



February 19, 2021

The Honorable Wendy Carrillo
California State Assembly
State Capitol, Room 4167
Sacramento, CA 95814

Dear Assembly Member Carrillo:

Thank you for the opportunity to provide additional information. Below are responses that address your specific questions:

- 1. How long does it take to process identity verifications for the cards frozen by Bank of America due to fraud from the first freeze of 350,000 cards? How long does it take to process identification verification for claims frozen by EDD for the same populations? What is the general timeline for claimants to get their card unfrozen and be able to access those benefits on their account?**

Identity verification processing for claimants who had their cards frozen can take between two to four weeks. The EDD then sends lists of verified claimants to the Bank of America in order for the bank to act on the card. Once EDD clears a claimant, they can continuously certify and collect UI benefits via paper check until Bank of America unfreezes the card.

- 2. What percentage of claimants that have had their card frozen by Bank of America due to suspected fraud are actually legitimate and are actually fraudulent? If their claim is legitimate, how quickly can these claimants expect a resolution?**

Out of the original 350,000 frozen list, there are approximately 16,000 (5%) individuals that have confirmed their identity with EDD. The remaining 334,000 have not and are suspected to be fraudulent. After the Bank of America unfreezes a card, the claimant will have same day access to the card's funds. In instances when the card itself has been compromised, the bank will mail the customer a new card and it will arrive in the mail in 5-7 business days.

- 3. Can EDD provide information on Bank of America's call center data? Specifically, how does Bank of America report cases as resolved? If Bank of America is directing claimants to call EDD, does that constitute a call being resolved?**



Attached is the most recent call center report provided by Bank of America. EDD has asked Bank of America for the remaining information and we will share it when it is provided.

4. What steps has EDD taken to prioritize underpayment prevention which was identified by the strike Team as a recommendation? How does the 1.4 million suspended claims factor into EDD's focus on underpayment prevention?

EDD has maintained a focus on prioritizing underpayment prevention. Early in the pandemic, EDD relaxed eligibility requirements, including suspending determination appointments in order to prioritize paying claimants during a time they needed it most. The Department also took steps to automatically certify claimants for benefits during a period in April 2020 when the department was concerned with the stability of its website with the influx of demand. Both of these actions prioritized preventing underpaying claimants. These actions were later determined to be out of compliance by the United States Department of Labor. Accordingly, we must now take steps to address those outstanding workloads. The 1.4 million suspended claims were identified by fraud detection tools as potentially fraudulent using data-driven metrics. The department created a pathway to verify legitimate claimants who were part of these suspended claims in order to continue benefit payments to those customers.

5. After identification has been verified, how many days do claimants wait to have their claim unsuspending? How many claimants wait more than 10 days?

The majority of suspended claims that verify through ID.Me are unsuspending through an automated process and cleared within 2-3 days of EDD being notified they have verified. Some cases that verified through ID.me using a different name or date of birth than what was originally on the claim are considered exceptions and require manual review which can take 7-10 days for processing. As of 2/16, no claimant who was cleared through ID.me was waiting more than 10 days to have their claim unsuspending.

6. What is the amount of benefits that have gone unpaid for the 1.4 million claims that are suspected of fraud, had they been able to continue certifying?

The claimant must certify for eligibility for benefits on a weekly basis. The EDD is unable to determine the total volume of "unpaid for the 1.4 million" suspended claims, as the EDD is not aware if the claimant would qualify for these weeks or if the claimant may have returned to work.

7. How many claimants have opened the instructions link to the ID.me portal? How many claimants have been cleared by ID.me? How many claimants have not opened the ID.me link?

As of February 16, 2021, 635,040 emails with instructions have been opened and read, 415,848 claimants have been cleared through ID.me and 450,543 emails have not been opened. We have sent additional emails and text message reminders to those claimants who had not opened the email instructions.

8. How will EDD improve your systems in the future so that these problems will not continue to persist?

We will be conducting a review of existing business processes to determine their efficacy in the face of extreme swings in demand like we experienced in the pandemic and adjust accordingly. This review of business processes must occur before we make any system changes in order to ensure we are not automating inefficient and outdated processes. We have made several improvements to our fraud prevention techniques, including using ID.me for identity verification and using Thomson Reuters fraud analytics tools, to prevent this crime from entering the system at the front door going forward.

9. How many staff work in the unemployment insurance Integrity and Accounting Division work on fraud cases?

The EDD has 316 UI Integrity and Accounting Division staff and managers, along with an additional 165 staff being borrowed from other areas, for a total of 481 staff that are assisting in verifying identity documents and taking associated actions on claims.

If your staff have any questions or need additional information, please have them contact Kevin Matulich, Legislative Affairs Deputy Director, at (916) 217-9270. Thank you for your continued partnership.

Sincerely,

A handwritten signature in black ink that reads "Rita Saenz". The signature is written in a cursive style with a large initial "R" and a checkmark over the "i" in "Saenz".

RITA SAENZ
Director