office. However, due to the impact of the pandemic, the EDD modified the work search effort policy in alignment with DOL guidance.

Prior to the COVID-19 pandemic claimants had the ability to submit their certification (Continued Claim Form [DE 4581]) within 21 days. The pandemic brought a population of individuals that may have never filed for UI benefits. A large majority of claimants did not understand the requirement to submit a timely certification for benefits. When the claimant did not submit the forms on time, the UI system would remove the available weeks and prompt the claimant to reopen their claim, causing customer confusion. As a result, on August 14, 2020, the timeliness criterion was extended from 21 days to 120 days. The extended timeline allowed claimants additional time to certify for benefits. On December 30, 2020, this policy was revised from 120 days to 30 days to reduce confusion for individuals who had returned to work.

Waived Waiting Period Requirement
On March 12, 2020, the Governor amended the emergency proclamation and waived the unpaid one-week UI Waiting Period (WP) for individuals who are unemployed for reasons related to the COVID-19 pandemic. The EDD modified the policy and applied the waiting period waiver to individuals who:

- Lived or worked in the affected area or could not reach work as a result of COVID-19.

- Who became ill or were quarantined due to COVID-19.

- Have to care for someone who became ill or was quarantined due to COVID-19.

- Are subject to a medical or government mandated quarantine.

- Were laid off or had their hours reduced due to the economic impacts on the business due to COVID-19.

- Who could not work because the employer was forced to close temporarily due to an individual/employee who was sick or was exposed to COVID-19.

- Who could not work due to lack of childcare due to school or daycare closures related to COVID-19.

Deferred Determinations Workload
The EDD modified its policy for determining eligibility for non-health issues during the pandemic. The EDD created automated processes to assist in processing workload and removing barriers that impacted a claimant's ability to collect UI benefits.

Auto-Processed Payments
On April 23, 2020, the EDD immediately processed available weeks without requiring claimants to submit certifications through UI Online, Tele-Cert, or paper DE 4581. The EDD modified the

policy that required claimants to submit certifications to determine eligibility and automatically process certifications for week ending March 14, 2020, through the week ending May 09, 2020, without requiring a claimant to submit a certification.

Streamlined Claim Filing Via Macro
As the backlog for filing UI claims grew, the EDD identified the procedures that could be automated by a macro to assist in the liquidation of the backlog. A macro was developed that would use additional data elements not available to the existing online system and process an application as a staff person would manually. This streamlined process was only feasible due to the fact that the EDD suspended and deferred the processing of eligibility determinations.

Implementation of Five New Federal Unemployment Programs
During the COVID-19 pandemic, the EDD had to create policy and procedures for five separate federal unemployment programs (described below); these programs resulted from the passage of three federal laws and the issuance of one Presidential Memorandum. The EDD was required to notify claimants, file claims, process payments, determine eligibility, conduct appeals, and establish overpayments for each of the following programs:

- **Pandemic Unemployment Assistance (PUA) Program**—Provided a total of 86 weeks of additional benefits for individuals who did not qualify for a regular UI claim and were unemployed due to COVID-19 between February 2, 2020, and September 4, 2021. Payments ranged from $167 - $450 per week.

- **Pandemic Emergency Unemployment Compensation (PEUC) Program**—Provided a total of 53 additional weeks of benefits to eligible individuals who qualified for a regular UI claim between March 27, 2020 and September 6, 2021. Weekly payments were based on how much the individual was paid on their regular UI claim.

- **Federal Pandemic Unemployment Compensation (FPUC) Program**—Provided an additional $600 per week between March 29, 2020, and July 31, 2020, and an additional $300 per week between January 2, 2021 and September 6, 2021, to eligible individuals. This program was also known as the Pandemic Additional Compensation (PAC) program in California.

- **Lost Wages Assistance (LWA) Program**—Provided an additional $300 per week between August 1, 2020 and September 5, 2020, to eligible individuals.

- **Mixed Earner Unemployment Compensation (MEUC) Program**—Provided an additional $100 per week between January 2, 2021 and September 6, 2021, to eligible individuals who earned both regular wages and self-employment wages.

Triggered the Federal-State Extended Duration (FED-ED) Program
Between May 10, 2020, and September 11, 2021, eligible claimants received up to 20 weeks of additional UI benefits. The FED-ED extensions can only be filed when a state's Insured Unemployment Rate (IUR) or Total Unemployment Rate (TUR) reaches a certain level, in accordance with federal and state law. The FED-ED extension benefits end when the California's IUR is no longer at the level required by federal and state laws. Weekly payments are calculated based on the amount the individual was paid on their regular UI claim.

Executive Orders (EO)

- **Executive Order N-25-20 —** On March 12, 2020, the EO allowed the EDD to waive the one-week waiting period in UI Code section 1253(d) for unemployment applicants who are unemployed as a result of the COVID-19 pandemic, and who are otherwise eligible for unemployment benefits.

- **Executive Order N-50-20 —** On April 15, 2020, the EO allowed the EDD to waive the California Code of Regulations, title 22, sections 1279.5-2(0)(16)-(17), 1279.5-3(0), 1279.5-5 and 1279.5-6, and UI Code section 1279.5(p) to automate the Work Sharing program.[*]

Challenges Identified by the Employment Development Department

During the COVID-19 pandemic, the EDD faced a sudden spike in UI claims which required the Department to implement new programs in short succession. New programs and requirements the EDD is required to implement and flexibility of policies is driven through direction provided by the DOL. In order to identify the altered policies or procedures that the EDD would activate if a rise in UI claims became significant enough to warrant that step, the EDD would identify the following:

- **Source of Rise in Unemployment—**The cause of the next recession or pandemic will determine the appropriate policies or procedures that will be evaluated.
- **Available Federal and State Laws, Regulations and Guidance—**New federal or state legislation and directives from the DOL will be vital to the EDD's direction in evaluating its policies or procedures. Timely communication between the DOL and the states to prepare for any upcoming federal legislation or change or new federal guidance will be essential in EDD's success in quickly identifying the necessary policies and procedures that can be altered. The EDD has established recurring meetings with the DOL partners to ensure avenues of communication are maintained.
- **Internal Feedback—**It will be essential to survey experienced EDD staff to develop any new policies or procedures. The staff processing the workload have a unique perspective as they interact with EDD external customers.
- **Technical Impacts—**Changes in policy or procedures have a direct impact on systems that incorporate automation to implement current policies or procedures. The EDD will continue to evaluate areas of technical innovation when enhancing its systems.

Employment Development Department Objectives Moving Forward

The following categories will be reviewed to identify policies and procedures that could be suspended, modified, or eliminated:

- **Fraud Prevention and Detection—**The EDD will analyze data and patterns to determine the source of the rise in UI claims and determine potential creation of new fraud

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[*]This executive order (EO) has not expired. HR 1731 resolved the issues posed by California Code of Regulations, Title 22, sections 1279.5-2(0)(16)-(17) and UI Code section 1279.5(p) when it was codified on September 28, 2020. The EDD is still using the EO to bypass the remaining sections from California Code of Regulations, Title 22, mentioned in the EO.

schemes. Additionally, the EDD will review, modify, and enhance existing fraud processes to prevent and deter fraud when implementing new UI programs.

- **Streamlining Claim Filing**—The EDD will analyze the state of the existing claim filing systems to determine if a temporary solution is necessary to expedite the filing of claims.
- **Streamlining Determinations**—The EDD will analyze the state of the existing determination processes and systems to determine if changes to processes or systems can be made to assist in expediting eligibility determinations.
- **Streamlining Work Items**—The EDD will analyze the state of the existing work item processes and systems to determine if changes to processes or systems can be made to assist in expediting the processing of work items.
- **Resources**—The EDD will create project teams that incorporate team members from each UI division to augment available resources necessary to implement the policy and procedure changes.
- **Executive Orders**—The EDD will analyze the source of the rise in UI claims and identify state laws or regulations that could be suspended or modified while ensuring adherence to federal laws, regulations, and guidance, and will provide this information for consideration to the Labor and Workforce Development Agency (LWDA) and the Governor's Office.
- **Legislation**—The EDD will work with the Administration to propose legislation that further supports the Department's efforts to streamline processes and systems within UI programs.

Line Item 8: Analyzing Communications, Including Determining if Additional Lines of Communication Are Needed

Senate Bill 390 specifically calls for the EDD to "analyze communications, including determining if additional lines of communication are needed, such as additional phone lines, additional email boxes, and external communications, including, but not limited to, social media."

Changes Made Prior to the COVID-19 Pandemic

The EDD ensures that communication with its stakeholders is a priority. The Communication and Change Management team in the Unemployment Insurance (UI) Branch works collaboratively with the Public Affairs Branch (PAB) to provide outreach, marketing, communication, and training services to promote the use and understanding of EDD programs and services in support of the strategic goals and objectives of the Department.

The PAB provides information on the Department's services, programs, and policies to the general public and specific audiences. The PAB is responsible for developing and distributing traditional media, such as news releases and press interviews, and coordinates outreach efforts with the LWDA and the Governor's Press Office. The PAB Strategic Communications Division is responsible for presenting the department to the public as a unified organization that provides vital services to businesses and communities. In addition, the EDD social media accounts, such as Facebook, Twitter, and LinkedIn, are managed by this group. The PAB Web Content and Usability Group (WCUG) oversees and monitors all web content to ensure that customers are provided accurate, consistent, and timely information.

The PAB Spanish Translation Team provides translation services of all public content and supports Department outreach campaigns to increase awareness of EDD services and promote self-service options for Spanish speakers. A translation's goal is not simply to translate the content literally but to work within the target language so that the original nuances and tone remain intact and the original message is conveyed without compromise. The Spanish Translation team follows a specialized approach by utilizing unique roles: translator, editor, and reviewer.

The UI Branch's Communication and Change Management team and the UI Support Division (UISD) manage claimant outreach and communication, including:

- Developing content to distribute to the public on social media channels.
- Creating messaging to distribute to claimants online, such as on UI Online accounts, the Chabot, and the EDD website.
- Creating messaging to post on the Interactive Voice Response (IVR) call center system.

Most importantly, the UI call center staff provide direct communication to claimants over the phone. The UI Branch Training Section (UIBTS) plays a critical role in training EDD staff. The

UIBTS is responsible for the development of the Knowledge Management System (KMS) which provides staff with scripts to follow as they develop their skills and knowledge in the UI claims process.

Changes Made During the COVID-19 Pandemic

In two of the last three recessions, the EDD hired approximately 1,000 new Employment Program Representatives (EPR) in response to the increased workload. In both cases, the unemployment rate and corresponding departmental workload increased incrementally over many months.

As stated previously in this report, the COVID-19 pandemic did not follow any historical patterns. In February 2020, the country had a historically low unemployment rate of 3.9%. Two months later, in April 2020, the unemployment rate increased to 16.4%.

The pandemic created an immediate need to hire additional staff to respond to media inquiries and claimant communications. The increase in initial claims filed generated a record volume of mail from claimants, Ask EDD messages, and incoming calls to the UI call center. The flood of contacts and communication was overwhelming to staff and systems.

In order to address the increased volume of contacts from customers, the EDD entered into an emergency contract with Deloitte to provide support for various pandemic-related information technology (IT) projects, as well as to provide extended staffing to support the increased call volume. The Deloitte agents were assigned a subset of call center workload based on a short turnaround training plan. Ongoing support was provided from subject matter experts in the UI Branch through regular meetings with coordinators from Deloitte.

The pandemic also required the UI Branch to quickly redirect staff located in offices to begin teleworking from home in response to the Governor's Stay at Home Order (published March 19, 2020). The pivot to teleworking operations required a redefinition of the work processes and systems.

The UI Branch, in partnership with the Information Technology Branch (ITB) and Verizon, quickly established a new call center platform, identified as the Virtual Contact Center (VCC), which allowed staff to work remotely from home and afforded the ability to rapidly onboard additional support from within the EDD and vendors to respond to the increased call demand from customers. The EDD staff were issued cell phones to connect to the VCC, while vendor staff connected via a softphone through personal computers.

Another improvement implemented during the pandemic was deployment of Short Message Service (SMS) text messaging to claimants. The SMS text messages were developed and sent to claimants in response to specific claim triggers such as when a new claim is filed. Claimants that have cell phone devices are able to receive messages that remind them or encourage them to take specific actions to maintain their claim. The number of SMS text messages that can be sent on a given day is 1 million. Internal coordination is required when a new message or special message is created.

The EDD also appointed a UI Claimant and Stakeholder Liaison to provide dedicated focus to UI customers and stakeholder groups. This new position is responsible for policy development in the areas of direct outreach and stakeholder and staff engagement. These efforts include convening a new stakeholder advisory group that informs EDD policies and practices with their expertise and first-hand claimant experiences. Stakeholders are encouraged to share insights about the barriers they encounter with constituents while navigating the UI program, along with suggesting improvements. The UI Claimant and Stakeholder Liaison works closely with the EDD Legislative Affairs Branch and the PAB to ensure accurate and timely delivery of updates affecting claimants and stakeholder groups; it also fosters ongoing partnerships with stakeholder groups to extend outreach efforts into communities with which the Department may not have directly interacted previously.

Additionally, the EDD continues to make significant investments to advance multilingual services and outreach to California's diverse communities. The Department has expanded its use of LanguageLine Solutions, an interpretation service that assists callers in hundreds of languages.[*] Customers can also select from 52 spoken-language options in UI Online as their preference for speaking with Department representatives. The EDD is creating a Language Access Office dedicated to expanding interpretative and translation services and projects across the Department, a $2 million grant program funding outreach activities by community-based organizations, and other expanded multilingual services provided for in the 2021–22 budget and trailer bill (AB 138).

The partnership between the EDD and the State Legislature was strengthened during the COVID-19 pandemic. The EDD's Legislative Affairs Branch received an unprecedented volume of UI cases from legislative offices that were serving large numbers of constituents, many of whom became unemployed as a result of the pandemic. In response, the EDD initiated biweekly calls with legislative staff in June 2020, which continue into the present. These calls provide an opportunity for legislative staff to ask questions and receive updates on the EDD's programs and services. In September 2020 the Department also established a new case management system for legislative referrals, which is much easier to use and more efficient than the prior email process. Finally, in August 2020 the EDD provided dedicated liaisons to each legislative office to help resolve their UI cases. This process was expanded to full-time assistance in June 2021, and those liaisons are currently still in place.

Opportunities Identified by the Employment Development Department

Expand Use of Email Communication
Currently, email messages from claimants are limited to messages sent through their UI Online account. This ensures the security of claimant information; however, email messages are limited in the number of characters in a response. By expanding the use of email communication through the UI Online account, EDD could initiate communication to resolve

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[*]Visit https://www.languageline.com/s/ for more information about LanguageLine Solutions.

identified issues by requesting information from customers. The EDD could more quickly resolve issues and engage customers more fully, similar to phone interactions.

Increase Chatbot Usage

The Department's chatbot feature is available to claimants and provides general responses to inquiries on the EDD website; however, the chatbot does not provide claim-specific information. Introducing an authentication function within the chatbot could allow claim-specific information to be shared via this channel.

Additionally, the chatbot could be expanded to include a live chat option. Live chat would allow a customer the option to chat with an EDD agent. The live chat could also be authenticated to allow discussion of claim-specific information. Other state departments currently engage with customers through live chat. The Franchise Tax Board's non-authenticated chat allows an agent to communicate with up to three customers at one time, while authenticated chat enables one-to-one communication with the customer. Unlike phone service, the live chat allows more claimants to be served at one time. The Department is currently assessing the feasibility of this option.

Use Social Media Accounts That Are Exclusive to EDD Programs

The EDD is responsible for administering multiple public programs, including Disability Insurance, Paid Family Leave, the Disabled Veterans Outreach Program, and the Migrant and Seasonal Farm Workers Outreach Program. These programs continued to serve their customers during the COVID-19 pandemic, parallel to the UI program.

The PAB manages social media accounts on behalf of the Department. This requires proactive coordination of social media post needs for the UI program while ensuring consideration and the needs of other EDD programs. The EDD will ensure strategic communication of social media releases are coordinated to ensure timely communication and awareness of program enhancements to customers.

Explore Other Opportunities to Improve Communication

Additional improved communication opportunities entail augmenting well-versed and trained staff in the Workforce Services (WS) Branch. The UI Navigators located in the WS Branch will have necessary UI training to assist in clarifying customer inquiries in the EDD's in-person offices. UI Navigator resources can assist in reducing or eliminating claimant frustration and support claimants who may be unfamiliar with technology or need in-person communication with staff. UI Navigators will be provided with increased resources and access to UI systems to provide enhanced guidance to claimants.

Line Item 9: Identifying Budget and Funding Constraints

Line item 9 of Senate Bill 390 requires the EDD to submit an economic recession plan that includes "identifying budget and funding constraints." The following discussion addresses this topic.

Background

Administrative Funding Constraints and Solutions for Unemployment Insurance

Historically, the United States Congress has not allocated sufficient funds at the national level for states to run their respective UI programs. This has not always been the case. Previously, UI programs in the United States were entirely funded by the federal government. However, as a result of ongoing funding shortfalls from Congress, every state in the nation is consistently underfunded with respect to administering its UI program. The amounts appropriated annually by Congress determine the national funding allotted to all states.

In California, the cost to administer the UI program has steadily increased over time, with no additional funding made available at the federal level. Cost-of-living adjustments for salaries and benefits, as well as state operating expenditures for items such as rent, utilities, information technology, data storage and management, and travel continue to increase due to inflation and price adjustments. The cost to run California's UI program exceeds the federal funding provided, making it difficult to protect program integrity and simultaneously provide adequate service to UI customers; this has been the case since at least the 2001–02 State Fiscal Year (SFY), when California augmented the federal UI program with state funding in order to secure the resources needed to process claims and provide adequate service levels.[†] These impacts require the EDD to seek additional state funding through the annual budget process, depending on the severity and frequency of federal funding reductions.

In order to determine a state's funding needs for UI program administration, the DOL requires states to submit a comprehensive report, called the Resource Justification Model, of actual UI administration costs from the recently completed federal fiscal year (FFY). The DOL then applies its own methodology to divide the national funding allocation across all states. This funding allotment serves as the base grant for UI administration. The DOL also requires states to report actual workloads and other allowable costs on a quarterly basis, known as the UI-3 report. Workload reported in the UI-3 that is above the fixed workload tied to the state's base grant, can provide justification for the DOL to provide above-base grant funding to states during the FFY. Above-base resources are tied directly to above-base workloads.

[†] *Unemployment Insurance Program Business Plan, 2007–2012*. Relevant records from both the California Department of Finance website (https://www.dof.ca.gov/) and the EDD Fiscal Programs Division date back only to 2007–08.

The DOL's cost model considers factors such as workload data, timesheet data, and other administrative expenditures for states' UI funding needs. However, due to the fact that there are insufficient federal dollars appropriated every year to fulfill all of the states' funding needs, the DOL determines the funding allotment to each state by adjusting the cost-model factors. It is typical during this allocation process for large states such as California to absorb a disproportionate share of the funding shortfalls. The end result is a gap between the federal funding that California requests and the actual federal funding received for UI program administration (see Figure 9.1).

Figure 9.1: UI Administrative Federal Funding Requested vs. Received vs. the UI Rate for FFY 2014-15 through FFY 2020-21
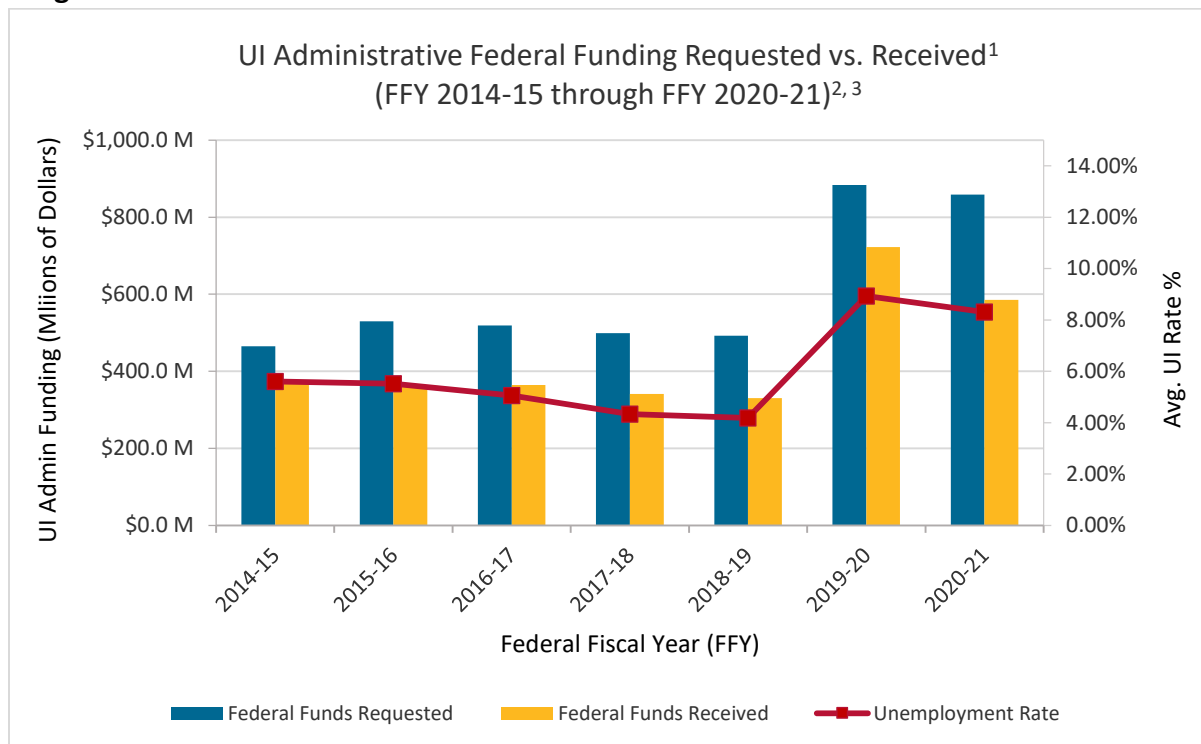
[1] The CARES Act was enacted on March 27, 2020, providing pandemic funding for UI program administration.
[2] The federal fiscal year (FFY) spans October 1 – September 30 of the following year.
[3] Federal funding displayed in this graph includes both the annual base grant and above base grant.

Additionally, the inception of the Resource Justification Model (RJM) funding mechanism in the 2003 FFY exacerbated a deficit of funds requested by California versus funds received—and this deficit has increased each year since, reaching 35.7% for FFY 2020–21 (see Figure 9.1).

Beginning in the 2014–15 SFY, the UI program has operated with at least 20% of the overall funding consisting of both state and special funds, with $100 million in state funds. Since SFY 2017–18, the percentage has climbed to almost 30%, which amounts to more than $150 million.

Although the RJM was developed to ensure adequate funding for the administration of the states' UI programs, California and other states are consistently underfunded at the federal level. While some of the funding decreases are caused by lower workloads, this does not fully account for the declining funding stream. Federal funding has not kept pace with California's rising staff and automation costs, and this has required California to use supplemental state funding to properly administer the UI program.

Annually, federal funding gaps are addressed through the budget process, calculating projected funding needs based on a similar methodology to the DOL's cost model. California receives state supplemental funding for UI program administration through the EDD Contingent Fund, the General Fund, and the EDD Benefit Audit Fund. The availability of state supplemental funding is a critical component of the program's administration. Without the state support, the program would have to rely on federal funding alone, which is insufficient. Additionally, the EDD also supplements the UI program where possible through specialized federal grant opportunities or state funding for information technology (IT) solutions, special projects, and modernization efforts to enhance the UI program.

The 2016 Budget Act added provisional language (Provision 2 of Item 7100-001-0184 and Provision 3 of Item 7100-001-0185) to allow the Department to directly access the EDD Contingent Fund and the EDD Benefit Audit Fund upon notification to DOF and the Legislature. This has allowed the Department to address funding changes (either increases or decreases) and maintain adequate levels of service. If the EDD Contingent Fund or EDD Benefit Audit Fund do not sufficiently cover the EDD's expenditures, the EDD will pursue additional monies through the state budget process.

Changes Made During the COVID-19 Pandemic

In March 2020, as a response to the COVID-19 pandemic, the President signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which introduced several new pandemic-related unemployment programs and a new set of administrative federal guidelines. The DOL made funding available for implementation as well as ongoing administrative costs for these federal unemployment programs.

Supplemental Budget Requests were smaller grants made available to cover one-time implementation costs for the initial setup of each new program—including Pandemic Unemployment Assistance (PUA), Pandemic Emergency Unemployment Compensation (PEUC), and Federal Pandemic Unemployment Compensation (FPUC). Allowable costs covered by these special grants included, but were not limited to, IT programming, training, travel, implementation of necessary business processes, notices to beneficiaries, and any other related overhead costs. The funds nationally allocated for implementation costs were limited to a specific amount based on the states' 12-month average of UI-covered employment.

For ongoing administration costs for claims processing activities and other regular business operations for the PEUC program, the EDD was required to use the above-base (UI-3) funding application process. Ongoing administrative costs for the PUA program were based on the monthly DOL Employment and Training Administration (ETA) 902P workload report and applied the same factors used in California's above-base UI funding.

For UI benefit payments to claimants, requesting additional funding was a challenge due to the unpredictable nature of the COVID-19 pandemic, the multiple extensions to the temporary programs, the unprecedented surge in the volume of claimants, and the significant additional funding needed for weekly stimulus payments initiated by the CARES Act. The EDD had to request an emergency adjustment in UI benefits authority (Provision 3 of Item 7100-101-0871) multiple times during the COVID-19 pandemic to avoid running out of funding to pay benefits. The utilization of Provision 3 allowed the EDD to keep sending UI benefit payments to unemployed Californians without the delays typically involved in the normal budget process.

The EDD was able to stay within its budgetary authority by hiring limited-term, tenured staff with an intermittent time base. This tenure and time base of newly hired staff also allowed the EDD the flexibility to adjust work schedules aligned with workload demands and ultimately uphold the EDD's commitment to being good fiscal stewards.

Opportunities Identified by the Employment Development Department

The EDD will continue to review all UI Program Letters (UIPLs) and other Advisories published by the DOL that notify state agencies of funding opportunities to enhance programs that can help aid California during an economic crisis such as a recession or a pandemic.

In 2009, the American Recovery and Reinvestment Act (ARRA) was enacted to combat the Great Recession. Following the onset of the COVID-19 pandemic, the CARES Act of 2020 and the American Rescue Plan Act (ARPA) of 2021 were both enacted, providing additional funding opportunities for states to implement the new federal unemployment programs. Moving forward, the EDD will continue to closely monitor and apply for funding opportunities to aid California in preparation for the next economic crisis.

Employment Development Department Objectives Moving Forward

The UI program is funded based on immediate needs rather than proactive preparation for significant economic events such as recessions. Non-recessionary periods last approximately seven to 10 years and involve budgetary constraints on resources that are required to continuously improve and maintain the UI program. As a result of outdated technology and limited staffing, the EDD is not able to respond in a timely manner to the magnitude of increased claimant activities caused by a recession. During recessionary periods, the Department temporarily receives a surge of funding with the expectation that it can instantaneously update its outdated systems and hire staff immediately.

The EDD plans to take the following steps to mitigate challenges that come with budgetary and funding constraints during both recessionary and non-recessionary periods.

Special DOL Funding Opportunities
The Department will continue to review DOL guidance and advisories to keep apprised of available UI funding and special grant opportunities. These notices create opportunities for the Department to create or supplement funding for special projects or program enhancements. Multiple EDD branches will collaborate as appropriate to complete application requirements.

Ongoing Internal Communication
The EDD's budget staff will engage in ongoing communication with UI program support staff to discuss hiring needs based on increased workload activities. This will help the Department determine if additional funding is needed to meet workload demands. Once recession trigger metrics are met, the UI Branch will increase communication with internal stakeholders to ensure funding is secured to meet anticipated hiring needs.

Emergency Contract and Interagency Agreement Development Procedures
The Department will propose to add the ability to waive certain procurement rules when recession triggers are met. This will help the EDD accelerate the procurement of resources for mass-hiring efforts, IT system updates, call-center expansions, and other first-time initiatives. Language will be modeled after emergency contracting authority and formalized in statute to allow the Legislature to review and modify as necessary.

The EDD will work with the LWDA to build upon the language, consider insights gained from the unforeseen challenges the Department faced during the COVID-19 pandemic, and make amendments accordingly. The immediate need to address the large deficit in UI production staff for pandemic workloads prompted the EDD's UI Branch to revise internal processes for setting up contracted vendor service agreements for large-scale, recessionary needs. The EDD's UI program staff is now equipped with documented procedures and interagency agreement templates drafted to accommodate additional call-center agent services and/or technical support services to specifically address a recession. Updates to the templates will be made in collaboration with the Department's UI Branch, Contract Services Group, Legal Office, Fiscal Programs Division, and Human Resource Services Division to ensure the templates are consistent with any major UI program changes.

Line Item 10: Enhancing Claims-Processing Tools to Ensure That the Department's Identity Verification Processes Are as Robust as Possible

Senate Bill 390 requires the EDD to enhance its claims-processing tools to ensure that the Department's identity (ID) verification processes are as "robust as possible."

The following sections address the Unemployment Insurance (UI) Branch's ID verification process administered by the EDD, as well as the Department's current challenges and opportunities.

Pre-Pandemic Identity Verification Process

Prior to March 2020, the Department had the following ID verification measures in place when a customer was at the point of filing a UI claim:

- The claimant's Social Security number (SSN) was verified against the Social Security Administration (SSA) database. The SSN was run for all UI claims, including UI Online applications and those filed by phone or through a paper *Unemployment Insurance Application* (DE 1101). When the SSN provided by the claimant was not verified with the SSA, an EDD Client Number (ECN) was assigned. If the SSN was not verified for a claimant's name and date of birth (DOB), the Identity Alert Action Request (IDAAR) was initiated.
- If a customer provided a California Driver's License (DL) or ID card when filling a claim, the California DL/ID card verification was run with the California Department of Motor Vehicles (DMV) to validate the ID document and the claimant's information. If a California DL/ID was not verified for a claimant's information, the IDAAR was initiated.

An IDAAR form was sent after the claim was filed and under the following circumstances:

- DOB did not match exactly.
- SSN was not verified with the SSA.
- The DL/ID was not verified with the DMV.
- Individual had but refused to provide a DL/ID number.
- Individual was 18 years or older and provided an out-of-state DL/ID number.
- Individual was 18 years or older and did not provide a DL/ID number.
- Prior UI, Disability Insurance (DI), or Paid Family Leave (PFL) claim was filed in the last 24 months and was not identified.
- A current UI claim existed and the individual stated they did not file the claim.
- ECN was assigned.
- Information became available through the claim-filing process indicating the individual may be an imposter.

- The Insufficient Earning/No Earning (IE/NE) claim was potentially valid and an ID issue was detected.

In addition to IDAARs, the Department initiated the ID verification process for UI claims with the following triggers:

- Non-California mailing or residential addresses
- Suspicious IP or email addresses

On the following business day, the Department took the following additional actions:

- The claimant was mailed a *Request for Identify Verification* (DE 1326C) form to request submission of a photo ID and secondary ID document. The claimant was given 10 calendar days to provide the ID documents to the EDD. Identity documents were reviewed by ID verification staff, and an ID eligibility determination was completed. Approximately 10 to 12 days from the mail date of the DE 1326C form, the Department ran a no-response macro to disqualify claims for which ID documents were not submitted.
- The claimant was mailed a *Request for Additional Information* (DE 1326ER) form to base period employers, providing them an opportunity to report fraud on UI claims.

Changes Made During the COVID-19 Pandemic

The following table provides a timeline of changes related to the Department's ID verification process, as well as other events that occurred during the COVID-19 pandemic.

Date	Milestone
March 19, 2020	SSA verification was unavailable, and the EDD disabled the verification check from the EDD application process in order to process UI claims.
April 4, 2020	Pandemic Additional Compensation (PAC) in the amount of $600 per week started for the week ending April 4, 2020.
April 28, 2020	The EDD began filing Pandemic Unemployment Assistance (PUA) claims.
June 4, 2020	SSA verification was restored, and the EDD re-enabled the verification check within the EDD application process.
June 8, 2020	The UI Online Document Upload project was launched to improve the customer experience and allow an alternative method for claimants to submit documents for ID verification.
July 31, 2020	PAC payments ended.
September 1, 2020	The UI Online Document Upload feature was implemented, which allowed UI Online customers to upload ID verification documents requested by the EDD as an alternative to mailing or faxing documents.
September 3, 2020	The ID.me project was launched.
September 4, 2020	California halted automatic backdating of PUA claims.

Date	Milestone
October 1, 2020	The EDD disabled the SSA verification check from the UI Online application process. The SSA verification check remains in place for claim applications submitted by mail, phone, or fax. ID.me was implemented, which requires claimants to verify their ID through ID.me before they can submit a UI claim application online. A short-term contract was put in place.
October 5, 2020	The EDD began using Thomson Reuters (TR) results against the ID verification backlog to clear claimants whose results were considered low-risk for fraud.
October 20, 2020	EDD ID verification staff were issued 50 additional software licenses for tools to help review claims for potential fraud.
October 30, 2020	EDD ID verification staff were provided 148 additional software licenses for tools to help review claims for potential fraud.
November 24, 2020	The EDD began working with the California Department of Corrections and Rehabilitation (CDCR) to crossmatch inmate data against UI claims and identify potential fraud.
December 18, 2020	TR results were processed retroactively for claims filed from January 2020 through November 2020.
December 24, 2020	The EDD flagged 1.4 million claims for potential fraud based on TR results.
December 31, 2020	The EDD sent emails to a subset of the 1.4 million claimants who had UI Online accounts explaining that their claim was under review and that they would be notified if additional information were needed to determine eligibility for benefits.
January 2, 2021	PAC of $300 started with the week ending January 2, 2021.
January 4, 2021	TR results were processed retroactively for claims filed in December 2020.
January 6, 2021	The EDD began emailing claimants to advise them to verify their ID or other information.
January 11, 2021	The EDD began a regular process of sending all new claims filed in 2021 to TR for review of potential fraud.
June 10, 2021	An additional 200 EDD ID verification staff were provided software licenses for tools to help review claims for potential fraud.
October 5, 2021	Assembly Bill 110 codified the CDCR and EDD partnership to crossmatch CDCR inmates with UI claimants (signed and chaptered into law by Governor Newsom on October 5, 2021).

Prior to October 1, 2020, the EDD did not have an online ID proofing system to help prevent the submittal of fraudulent UI applications. During the COVID-19 pandemic, the EDD faced an exponential increase in applications submitted through UI Online. The EDD Strike Team recommended that the Department quickly procure and deploy an NIST IAL2-compliant identity

verification solution for all claimants, integrated as early as possible in the claim-filing process.[*] This was based on the exponential increase in UI applications received during July and August of 2020, as displayed in the table below. The ID.me project was launched in September 2020 and was implemented within the UI Online application process on October 1, 2020.

2020-2021 Monthly Initial Claims							
Month	Report Date	Regular Unemployment Insurance (UI)	Pandemic Unemployment Assistance (PUA)	Pandemic Emergency Unemployment Compensation (PEUC)	Federal-State Extended Duration (FED-ED)	ID Verification (IDV) Workload Volume*	IDV Backlog Volume* (as of the End of the Month)
January	1/31/2020	227,321	0	0	0	10,046	2,002
February	2/29/2020	165,096	0	0	0	12,974	2,328
March	3/31/2020	1,658,084	0	0	0	15,583	4,877
April	4/30/2020	2,363,851	231,338	0	0	121,502	44,826
May	5/31/2020	1,014,504	505,561	190,909	0	66,294	64,059
June	6/30/2020	1,168,092	381,354	101,261	0	57,477	39,804
July	7/31/2020	1,170,977	756,292	165,040	52,923	57,112	39,580
August	8/31/2020	893,381	1,174,215	181,841	26,499	77,982	45,301
September	9/30/2020	912,101	644,955	625,949	27,861	200,446	146,010
October	10/31/2020	697,621	114,408	570,631	37,776	102,154	71,719
November	11/30/2020	682,246	142,941	319,203	54,717	52,013	25,074
December	12/31/2020	789,669	190,005	228,012	309,118	155,244	18,222
January	1/31/2021	511,613	238,681	113,665	28,274	140,896	106,873
February	2/28/2021	468,090	117,608	113,519	4,614	83,837	67,097
March	3/31/2021	388,973	113,648	64,255	1,819	65,385	33,152
April	4/30/2021	318,613	84,895	74,447	673	54,190	6,056
May	5/31/2021	305,634	69,798	53,073	465	37,107	4,456
June	6/30/2021	261,849	100,113	49,510	389	33,401	1,425
July	7/31/2021	273,507	188,794	48,900	642	35,917	1,593
August	8/31/2021	283,009	217,117	38,238	254	51,044	6,009
September	9/30/2021	281,391	49,173	15,318	393,486	32,993	792
October	10/31/2021	274,902	20,707	4,854	17,042	38,325	2,550

*Volume is based on workload where responses/documents were received by the claimant.

Challenges Identified by the Employment Development Department

Prior to the COVID-19 pandemic, California was experiencing periods of low unemployment rates. As stated previously in this document, in February 2020 the United States had a

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[*] NIST stands for National Institute of Standards and Technology. For more information, visit https://www.nist.gov/.

historically low unemployment rate of 3.9%—and only two months later, in April 2020, the rate increased to 16.4%.

During the pandemic, the EDD experienced an unprecedented amount of claims filed and benefits paid, which also included providing benefits to a new population of claimants who previously did not participate in the UI program. Due to the short and demanding turnaround time required for the implementation of the PUA program, the PUA program bypassed many methods typically used by the EDD to verify a person's labor market attachment and identity, while the implementation timeline did not allow for appropriate analysis or planning related to fraud prevention. The reliance on DMV and SSA verification was paramount but insufficient. For a short period of time, the SSA verification system was overwhelmed and could not verify anyone's identity, which caused many claims to be filed without that added validation. Similarly, DMV verification could not be completed because of the high volume of out-of-state claims.

The biggest challenge that the EDD faces is balancing the speed of benefit delivery with protecting the Department against various forms of fraud.

Employment Development Department Objectives Moving Forward

Funding
Funding is paramount to ensure additional fraud prevention processes are in place regardless of the unemployment rate. If fraud prevention is a priority, the EDD should prioritize funding to maintain and ensure adequate fraud prevention, detection, and deterrence tools are available—outside of those efforts not currently envisioned in the RBSM project.

Continuous Monitoring and Assessment
Due to the fact that fraud schemes continuously evolve, the EDD must be able to continuously assess the effectiveness of existing ID verification applications and processes. This includes evaluating services provided by vendors such as ID.me.

With the implementation of ID.me on October 1, 2020, the EDD has continued to monitor the efficiency of the ID.me ID proofing service to ensure that the Department is exploring all available resources. The Department has also engaged in constant monitoring of ID.me outcomes to highlight areas of concern and identify potential increases in fraudulent activities. The Department has also worked closely with ID.me to improve services for Californians, such as increased availability of "Trusted Referees" and services in the claimant's preferred language. This has allowed the EDD to corroborate at an enterprise level an understanding of the sources and impacts of certain triggers—for example, increases in out-of-state UI claims. Additionally, the EDD fraud team has shifted the use of the manual ID verification method for other situations where new instances of fraud activity are found but are not associated with ID.me or the initial claim-filing point through UI Online. These are areas the Department may not have been able to previously explore.

The EDD claims that are filed through UI Online do not undergo SSA or DMV verification; however, claims filed by phone and paper are verified using both of those methods. The ID.me platform does not verify the SSN against SSA records or verify the authenticity of a photo-ID document with any state or federal agencies. Therefore, there is a need to monitor and assess these areas to determine if additional steps—such as running SSA or DMV verification with online applications—would prove effective in addressing any gaps in the Department's processes.

Since December 2020, in an effort to strengthen the EDD's fraud detection and prevention efforts, the Department has been working with Thomson Reuters (TR) to analyze all EDD claims from the 2020 calendar year. Since January 2021, the Department has been cross-validating all new claims filed against the various resources available to TR. These alerts of potentially fraudulent activity have allowed the Department to look more deeply into potential identity and non-identity benefit fraud. The EDD fraud team has shifted staffing resources to collaborate with the Department's Information Technology Branch (ITB), Investigations Division, and TR to develop and release various tools, including the ID Risk Analytics (IDRA) dashboard provided by TR. This dashboard is a TR ID Risk Analytics SaaS product integrated with EDD systems to automate and streamline risk analysis of new claims.

Employment Development Department Fraud Team
The EDD fraud team is also changing its foundational approach to fraud detection and prevention. As a result of a California State Auditor (CSA) recommendation, the Department created a specific unit designated to focus on fraud detection, in alignment with the US Government Accountability Office (GAO) Framework for Managing Fraud Risks in Federal Programs.[*] The EDD has created two new units within the UI Branch to focus on fraud detection and prevention that will also work in collaboration with the Investigations Division to ensure a comprehensive partnership with state and local law enforcement. In 2021, many of the EDD fraud team's efforts have focused on the guiding principles found in the GAO framework:

1. Commit
   a. Create an organizational structure that prioritizes fraud detection and prevention.

2. Evaluate/Adapt
   a. Focus efforts on mitigating fraud early in the claim life cycle while also ensuring the use of as much automation as possible to ensure agility with workload fluctuations.
   b. Evaluate existing fraud detection and prevention techniques and improve in areas where there are gaps (to improve fraud risk management).

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[*]See https://www.gao.gov/assets/gao-15-593sp.pdf.

3. Assess
   a. Develop methods to assess the effectiveness of existing fraud detection and prevention techniques, evaluate data to find areas of improvement, monitor trends in fraud techniques, and ensure efforts to target those areas.

4. Design and Implement
   a. Analyze data to find opportunities of enhancement (gaps in EDD processes), develop and deploy systemic monitoring, and establish strategic models and policies that ensure agility when investigating and resolving suspicious activity.

These efforts reflect the EDD's ongoing commitment to fraud detection and prevention and mark an organizational focus that is now proactive rather than reactive.

Collaboration Across State and Federal Agencies

The EDD continues to evaluate existing resources and new technologies to streamline the Department's processes with cost-effective solutions that will have a substantial return on investment. This includes the recent effort to implement the Integrity Data Hub, a new product made available at no cost to the state through the National Association of State Workforce Agencies (NASWA)—which offers services such as ID verification, multi-state cross matching, and foreign IP address matches. This effort will allow the EDD to enhance its long-term fraud detection and mitigation techniques without incurring an additional cost. The project aims to establish a streamlined process and mitigate as much manual workload as possible ensuring that fraud efforts can continue with workload fluctuations.

As of December 14, 2021, the California Department of Technology (CDT) is leading a digital ID pilot regarding accounts and ID verification. The EDD's ITB has participated in roundtable meetings with CDT and the Office of Digital Innovation to explore potential opportunities for the EDD to further enhance its systems.

Another opportunity to ensure that the Department's ID verification process is as robust as possible, is to collaborate with the US Department of State, US Department of Defense, and the US Citizenship and Immigration Services to validate the authenticity of ID documents submitted by claimants. Currently, the EDD is only able to validate California DL and ID cards submitted by claimants.

Forms of acceptable photo identification are listed below:

- DL/ID card (EDD is only able to verify California DL/ID card with DMV. Not able to validate DL/ID issued by other states)
- Foreign passport (not able to validate)
- US Passport or US Passport Card (issued by the US Department of State)
- US Military ID Card (issued by the US Department of Defense)
- Military dependent's ID card (issued by the US Department of Defense)

- Employment Authorization Document (Form I-766/EAD issued by the US Citizenship and Immigration Services)
- Certificate of Citizenship (Form N-660 issued by the US Citizenship and Immigration Services)
- Certificate of Naturalization (Form N-550 (issued by the US Citizenship and Immigration Services)
- Permanent Resident Card or Alien Registration Card (issued by the US Citizenship and Immigration Services)

Line Item 11: Assessing Call-Center Protocols

Senate Bill 390 specifically calls for the EDD to assess its UI Branch call-center protocols by doing the following:

(A) Establishing a process for tracking and periodically analyzing the reasons why unemployment insurance compensation benefits claimants call for assistance.

(B) Analyzing the data gathered to improve the Department's call center by doing both of the following:

> (i) Identifying and resolving weaknesses or problems with the ways in which the Department assists unemployment insurance compensation benefits claimants through self-service options and non-call center options.

> (ii) Developing specialized training modules to quickly train call-center staff on the most commonly requested items with which callers want assistance.

The following discussion addresses these topics.

Changes Made Prior to the COVID-19 Pandemic

Prior to the COVID-19 pandemic, the UI Branch operated its call center Monday through Friday, from 8:00 a.m. to 12:00 p.m. for all claimant inquiries, and until 5:00 p.m. on the same days with limited services. In addition, self-service options for payment information, Form 1099-G information, and Tele-Cert (a method of certifying for benefits via telephone) were available 24 hours per day through the call center's Interactive Voice Response (IVR) system and a separate self-service phone line.

In June 2019, the Department initiated a call center network upgrade project to migrate to a new call center platform for the UI program. This project included vision sessions with senior management, focus groups with field staff, discovery sessions with Verizon, requirements development, and high-level design for the new IVR and automated call distribution system. The IVR system allows customers to interact and navigate through menus, which collect the necessary data to distribute calls to the appropriate call center agents. The Statement of Work (SOW) to begin development for the project was signed before the COVID-19 pandemic.

Changes Made During the COVID-19 Pandemic

In April 2020, as part of the Department's response to Executive Order N-50-20, the EDD took action to service more UI customer calls by increasing the number of customer service agents. To meet the increased demand for service, the EDD utilized the network upgrade project's SOW as the basis for deploying an emergency call center that could accommodate staff who were working remotely in accordance with the Governor's executive order. Due to the speed with which the emergency contact center was deployed, a minimum viable product (MVP) design was approved by EDD leadership along with an iterative approach to expand functionality. The

emergency call center was deployed in less than a month and became the foundation for the new call center platform.

In April 2020, the EDD deployed a new call center named the UI Online Assistance Center (UIOAC) to run in parallel with the existing call center. The UIOAC was open Monday through Sunday from 8:00 a.m. to 8:00 p.m. In addition, welcome messages for the UIOAC IVR were added to include information about Pandemic Unemployment Assistance (PUA), federal extensions, and claimant self-service options.

In July 2020, further enhancements were made to the UIOAC IVR messages, including the ability for callers to specify the reason for their call (PUA assistance, UI Online account assistance, EDD Customer Account Number, or UI payment issues). These options were based on an analysis of feedback from call center agents for the reasons most customers provided for calling. In addition to the modifications made to the IVR messages, on hold informational messages were implemented to provide information for frequently asked questions while customers waited to speak with an agent. The informational messages provided information regarding the PUA program, how to access UI Online for claim information, UI eligibility information, how to obtain payment information through self-service options, when to expect a payment, and the information that customers should have available when applying for UI benefits.

In October 2020, the EDD migrated all remaining staff to the new call center platform, which was re-named the UI Customer Service Center (UICSC)—replacing all references to UI call centers and the UIOAC. The consolidation of staff onto one platform increased the availability of trained staff capable of answering more complex claimant questions. In addition, the platform was expanded to include new IVR routes which increased options for callers and allowed the Department to transfer callers to staff with the corresponding skills to handle those calls. This expansion included support for languages beyond English and Spanish (Cantonese, Mandarin, and Vietnamese). Callers using teletypewriter (TTY) technology are also able to wait in queues for an agent rather than being told to call back when no agents are immediately available. All in-bound phone numbers were directed to the same IVR, providing callers the same experience. Following the welcome messages, callers are given simplified options to begin navigating the IVR based on their role as claimants, employers, or to report fraud.

The EDD relies on customers selecting the IVR options that best match the reason for their call. For example, if callers need assistance with their EDD debit card, a path is available for the claimant to select that will navigate the customer to an agent for assistance. Based on the caller's questions, the agent will triage the situation and either provide answers or direct the caller to Bank of America, if appropriate. The first step in supporting callers will always involve triaging the claim to determine the issues that need resolution.

To improve the overall customer experience, the EDD implemented a virtual-hold feature into each of the 38 Virtual Contact Center queues in June 2021. The virtual-hold callback option

allows a customer to hold their place in line until it is the customer's turn to speak with an agent. This virtual-hold feature is provided to customers when the estimated wait time is greater than 15 minutes. When the next available agent is ready, the call is routed to an agent who answers the call similar to a normal incoming call. If a customer is unavailable for their virtual-hold appointment, EDD representatives have the option of leaving a pre-recorded message for the customer or using an approved script to leave a voicemail. The virtual-hold feature is available to customers five days a week and helps lessen the amount of time callers have to spend on hold.

In May 2021, wrap-up messages were deployed to enable agents to end a call by transferring the caller to a recorded message while the agent moves on to another call. The wrap-up message is specific to telephone claim filing activities. These recorded messages are based on actions the agent takes after assisting the caller.

In October 2021, the next iteration of improvements to the UICSC was deployed to return self-service options to the main IVR to ensure callers no longer need to dial a separate number for self-service. This enhancement allows Social Security number collection within the IVR to authenticate the caller in order to automatically provide payment information and Tele-Cert options. Customers can select options to file a UI claim, obtain general claim and overpayment information, or listen to Form 1099-G information.

Additionally, the EDD continues to enhance its Quality Assurance Management (QAM) program to improve the customer experience and agent performance. The QAM program consists of the following elements:

- **Shadow/Coach Training Tools**—The Shadow/Coach tools were implemented in August 2021**.** Prior to the COVID-19 pandemic, most EDD staff were not teleworking, and the EDD conducted in-person training. Trainees job-shadowed with their trainers or journey-level staff to gain insights into their role in the call center, see a practical application of technical and customer service knowledge, and use real-life scenarios to generate discussion and promote learning. Agent shadowing previously consisted of a trainee and trainer sitting side by side with connected headsets for in-person observation. This training approach is no longer possible because most EDD staff are now teleworking. Therefore, the EDD implemented a VCC enhancement that supports virtual agent shadowing and coaching. Trainees now remotely listen to trainers as they handle calls. Additionally, trainers use the tools to remotely listen to a trainee take calls and to provide timely and immediate feedback.

- **Remote Call Monitoring**—The EDD implemented Remote Call Monitoring in September 2021. As a result of the COVID-19 pandemic and the Department's shift to a remote workforce, in-person, journey-level quality reviews are no longer feasible. As a result of the Remote Call Monitoring implementation, all inbound and outbound calls through

the VCC can be monitored for quality assurance. Remote Call Monitoring supports agents by identifying gaps in skills and knowledge, recognizing positive interactions with customers, and improving the customer experience and satisfaction. A manager may monitor an agent's call to conduct regularly scheduled quality reviews or sample reviews conducted under different circumstances—such as customer complaints, trends observed, or a request from an agent for review.

- **Every Customer Has Opinions (ECHO) Survey—**In January 2022, the EDD implemented a web-based application called the ECHO Survey to gather customer feedback after a person has spoken with an agent through the VCC. The ECHO Survey provides a timely method for customers to potentially participate in an after-call survey. First-call resolution questions were developed to capture proper metrics. ECHO Survey results will be used to further identify, assess, and improve first-call resolution. Additional ECHO Survey questions were created to capture customers' opinions regarding agent professionalism and knowledge. After the customer provides their answers, they will be allowed to leave a 90-second recording to further elaborate on their experience. The ECHO Survey results will be used to recognize exemplary customer service, identify training opportunities for agents, and identify and resolve customer complaints.

- **Call Recording—**The EDD is in the process of implementing Call Recording and expects to complete the process by the end of 2022. The EDD will begin recording inbound and outbound calls through the VCC for quality assurance purposes. Call Recording will further support agents by identifying gaps in skills and knowledge, recognizing positive interactions with customers, and improving customer experience and satisfaction. Additionally, Call Recording will allow the EDD to address specific customer complaints by providing a full recording of the conversation between an agent and customer.

- **Screen Recording—**The EDD is engaged in vendor discussions regarding a project to implement Screen Recording. Screen Recording will allow the EDD to secure a visual record of every interaction between an agent and customer. This technology will be utilized to enhance agent training by pairing the actions of an agent with the recording of a customer call. Additionally, Screen Recording will allow the EDD to identify continuous customer pain points, improve processes, and identify excellent customer service.

The Department continues to seek technological enhancements that will improve the quality of service delivered to EDD customers.

Opportunities Identified by the Employment Development Department

As discussed in line item 5 of this recession plan, the EDD has a unique opportunity to allow additional complex calls to be handled by its contact center. This is possible because of recent deployments of services to reduce the amount of time that EDD customers spend with contact

center agents, as well as customer messaging and education on available self-service and non-contact center options.

Employment Development Department Objectives Moving Forward

In May 2021, the EDD's UI Command Center Division (UICCD) developed and administered the UI Branch's policy for tracking and analyzing the reasons customers call. The policy developed by the UICCD is as follows:

- **Disposition Codes Analysis**
  - Gather the call disposition codes entered by call center agents monthly.[*]
  - Analyze and determine the reason(s) customers are contacting the call center monthly.
  - Analyze the call disposition code descriptions to determine if the title matches the intent with clarity.
  - Revise the call disposition code titles and descriptions based on the completed analysis.

- **Root-Cause Analysis for a Customer's Inquiry**
  - Utilize the data collected to determine the top reasons why customers call and could not obtain information via self-service options.
  - Call disposition codes will be updated as needed, but no less than quarterly.

- **Determine Operational Goals**
  - Based on the analysis of disposition codes, a determination will be made if a claimant's issue can be resolved via non-call center options (such as, technological enhancements and self-service options), or if more agent training is required.

- **Determine Implementation Strategies**
  - Based on the operational and organizational direction, an implementation plan or strategy will be developed to address the top reasons customers are calling the contact center based on the disposition code analysis to mitigate the identified issues.

- **Implementation Plan**
  - After the analysis is complete, appropriate actions will be taken to address and mitigate the top reasons customers are calling based on the disposition code analysis and any additional data collected.
  - Gather the call disposition codes entered by call center agents monthly.
  - Analyze and determine the call disposition codes to determine the reasons customers call monthly.

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[*]Call disposition codes are assigned by EDD call center agents at the end of each call. A code categorizes certain information about the call received, such as the type of or reason for the call.

The two figures below illustrate the flow process and continuous improvement cycle related to the policy for tracking and analyzing the reasons why customers call.

The Flow Process of the "Call Analysis" Policy

The Continuous Process Flow When Determining Operational Goals

To stay in alignment with established policy for tracking and analyzing the reasons why customers call, the UICCD will regularly run reports and gather data to evaluate disposition code usage and determine if updates are needed. This information will then be communicated to management in the UI Branch Training Section (UIBTS) to create or update training materials. Current staff would receive targeted training, while training for new staff would be structured

to emphasize the importance of disposition codes. New training modules may take up to six weeks for the UIBTS to develop.

The UIBTS training staff use Adobe and Microsoft software to create training materials. Training staff use microphones to record all trainings. A Knowledge Management System (KMS) article is developed if a handout is required to perform the job function. The KMS is a tool used to help organize documentation, frequently asked questions, and other information into easily accessible formats for EDD agents and helps staff to find answers while assisting callers. If the topic is extremely complex, a guide is created in the KMS to self-direct staff to articles that explain how tasks can be performed.

The UICCD links disposition codes with KMS articles and guides that agent's access when assisting customers. The success of this resource is contingent upon management reinforcing the use of the KMS. If a guide is built, staff are provided clear and concise instructions on how to perform a task, ensuring consistency throughout the Department. Given that guide development can take up to 120 days to execute, it may not be feasible with projects that require a fast turnaround time.

In October 2021, the UICCD updated the disposition codes used in the Virtual Contact Center application. There are three different groups of disposition codes: Operations Divisions (UI Northern Operations Division and UI Southern Operations Division), UI Integrity and Accounting Division, and Technical Support Center. Disposition codes help the EDD identify the reasons why customers contact the UICSC, develop specialized training modules, and inform and train call center agents to assist UI customers as emerging trends and issues present themselves. The UI agents assigned to answer incoming calls must assign disposition codes to each call once the reason for the call has been determined. A new call will not be routed to an agent if a disposition code is not selected for the completed call.

Recession Trigger Metrics

Each month, the UICCD analyzes call disposition codes and the comments used by agents to assist in identifying the reasons why customers call. The review and analysis of disposition codes are semi-automated and explored utilizing data presentation software. Disposition codes are separated into the following analytic formats:

- **Work Cloud:** Disposition codes used by agents are arranged as a graphical representation of word frequency that gives greater prominence to words that appear more frequently based on the disposition code.
- **Tree Map:** Disposition codes used by agents are arranged as a diagram representing hierarchical data in the form of nested rectangles–the areas of each corresponding to the frequency based on the disposition code.
- **Text Analytics:** Leveraging the free-form notes used by call center agents to extract additional details regarding the reason for a customer's call.

Every three months, the UICCD analyzes call disposition code descriptions to determine if the assigned title clearly matches the call's intent. The disposition codes used by call center agents are dissected and refined. The UICCD makes change recommendations for the disposition codes based on usage trends for the codes and article search trends from the KMS.

By following the above-mentioned policy and roadmap for tracking and analyzing the reasons why customers call, the EDD will be able to continuously monitor and determine when call disposition codes deviate from baselines. Based on the analysis of the disposition codes, a determination will be made if a claimant's issue can be resolved via non-contact center options or agent training to highlight the importance of assigning accurate disposition codes.

The EDD is committed to improving the customer experience for the citizens of California. The Department believes it has demonstrated the effectiveness and sustainability of its call analysis policy, and the EDD remains committed to improving the quality of service provided to customers who call the UICSC. As the Department moves forward, the UICCD will review the disposition codes used by contact center agents every month, determine whether there is a need to update disposition codes on a quarterly basis, use the data analyzed to enhance training for contact center agents, and explore operational and technological solutions to improve the UICSC on an ongoing basis.

Abbreviations Used in This Report

ARPA: American Rescue Plan Act

ARRA: American Recovery and Reinvestment Act

BCP: Budget Change Proposal

BEA: US Bureau of Economic Analysis

BPI: Business Process Improvement

BSM: Benefit System Modernization

CAL-Card: State of California Purchase Card

CalHR: California Department of Human Resources

CARES Act: Coronavirus Aid, Relief, and Economic Security Act

CDCR: California Department of Corrections and Rehabilitation

CDT: California Department of Technology

CPT: Claim Processing Tool

CSA: California State Auditor

CST: Claim Status Tracker

CUBS: California Unemployment Benefit Services

CUIC: California Unemployment Insurance Code

DI: Disability Insurance

DL: Driver's License

DMV: California Department of Motor Vehicles

DOB: Date of Birth

DOF: California Department of Finance

DOL: US Department of Labor

DUA: Disaster Unemployment Assistance

eCPT: Emergency Claim Processing Tool

ECN: Employment Development Department Client Number

EDD: Employment Development Department

EO: Executive Order

EPM: Employment Program Manager

EPR: Employment Program Representative

ERP: Economic Resilience Plan

FAQs: Frequently Asked Questions

FED-ED: Federal-State Extended Duration

FFY: Federal Fiscal Year

FPD: Fiscal Programs Division (Employment Development Department)

FPUC: Federal Pandemic Unemployment Compensation

GAO: US Government Accountability Office

GDP: Gross Domestic Product

GNP: Gross National Product

HRSD: Human Resource Services Division (Employment Development Department)

ID: Identification Card

IDAAR: Identity Alert Action Request

IDRA: Identity Risk Analytics

IE/NE: Insufficient Earnings/No Earnings

IT: Information Technology

ITB: Information Technology Branch (Employment Development Department)

IUR: Insured Unemployment Rate

IVR: Interactive Voice Response

KMS: Knowledge Management System

LMID: Labor Market Information Division (Employment Development Department)

LMS: Learning Management System

LWA: Lost Wages Assistance

LWDA: California Labor & Workforce Development Agency

MEUC: Mixed Earner Unemployment Compensation

MFA: Multi-factor Authentication

MOU: Memorandum of Understanding

MQs: Minimum Qualifications

MVP: Minimum Viable Product

NASWA: National Association of State Workforce Agencies

NBER: National Bureau of Economic Research

NIST: National Institute of Standards and Technology

OJT: On-the-job training

OT: Office Technician

PAB: Public Affairs Branch (Employment Development Department)

PAC: Pandemic Additional Compensation

PEG: Program Estimates Group (Employment Development Department)

PEUC: Pandemic Emergency Unemployment Compensation

PFL: Paid Family Leave

PI: Permanent Intermittent

PLP 2020: Personal Leave Program 2020

PUA: Pandemic Unemployment Assistance

QAM: Quality Assurance Management

RFP: Request for Proposal

RJM: Resource Justification Model

SB: Senate Bill

SCDB: Single Client Database

SFY: State Fiscal Year

SLA: Service Level Agreement

SMS: Short Message Service

SPB: State Personnel Board

SPOC: Single Point of Contact

SSA: Social Security Administration

SSN: Social Security Number

T&D: Training and Development

TR: Thomson Reuters

TUR: Total Unemployment Rate

UI: Unemployment Insurance

UIBTS: Unemployment Insurance Branch Training Section (Employment Development Department)

UICCD: Unemployment Insurance Command Center Division (Employment Development Department)

UICSC: Unemployment Insurance Customer Service Center (Employment Development Department)

UIOAC: Unemployment Insurance Online Assistance Center (Employment Development Department)

UIPL: Unemployment Insurance Program Letter

UISD: Unemployment Insurance Support Division (Employment Development Department)

VCC: Virtual Contact Center

VOC: Voice of the Customer

V-Time: Voluntary Time

WCUG: Web Content and Usability Group (Employment Development Department)

WFM: Workforce Management

WP: Waiting Period

WS: Workforce Services Branch (Employment Development Department)