

# **Employment Development Department Strike Team Detailed Assessment and Recommendations**

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## Background

Since the COVID-19 pandemic closed many businesses, unemployment insurance (UI) systems across the country are coping with unprecedented load. California's UI system, run by the Employment Development Department (EDD), is no exception. On July 29, Governor Gavin Newsom directed Yolanda Richardson, Secretary of Government Operations, and Jennifer Pahlka, former US Deputy Chief Technology Officer, to lead a strike team to set a path for needed reforms at the Employment Development Department.

The co-chairs of the Strike Team convened a team of experts with experience solving complex service delivery, operations, and technology problems in government organizations including HealthCare.gov and the Department of Veterans Affairs, as well as leaders from the California Department of Technology and the Office of Digital Innovation. This team conducted six weeks of interviews of staff at all levels of EDD, exhaustive technical systems discovery, and on-site observation of claims processing. We worked closely with EDD throughout the six weeks, sharing our recommendations and supporting their implementation along the way. The following report summarizes our findings and recommendations, some of which have been acted upon, some of which are in progress, and some of which should be implemented when the top priorities are complete.

## Executive Summary

Ultimately, UI claims processing is a logistics and workflow problem. Every action (nightly system batches, manual review, waiting for claimant information) runs at a fixed speed (time per item), with a relatively fixed throughput (total items per time). In some cases steps can be sped up, or throughput increased, by buying faster computers, or increasing staffing. A concrete example of throughput from our field data: an experienced claims processor can manually work through only 24 claims per day.

Claims may be worked on, queued for work, or stored by many different systems or staff, depending on a large number of variables. Variables in the claim application itself such as name, date of birth, tax identifier, employer are among these. There are also variables in data sourced from other locations, such as the Social Security Administration, Franchise Tax Board, or

Department of Motor Vehicles. Lastly, there are variables related to the claims process itself, such as manual actions taken by EDD staff or contractors.

A detailed breakdown and map of this process, to the extent made possible by the data we've gathered, is included later in this report. It is important to understand that there are effectively many paths a claim can take during processing, which all have different phases, each with its own speed and throughput. The lowest speed, lowest throughput phases are all the ones which depend on EDD staff taking action, or "manual" phases.

**As long as the inbound rate of claims per day exceeds what the slowest, lowest throughput part of the system can complete in a day, the backlog of undetermined claims will grow unbounded until the new claims rate decreases.**

Based on data of new claim filings, California's current backlog of undetermined claims is growing by at least ten thousand claims per day. Given the state of the economy and the likelihood of future legislation, executive orders, or other policy to support workers, it's reasonable to assume inbound claim rates will not abate in the foreseeable future.

EDD's maximum throughput for manual processing of claims never exceeded 2,400 per day in 2019 or 2020. Recent new UI claim reports show that right now, more than 20,000 claims *per day* are diverted into manual processing, mostly for identity verification.

In the following report, the Strike Team presents a detailed picture of where claims can move quickly, where they do not, and for what reasons claims get diverted to slower, lower-throughput processes.

Our top recommendations follow. More detailed implementation suggestions, including suggestions of specific measurements, are found elsewhere in this report, and in additional deliverables, including 10 Appendices.

Our most important recommendations:

- Measure every material step of the claims process on a daily basis. Include tracking of reason codes and throughput of each phase.

- Quickly procure and deploy a NIST IAL2-compliant Identity Verification solution for all claimants, integrated as early as possible in the onboarding process.
- Adopt the “burndown” plan EDD has proposed in the memo titled “Governor’s Office Strike Team Recommendation to delay new claims filed and redirect highest skilled staff to focus on processing claims,” based on the model provided by the Strike Team, and refined and optimized by the EDD team. In this analysis, older claims will begin to be addressed immediately, and with relief coming to many claimants as soon as a few weeks from now, and the final remnants of the backlog resolved within four months. This plan reflects incredibly disciplined, thorough, and thoughtful work on the part of the EDD team and is by far our best chance of getting claimants the relief they need. All stakeholders should vigorously support the staffing changes in this plan.
- Complete the deployment of the current document upload, as a long-term solution for all types of documents, and make it accessible to more claimants by making it mobile-friendly.

We are pleased to report that EDD has embraced each of these recommendations and is now leading the department towards their implementation, pending approval from the Governor on the burndown plan. CDT and ODI continue to collaborate effectively with EDD on the technical pieces of the implementation and feel confident in their success.

Finally, the only way out of this unbounded growth is ongoing measurement and action. EDD must continually analyze data showing the speed and throughput of the systems & processes at a resolution sufficient to find low-throughput bottlenecks. That data can then be used to make high-confidence decisions about process, people, and technology in order to increase throughput. The Strike Team has engaged with EDD in this kind of analysis and decision-making throughout the 45 days of our assignment, and we are excited to see EDD continue this practice far into the future.

## Key Issues and Challenges

EDD is routing more claims for manual processing than it has capacity to process.

EDD received an average of 60,368 new electronic claims each day during the week ending August 22, 2020. Of those, an average of 40% were routed for manual processing: 24,147 manual claims per day. Once you require manual processing, you cannot have your claim determined in under 21 days.

From November 2019 through January 2020, by all accounts, EDD processed claims in a reasonable timeframe. EDD averaged 2,312 manual claims per day during this time.

Today's claims are also generating more work items per claim:

| Pre-Pandemic and Pandemic Work Item Data                    |                      |                           |            |
|-------------------------------------------------------------|----------------------|---------------------------|------------|
| Timeframe                                                   | Work Item Range      | Certification Weeks Count | % of Total |
| 5 months prior to the Pandemic<br>(10/01/2019 - 02/29/2020) | 0 Work Items         | 6,775,336                 | 88%        |
|                                                             | 1 to 3 Work Items    | 855,917                   | 11%        |
|                                                             | 4 or more Work Items | 9,170                     | 1%         |
|                                                             | <b>Total</b>         | <b>7,640,423</b>          |            |
| Most recent completed 5 months<br>(03/01/2020 - 07/31/2020) | 0 Work Items         | 60,287,522                | 77%        |
|                                                             | 1 to 3 Work Items    | 17,808,449                | 22%        |
|                                                             | 4 or more Work Items | 140,160                   | 1%         |
|                                                             | <b>Total</b>         | <b>78,236,131</b>         |            |

The breakdown of reasons an electronic claim is sent for manual review is known and is available in an internal report called CPT Conditions.

**If EDD can automate 94% of claims (from a current baseline today of ~60%), it will reduce the number of claims requiring manual attention to 3,622 per day, a number which it has capacity to complete. Moving to an automated identity verification provider would handle an estimated 77.69% of these manual claims, increasing the automation rate to 91%.**



The reasons that a claim is rejected from the automatic process and sent for manual review are serial; it's possible that a claim has multiple issues requiring manual review, but only the first reason encountered is captured. Still, this is an excellent baseline for where to focus more automation efforts.

#### Recommendations:

- Implement the plan outlined in *Appendix A: Data-Driven Definition & Resolution of the Backlog* and review these numbers weekly, design improvements to address the largest causes of manual review, test how well these improvements are working, and continue addressing root causes on a weekly basis.

*UPDATE: This has begun and should continue.*

- Implement the plan outlined in *Appendix B: Acceleration Plan for Identity Verification* to verify claimants' identity automatically, using federal NIST standards for identity verification, and completely replace its current identity verification system and process immediately (no later than September 30, 2020).

*UPDATE: This plan is in progress. The vendor selected is ID.me.*

## Current Identity Verification Processes Intended to Block Fraud are Slowing Service Delivery Without Catching Fraud

The U.S. Department of Labor requires that EDD not exceed a 10% improper payment rate (which they have done – most recently it was 8%); in order to do that, it must prevent fraudulent claims from going through the system. In nearly every interview, leadership and field workers alike emphasized that a large part of their job was identifying “fraudsters” who are impersonating other people to collect benefits. One of the ways EDD tries to do this is by flagging claims for further identity verification. Currently, identity verification is the overwhelming driver (78%) of claims being sent for manual processing.

Organized high-volume unemployment fraud is a very real problem in every state, and a frequent topic with the National Association of State Workforce Agencies (NASWA). However, the current automated identity verification process is simplistic and easy to exploit. Anyone attempting to intentionally claim on behalf of someone else fraudulently can submit an application that goes through the automated process, especially if they have the person's SSN. During the course of this engagement, the Strike Team heard frequently about the fraud

reported recently in the media (of inmates receiving unemployment, or of one woman getting 50 letters addressed to her house). In these cases, the claimants are *going through the automated process*; the manual process did not stop this fraud. EDD's practice of manually processing a high number claims for further identity validation appears to catch relatively few cases of fraud.

The Strike Team reviewed data from the Identity Verification Database to explore this. Of 183,167 cases in the three months of May, June, and July this year, less than one half of one percent (.04% or 804 people) were deemed imposters during EDD review. But even that small fraction may still overstate the imposter rate. Of appeals for identity verification (Issue 1257(a)), from January through June 2020<sup>1</sup>, the California Unemployment Insurance Appeals Board overturned EDD's decision 53% of the time (9,519 out of 18,111 appeals). That would suggest that about half of that .04% were in fact legitimate claims, leaving .02% of those claims as likely fraud.

But the cost of finding that small number of imposters is extremely high, both in terms of the literal cost of staff time and in terms of the negative impact on the system. In those same three months of May, June, and July this year, EDD routed 1,383,302 claims through manual processing, primarily to further validate their identity, in the hopes of flagging what appears to be .02% of claimants who can be identified as imposters. The impact on those 1,383,302 claimants is significant. Because EDD lacks the capacity to process this volume of manual claims and to answer calls from confused and worried claimants, many of them are stuck in limbo with little visibility into the status of their claim. It is the view of the Strike Team that the minimal fraud prevention derived from these practices does not justify the high cost to the system, to the overall pool of claimants, and to the trust and faith of the public in the ability of the system to serve them.

During the course of the engagement, the Strike Team and EDD have partnered to very quickly select and begin the implementation of an automated solution that meets a far higher standard of identity verification, as mentioned above, and we believe this will greatly reduce fraud moving forward. We commend EDD for their championing of this effort and their speed to act, in partnership with CDT and ODI.

Recommendations:

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<sup>1</sup> [https://cuiab.ca.gov/Statistics/quickStats/Outcomes\\_Jan-Jun\\_2020.pdf](https://cuiab.ca.gov/Statistics/quickStats/Outcomes_Jan-Jun_2020.pdf)

- (As above) EDD should follow our proposed plan in *Appendix B: Acceleration Plan for Identity Verification* to verify claimants' identity automatically, using federal NIST standards for identity verification, and completely replace its current identity verification system and process immediately (no later than September 30, 2020).  
*UPDATE: This has begun and should continue.*
- EDD must make a plan with IT to automatically reconcile situations where a new UI claimant's SSN is already in SCDB (e.g. for a past DI claim) before this new identity verification system goes live. We have recommended a new, more nuanced rule for adoption for the short-term, but in the long-term, this conflict needs a permanent resolution.
- Until there is no backlog of correspondence (including electronic messages and physical mail), claims should not be assumed to be fraudulent or abandoned by the claimant. See recommendations in the section on Business Process Obstacles for specifics on centralizing mail and document processing.

## EDD culture must shift from reactivity to rationality as it relates to fraud

In our interviews and observations, stories and anecdotes about fraud and/or suspected fraud were often used to explain why EDD could not act quickly to avoid the growth of the backlog. For example, the Strike Team suggested that EDD turn off certain conditions that unnecessarily flag claims for manual processing until Id.me was operational, based on the analysis described above. (These flags included conditions like the applicant including a middle initial in her UI claim, but the SSA database showing no middle name, or vice versa.) In EDD's view, it would have been inappropriate to reduce fraud prevention measures at a time when the sheer volume of applications suggested increased fraud; in the Strike Team's view, the tradeoff was worth it, as those flags were not functioning as fraud prevention, but were preventing the timely payment of hundreds of thousands of legitimate claims. EDD delayed acting. If those conditions had been turned off when the Strike Team recommended them, EDD could have avoided sending hundreds of thousands of claims to manual processing during the spikes in new claims that occurred at the end of August.

There has developed at EDD a culture of allowing fear for fraud to trump all other considerations, and a lack of analysis of fraud avoidance tactics to understand both their

effectiveness and their effect on the core mission. This was visible in several areas. For example, EDD staff and leadership told the Strike Team that the tens of thousands of people who have not responded to identity verification requests are fraudulent. This is possible, but with current practices, it is impossible to know, and there is ample evidence of other explanations. There are currently 7,695 pending work items for addresses that are “too long” to fit in the database, and therefore any mail sent to those addresses would be coming back as undeliverable. We heard from every legislative office we spoke to that their constituents had mailed in the requested documents to validate their claim, often multiple times, but received no acknowledgement that EDD had received them, and remained stuck in limbo. Our observations of unopened mail during visits to the field offices lends credence to this. Until it is processed and quantified, returned mail should not be assumed to indicate fraud. As discussed in the section on Gaps in End User Experience, individuals who do not speak fluent English have almost no assistance to make it through the process, and even fluent English speakers frequently complain that they don’t understand EDD notices. We encourage EDD to investigate further the possibility that a lack of response from some claimants may indicate confused and desperate people who may simply have given up, and to use data-driven methods to make this determination.

While it is certainly EDD’s job to fight fraud, it is also EDD’s job not to allow the fight against fraud to interfere with the delivery of benefits to legitimate claimants. We believe there is work to be done by EDD leadership to shift the culture of the organization from reactive to data-driven in this area. This will help the department deliver much-needed services to Californians in need while also being good stewards of public funds.

#### Recommendations:

- EDD leadership should set clear expectations with all staff at all levels that fraud prevention and detection practices must be supported by data and evidence and that justifications for new and existing anti-fraud practices include an analysis not only of their effectiveness, but also tradeoffs and unintended consequences of these practices, including adverse impact on the experience of all claimants. EDD should seek support in actively changing the culture of the organization, but the work they are doing now to address the backlog with a data-driven plan will serve as an excellent platform for this culture shift, especially because it has such strong leadership support.

## Organized fraud represents a serious risk to the state, and EDD must develop capabilities to understand and combat it

The Strike Team was not charged with analyzing fraud; our mandate was to recommend ways to improve the claimant experience, and we largely limited our investigation to the connections between ineffective fraud-fighting practices and EDD's productivity and throughput, in order to speed claims processing.

However, though practices intended to reduce fraud have been the key driver of the large backlog of unprocessed claims, and we note a reactivity to fraud and its negative implications to service delivery, there is evidence that California may in fact be the victim of significant organized fraud. The state is not alone in this; many states report sophisticated, organized fraud attacks and struggle to respond effectively. In a recent news article, Arizona stated that out of 1M PUA claims, almost 900,000 were deemed to be fraudulent<sup>2</sup>. It is widely acknowledged that this is not the result of 900,000 Arizonans attempting to individually file fraudulent claims; rather it is assumed to be organized crime. Other states believe that they are the victims of attack, but don't know how many cases there may be.

About four weeks into our six-week effort, EDD leadership asked for help in responding to a significant spike in PUA cases, up to almost 120,000 a day on August 31 and September 1. CDT stepped in and secured the help of the California Cybersecurity Integration Center (CalCSIC) and their forensic specialists.

### Recommendations:

- As stated in the section above, EDD should follow our proposed plan in *Appendix B: Acceleration Plan for Identity Verification* to process identity verification automatically in order to reduce certain kinds of fraud.
- Once the new identity verification solution is in place and the process meets federal NIST standards, EDD should continue working with CalCSIC to thoroughly investigate potential fraud and explore the offerings of vendors who have state of the art technology that might be a fit for California's needs. EDD should further reevaluate how they

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<sup>2</sup>

<https://www.azcentral.com/story/money/business/consumers/2020/08/20/arizona-department-economic-security-delayed-payouts-pandemic-employment-assistance-applicants/5617165002/>

identify and manage the risk of fraud given that the vectors for fraud under the new system will be different.

- As stated above, EDD leadership should set clear expectations with all staff at all levels that fraud prevention and detection practices must be supported by data and evidence, and model that behavior for staff.
- EDD's fraud team has been until now charged with supporting a set of practices that will be irrelevant when ID.me is operational. The resources the department dedicates to fraud need to shift towards different skill sets, including forensic analysis and cyber security coordination.

Staffing realignment must resource the bottlenecks in the system first, and free experienced claims processors to process claims.

Since January 2020, the number of staff deployed to unemployment-related tasks has grown exponentially, fueled by reassigning existing EDD employees and by fast-tracked hiring.

| Office          | January 2020 | August 2020* | December 2020 (goal) |
|-----------------|--------------|--------------|----------------------|
| ID verification | 20           | 460 (288)    | 503                  |
| Recomputations  | 42           | 557 (335)    | 757                  |
| Claim filing    | 546          | 933 (143)    | 1,966                |
| Work Share      | 51           | 78 (27)      | 251                  |

*\*Number in parentheses is the number of redirected EDD staff reflected within the August total, as opposed to brand-new hires. By end of year, the goal is to return all redirected staff and replace them with all brand-new hires.*

EDD should be commended for moving quickly in the face of a crisis; however, these actions have had unintended consequences, and the plan needs realignment. Processing unemployment claims is specialized work, requiring an 800-page training manual; processing them across multiple fragmented, bespoke IT systems in the context of complex rules and regulations is even more specialized. Many kinds of work cannot be completed by new employees at all. In recomputations, for example, it takes three years of experience, schooling, and formal testing

to progress from an entry-level Accounting Tech to an Accountant I, and an additional three years to progress to each subsequent tier. Across multiple days, we observed zero work items in the Accounting Tech queue, and BCIS queue data confirms this. There is no work for the 515 new recomputation employees to complete.

Current conditions have made it even harder to effectively add new staff. The addition of new programs brings an increase in complexity to an already complex system. The pandemic forced an abrupt move to remote training, which is difficult to get right under the best of conditions, and nearly impossible when training cohorts have 180 participants, as happened at EDD, and supervisors have at least 50 employees. Remote work is even challenging for experienced employees; Employment Programs Representatives (EPRs) solve complex problems, and are used to collaborating across cubicles to solve claimant issues. EDD has made significant efforts to reduce the training time for new employees, but it remains the case that gaining the skills to process claims takes six months.

When the Strike Team began our work, experienced employees had been redirected to training new employees, and were not able to focus on working claims. Since the new employees cannot process claims, and will not be able to process claims anytime soon, productivity for key tasks had gone down despite adding staff. We analyzed the DPT (Daily Production Tally sheet) data from January 2020 and from July 2020, measuring individual employee productivity. It now takes 2-5 times as long to do recomputations, for example, even with redirected EDD staff who are already familiar with the computer systems.

**While an influx of new staff reduced productivity in some areas, they can increase throughput in other areas.** As we stated earlier in this report, as long as the inbound rate of claims per day exceeds what the slowest, lowest throughput part of the system can complete in a day, the backlog of undetermined claims will grow unbounded until the new claims rate decreases. The slowest, lowest throughput parts of the system include identity verification, the CPT queues (routing claims requiring processing to the correct next step), and mail sorting, processing, and tracking. Today, these areas will benefit from additional staff, until those queues are cleared, at which time further reassignment will be needed.

The Strike Team has provided EDD with a model for understanding where changing staffing levels in particular areas can increase system throughput. EDD has embraced this model and

refined it over the course of the final week of the Strike Team's engagement, and the result is a plan to address each and every claim in the backlog with the maximum possible speed and efficiency. In this analysis, older claims will begin to be addressed immediately, and with relief coming to many claimants as soon as a few weeks from now, and the final remnants of the backlog resolved within four months. The plan reflects incredibly disciplined, thorough, and thoughtful work on the part of the EDD team and is by far our best chance of getting claimants the relief they need.

Moreover, EDD's comprehensive, data-driven approach to this plan should be commended, along with the leaders within the department who championed it. It should inspire confidence from all stakeholders, as it is emblematic of an approach that, if applied consistently to future challenges, will mean a dramatically different and better future for the department.

#### Recommendations:

- Adopt the "burndown" plan EDD has proposed (which models where staffing is needed) and support the associated staffing changes.
- Do not allow new hires to work overtime hours for the first three months, since those hours only create additional work for experienced employees.
- Allow all redirected employees to return to their original desks to the greatest degree possible.. We found multiple employees who had been temporarily reassigned to different floors/areas, which disrupts their ability to collaborate with their original teams.
- (As above) BCIS should build the functionality to allow employees to return work items, without requiring a supervisor to move them, and without requiring that the work item be reassigned to another employee.

#### The call centers are overwhelmed

EDD has two call centers: one is open from 8am-12pm, and is staffed by experienced Employment Programs Representatives, (EPRs) with the ability to make changes to claims. This is called "call center 1.0" in some documents. A second call center, variously named "Technical Assistance Line" or "call center 1.5," is open from 8am-8pm, and is staffed by hundreds of new employees for the purposes of handling lower-level requests.



## Call Center 1.0 (8a-12p)

The phone number 1-800-300-5616, now called “call center 1.0,” was not intentionally established as a call center; it was a convenience number connected to the desk phones at a particular Northern California field office. This phone number can’t be routed anywhere outside of the in-office desk phone system, so as employees began telework and/or were reassigned to other priorities (e.g. Work Share), they stopped answering the phones.

This line received on average 6.7 million calls per week during the month of July, representing approximately 600,000 unique callers. The outbound call message also refers callers to the call center 1.5, which is discussed below.

There is confusion among employees and management about this call center. When we visited the office where it is housed, and asked where the call center was, an employee speculated that perhaps it had moved to southern California, but that was determined to be inaccurate. A manager explained that because most of the staff is now working from home, and those that still come in have been redirected to other priorities, this office no longer answers a high volume of calls. This redirection is corroborated by the workforce-monitoring tools that EPMs use, including CCPulse and VCC.

Prior to the pandemic, in February, the enterprise-wide average for this call center was that one employee could handle 5 calls per hour. (EDD’s current public estimates are that agents can only handle 4 calls per hour.) EDD would need 6,000 agents working from 8-12, without competing priorities, to serve 600,000 unique callers at 5 calls per hour. Observing the supervisor dashboard “CCPulse,” we found no more than 20 employees answering calls at a time, and the number of empty cubicles we saw would support that number. We can safely estimate that no more than 1 in 1000 people that are trying to reach this call center on a given day are getting through. The morning our team visited this office, we observed four live phone calls in 90 minutes. Of those, two were determined by staff to be from claimants attempting fraud, and they were not helped. On each of the calls, much time was absorbed hearing the claimant explain the number of hours they have been on hold, and the number of days they have been trying to call, highlighting how challenging it can be to serve claimants efficiently under current circumstances.

In summary, in “call center 1.0”:

- Capacity is down more than 80% from the pre-pandemic level.
- Demand (incoming call volume) is up over 1000% from the pre-pandemic level.
- Some callers are not being helped because of fear of fraud.
- Callers who don't get through are referred via the outgoing message to the call center 1.5, which we discuss below. Because that call center can't help them with claims, many callers then return to trying to get through to call center 1.0.

The net effect is that 600,000 unique callers a month are waiting on hold for hours without a statistically significant chance of being served, just in call center 1.0.

#### Call center 1.5 (8a-8p)

The Technical Assistance Line, also known as call center 1.5, will eventually have two levels: "Level 1" password reset requests and "Level 2" higher-level requests handled by journey-level claims representatives. Currently, however, it only has "Level 1" employees. Newly hired claims processors are assigned to this call center, but as new hires, they are not able to move claims forward and are effectively at the same level as the call center agent. The platform for call center 2.0 is the Verizon product "Virtual Contact Center," or VCC.

In July 2020, the EDD received an average of 3.5 million calls per week through the Technical Assistance Line, representing on average 412,000 unique callers. Many of these are referred from call center 1.0's outbound message. As of August 4th, EDD has 1,561 agents on the technical assistance line.

This is EDD's hiring plan for the call center:

#### Call Center Staffing

|                     | New hires | Redirected staff                    | Deloitte surge staff | Total staff   |
|---------------------|-----------|-------------------------------------|----------------------|---------------|
| By end of July      | 461       | 500                                 | 500                  | 1,461         |
| By end of August    | 1,250     | 500                                 | 500                  | 2,250         |
| By end of September | 1,904     | 500 (begin return to normal duties) | 500                  | 2,404 – 2,904 |
| By end of October   | 3,000     | 500 (transition to normal duties)   | 500                  | 3,500 – 4,000 |

By the end of October 2020, EDD plans to merge the employees from call centers 1.0 and 1.5, and have one call line, referred to as call center 2.0.

EDD has been reporting on measures of number of calls answered. This measure has been improving as more staff are hired. However, in order to serve claimants and reduce the backlog, the measure that matters is how many calls are resolved. Using “Voice of the Customer” data provided by Verizon to EDD on a weekly basis, the team calculated that the highest-possible first-call resolution rate for the first week of August, when the 8am-8pm call center answered 167,443 calls, was **1.4%**. This almost exclusively represents people calling for password resets, which is the only statistically-significant call reason that these new employees can handle. The vast majority of calls are for things the call center cannot do, like providing claim status or fixing applications. Hiring more staff that cannot handle the actual reasons people are calling will improve the *calls answered* statistic but will have no impact on resolving issues with claims.

It is worth noting that the federal government does not provide funding for the call centers; this cost for this call center falls fully to California taxpayers.

It is also worth noting that many other recommendations in this report, some of which are underway, including the implementation of ID.me and stopping the “zero award dollar notices” should have the effect of reducing the number of calls. In addition, the eventual launch of the claims status tracker, also discussed below, will also help serve claimants without needing to call.

Desperate claimants are finding and sharing other EDD numbers that are not meant for the public. The TTY phone line (for hearing- or speech-impaired claimants) used to receive four calls a month; it now gets 40 per day. When we observed calls in the Work Share office, none were not related to Work Share, but were rather traditional claimants with questions about their claim. If this pattern continues, every employee with a telephone will be overwhelmed with calls they are unlikely to be able to answer, and that will prevent them from working the claims in front of them.

#### Recommendations:

- Shift call center 1.0 to an outbound call strategy, in which experienced claims processors actively call claimants if they need to speak to them to resolve their claim, for until the

backlog is significantly reduced. It is critical to keep experienced claims processors focused on the tasks only they can perform. Colorado has taken this approach, so there is precedent.

- Call center 1.5 will need to remain open, but must be retooled to set appropriate expectations with callers so that fewer claimants spend less time needless on hold, and so that the activity of this call center stops reducing the productivity of the experienced claims processors. Outbound messages must be carefully crafted to quickly direct callers whose needs can be resolved elsewhere (such as Bank of America).
- Reassign new call center employees to opening, sorting, and processing inbound mail and other tasks that help reduce the backlog. Stop hiring any new ones.
- Continue the transition to VCC so experienced claims representatives can make outbound calls while working remotely.
- Short of this, update call center welcome messages so the top 10 reasons (below) for callers are represented in the hierarchy of numbers.

## Call Center: VCC Dispositions Aug 2 – Aug 9

| Disposition #           | August 2, 2020    | August 3, 2020    | August 4, 2020    | Day of Week<br>August 5, 2020 | August 6, 2020    | August 7, 2020    | August 8, 2020    |
|-------------------------|-------------------|-------------------|-------------------|-------------------------------|-------------------|-------------------|-------------------|
| UI Claim Questions      | 3,466             | 7,605             | 8,727             | 8,510                         | 8,495             | 7,855             | 3,875             |
| UIO - Other             | 1,683             | 4,100             | 4,466             | 4,664                         | 4,499             | 4,239             | 1,928             |
| Payment Pending         | 1,291             | 3,346             | 3,498             | 3,218                         | 3,211             | 3,071             | 1,484             |
| EDDCAN Requested        | 805               | 1,697             | 2,223             | 2,213                         | 2,306             | 2,159             | 1,042             |
| Pending Issue           | 707               | 1,843             | 2,314             | 2,026                         | 2,060             | 1,907             | 920               |
| UIO Registration        | 463               | 790               | 1,021             | 1,002                         | 1,126             | 1,066             | 572               |
| ID Pending              | 188               | 637               | 777               | 761                           | 747               | 643               | 274               |
| Stimulus Payment        | 315               | 627               | 652               | 574                           | 565               | 537               | 264               |
| Null                    | 193               | 540               | 669               | 591                           | 564               | 524               | 239               |
| PUA Eligibility         | 217               | 472               | 580               | 574                           | 600               | 569               | 285               |
| BPO Password Reset      | 194               | 379               | 405               | 445                           | 425               | 428               | 206               |
| Application Process     | 126               | 372               | 451               | 454                           | 387               | 414               | 173               |
| EDD Debit Card          | 129               | 379               | 354               | 366                           | 455               | 421               | 184               |
| SPA                     | 121               | 357               | 447               | 373                           | 387               | 385               | 157               |
| Online Registration     | 115               | 323               | 378               | 350                           | 364               | 313               | 151               |
| Recomp Pending          | 99                | 348               | 353               | 354                           | 345               | 328               | 113               |
| UIO Navigation          | 127               | 242               | 301               | 321                           | 410               | 372               | 143               |
| BPO Login               | 156               | 290               | 322               | 339                           | 335               | 321               | 138               |
| Need Claim              | 95                | 289               | 356               | 372                           | 343               | 298               | 107               |
| Need Claim Form         | 113               | 282               | 324               | 264                           | 305               | 291               | 107               |
| Extension Payment       | 147               | 255               | 270               | 260                           | 275               | 281               | 135               |
| Pending Work Item       | 88                | 276               | 302               | 279                           | 251               | 264               | 133               |
| UIO Error Message       | 96                | 214               | 182               | 253                           | 263               | 222               | 100               |
| Extension Question      | 91                | 177               | 191               | 181                           | 160               | 142               | 78                |
| BPO Email Update        | 62                | 127               | 161               | 161                           | 180               | 131               | 76                |
| COVID-19                | 59                | 134               | 198               | 152                           | 164               | 120               | 52                |
| Penalty Weeks           | 56                | 127               | 133               | 119                           | 86                | 96                | 56                |
| DJ/PD, Claim or Flag    | 31                | 73                | 94                | 81                            | 87                | 61                | 40                |
| Online Account Locked   | 49                | 64                | 65                | 80                            | 78                | 70                | 41                |
| Personal Computer Issue | 12                | 33                | 36                | 24                            | 27                | 24                | 13                |
| OK                      | SK                | OK                | SK                | OK                            | SK                | OK                | SK                |
|                         | Inbound Handled ★ | Inbound Handled ★ | Inbound Handled ★ | Inbound Handled ★             | Inbound Handled ★ | Inbound Handled ★ | Inbound Handled ★ |

### Highlights

- 167,443 Inbound Handled
- 92.57% English
- 7.43% Spanish

### Top Items (outside "UI Claim Questions")

- Payment Pending
- EDDCAN Requested
- Pending Issue
- UIO Registration
- ID Pending

## Existing Strengths and Innovations

### The Macro team

EDD has a very valuable asset in its “macro team” and “macro server farm.” This is the largest reservoir of adaptive capacity in EDD’s technology universe, meaning that it is the best place to start when trying to figure out solutions to new demands and unexpected problems. Several people, from line workers to executives, cited “the macro guys” as their main hope for getting through the implementation of the new federal programs. They do not point to the “mainframe people” or the “UIO people,” showing that they implicitly understand these other systems will be slower to adapt. The “macro team” is indispensable, and they are critical to all technical processes and changes in claim processing.

It is important that their priorities always be the same top three priorities of the department.

Eric Weber’s macro libraries exist today as a de facto mainframe API, and one that is much more functional than we have seen in other agencies that have dedicated two years to the task. Although there are limitations to what you can accomplish through macro automation (described above), we also heard that the macro server farm has had to turn down or postpone work for lack of hardware.

### Recommendations:

We are recommending that EDD immediately expand this capacity as much as is practicable. We’d encourage EDD to do it in the simplest possible way, which is to just add more physical workstations, provisioned in the same way on the same subnet as the existing macro server farm. There are fancier ways to do this, but it won’t be possible to make big changes without losing its current virtue of being simple, well understood, and operational today. If EDD attempted to upgrade or migrate the current server farm, it could lead to loss of this critical capacity.

## Retroactive Recertification Tool

During the launch of Pandemic Unemployment Assistance, EDD temporarily paused weekly certifications to reduce expected load on the system and simplify the claimant experience. This was an excellent attempt to speed the claimant experience. Unfortunately, the Federal DOL disagreed with this interpretation and issued guidance requiring regular recertification for PUA. EDD worked with Nava PBC (a vendor) to rapidly deploy a retroactive certification tool. This tool allows a positive user experience for claimants while meeting an unexpected rule requirement from DOL. The creative and functional mechanism for tying data back to the database, and focus on user experience should be emulated in future improvements.

## Work Share Application

Field staff demonstrated the new Work Share online application for us, and are generally very positive about the application. By early accounts, it will enable greater levels of automation for the Work Share program, which is currently entirely paper-based -- and which more employers will be encouraged to use, to at least partially employ more people. It also uses modern technology (Salesforce) that does not need to be maintained or upgraded by EDD IT, and its vendor has demonstrated the ability to rapidly iterate and deliver feature improvements on a weekly basis in collaboration with the workforce.

We have a few suggested recommendations for the continued success of the Work Share application:

- Make the “holiday schedule” page easier to access. Every employee we shadowed struggled to get to this page, which they needed in order to complete most DE 4581WS forms.
- Partner with the WCUG team to further improve usability and plain language for employers. Staff report that employers continue to be confused by certain fields on the Work Share forms.
- Add structured “normal hours” for each employee in Work Share plans for easy comparison.
- Build functionality to automate holiday determinations (see below).

## Document Upload

We applaud EDD for recognizing that electronic document upload is a critical necessary feature, and for partnering with an industry commercial offering (DocuSign) instead of building something from scratch. These were good decisions, with document upload live as of September 1, 2020 in a limited capacity and expected to expand in the coming weeks.

A concern about this approach is that the document upload does not work on mobile. Currently, 40% of people file their unemployment claim via mobile device despite the fact that UIOnline is not meant to be viewed on mobile. We would anticipate an even higher percentage would attempt to use their mobile phone to submit documents, since they would use their phone's camera to photograph them. Making the document upload work on mobile should be the immediate next piece of work, along with making UIO mobile responsive. Those are two separate, but related, endeavors.

There are outstanding usability issues with document upload, already documented by the Website Content and Usability Group (WCUG), e.g.:

- Users frequently skip the checkbox confirming if they applied for unemployment. They are then confused as to why they don't see the paperclip icon as mentioned in the screen text. There is no feedback in place to explain why this happens and how to correct it.
- Multiple users did not understand they had successfully uploaded a file. Seeing the file name was not enough of a cue and requires better feedback. This confusion prevents the claimant from moving forward and will drive them to call the EDD for help.

There are also outstanding accessibility issues with document upload that are easy to fix that are documented by the Digital Accessibility Team (DAT) team, e.g.:

- Using tables for formatting, which screen readers have a difficult time parsing. This issue effectively makes the page unreadable to users with screen readers.
- Missing language attribute, which can cause screen readers to read the page incorrectly.
- Inaccessible color contrast, which can prevent vision-impaired users from being able to see the page.
- Undefined headings, which prevents screen readers from being able to read the page in order.
- Incorrectly nested lists, which prevents screen readers from being able to read the page in order.

- Improper use of bolded content, which influences how screen readers emphasize text on the page to users.
- Improperly tagged PDF links, which prevents screen readers from reading them correctly.
- Inaccurate descriptive content to “click on a paperclip” that does not translate to a screen reader.

The WCUG and DAT teams should be incorporated into the **beginning** of the development and release cycle of this mission-critical functionality. It is concerning that they tested, documented these findings, and even provided a video, and yet the release proceeded without addressing them. A number of these issues are so simple to fix that there is no excuse for why they were not addressed prior to release.

Document upload should also be expanded as quickly as possible to all documents, as this would enable wage verification, military claims, and federal employee claims to file online.

Finally, document upload should be instrumented immediately, in the next release, with Google Analytics to objectively measure usability and user drop-off rates.



# Technology Obstacles

## Current state of technology

Like most government agencies, EDD has gotten along for decades by adding new layers of automation to the systems that already existed. They are built in several contrasting technology paradigms from different eras. Since each new system depends on everything that came before, each successive layer tends to become more constrained, less capable, and more fragile. Meanwhile, since old systems have multiple new systems that depend on them, they have become difficult and expensive to modify.

## 1980s

The bedrock technology, and ultimate source of truth and system of record for all claims and payments, is a DB2 relational database running on an IBM mainframe operated by the CA Office of Technology. We did not attempt to document its origins. It's likely it was developed in the 1980s, when this technology dominated new projects. It's also likely that the Office of Technology today runs much more recent and capable hardware, since the platform is still actively sold and supported by IBM.

The Single Client Database or "SCDB" is a user application that runs on the same mainframe and DB2 database. Its user interface is based on text screens for TN3270 terminals. An EPR doing their daily work has a TN3270 emulator (which they call "the GREEN SCREEN" in audible caps lock, or sometimes "Otech" because that appears on the login screen) occupying one of their two monitors almost always. They tend to use the mainframe interface directly whenever they can.

Most of EDD's automated business processes are executed in batches overnight on the mainframe, with thousands of COBOL scripts computing millions of transactions.

All of the above is actively supported and developed by the IT Branch's Application Services Division, which has about 60 full-time employees dedicated to mainframe operations.

## 1990s–2000s

When mainframe terminals were replaced by Windows desktop PCs running emulators, it became possible to write scripts to simulate UI actions in the terminal. EDD employees on the front lines of data entry immediately put this to use, constructing “macros” to automate repetitive actions. The 3270 terminal emulator as used by EPRs today has several rows of brightly-colored buttons comprising dozens of such macros.

The next evolution was when one or two successful macro writers transferred to IT Branch and learned Visual Basic, and then the C# and .Net programming environment, giving them the ability to automate more complex tasks and run larger batches.

Today, the screen-oriented 3270 interface of SCDB has been abstracted into a sophisticated XML model interpreted by a .Net library, that is updated in coordination with SCDB releases. The organization still calls this type of automation “macros.”

A few dozen workstations, known as the “macro server farm,” are dedicated to running one-off “true ups” and other odd jobs through this middleware.

All of the above are actively supported and developed by a handful of full-time employees which are shoehorned into the UI Online section of the Product Development Division of ITB.

EDD’s current “macros” are far removed from their origins, which were simple automations of rote mouse and keyboard movements. But what is still true, and important to understand, is that “macros” are automations of user actions on the SCDB. Novel functionality or new data semantics always have to be implemented in SCDB first, and anything that can be done via a “macro” can (by definition) be done in SCDB directly.

The fact that both layers are alive and in use by EPRs means that for any given task, there are multiple ways to do it. The knowledge and habits are fragmented differently in each EPR, which increases the difficulty of training new hires.

The “macro” libraries represent a de facto mainframe/SCDB/DB2 API, and are in fact the only such API in use by EDD today. This means that, outside of COBOL, macros are the only way that EDD can automate significant new workloads.

## 2000S–2010S

An early translation of the paper forms into a “web 1.0” submission form was called eApply. It survives today only in historical references, such as the names of some work queues and concepts in the UI Online application that replaced it.

## 2012–present

An effort was made to translate both the internal and external interfaces into the web application paradigm. The California Unemployment Benefits System (CUBS) launched in 2013, recreating many of the claims maintenance tasks in a Web browser window. An Internet Explorer window open to CUBS occupies the second monitor on an EPR’s desk most of the time.

CUBS runs on Windows and C#, and it depends on both the SCDB and its own Microsoft SQL Server data store. The SCDB interface has performance issues which we describe later. The SQL Server database was used to implement “work queues,” which are how EDD represents most of its manual business processes today.

The basic idea of a “work queue” is that tasks requiring human action are represented by rows in a “work item” table. Each item has a queue type. Specific groups of workers are granted the ability to “reserve” work items. When they are resolved, they are removed from the queue. Resolution often means other work items have been created in other queues. The implementation of work queues is straightforward enough. As a business process, there are some obstacles, which we describe in “Business Process Obstacles” below.

131 distinct work queues were defined at launch time in CUBS. They have not all been used as expected, and 22 have been added, for a total of 153.<sup>3</sup>

After CUBS, a similarly structured public-facing interface launched called “UI Online” or “UIO.”<sup>4</sup> This is where over 80% of new claimants begin their process today.

Also around the same time, a separate system named Benefit Claim Information System (BCIS) was constructed to manage identity and “recomps.” It is the same technology as CUBS, with an

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<sup>3</sup> This is based on CreatedDate from the table tblWorkItemType in the UIMOD database.

<sup>4</sup> Online at [https://edd.ca.gov/Unemployment/UI\\_Online.htm](https://edd.ca.gov/Unemployment/UI_Online.htm)

extremely similar interface, and likely shares a lot of code. Nevertheless, it was contracted separately and uses a separate SQL Server data store.

Having the same internals as CUBS, BCIS also has its own work queues that are not connected to the ones in CUBS.

All of the above were contracted to Deloitte and are currently maintained by a combination of Deloitte and EDD staff. EDD has 16 full-time employees in the UI Online section of the Product Development Division of IT Branch.

### Claimants getting stuck between BPO and UIO (the EDDCAN issue)

In order to file an application on UIOnline, you must first create a BPO account. From within that account, you create a UIOnline account after filing an initial unemployment claim.

However, once your UIOnline account is linked to a BPO account, you cannot link it to any other BPO account. This means that someone who forgot about a pre-existing BPO account and accidentally creates a new one, is now “stuck” and cannot get into UIOnline (because their UIOnline account is attached to their previous BPO account).

Only “clean claims” (fully-automated claims) were auto-registered to UIOnline before the pandemic. Everyone else could file an initial claim, but must wait to receive an “EDDCAN” number in the mail to register for the UIOnline account in order to access any additional UIOnline functionality (like recertifying, messages, etc.) After the pandemic, claims that went to manual for reasons other than identity verification were auto-registered, so those claimants did not have to wait for the EDDCAN in the mail. Once automated identity verification goes live, this issue will be fully resolved.

An additional, though more rare, issue is claimants registering with an ECN (EDD Control Number) instead of an SSN. This ECN number is only meant for internal and temporary purposes, and claimants should not be able to register with this number. To date, 1,509 people have created an account using an ECN (identified as starting with 999 or 990). Though they are flagged in the system, they must be manually resolved.

In July 2020, 55,555 of 177,527 AskEDD messages (one-third) were related to requesting an EDDCAN number.

Recommendations:

- This issue will be resolved with the launch of the Id.me solution.

## CUBS / SCDB Sync Performance

CUBS is a web-application interface that operates on SCDB (mainframe) data. This means that when changes are made to claims, those changes have to be written or “synced” to SCDB. EPRs told us that they regard wait times of 10–20 minutes for the “sync” to be normal.

One long-tenured manager of EPRs told us anecdotes about mysterious “sync” issues such as completing a large batch of work, checking in the SCDB, finding that none of the updates are visible, starting the batch over again, and discovering hours later that the updates finally propagated.

Our investigation could not conclude if these problems are currently affecting users, apocryphal, or happened in the past and are now solved. Nonetheless, they cause EPRs to treat CUBS as fragile, and they are afraid to start a new work item or disturb the web browser in any way while waiting for the “sync.”

Visiting the contact center on two consecutive days, we directly observed two periods of slow performance where the CUBS sync took several minutes. We followed up with the IT Branch directly, and they responded a day later to confirm that there had been periods of congestion which they are hoping will be resolved by an upcoming SAN<sup>5</sup> upgrade. We asked how these systems are proactively monitored, but did not receive any dashboard screenshots or other evidence that such monitoring is in place.

We also investigated the contact centers’ channel for reporting and escalating performance problems. The line workers and managers are all aware that there is an “IT Helpdesk” where such problems should be reported (an “intake”). They avoid using it, out of general fatigue, believing it will take up a lot of their time and not solve their issue. We confirmed that there are

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<sup>5</sup> “storage area network,” which means “expensive disk drives.”

several escalation layers that have to review and pass up something like a mainframe performance issue. It was unclear whether anyone had reported the performance issue that we saw firsthand.

Some work queues contain hundreds of thousands of small items that are expected to be quick and easy to resolve. If each flag flip takes several minutes to “sync,” the productivity loss can be severe.

#### Recommendations:

CUBS-SCDB is a textbook example of a system “seam” issue that nobody owns. The many staff dedicated to CUBS and its infrastructure can’t see if there is a performance issue on SCDB, and if there is, they can’t do anything to fix it. This leads to a situation where even if there is a CUBS issue, it’s not likely to be detected or fixed, because it is easier to say it’s SCDB’s fault. (We didn’t see any reason to believe there are such issues in CUBS, to be clear. It is just a standing risk.)

On the other side of the mirror are the SCDB and mainframe staff, who don’t have any metrics to tell them that CUBS performance is slow, and have little incentive to create any.

A higher tier of the organization, or a common stakeholder, needs to lead a process to define the SLA<sup>6</sup> for CUBS sync performance. Then the SLA needs to be instrumented with a monitoring tool that is clearly and easily accessible to everyone from the line worker to the mainframe operators in ASD. Then, even if the multiple escalations through IT Helpdesk are left as-is, it will be possible for real problem reports to move expeditiously up the stack.

### System Monitoring

It is critical that system monitoring correctly reflects the experience of the end user. As described above, we observed field claims workers frustrated by the performance of SCDB. In their words, “the mainframe was down” and “syncing took 20 or more minutes.” From the view of the field office, work had stopped, and they filed multiple tickets with the ITB helpdesk.

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<sup>6</sup> “service level agreement”

When we independently escalated to IT, we were told that there had been some small performance issues that day. No one in IT realized the impact on the field.

Claimant experience should be monitored in the same way. Facebook groups and legislative emails are full of reports of strange UIOnline errors and potential bugs. The “Voice of the Customer” report offers data on how people are interacting with EDD. These sources should be used to uncover system problems which can then be monitored systemically.

#### Recommendations:

- We recommend that IT tighten automated alerting conditions such that they learn about end-user outages before tickets are filed. Looking back at data from prior outages can help define these thresholds.
- UI Leadership, including staff from ITB’s Product Development Division, should regularly review the “Voice of the Customer” reports to locate problems with the claimant experience which aren’t caught by other statistics.
- In addition, the claims offices need a direct escalation path to ITB. Their issues can still go through the helpdesks, but they need to carry information describing the impact of the issue in the field office. There will always be disagreements about the severity of an issue, but should not be possible for one part of EDD to believe it has a “minor performance issue” while another part of EDD believes “the mainframe and the call center are down.”

#### Employees are managing passwords insecurely.

EDD employees must juggle many different systems throughout the day and are struggling to keep track of passwords.

#### Recommendations:

- Procure an enterprise-wide password management tool for employees.

Some mailing addresses are too long to fit in the database.

When a claimant or employer has an address that is too long to fit in the database, it must trigger a manual claim. This also means that all international mailing addresses are routed for manual review simply because the address needs to be modified to fit in the field.

As of August 29, 2020, the following work items were pending manual completion:

- 'Truncate Address' (6,142)
- 'Truncate Employer Address' (1,552)
- 'Standardize Address' (1)

From May 17, 2020 to August 29, 2020, there were 24,925 UIOnline visitors who reached the new claim confirmation page from Mexico. Historically, 1,232 claims have been diverted to manual processing solely for having an international mailing address that needs to be shortened by a human.

Recommendations:

- EDD IT should develop a plan to accommodate addresses of any length and cease manual review of claims solely because they have long or international addresses.
- This solution should result in turning off CPT Code 023, "Claimant entered an international mailing address," and removal of CUBS work item queues "Truncate Employer Address" and "Truncate Address."

Scans of submitted identity verification documents do not include the color red.

When the identity verification office receives documents, it sends them to a scanner which cannot scan the color red. Color copies of California driver's licenses, which have date of birth and ID numbers printed in red, lose this information once scanned. As a workaround, the clerical staff in the identity verification office must hand write any red elements on the document before sending it to the scanner. This slows down processing and introduces an opportunity for error; we witnessed at least one handwritten number that transposed "1" and "7".

Recommendations:



- RESOLVED: The scanner was able to adjust and scan the color red, and the identity verification clerical staff no longer hand-write on documents.

## Business Process Obstacles

No systematic, data-driven way to define and work down the backlog.

As stated in the Executive Summary, the only way out of this unbounded growth is ongoing measurement and action. A dashboard of pending unemployment claims with clearly explained definitions of each number and category, commonly understood by key stakeholders, is foundational. This has also been requested by members of the legislature in a letter dated August 5, 2020.

Through our work with EDD, we came to understand their existing top measurement indicators, which are:

- Making the *first* payment to a claimant who is entitled to a payment within 21 days (10 days for Work Share claims). This is known as Regular Unemployment Insurance First Payment Promptness, and the goal, set by the U.S. Department of Labor, is 87%.

*Table 5. Regular Unemployment Insurance First Payment Promptness Data<sup>1</sup>*

|                               | March | April | May   | June  | Avg.  |
|-------------------------------|-------|-------|-------|-------|-------|
| 2020 First Payment Promptness | 87.8% | 60.8% | 69.9% | 51.9% | 67.6% |
| 2019 First Payment Promptness | 75.9% | 76.1% | 75.0% | 78.7% | 76.4% |

- Making 80% of non-monetary determinations within 21 days.
  - In the quarter ending June 2019, CA EDD was at 64.7%
  - In the quarter ending June 2020, CA EDD was at 17.1%
- Staying under a 10% improper payment rate, which is required by U.S. Department of Labor. UI Improper Payment Rate data is derived from the Benefit Accuracy Measurement, a sampling of up to 480 cases from California.
  - California has met this measurement year after year; from July 1, 2016 through June 30, 2019, California's improper payment rate was 8.019%

However, none of these indicators resonated for capturing the current pandemic workload. In particular, filtering out those who received *first* payments would miss swaths of constituents who received an initial payment but have unresolved issues with their claim.

This view also does not explain the drivers behind the timeline (or missed timelines), in order for EDD to take a data-driven approach to resolving those issues, starting with the largest ones. Overall, we have seen little evidence of EDD using data to make decisions.

#### Recommendations:

- EDD and the Labor Agency should adopt the new definition of the backlog, developed by the Strike Team with EDD's input, described in *Appendix A: Data-Driven Definition & Resolution of the Backlog*.  
*Update: EDD has adopted this definition.*
- EDD IT staff should run the reports needed to update the backlog dashboard daily. These reports have been developed by the Strike Team and handed off to EDD staff. CDT has developed the dashboard and is in the process of handing it off to EDD staff.
- EDD should establish a semi-weekly "incident command" update.
  - This should focus on a recent (less than 24h old) refresh of the "backlog" number and its contributing metrics.
  - EDD staff should provide brief (less than 1min each) updates on in-flight short-term suggestions, to include any blockers for senior leadership to immediately clear.
  - Progress: This incident response team was established on August 28, 2020, chaired by EDD's Carol Williams.

*UPDATE: The above are all in progress as of the date of this report.*

#### EDD is not consistently using its own centralized Document Management (Mail, Scanning) Services

Across field offices, we witnessed inconsistent mail and scanning practices. Every office we visited received mail directly, including multiple offices within the same building. The identity verification office received and sorted its own mail, but drove it to the document management center for scanning. Another office scanned its own mail, sometimes, on a document scanner in the corner. Another office had an employee pick up a box of appeals mail to process on

Wednesdays. Yet another office had no scanning at all. In every office, we saw significant unopened mail, and significant mail that needed to be re-routed (e.g. identity verification documents sent to an office that was not the identity verification office).

EDD has a central document processing center. It has the capability to receive mail in one location using different PO Box numbers to distinguish between offices. And it has the capability to open, sort, and scan that mail in one place. But it is not using it.

#### Recommendations:

- In the short term, redirect new employee hires to fix returned mail. (Attempt to resolve the address with USPS, resend it, log the correction in the system.) In the long term, procure a solution to automatically resolve returned mail for the central document management facility.
- In the short term, drive or bulk ship all mail, unopened and unprocessed, to the document management center on a daily basis.
- Move all mailing addresses to PO boxes under the single central document management center
- Change all return addresses on all envelopes to go to the central document processing center
- Scan all mail. Offices that do not currently use scans, like Appeals and Work Share, can follow the same initial plans as Identity Verification, which switched to working off scans in under two weeks.
- Count all mail, by type (which can be determined by PO Box number), and include this in backlog reporting as a leading indicator.
- Track days to open/process the mail, with a goal of opening all mail within one day.
- Until moving to the central document processing center, weigh unopened mail and report the weight from each office each day. The goal is not to have *zero* pounds of mail, but rather to ensure volume of unopened mail does not grow. (Based on weighing samples in the field, our baseline numbers are 450lbs of unopened mail per field office, with approximately 15lbs of appeals per day. The strike team has already provided some offices with scales and training on weighing the mail.)
- This recommendation does not apply to internal, interoffice mail.

The backlog of recomputation tasks is growing.

We heard significant interest from EDD in helping reduce/automate the backlog of recomputation tasks, specifically. Recomputation bears the brunt of all manual processes, including manual identity verification and manual wage verification. For example, one brief manual identity verification work item triggers at least three somewhat lengthy recomputation work items.

The growth of this workload is staggering. In the year from July 2018–July 2019 recomputations completed 140,520 work items related to unemployment. This year, in July alone, more than 6 months of work (82,067 items) were generated for this team. And this tracked recomputation inventory does not account for the many tasks that the recomputation team must do as a result of legislative escalations and call center review assignment sheets. We estimate this additional set of work items exceeds 60,000 work items so far in 2020.

#### Recommendations:

- (As above) Our analysis shows that most recomputation tasks are a result of manual identity verification, and that moving to an automated identity verification service will also stem the tide of recomputation tasks.
- (As above) It is particularly critical in recomp to reassign new hires to tasks such as mail processing, as new hires in recomputations have no skills-appropriate work, and experienced staff are unable to complete recomputation tasks while training and managing new employees.

Claims processors are unable to return work items that they cannot resolve back into the pool.

We observed multiple claims representatives who cannot return a work item to the “pool” for someone else to work. For new recomputations employees specifically, a supervisor must reassign individual work items in BCIS to other employees, and they are receiving *thousands* of such reassignment requests each day. This is a large and unnecessary strain on management, and also causes delays in claim processing times when work items are “hidden” in individual workers’ queues.

#### Recommendations:

- Automatically move BCIS/CUBS work items back into the pool after 24 hours of inactivity.
- Enable all BCIS and CUBS users to return work items back into the pool.

Claims processors cannot always access the necessary skills/queues to resolve a claimant's issue in one session.

A central Support Division team assigns specific "skills"/queues to individual employees. Experienced employees report that they can often see an open work item on a claim they are working, which they know how to resolve, but they do not have permission to do so.

This restriction is in part due to the required "separation of duties" between claims filers and claims payers, to protect against internal fraud. However, given the circumstances, even those restrictions may warrant temporary elimination, with future auditing and consequences should an employee be found to be generating and paying on false claims. A top request we heard was for all EPRs to be able to change the effective date on a claim (backdate it).

However, not all restrictions of queues are due to this separation of duties. In some cases, tasks are simply overly-segmented across the workforce, and the restriction does not take into consideration whether an employee was previously trained in another area (e.g. Work Share).

A related observation is that even long-tenured EPRs sometimes don't know how to process an item that is within their assigned "skills." They routinely re-route such items to someone else that they know, or simply stand up and go to another cube to ask what to do. In some cases, the process has become institutionalized in the form of large Excel spreadsheets that are circulated among the field office managers.

These "off the books" workarounds are commonplace, and they enable progress, but they are invisible to the Support Division, who are left believing the "skills" and "separation of duties" segmentations are working as intended.

The general consensus in the field is that EPRs should be given the ability to access all pending work items, and if they actually don't know how to complete one, they would not. The Strike

Team supports this position based on our observations. In the near term, it should be sufficient to trust the senior EPRs to know what they can and can't handle.

#### Recommendations:

- EDD should vastly simplify the “skills” segmentation of work queues, enabling experienced EPRs to act on all the items that they know how to handle (and only those items).
- The Support Division should assign all skills and all queues to every EPR (not EPR-LTs).
- EDD should reconsider the segmentation that has been created for “separation of duties,” and retain only the ones that are truly necessary for a statutory reason.
- In the long term, institute a quality control program (such as having a small sample of each EPR’s work product reviewed by another senior EPR); this would be more effective than the current system.

People have multiple open claims at once, and they should not.

272,103 people filed more than one claim between 04/28/20 (the day PUA was implemented) and 08/01/20, even though you should only have one open claim every 365 days. (52,636 people filed more than one claim in July alone.) This causes significant rework and further delay, as every multiple claim has manual work items attached to it, and the claims must be manually merged in order to decide the claim. This manual work is handled by the recomputations team.

We have confirmed that you can only have one claim open every 365 days, even across UI, PUA, extensions, WS, and multiple jobs/periods of employment. Even if you currently have a closed claim from within the last 365 days, regardless of whether you have a new period of unemployment or you are switching between UI and PUA, you would “re-open” it, not file a new one. (Technically this could be an “additional claim” or a “reopened” claim depending on whether the claimant worked in-between certifications – but it would not be a “new” claim.)

People are likely filing multiple claims due to confusion; they may not have heard back on their original claim, and so filed another one. According to the Voice of the Customer reports, upwards of 100 people a day have said “reapply” or “apply again” to the chatbot since July 20. Allowing people to file multiple claims is adding significant burden to the workforce and further delaying claim processing times.

July counts Breakdown:

| Number of Claims filed<br>by one claimant | # of Claimants |
|-------------------------------------------|----------------|
| 2                                         | 45615          |
| 3                                         | 5011           |
| 4                                         | 1142           |
| 5                                         | 390            |
| 6                                         | 181            |
| 7                                         | 102            |
| 8                                         | 46             |
| 9                                         | 39             |
| 10 or more                                | 110            |

Total count of claims filed on/after 4/28/2020 (PUA implementation)

| Number of Claims file by<br>one claimant | # of Claimants |
|------------------------------------------|----------------|
| 2                                        | 220705         |
| 3                                        | 35767          |
| 4                                        | 9357           |
| 5                                        | 3220           |
| 6                                        | 1267           |
| 7                                        | 651            |
| 8                                        | 356            |
| 9                                        | 207            |
| 10 or more                               | 573            |

Recommendations:

- Hide the new claim button in UIOnline if the user already has an existing claim from the last 365 days.

Out of state wage verification is manual.

While some wage verification can be resolved through inter-state data systems, proof of wages from out of state from the last two years often must be provided by claimants. Since the new document upload feature is not yet available for wage documents, claimants must mail in proof. Approximately 4% of claims involve out-of-state wages.



Recommendations:

- Expanding document upload to include non-identity documents will at least speed this process up.

Claims from newly-separated Servicemembers (Veterans) cannot be filed online, only on paper.

Newly separated military (people who are now veterans) are eligible for unemployment for more reasons than other citizens, due to federal law. These veterans cannot file for unemployment online in California. There are currently 11,604 pending Veteran claims in CUBS. They must provide EDD with the specifics of their federal employment on paper via Form DE 1101IAD (including SUPPLEMENTAL FORM FOR EX-SERVICEMEMBERS – ATTACHMENT A). The only difference in the process is this ATTACHMENT A.

EDD uses the veteran's Form DD214 as the final and conclusive proof in terms of eligibility (based on character of discharge – you must have an honorable character of discharge) and monetary award (based on last pay grade). This information is found on Form DD214. Form DE 1101IAD SUPPLEMENTAL FORM FOR EX-SERVICEMEMBERS – ATTACHMENT A allows a veteran to submit their DD-214 in lieu of ATTACHMENT A, but if they do not submit it, EDD will call them and ask them to mail it in. The form does not make this clear.

Recommendations:

- Replace SUPPLEMENTAL FORM FOR EX-SERVICEMEMBERS – ATTACHMENT A paper form with a requirement to attach a copy of their DD-214. EDD will request the DD-214 anyway; this eliminates that extra step.
- In the short-term, as soon as Document Upload for all documents is available, allow Veterans to file electronically. This would be the normal UIOnline form, plus a requirement to upload their DD-214.
- In the near-term, EDD should fully automate military claims using the Veteran Verification API from VA.gov to automatically confirm DD-214 information directly from the federal government. The data elements needed from the VA are available [in this API](#) (under service\_history), and it is free to use. Since EDD and VA.gov both use Id.me, there may be additional efficiencies or reusable code already available for this.

Federal civilian employee claims cannot be filed online, only on paper.

Former federal government employees cannot file for unemployment online in California. They must provide EDD with the specifics of their federal employment on paper via Form DE 1101IBD (including SUPPLEMENTAL FORM FOR FEDERAL EMPLOYEES – ATTACHMENT B). The only difference is this ATTACHMENT B.

ATTACHMENT B asks for the exact three-digit Federal Identification Code (FIC) of their former federal duty station, which is the key information needed to process federal civilian employee claims. Field representatives reported was very difficult for people to do accurately, and usually involves a back and forth of phone calls, despite this information being clearly printed on the SF-8 form every federal employee is issued at separation. Since all that is needed is the FIC, it would be easier and more efficient to simply have claimants send their SF-8 forms instead, and let the claims processors enter the number from that form into the system.

Recommendations:

- Replace SUPPLEMENTAL FORM FOR FEDERAL EMPLOYEES – ATTACHMENT B with a request for an SF-8 or SF-50. Federal employees can use the normal electronic UIO form with the addition of instructions to upload their SF-8 or most recent SF-50.

Stale work items, some as old as 2013, obscure current claims that require work.

Many open work items, particularly in CUBS, are no longer applicable. Leaving them open in the system makes it harder to identify which items *do* require work, while also making the total number of pending items inaccurately and alarmingly large.

For example, due to the aforementioned challenge that claims representatives cannot return work items to the “pool,” some work items from 2013 *or earlier* remain open in CUBS, in individual representatives’ work queues. Work items this old cannot be relevant any longer; an individual claim can only be open for a 365 day period. This clutters individuals’ queues, and these obsolete work items would count towards the total number of work items in the system. This is an inaccurate representation of the actual work item inventory.

Additionally, our investigation found that some work items are merely automated system notifications that can safely be ignored. Some of these work items go by names that *sound* pressing, which is confusing. For example, a work item called “Stop Payment Alert – Claim Review” has 730,023 open work items as of 08/29/20. This seems alarming at first glance. However, field representatives informed us that this work item is merely an automatic, system-generated notice when an *actual* Stop Payment Alert is placed on a claim. The work item itself is not a Stop Payment Alert, and it is a leftover system notice on an estimated hundreds of thousands of claims. A query for work items beginning with “Stop Payment Alert” on claims that *do not have* a Stop Payment Alert would clean up these categories and accurately reflect pending work load.

#### Recommendations:

- Delete work items that are over 365 days old. (Going forward, the solution to this problem is referenced earlier: automatically returning stale items to the pool.)
  - *Status: In Progress by EDD as of 08/28/20*
- Delete any work items beginning with “Stop Payment Alert” if the associated claim does not have a Stop Payment Alert on it. Run this on a weekly basis.
  - *Status: In Progress by EDD as of 08/28/20*

New employees should be reassigned to skills-appropriate work until the backlog is vastly reduced.

As explained earlier, it normally takes at least six months for a new EDD claims representative to be able to do useful work, and even then their allowed task set is limited. With the shortened training time, as explained earlier, it appears they can do even less. New employees are lowering the overall capacity of EDD to less than it had before the pandemic.

For our recommendations, see the appropriate section under Existing Issues/Challenges.

The EDD Legislative Office does not have a tool to track legislative requests.

Before the pandemic, EDD’s Legislative Office received approximately 1,000 unemployment insurance related inquiries each year. Since the beginning of the pandemic, they have in some cases received 1,000 cases per day, with a current backlog estimated at 16,100 unprocessed

requests, presumably because claimants call their legislators when they can't get help from the EDD call centers (see section on call centers above.) Dissatisfied legislators have requested that experienced claims processors be assigned to work with their offices directly.

In the creation of the backlog definition, all stakeholders have agreed that resolving constituent complaints raised to their legislators is a high priority for the Department. When we met with the EDD Legislative Office to incorporate their data into our dashboard instrumentation, we learned they have no tracking tools at all -- individual constituent concerns are handled individually by email.

This means there is no data to incorporate into the dashboard, but also that some constituent concerns are likely going unresolved -- and also that a lot of constituent personal information is being transmitted by email, which contributes to information insecurity.

Recommendation:

- Get a case management / CRM system for the EDD Legislative Office in the next two weeks. See *Appendix C: Acceleration Plan for Legislative Case Management* for our acceleration plan.
  - *UPDATE: This is now available and will be launched soon, pending coordination with the Legislature.*

Order of payments on CUBS screen is the opposite of Work Share Form DE 4581WS

Work Share Form DE 4581WS lists two weeks of payments. On the CUBS payment screen, the order of payment weeks displayed is the opposite order of the form. We had multiple employees who process payments tell us this is a common cause of payment errors. While we do not have data to substantiate how often this error occurs, it makes sense to us that the flipped order could cause issues.

DD Employee ARU: N/A

### duction Decisions

From: 05/24/2020 (MM/DD/YYYY)

**Select Range**

| Appeal<br>Weeks<br>Select All | Week<br>Ending Date | Claim<br>Effective<br>Date | Program<br>Type | WS Reduction<br>%    | Deductible<br>Select All | Wage |
|-------------------------------|---------------------|----------------------------|-----------------|----------------------|--------------------------|------|
| <input type="checkbox"/>      | 06/06/2020          | 03/22/2020                 | UI              | <input type="text"/> | <input type="checkbox"/> | 0    |
| <input type="checkbox"/>      | 05/30/2020          | 03/22/2020                 | UI              | <input type="text"/> | <input type="checkbox"/> | 0    |

**Add Row**

Comments:

Penalties

#### Recommendations:

- Flip the order that payment weeks display in CUBS.

### Claims Representatives Are Not Allowed to Email Claimants

We heard from management and field representatives that employees cannot respond to claimants by email (or initiate new emails) because it would expose their individual EDD email addresses. We appreciate that exposing any individual or group email address right now does invite a high number of incoming messages that cannot be processed, and that staff time is better spent working open claims.

#### Recommendations:

- Encourage use of Web Correspondence, which enables two-way communication through the UIOnline interface. This is not perfect due to the high volume of messages that may make it hard to see a reply right away, but is an acceptable interim step. EDD IT should consider this use case in development of its future-state customer service platform.

# Gaps in End User Experience

## Claimants do not understand their status

“Claim Status” is a top reason for contacting EDD. Neither the claimants nor the call center operators understand the status of claims, which leads to a growing number of confused and dissatisfied customers further straining the system.

As of August 29, 2020, there are 399,722 pending electronic messages from claimants categorized as “Filed a Claim – No response” and 211,876 categorized as “Where’s my payment?” As of July 2020, at least 20% of chatbot requests were related to claim status. And claim status is the top reason for calling the call center.

In a three-day pilot from 7/27/20 – 7/29/20, the Office of Digital Innovation added Google Analytics to track how often people are clicking the help icon when using UIOnline. There were 338,753 help button clicks during this three-day period. Of these, 77,750 were users trying to understand their claim status.

EDD attempted to address this confusion in a July 30, 2020 press release, which outlines the possible claim statuses available today:

### Helping claimants understand their claim status

The EDD continues to enhance communication channels with claimants to help them better understand the status of their claims. Help text is now provided at the top of the “Status” column on the home page of their UI Online accounts as work continues to further develop help text as part of ongoing efforts to enhance the claimants’ experience with the UI program. Some of the most common status updates on a claim include:

- Paid – claimant met all eligibility requirements for receiving a bi-weekly payment.
- Pending – claimant responses to certification questions indicate a potential issue that had to be directed to EDD staff for review.
- Disqualified – claimant is not eligible for payment for this week(s). The claimant will receive a Notice of Determination in the mail that will identify the specific reason for the disqualification and explains the right to file an appeal if the claimant disagrees with the disqualification. Claimants should follow the instructions on the notice about how to appeal. .
- Excessive Earnings – the earnings reported, when reduced by \$25 or 25%, are greater than the weekly benefit amount; therefore, no benefits can be paid for this week.
- False Statement Penalty Week – The week being certified cannot be paid and will be applied to a false statement penalty. The penalty was most likely assessed on a prior UI claim when the individual may have returned to work but failed to notify the EDD and continued to collect benefits at the same time. This is the most common type of fraud that results in a disqualification for the benefits originally paid and a penalty. For more information see Overpayments and Penalties on the EDD website.

A claim status of “pending” is too broad. Nearly everyone that is seeking to find out their claim status will get the answer of “pending.” Claimants need specific status updates that tell them

where their claim is in the process, what the next step is, who has the next step (them or EDD), and how long to expect to wait.

#### Recommendations:

- Scope and implement a solution to meet the needs of claimants in knowing their status
  - In progress: EDD is working with an external vendor, Nava PBC, on a claim status feature.

### Claimants do not understand the form questions and make mistakes

We consistently heard from field employees and from claimants themselves that some questions on the initial application and on the recertification form are confusing, and even if answered “correctly,” they are driving a great deal of concern, stress, and contacts with EDD.

EDD addressed this issue in its July 30, 2020 press release:

#### How to avoid common mistakes

Unemployment claimants are required to remain able and available to accept suitable work if it were offered in order to be determined eligible for ongoing benefit payments. The usual requirement to look for work each week is temporarily suspended during the conditions associated with this pandemic. The EDD has found many claimants are having issues answering the first two questions on the required bi-weekly certification and has added help text in the UI Online application as well as in the step-by-step UI Claims guide on the EDD website to better assist claimants.

- The first question asks “Were you too sick or injured to work.” While there may be COVID cases complicating the workplace, if you were not sick and were able to work if offered, you should answer NO on this question to ensure you have remained able and available.
- The second question asks “Was there any reason (other than sickness or injury) that you could not have accepted full-time work each workday?” Again, if you had remained able and available to accept work if offered, you should answer NO to this question.
- Answering YES to these questions could disqualify you for benefits for that week, requiring the EDD to review your claim for eligibility and schedule a phone interview with you to collect more information if needed.

In addition to the regular state Unemployment Insurance program, the EDD administers the separate Pandemic Unemployment Assistance (PUA) program for those who don’t qualify for regular UI including business owners, the self-employed, independent contractors and others. These benefits are paid for by the federal government and the EDD is required by law to ensure claimants meet specific COVID-related reasons for their unemployment or reduced hours before issuing payments.

- The EDD has discovered many PUA claimants are running into a disqualification for benefits based on the way they are completing their application for benefits through UI Online, or completing a notice sent through the mail asking them to verify why they are unemployed. There are several reasons provided, including your place of business has closed due to COVID or the pandemic has severely limited your ability to perform your customary work. If claimants select the last option of “none of these apply”, then the EDD is required to deny benefits. See PUA FAQs for more information on eligibility requirements.

Even assuming perfect comprehension of this guidance, this leave claimants who have been offered work and are not sick but fear contracting COVID-19 unclear about what how to answer without disqualifying themselves. Because the backlog in claims is widely known, many claimants are aware that a required phone interview likely means they will not see their claim processed in a reasonable time frame, leaving them distressed about to answer the questions accurately while retaining hope of receiving the benefit.

We heard a few objections to updating the existing forms. One was equity; EDD did not want an improved digital form available without also extending the improvements to those who file on paper. A second was the difficulty of updating either the website or the scannable paper forms, and certainly the time to update both. The third was the underlying database changes that may be required, both in order to differentiate who answered the “new” version of a question vs the previous kind, and in order to accommodate new/modified data elements.

We appreciate these challenges and agree that an overhaul of all the forms is a significant undertaking. But as a matter of practical reality, 95% of all initial claims are filed electronically; it is acceptable to improve the experience for 95% of users first by tweaking language and help text in the electronic version and, once data proves those changes were positive, to port them over to the paper form soon after.

In particular, the two questions referenced above in EDD’s press release (“Were you too sick or injured to work” and “Was there any reason (other than sickness or injury) that you could not have accepted full-time work each workday?”) are causing extreme confusion and stress amongst claimants because it is unclear how to answer them in relation to the COVID-19 pandemic. We also understand that while EDD is automatically processing recertifications regardless of the response, they will eventually have to manually re-evaluate *millions* of these recertifications in the future. Managers informed us that the question of whether you are physically able to work continues to be adjudicated manually, which is likely still causing confusion since COVID-19 is a health-related issue.

Another common case of confusion was reporting net vs gross wages, including some situations where this discrepancy could have resulted in a claimant being charged with Fraud Statement Weeks. Reporting net wages instead of gross wages would result in a *lower* payment, so it is hard



to see why this would be considered fraudulent activity, but regardless, EDD does not appear to have a clear process.

In a three-day pilot from 7/27/20 – 7/29/20, the Office of Digital Innovation added Google Analytics to track how often people are clicking the help icon when using UIOnline. There were 338,753 help button clicks during this three-day period. Of these:

- 101,112 (one third) were on the certification form
  - 13% did not understand what they were “accepting” on the form.
- 100,110 (another third) were on the new claim application form
  - 26% of the users who were confused by the questions “What type of work do you normally perform?” and “\*What other type of work can you perform?”

We heard repeatedly that form improvements were on hold because they would be addressed by the BSM project.

EDD’s continues to add more instructional language/pages/guides for claimants in the hopes this confusion will abate (referred to as “doing a better job of education”) and certain recent efforts have helped. Google Analytics data shows that users who read the new plain language claim guide had 2–4x the rate of success filing a claim than others. But overall, this has had limited impact. It is not possible to force claimants to read a manual before they start, and it is not reasonable to assume that they will then somehow keep it open in another window and bounce back and forth between the manual and the application all the way through the process. Requiring they do so to be successful disadvantages

They need intuitive, guided interactions with contextual help, with a single and brief plain language user guide.

#### Recommendations:

- Adopt a data-driven approach to continually improving the claimant experience, described in greater detail in *Appendix D: Plan for evaluating and further iteratively improving the claimant experience*.
- Assign WCUG to work with real users to develop new language for the first two recertification questions above with real users, and implement the new language to the online form within two weeks. As part of the implementation, measure the use of the help icon next to each question via Google Analytics, relative to the time period prior to

the new language, with a goal that a smaller percentage of people require help answering the questions.

- In parallel to changing the online language, make a plan to release a new version of the paper form two weeks after the digital version (to allow time to validate the new language makes more sense to users).
- Work with WCUG to develop a new, “ideal” unemployment claim initial application form and recertification form. This form should be developed *primarily* with real end users, with subsequent input from legal and technical teams. They should work closely with advocates and researchers to understand user needs. Working backwards from this ideal claim, EDD should develop an implementation plan of what changes can be made immediately or in the short-term, and which would require significant restructuring. This should be a collaborative effort, with each resulting revision tested with real users.
- Explore whether claims with CHO == 850 (Work Share) could be automatically prevented from recertifying online, with an instructive error message (that they cannot recertify for UI because they are on a Work Share plan).

Claimants receive “zero dollar award” letters they do not understand.

Today, if a claimant is sent to identity verification, is a military claim, is a federal employee claim, or requires out of state wage verification, their wages are “suppressed” (hidden to avoid disclosure to someone who may not be the claimant). This means when they receive the automated “Notice of Uninsurance Award” notice, it shows \$0 in benefits. This letter has caused many frantic, repeated calls to EDD and legislators that could be avoided with clearer messaging.

Since CUBS cannot track the suspense period from the date a notification is mailed, there is also no way for claimants to track via UIOnline (or in CUBS) when responses are due.

Recommendations:

- Do not send the “zero dollar award” notice when wage information will be suppressed
- Clear all public notifications and individual notification letters (mailed, SMS, and electronic) through the Strategic Communications office to ensure consistent language and to catch opportunities for confusion like this.
- Obtain a level of effort to include notifications in a claimant’s UIOnline account.

- Obtain a level of effort to include due dates with notifications in a claimant's UIOnline account (and make them visible in CUBS).

### Claimants must mail in their documentation.

Claimants have no way to upload documentation – wage verification, DD-214s, SF-8s, etc. The only way to submit documentation is to physically mail it.

This is also the reason why military and federal employee claims must be filed on paper.

### Recommendations:

- Implement the plan outlined in *Appendix E: Acceleration Plan for Wage Verification*.
- Expand use of the new document upload tool for all documents; make it work on mobile devices; and enhance its usability with the WCUG team.

### The EDD UIO website does not work on mobile phones.

The Office of Digital Innovation's research showed 39% of users in June were using mobile devices to file a new claim in UIOnline. The regular EDD website has closer to 70% of its users coming from mobile. With the introduction of document upload, most users will presumably photograph their documents with their phone, leading to increased mobile users.

The Office of Digital Innovation has already written code to make the UIOnline form work on a mobile phone, but was told the level of effort from Deloitte to implement it would exceed eight months. While we appreciate the fragility of the UI Online website code, we find this estimate to be unacceptable and inaccurate.

There is a separate "UIO Mobile" application, with extremely limited functionality. For most tasks, the link takes you back to the desktop site, which does not work on mobile.

### Recommendations:

- Work with ODI to replace the current UIO application template with a mobile responsive one within the next 30 days.
- Turn off the "UIO Mobile" application at the launch of the mobile responsive template.

- Do this in concert with the below recommendation to make the UI Online application WCAG 2.0 compliant.

A striking number of people are recertifying on paper and by phone.

*[Update: this issue was resolved since starting this report. In August, 92% of certifications were received electronically.]*

While more than 90% of claimants file their initial claim online, 40% recertify on paper, and 8% via telephone (via Tele-Cert). Increasing the number of electronic recertifications lowers the workload for EDD, at the very least in mail processing.

It is hard to get specific data on why so many claimants revert to paper, but our research revealed some themes.

- Since the website is so difficult to use via mobile phone, claimants are willing to navigate it once to apply, but find the paper easier going forward.
- Claimants get a paper certification form in the mail along with their award notice, and users continue receiving paper forms unless they opt-out. It is less friction to fill out a paper form right in front of you than to go online and do it. (96.7% of users opt out of paper notifications.)
- Claimants stuck between BPO and UIO who are unable to complete UIO registration cannot recertify online.
- Many users report through social media getting 404 errors or having difficulty logging in to recertify.
- People with partials, Work Share, and certain other types of claims can *only* recertify on paper.

Recommendations:

- Change the “mail by” date on paper recertification forms to be two weeks farther into the future. Claimants often receive this form *after* the “mail by” date and worry it’s already too late.
- Work with WCUG on user research to increase the online recertification percentage to be 90%.

The usability team is last instead of first in the development process.

The usability team is not included in the development process until after the requirements have all been finalized and the new changes are ready for user acceptance testing. This is too late. EDD is missing out on the chance to make user-friendly, usable services for claimants. The current UIOnline offering is not easy to use.

Recommendations:

- Include the WCUG usability team in the very beginning of the development process, prior to development of requirements.
- Provide a testing environment separate from UAT that is available to the public (outside the EDD network). This is the only way EDD can test new features with actual end users.

The EDD UIO website is not accessible to those with disabilities.

California Assembly Bill 434 requires all state websites to be “in compliance with Sections 7405 and 11135, and the Web Content Accessibility Guidelines 2.0, or a subsequent version, published by the Web Accessibility Initiative of the World Wide Web Consortium at a minimum Level AA success criteria.”

EDD is also held to federal 508 compliance standards requirements.

The EDD website is out of compliance with the above and entirely unusable with modern screen readers and other accessibility tools. This means Californians with disabilities cannot file or certify claims online (including disability claims).

Recommendations:

- Move the involvement of the Web Content and Usability Group (WCUG) and the Digital Accessibility Team to the beginning of all development planning.
- Conduct a WCAG 2.0 audit of the UIO website and address all findings. This should begin once other key recommendations regarding the backlog are well underway.
- Update the UIO website to be WCAG 2.0 compliant (addressing issues identified in the audit above). This should ideally be done at the same time as making the UIO website mobile responsive, since most of the changes will fall under both categories.

- Require that all members of the development team use the UIO website via an accessibility tool (e.g. screen reader) during User Acceptance Testing. It is possible to be technically compliant but still be so difficult to use that a user would need three or four hours to navigate a single form using a screen reader; such a result would not be acceptable.
- EDD must include representative end users in its user acceptance testing going forward, including users with a wide range of abilities and accessibility tools.

Individuals who are not fluent in English face insurmountable barriers to receiving assistance.

Claimants who speak languages other than English have a difficult, if not impossible, time navigating the unemployment application process.

An August 21 2020 letter to Governor Newsom from Senator Holly Mitchell's office highlights some of these concerns:

"EDD is potentially in violation of the Dymally-Alatorre Bilingual Services Act, which requires every state agency "directly involved in the furnishing of information or the rendering of services to the public whereby contact is made with a substantial number of non-English-speaking people, shall employ a sufficient number of qualified bilingual persons in public contact positions to ensure provision of information and services to the public, in the language of the non-English-speaking person." Californians for who English is not their first language face tremendous barriers in the EDD process, and call center staff and applications for programs offered by EDD are not available in enough languages. EDD should work with other agencies to leverage existing language resources and prioritize language accessibility."

We surveyed field staff to understand what happens when someone needs language assistance. We learned that EDD does have access to Language Line, an on-demand translator service that lets you dial a live interpreter into a call, but it requires managerial approval to use each time. This is hard to get in real-time with a newly-distributed remote workforce.

Before the pandemic, we were told that the manager of each field office was responsible for identifying a staff member who could speak an individual constituent's language, but that this could take hours.

While "preferred spoken language" is captured on the unemployment application, it did not seem clear to representatives whether a claimant required a translator, or what to do next if they did.

Recommendations:

- Allow EDD representatives to use Language Line to call out to claimants without managerial approval.

Users are regularly providing the wrong identity documents.

If a claimant is required to verify their identity, they must send back (in the mail) two forms of identification from an approved list. Enough users find this list confusing that 56,256 people so far have sent in identity documents that are *not* on this list. Of those, 11,404 were rejected and disqualified because of it.

Early usability testing of the new document upload feature also shows that test users -- who, it should be noted, *are EDD employees* -- were also uploading “incorrect” documents.

This confusion is exemplified by [Identity Verification help page](#) on the popular website FAQ CA UI, which shares the following story of a user sending in *incorrect* documents as an example of what to do:

*When I was finally able to get through on the phones a few days ago to resolve the incorrect SS# (system glitch?) on my original claim filed in early April, the representative was able to put that claim back in motion (again, 10 days for the letter, etc.) but because I still have an out of state drivers license (I've lived here three years), she directed me not to wait and to go ahead and make a photocopy of my drivers license, and proof of residence/address (most usually a copy of a utility bill, in my case I sent in a copy of a bank statement, **AND my stimulus check—not on their list, but it seemed like a good idea**), to write my name and social on all the pieces and include a letter explaining and asking them to "please process the documents."*

Recommendations:

- This issue will be resolved at the launch of Id.me.

Claimants are waiting on EDD for information that only Bank of America can give them.

The seventh-largest work item queue is electronic messages related to the EDD Debit Card (the CUBS queue called “WC-EDD Debit Card”). As of 08/29/20, this queue has 352,236 pending work items.

EDD cannot help with debit card questions. Only Bank of America can.

Additionally, Bank of America is telling claimants who have not received their debit card yet that they can pay a \$10 fee to expedite delivery of their card. This fee is exploiting Californians.

Recommendations:

- Do not accept “WC-EDD Debit Card” messages in UIO. EDD cannot resolve these. Instead, when a claimant tries to select this option, redirect them to BOA’s website and phone number.
- Ask Bank of America for a daily dashboard of their call volume, call resolution rate, hold times, and pending issues by category.
- Disallow Bank of America from charging the \$10 expedited fee.

Errors in SSN data entry may be common.

In the online application, users must enter their social security number, then confirm the last four digits. By default, the social security number is obscured by asterisks (\*\*\* \*\* \*\*\*\*), with an option to check “Unhide” to view the actual number.

It is difficult to tell from Social Security Administration error codes how often people are simply mis-typing their SSN. However, this problem may be more pronounced given the number of users trying to use the application on mobile phones *when it does not work on mobile phones*. They may not be able to “unhide” the number.

The Web Content and Usability Group identified this as a top error in their usability testing, where a participant failed to type his SSN correctly:



- “The error message for the SSN field was too vague and didn’t help the participant. He made several attempts to correct the error and failed.”

If you enter your SSN incorrectly in the online application, you will be routed to manual identity verification, which is the root cause of most of the backlog.

Recommendations:

- Change UIOnline application so the default entry of SSN shows the SSN digits instead of \*\*\* \*\* \*\*\*\*\* (with an option to “hide”).
  - Status: complete. This launched 9/7/20.

The security questions to create an account are unnecessarily complex.

The current account creation requires a username, password, four security questions, a security image, and a custom passphrase key. While we appreciate the attempt at thorough security, these measures create an unnecessary barrier.

According to the recent Voice of the Customer report, claimants who have forgotten the answers to their security questions is a top complaint of social media and chatbot users with login issues.

Security questions, which are hard for users and present little obstacle to hackers, have been discouraged by researchers since at least 2015.<sup>7</sup>

Recommendations:

- Replace the online account and security questions / images / pass phrase keys with an online account in adherence with NIST Identity Assurance Level 2 & Authorization Assurance Level 2 (IAL2 / AAL2) (as defined in NIST special publication 800-63-3).

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<sup>7</sup> <https://security.googleblog.com/2015/05/new-research-some-tough-questions-for.html>

## Looking Ahead to the Future

This section of the report identifies challenges related to EDD's ability to scale to meet constituents' needs in a future unemployment surge, without having to maintain pandemic-level staffing at all times.

### **Redirect the BSM staff back to their previous positions. Reboot the BSM project.**

It is tempting to carefully specify a brand new system which will solve all of these problems at once. Nearly every government agency has a "next generation," or "system 2.0" project in procurement or development. Only 6.4% of Federal IT projects with budgets over \$10M are successful<sup>8</sup>. Both system requirements and available technology change faster than the timelines for these procurements, such that they are often obsolete before they even start

EDD has a Benefit Systems Modernization (BSM) project, which is 3 years into requirements-gathering. The contractor has not yet been selected and not a single line of software code has been written. The rapidly changing requirements and increased workloads of pandemic unemployment have increased the urgency of many IT changes.

We recommend immediately redirecting any staff from BSM back to their previous roles, and once the backlog is eliminated, restarting the BSM project with a different approach. The new approach should be a parallel iterative modernization effort based on areas of critical need. Appendices D, F, and H have further relevant recommendations. EDD IT and ODI have already demonstrated success in integrating ancillary systems for claims recertification and document upload. The updated identity verification solution will be another small, quick improvement that can be expanded into the future.

Update: CDT has informed EDD of the need to retool the BSM project.

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<https://www.brookings.edu/blog/techtank/2015/08/25/doomed-challenges-and-solutions-to-government-it-projects/>

## Monitor reasons for disqualified claims.

Given the pandemic, there is an expectation that some rules (like responding with identity verification documents within 10 days) will be relaxed and not cause for immediate disqualification, even if it's technically acceptable to disqualify for such a reason. Any disqualification justification may become desirable because it removes a claim from the backlog, but in many cases these disqualified claims will simply be escalated or appealed.

### Recommendations:

- EDD can defend against perverse incentives by carefully monitoring reasons for disqualification, in particular for areas that constituents and legislators may perceive as more relaxed.
  - For example: how many people were disqualified for responding to an identity verification request too late (more than 10 days)? Is the number of people serving False Statement Weeks going up, and why? Are a high number of legislative escalations related to False Statement Weeks, and why?
  - EDD may want to consider reaching back out to these claimants to understand how they got stuck.
- EDD should include a report of disqualifications by reason for review in its incident command meetings.

## Monitor appeals outcomes for signs of areas to be addressed.

When claimants are disqualified, they receive a Notice of Determination (DE 1080), informing them of the reason for the disqualification and their legal right to appeal within 30 days of the notice.

There are two levels of appeal. The first or lower level is the appeal to an Administrative Law Judge (ALJ). The ALJ can overturn, agree with, or modify the EDD's decision. The ALJ's decision may be appealed to a second or higher level of appeal to the Board. The Board's decision is the California Unemployment Insurance Appeals Board's (CUIAB) final decision. However, claimants and employers who disagree with CUIAB's final decision may appeal to the California Superior Court system, which is outside of the CUIAB.

EDD should keep a close eye on the percentage of appeals relative to overall claim volume, and the percentages of decisions in favor of the claimant – either (or both) going up is indicative of an upstream problem that could be addressed.

Currently, 49% of appeals are overturned at the lower authority, and 9% of the 51% who might appeal get further overturned at higher authority.

#### Recommendations:

- Track appeals volume and percentages of decisions in favor of the claimant.
- Include decisions in favor of the claimant, sorted by Issue, in the incident command meetings in case upstream action needs to be taken.

### Clarify EDD's purpose and incentives

An often-heard refrain from EDD staff is “unemployment is not an entitlement program, it’s an eligibility program.” There are numerous and strict requirements to qualify, and to continue to qualify.

To-date, EDD's measurements and incentives have all revolved around *preventing overpayments*. There is an entire area of training and a specific team dedicated to Overpayments; there is no such team called Underpayments. There is a dedicated Fraud office that looks for Overpayments; it does not look for lack of payments.

The U.S. Department of Labor measures California on its improper payment rate, requiring a rate under 10%.<sup>9</sup> California's EDD has met this year after year: from July 1, 2016 through June 30, 2019, its improper payment rate was 8.019%. But the federal UI Performance standards also require that 87% of first payments be made within 21 days, and California has never met this standard--it was 75.6% for the four-quarter period ending March 2020.<sup>10</sup>

It is not realistic to expect a department designed to *prevent overpayments* to shift overnight to focus on avoiding underpayments. We recommend EDD hold underpayments higher in priority

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<sup>9</sup> UI Performs core metrics: [https://oui.doleta.gov/unemploy/pdf/Core\\_Measures.pdf](https://oui.doleta.gov/unemploy/pdf/Core_Measures.pdf)

<sup>10</sup> [https://oui.doleta.gov/unemploy/docs/Score\\_Cards/2020/040119-033120.xlsx](https://oui.doleta.gov/unemploy/docs/Score_Cards/2020/040119-033120.xlsx)

than overpayments. This will require that California restructure and measure the Department accordingly.

## Address the coming spike in holiday determinations workload before it's too late

Every year, holiday determinations create a six-week backlog in the Work Share office in January (an office that otherwise does not have a backlog). The existing backlog and the anticipated growth in Work Share claims will make for a catastrophic new backlog in January 2021 if steps are not taken.

In Work Share, every two weeks the employer and employee collectively file Form DE 4581WS, the Employer's Work Sharing Certification, listing the hours worked and wages paid for that two week period. (This is effectively the recertification process for people on Work Share.)

A "holiday det" (holiday determination) is invoked when a holiday occurs during this two-week period. It means that a claims representative must manually compare the employer's holiday schedule and holiday pay policy against each employee's plan, for each Form 4581WS. Given the number of holidays occurring between November and January each year, this caused an estimated six week delay in processing Work Share claims in January the previous two years.

As a point of comparison, on August 18, 2020 Work Share was working July 27 claims (17 business days old). Last year, on August 18, 2019 Work Share was working same-day claims. Extrapolating the anticipated Work Share delay in January 2021, last year's six-week backlog will become a 102-week backlog, made even worse by the uptick in percentage of Work Share claims relative to last year.

We have seen no credible evidence that new hires into Work Share could be productive enough by January to stave off this surge. The only feasible path is automation of holiday dets. This would also prevent future weeks-long backlogs in January of low-volume years.

### Recommendations:

- In collaboration with the Work Share front-line representatives, build upon the new Work Share application to create functionality to fully automate the holiday determination process.

Plan to respond to incorrect 1099Gs in January 2021.

Recipients of unemployment payments will receive a 1099G tax form in January 2021. If a claim was paid to the incorrect individual, that (wrong) individual will receive a 1099G that they will want to correct with EDD.

Recommendations:

- There should be clear messaging, processes, and support planned starting now to make this a seamless process in January.

Simplify policy and automate key processes to enable scaling up and down to meet future demand

EDD must prepare for future surges by ensuring that the business processes that require more manual effort relative to the number of claims are set up to scale up and down. A key learning of this crisis is that the complexity of the policies, processes, and technology systems have made scaling difficult because of the length of time that is needed to train new employees. As long as the training manual is 800 pages, the manual process will never be able to scale up quickly.

As described earlier, EDD has struggled with processing incoming mail and processing identity verifications in particular as claims volume has surged with the pandemic. These areas have lacked automation and therefore required the highest number of additional staff hours to meet the increased demand.

EDD can future-proof itself in these areas by moving to approaches that automatically scale based on demand. This also prevents EDD from overspending on these tasks between surges.

Recommendations:

- Reevaluate policy and process, particularly in the areas that have been the greatest bottlenecks, and simplify wherever possible. In this process, it will be necessary to push back on “policy myths” and not assume that changes cannot be made unless a full investigation is made. It is extremely common to see unhelpful policies persist because of beliefs that they are required by state or federal regulations when in fact there is much more flexibility.

- (As above) Centralize mail/scanning, so the need to measure and scale capacity for this function resides in one place.
  - Work with Human Resources to have a rapid staffing expansion plan in place at all times for the centralized document processing center. In the current pandemic, it was possible to hire hundreds of call agents but not the 40 additional employees needed to open and scan mail.
  - For the sake of evaluating all options, explore shifting to an external mail/scanning vendor who would be paid by volume.
- (As above) Automate identity verification, which prevents the need to scale both identity verification staff and recomputation staff in a surge.

EDD employees consider many measures temporary.

Many employees told us that certain technical automations, policies, or other improvements are “only temporary” and “will be rolled back” after the pandemic surge. We appreciate that some flexibilities and processes are tied to the pandemic, but also encourage EDD to consider formalizing as many as possible, particularly around technology automations. This will prevent the need to exercise flexibilities the next time around.

## Conclusion

The challenges EDD faces in this pandemic are not unique. Across the country, departments charged with delivering UI are struggling to adjust quickly to enormous changes in policy, program, and volume of claims while hobbled by overly complex, outdated legacy systems. EDD’s peers in other states also lacked the muscle to effectively update their own policies and practices based on data and evidence about what works, and to effectively allocate resources. The fact remains, however, that no matter how common this situation may be, it is unacceptable. The State must deliver this benefit to those who qualify within a time frame that’s relevant to the well-being of the claimant, and it was failing to do that for too many Californians.

When the Strike Team started, the backlog was growing unbounded. Soon the growth will stop, and while there is much work left to do, this year and for many years in the future, the Department now has new tools to help them understand and manage down the backlog. Within

weeks, new claimants who apply after the new automatic identity verification solution is operational are far less likely to see delays. Some important changes to EDD communications and claimant interactions are underway that will reduce the confusion claimants have experienced.

In the course of the Strike Team's 45 day engagement with EDD, we have seen a remarkable transformation in the department's approach, in their capacity to use data to make critical decisions, and in their willingness to take bold steps to address the crisis. From the beginning, the Director's message was that the Strike Team's analysis and ideas were welcome and needed, and while there was sometimes tension and differences of opinion about the appropriate course of action, by the end of the six weeks, the level of collaboration and enthusiasm for new methods exceeded even our highest expectations. We end our work with a corresponding enthusiasm for this team and what's ahead for them. We are proud of our work as a Strike Team, but even more proud of EDD's work as a department rising to a challenge with newfound insights and skills.

While we wish that the backlog in claims could be eliminated overnight, we know that the plan EDD has in place now is the best one possible under the circumstances, and that the greatest number of people in need will get the help they need with the greatest speed. There are many aspects of the experience of accessing unemployment insurance that still need significant improvement before this meets or exceeds the expectations of the administration and of the public, but we end this work with greater confidence that EDD, in partnership with ODI, CDT, and other departments and agencies, is on the right path to make these improvements. Every member of the Strike Team stands ready to support that path on behalf of the people of California.



# Appendices

Appendix A: Data-Driven Definition & Resolution of the Backlog

Appendix A2: Backlog Data Diagram

Appendix B: Acceleration Plan for Identity Verification

Appendix C: Acceleration Plan for Legislative Case Management

Appendix D: Plan for evaluating and further iteratively improving the claimant experience

Appendix E: Acceleration Plan for Wage Verification

Appendix F: Software Development Best Practices

Appendix G: Current Claimant Experience Diagram

Appendix H: Recommended Future State Claimant Experience Diagram

Appendix I: List of Suggested Process Metrics

Appendix J: List of Suggested System Metrics

# Appendix A: Data-Driven Definition & Resolution of the Backlog

## Summary

This report outlines a recommended definition of the backlog; recommends a regular operational cadence for identifying and resolving major drivers of backlogged claims; and explains in technical detail how to instrument a backlog report.

EDD's overall goal should be to fully resolve 87% or more of claims within 21 days of their submission date (within 10 days for Work Share claims).

## Defining the Backlog

Number of claimants by unique ID (SSN/ECN) with an open claim associated with:

- Any claim in UI Online that is pending staff review OR
- A work item in BCIS that could prevent determination OR
- A work item in CUBS that could prevent determination OR
- AskEDD / EDDCOM queue that would prevent determination OR
- Claims Review Sheet (messages from 8-8 call center) OR
- Legislative escalations

WITH

an earliest open UI/PUA application submission date of > 21 days prior to today

(or > 10 days if earliest open claim is WS)

- AND -

Unopened mail by weight (short-term) / by piece (long-term), broken down by:

- All unopened mail
- Appeals

## Helpful Explanations:

- *Any application in UI Online that is pending staff review*
  - This includes any application filed electronically, that was not automatically processed, that has not yet been manually moved into a work queue.

● *A work item in BCIS that could prevent determination*

○ BCIS is the IT system that tracks identity verification and recomputation work items.

○ Not all work items in BCIS pertain to unemployment, and not all work items could prevent determinations (e.g. automated system messages). See Appendix A for the complete list of BCIS work item queues and which ones count towards the backlog definition.

● *A work item in CUBS that could prevent determination*

○ CUBS is the IT system that tracks the unemployment claim processing work items.

○ Not all work items in CUBS could prevent determinations (e.g. automated system messages). See Appendix B for the complete list of CUBS work item queues and which ones count towards the backlog definition.

● *AskEDD / EDDCOM queue that would prevent determination*

○ AskEDD is the online messaging system that anyone can use (without logging in).

○ In theory, all claimants with issues using AskEDD should be captured in other buckets. If a claimant uses AskEDD to raise an issue that is not captured elsewhere, that will require a review to determine why that claim did not already have a work item attached, and to resolve all other claims experiencing that same issue.

● *Claims Review Sheet (messages from 8-8 call center)*

○ This is a central spreadsheet of messages captured from the 8a-8p cell center.

○ In theory, all claimants with issues using the call center should be captured in other buckets. If a claimant uses the call center to raise an issue that is not captured elsewhere, that will require a review to determine why that claim did not already have a work item attached, and to resolve all other claims experiencing that same issue.

● *Legislative escalations*

- This does not currently exist, but will be a central spreadsheet of all constituent issues shared by legislators.
- In theory, all claimants raising issues to their legislator should be captured in other buckets. If a claimant uses their legislator to raise an issue that is not captured elsewhere, that will require a review to determine why that claim did not already have a work item attached, and to resolve all other claims experiencing that same issue.

● *Unopened mail by weight*

- Weighing mail ensures it is not allowed to accrue indefinitely, artificially lowering other work item volumes.
- Centralizing all mail to the document processing center will allow mail to be tracked by piece; weight is an interim measure.

## Resolving the Backlog

EDD should immediately establish a semi-weekly "incident command" update between EDD leadership and Strike Team leadership.

At each meeting, the team should review the following:

1. The three largest contributors of the backlog
  - This should focus on a recent (less than 24h old) refresh of the "backlog" number and its contributing metrics as described above.
  - What can be done to solve / automate them?
2. Progress on implementing prior suggestions
  - EDD staff should provide brief (less than 1min each) updates on in-flight short term suggestions, to include any blockers for senior leadership to immediately clear.
3. The success of implemented suggestions
  - Is it working? Are those areas going down as expected?
4. Leading indicators
  - Disqualifying rates and reasons
    - Are these going up disproportionately? Where? Why?
  - Appeals rates, success rates, and reasons

- What are the top reasons for successful appeals? What can we do to accurately decide those claims the first time, going forward?

5. Open space for proposal for other solutions

- Ideas that can resolve other areas of the backlog, or prevent areas of backlog.

Current Action Items:

1. Instrument the automation of this backlog dashboard, following the directions in this report, leveraging the CDT Dashboard team.

## Technical Instrumentation of the Backlog Report

This section details how to instrument a dashboard reflecting the backlog on a daily basis.

First, some important considerations:

### *Claimant ID*

Claimants are identified either by their Social Security Number (SSN) or their ECN (EDD Client Number).

In theory, EDD should stop using social security numbers as identifiers, but that is low priority relative to the situation at hand, and can be solved for later.

### *Unique Claimants*

While a claimant should only have one claim open at a time, in practice, this is not true. Many claimants have multiple open claims. Since 4/28/20, 272,103 unique claimants have filed more than one claim. A claimant should only appear in the backlog once, even if they have filed 131 claims (the highest number filed by one individual so far).

Therefore, this data should be unique by claimant ID (SSN/ECN), based on oldest open claim submission date.

Closed claims do not appear in the backlog.

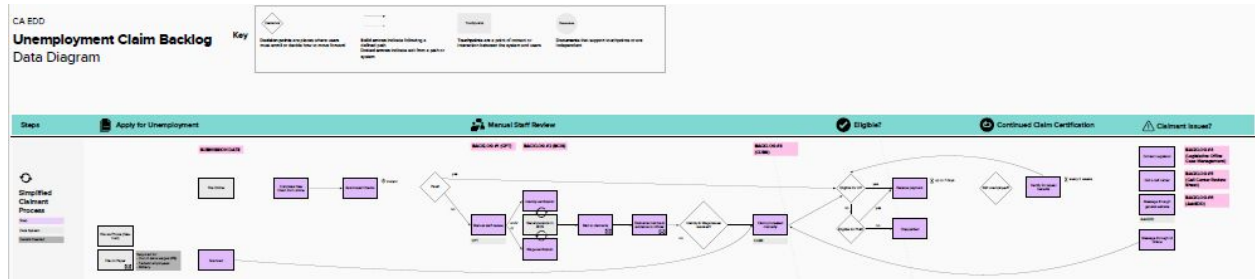
## *Dates*

The important date for calculating backlog is the application submitted date which is found in UIMod. This is often different and earlier from a filing date (the date a claim is established in SCDB). This is also different from an effective date. It's possible to file a claim on August 30, 2020 that is effective back to February 28, 2020.

## *Systems*

- UIMOD database (underlies both UIO and CUBS)
- UIO (UI Online)
- BCIS (Benefits Claim Inventory System)
- CUBS (California Unemployment Benefit Services)
  - Confusingly, BCIS and CUBS look exactly alike, but are maintained by separate teams and are distinct applications/databases.
- SCDB (Single Client Database)
- BICC (Business Intelligence Continuity Center – data warehouse)

# Appendix A2: Backlog Data Diagram



## Appendix B: Acceleration Plan for Identity Verification

This document was written with the expectation that CDT & EDD will procure a vendor for enhanced, automatic identity verification for integration into the beginning of the user flow through UI online.

We further expect that vendor will be capable of identity proofing to NIST Identity Assurance Level 2 & Authorization Assurance Level 2<sup>11</sup> (IAL2 / AAL2) (as defined in [NIST special publication 800-63-3](#)), and that this proofing will deprecate all other identity "verification" processes at EDD for purposes of approving claims submitted through UIO.

We estimate below that such automation would have prevented 4,255,114 claims from having to be manually reviewed to-date. Approximately 77.69% of claims currently being processed manually could be automated going forward, bringing UIOnline overall automation closer to 91%, with greater fraud protection.

For the week ending August 27, 2020, this means approximately 147,280 claims of the 189,575 manual claims would have been automatically processed. This leaves approximately 6,042 manual claims per day (down from 27,082 manual claims per day).

Our experience is that these sorts of login integrations can be executed in less than 8 weeks, given a few key constraints. Our specific recommendations for this implementation effort are:

1. Name an implementation "tiger team", comprising technical staff from the ID vendor, the UIO vendor, and EDD IT staff, not to exceed 6 people.
2. Make that team's only full-time priority the implementation and delivery to claimants of the new ID proofing and login.
3. Inform all other projects and teams that they are to treat any asks from the "tiger team" as their only priority, when they happen.
4. Have this team be led, and represented to senior EDD leadership, by a single person working for EDD (not a vendor).

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<sup>11</sup> NIST IAL Level 3, the only higher level of assurance possible, requires physical in-person proofing, which defeats the purpose of filing online, especially in a pandemic.



5. Have that representative read out daily status and blockers to EDD leadership empowered to enforce prioritization and staffing decisions across both EDD and the vendors.

In parallel to this technical team, for a successful implementation, EDD must also:

- Determine an alternate plan of action (other than today's manual identity verification) for when a new verified claimant's SSN is already assigned to a DI claim.
- Update its policy (22 CCR § 1326-3. Identity Verification) to reflect NIST IAL2/AAL2 requirements, and eliminate irrelevant requirements. For example, once someone is identify-proofed at IAL 2, EDD has a high level of confidence that the person is who they say they are. "Substantiation documents" for the purpose of identity verification are no longer required (because IAL2 includes required address verification), and an out-of-state mailing address is now not an issue. Preferably, this updated policy will simply point to the federal NIST standards.
- Develop a mitigation plan with the selected vendor as to what will happen if a potential claimant fails the automated identity check.
- Develop a plan with EDD's fraud and investigations offices to ensure they have the data reporting they need for their work.
- Update the identity verification process done for paper claims to be consistent with decisions made above.
- Update or eliminate Forms DE 1326C and DE 1326CD, per decisions above.
- Develop a mitigation plan for field representatives who believe they are interacting with fraudulent claimants downstream. It must be clear that it is not their role or responsibility to relitigate a claimant's identity once it has been established to NIST standards. It also needs to give them a pathway to confirm a claimant's identity by phone or other interactions.

We recommend this policy team be a similar "tiger team" following the format above, *and* that the policy tiger team have exactly one (1) person who participates in the technical tiger team meetings and ensures the two efforts are in sync.

## UIOnline / CPT Rules

The use of an enhanced, automatic identity verification solution will make the following rules obsolete. They should be removed/turned off from the system.

- Claimant submitted the claim application with an ECN.
- SSN not verified; Invalid SSN.
- SSN not verified; Date of Birth does not match.
- SSN not verified; Name does not match.
- SSN not verified; SSA has aka SSN.
- SSN not verified; Claimant Deceased {0}: Determine if person filed is an Authorized Executor of the deceased and handle appropriately.
- SSN not verified; Person is a public figure.
- Claimant states that the Social Security Administration did not issue them their SSN.
- SSA interface was unavailable. Run SSA.
- Name provided by claimant did not match DMV. Verify name on DMV response to name provided by claimant.
- DOB provided by claimant did not match DMV. IDAAR required.
- Driver License or ID not verified. Multiple DMV records found.
- Driver License or ID not verified. No DMV record found.
- DMV verification not ran. Run DMV.
- Claimant did not ID prior UI/DI Claim filed within 2 years.
- Claimant did not correctly ID prior UI/DI Claim filed within 2 years.
- SCDB interface was unavailable to verify UI, DI/PFL prior claim information.
- NO DL/ID provided
- Out state DL/ID provided

The following three rules are meant to identify instances when an imposter already filed a claim against the provided social security number and another person is under that SSN in the system:

- First Name, Last Name or DOB claimant provided did not match with CUBS data.
- The Date of Birth provided by Claimant did not match with SCDB.
- The name provided by Claimant did not match with SCDB.

We have proposed turning these three rules off, and replacing them with a new, more specific rule with fewer false positives.

Since the inception of UIOnline, the above rules have flagged 4,211,580 claims for manual process. Replacing them with an automated provider can automate that workload for EDD.

## Policy

The current California Code of Regulations requiring updates are:

§ 1326-2. New Claim for Unemployment Insurance Benefits –Filing and Contents.

(a) “New Claim” means an application for the establishment of a benefit year and a computation of the maximum benefits payable and the weekly rate. (For a general description of the claims filing procedures for unemployment benefits, see Section 1326-1 of these regulations.)

(b) Any person who is an unemployed individual, as defined in Sections 1252 or 1279.5 of the code, may file a new claim. (See Sections 1252-1, 1252.1-1, and 1252.2-1 of these regulations.) The claimant shall file the new claim by contacting the department and shall set forth:

(1) His or her first and last name, and middle initial if applicable.

(2) His or her social security account number, and any other names and social security account numbers by which the claimant is or was known.

(A) The department may require the claimant to verify the social security account number as being the one issued to him or her by the Social Security Administration if the information available to the department indicates that the social security account number presented by the claimant may belong to another individual, is not a valid social security account number, or was never issued by the Social Security Administration, or that the wages shown in the base period of the claim may belong to another individual.

(B) If the department requires a claimant to verify the social security account number which he or she has provided to the department during the claim application, the claimant must submit verification of his or her social security account number through the Social Security Administration, or he or she may submit to the department a copy of his or her annual statement issued to him or her by the Social Security Administration.

(3) His or her date of birth, including month, day, and year.

(4) His or her gender.

(5) His or her current mailing address.

- (6) His or her current residence address.
- (7) His or her driver's license number or identification card number, provided that the driver's license or identification card was issued by a local, state, or federal agency, or a foreign government, and the card contains his or her full name, date of birth, and photograph.
- (8) The date he or she last worked for his or her most recent employer.
- (9) The reason he or she is no longer working for his or her most recent employer. The department shall promptly notify the individual's most recent employer of the reason the individual has given as to the reason he or she is no longer working for his or her most recent employer. The department may use the claimant's statement as to the reason he or she is no longer working for his or her most recent employer to assign the individual an appropriate seek work plan.
- (10) The name and mailing address of his or her most recent employer, except in cases where due to reasons beyond the claimant's control, the claimant does not know the name or address of his or her most recent employer. For example, the claimant may have no record of wages paid, or his or her most recent employer may now be out of business, the employer may have moved, or the employer may have died.
- (11) The name or names of his or her base period employer or employers; the estimated wages that individual earned during the base period; and the approximate periods of employment for that individual with the base period employer or employers. If the information available to the department indicates that the wages reported for that individual may not belong to that individual, the department may require that individual to provide information to substantiate that he or she earned the reported wages
- (12) Whether he or she in the 19 months preceding the filing of a new claim served in the United States armed forces, or worked for an agency of the State of California, of another state or of the federal government, or worked for an employer in another state.
- (13) Whether he or she has filed a claim for unemployment insurance or disability insurance against California, against another state or against the federal government in the past 24 months.
- (14) Whether he or she is a member of a union, and if so, the name and number of the union local, and whether he or she is registered as out of work with his or her union.
- (15) Whether he or she is unemployed or working part time and knows the law requires true and complete answers, and that he or she may be required to register for work (as defined in Section 1251-1 of these regulations).

(16) A statement that the claimant is a citizen or national of the United States and, if not, that the claimant is in a satisfactory immigration status, as defined in Section 1326-13(c)(1) of these regulations. The claimant shall also make the statement set forth in Section 1264-1(d) of these regulations, as to his or her citizenship or immigration status during the base period.

(17) Such other information as the department may require.

#### § 1326-3. Identity Verification.

(a) A claimant will be required to provide information to the department as described in Sections 1326-2, 1326-4, 1326-5, or 1326-6 of this Division. The information provided by the claimant must be sufficient for the department to:

Appendix B: Acceleration Plan for Claimant Identity Verification – p6

(1) establish the identity of the claimant, and;

(2) verify that the wages reported under the social security number provided belong to the claimant.

(b) If the information provided to the department by the claimant under Sections 1326-2, 1326-4, 1326-5, or 1326-6 of this Division does not sufficiently establish the identity of the claimant, or if the department cannot verify that the wages reported under the social security number provided belong to the claimant, the department shall:

(1) Require the claimant to verify his or her identity by presenting a photo identification and one of the following document(s) as defined in Section 1251-1 of this Division:

(A) Social security number verification.

(B) Date of birth verification.

(C) Address verification.

(D) Employment data.

(2) Ask the last employer of the claimant, and all of the claimant's base period employers, to provide the following information:

(A) Any other names used by the individual who earned the wages.

(B) Any other social security numbers used by the individual who earned the wages.

(C) Dates of employment for the individual who earned the wages.

(D) Last known phone number for the individual who earned the wages.

(E) Last known mailing and residence addresses of the individual who earned the wages.

(c) If the information available to the department indicates that the identity of the claimant may not be the same as the individual who earned the wages reported to the

department, the department shall request the individual who claims to be the true owner of the identity to certify under penalty of perjury whether or not he or she filed the claim for unemployment insurance compensation.

(d) The claimant shall have a reasonable opportunity, as determined by the department, to provide the information requested pursuant to paragraph (b)(1) above to the department. The claimant shall have the right to request additional time to provide the requested information to the department.

(e) If, within ten (10) days from the mailing date of the request, the claimant has not supplied the requested information, and has not contacted the department to request additional time to provide the requested information, the department shall grant or deny the benefits based on the information available to the department, pursuant to Section 1253(a) of this Division.

Note: Authority cited: Sections 305 and 306, Unemployment Insurance Code. Reference: Sections 1085, 1092, 1257, 1326 and 1327, Unemployment Insurance Code.

We would instead suggest:

§ 1326-2. New Claim for Unemployment Insurance Benefits –Filing and Contents.

(a) “New Claim” means an application for the establishment of a benefit year and a computation of the maximum benefits payable and the weekly rate. (For a general description of the claims filing procedures for unemployment benefits, see Section 1326-1 of these regulations.)

(b) Any person who is an unemployed individual, as defined in Sections 1252 or 1279.5 of the code, may file a new claim. (See Sections 1252-1, 1252.1-1, and 1252.2-1 of these regulations.) The claimant shall file the new claim by contacting the department and shall set forth:

(1) His or her first and last name, and middle initial if applicable.

(2) His or her social security account number, and any other names and social security account numbers by which the claimant is or was known.

~~(A) The department may require the claimant to verify the social security account number as being the one issued to him or her by the Social Security Administration if the information available to the department indicates that the social security account number presented by the claimant may belong to another individual, is not a valid social~~

~~security account number, or was never issued by the Social Security Administration, or that the wages shown in the base period of the claim may belong to another individual.~~

~~(B) If the department requires a claimant to verify the social security account number which he or she has provided to the department during the claim application, the claimant must submit verification of his or her social security account number through the Social Security Administration, or he or she may submit to the department a copy of his or her annual statement issued to him or her by the Social Security Administration.~~

(3) His or her date of birth, including month, day, and year.

(4) His or her gender.

(5) His or her current mailing address.

(6) His or her current residence address.

~~(7) His or her driver's license number or identification card number, provided that the driver's license or identification card was issued by a local, state, or federal agency, or a foreign government, and the card contains his or her full name, date of birth, and photograph.~~

(8) The date he or she last worked for his or her most recent employer.

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(9) The reason he or she is no longer working for his or her most recent employer. The department shall promptly notify the individual's most recent employer of the reason the individual has given as to the reason he or she is no longer working for his or her most recent employer. The department may use the claimant's statement as to the reason he or she is no longer working for his or her most recent employer to assign the individual an appropriate seek work plan.

(10) The name and mailing address of his or her most recent employer, except in cases where due to reasons beyond the claimant's control, the claimant does not know the name or address of his or her most recent employer. For example, the claimant may have no record of wages paid, or his or her most recent employer may now be out of business, the employer may have moved, or the employer may have died.

(11) The name or names of his or her base period employer or employers; the estimated wages that individual earned during the base period; and the approximate periods of employment for that individual with the base period employer or employers. If the information available to the department indicates that the wages reported for that individual may not belong to that individual, the department may require that individual to provide information to substantiate that he or she earned the reported wages

(12) Whether he or she in the 19 months preceding the filing of a new claim served in the United States armed forces, or worked for an agency of the State of California, of another state or of the federal government, or worked for an employer in another state.

(13) Whether he or she has filed a claim for unemployment insurance or disability insurance against California, against another state or against the federal government in the past 24 months.

(14) Whether he or she is a member of a union, and if so, the name and number of the union local, and whether he or she is registered as out of work with his or her union.

(15) Whether he or she is unemployed or working part time and knows the law requires true and complete answers, and that he or she may be required to register for work (as defined in Section 1251-1 of these regulations).

(16) A statement that the claimant is a citizen or national of the United States and, if not, that the claimant is in a satisfactory immigration status, as defined in Section 1326-13(c)(1) of these regulations. The claimant shall also make the statement set forth in Section 1264-1(d) of these regulations, as to his or her citizenship or immigration status during the base period.

(17) Such other information as the department may require.

Appendix B: Acceleration Plan for Claimant Identity Verification – p9

§ 1326-3. Identity Verification.

(a) A claimant will be required to provide information to the department in accordance with the most recent federal NIST Special Publication 800-63 standards



# Appendix C: Acceleration Plan for Legislative Case Management

## Overview

In the creation of the backlog definition, all stakeholders have agreed that resolving constituent complaints raised to their legislators is a high priority for the Department. When we met with the EDD Legislative Office to incorporate their data into our dashboard instrumentation, we learned they have no tracking tools at all -- individual constituent concerns are handled individually by email.

This means there is no data to incorporate into the dashboard, but also that some constituent concerns are likely going unresolved -- and also that a lot of constituent personal information is being transmitted by email.

Before the pandemic, EDD's Legislative Office received approximately 1,000 unemployment insurance related inquiries each year. Since the beginning of the pandemic, they have received more than 1,000 cases per day, with a current backlog estimated at 18,000 unprocessed requests.

This acceleration plan is for the development of a legislative escalation request tracker for EDD. This tracker will serve the EDD Legislative Office for the long-term, including for legislative escalations for other constituent requests such as Paid Family Leave and Disability Insurance.

## Project Schedule

August 27, 2020: Kick-off meeting

September 4, 2020: Initial Minimum Viable Product (MVP) version live for testing by the EDD Legislative Office by

September 11, 2020: Expected project completion

September 11-25, 2020: One sprint of iterations/improvements based on the feedback from the EDD Legislative Office

## Project Team

The existing OSaaS Salesforce contracting team from Work Share is being leveraged for this project, in collaboration with the EDD Legislative Office. EDD CIO Rita Gass is the EDD IT Executive Sponsor.

## Scope of Work

### *Overview:*

Give the EDD Legislative Office the ability to centrally track legislative escalation requests related to unemployment claims.

### *Proposed Path:*

Use standard Account object to represent individual legislative offices, by legislative member name.

Use standard Contact object with two custom Record Types: Constituent and Legislative Staff.

Hide all tabs that are not Account, Contact, or Reports

For Contact[Constituent], the following standard + custom fields:

- Account = the legislative office they called into
- Name
- Email
- Phone
- SSN (custom, string)
- Obscured ID (custom, read only, formula field that shows last 4 of SSN)
- Category of Issue (custom, picklist)
  - Match this to the AskEDD dropdown as a start
  - Train EDD legislative office to be able to update this picklist
- Status (custom, picklist)
  - Open
  - In Progress
  - Resolved

- Re-Opened
- Status Last Updated Date (custom, read-only, auto-completed by rule when Status picklist ISCHANGED())
- Assigned Staff (custom, optional lookup to Legislative Staff on their assigned Account)
- Description of Issue (custom, text area)
- Include Activity History
  - From here, an EDD user can send an email back to the legislative staff member with an update
- Include Field History on Status picklist
- Rename “Log a Call” button to “Log an Activity”
- Hide all other fields and related lists for simplicity of user interface

For Contact[Legislative Staff], the following standard + custom fields:

- Account = the legislative office they work for
- Name
- Email
- Phone
- Include Activity History
- Include custom Related List for Lookup: Assigned Staff
- Hide all other fields and related lists for simplicity of user interface

## Reports

1. The Backlog Dashboard team requires this report:
  - All Contacts where Contact Record Type = Claimant && Status != Resolved
  - Fields: Name, SSN, Status, Record Created Date
2. The initial report for each legislative office can be:
  - All Contacts where Contact Record Type = Claimant
  - All Contacts for their Account
  - Fields: Account, Name, Obscured ID, Category of Issue, Description of Issue, Status, Status Last Updated Date
3. For the EDD Legislative Office:
  - All Contacts where Contact Record Type = Claimant

- Fields: Account, Name, Obscured ID, Category of Issue, Description of Issue, Status, Status Last Updated Date
- Save a specific report of Status = “In Progress” and Status Last Updated Date > 7 days ago.

Users:

- Give each legislative office one user (80). Restrict that user to only access one account (theirs).
- Each EDD Legislative Office staffer (6) would have their own user.

How will legislative staff use this tool?

- They can log in and:
  - Create new Contacts against their Account for constituent requests, avoiding the need to transmit constituent PII over email.
  - Check the status of existing constituent requests (by searching their contacts or looking at a report).
  - Review report #2 referenced above (filtered to just their account automatically by Salesforce filters) of all pending constituent requests.

How will the EDD Legislative Office use this tool?

- They can log in and:
  - Send email updates on a Contact to the Assigned Staff
  - See report #3 referenced above of new open requests
  - Update the status of requests

## Appendix D: Evaluating and Further Iteratively Improving the Claimant Experience

In addition to the incident command meetings to work down the backlog in a data-driven manner, EDD should also have a regular cadence of data-driven improvements to the claimant experience.

An improved claimant experience could have prevented significant churn during the pandemic, getting ahead of confusing certification questions and having plain language claim status readily available. Regularly working to improve the claimant experience will position EDD that much more effectively in the next surge in unemployment claims: reducing incoming calls, claimant mistakes, and earning public trust.

### Data-Driven Drivers

Major drivers of the claimant experience include (but are not limited to):

- Google Analytics events on UIOnline
  - Top transactions
    - What are people doing the most? Filing a new claim? Checking the status of their claim? Checking delivery of their debit card?
  - Referral sources (where are users coming from?)
  - Bounce rates
  - Drop-offs at account creation
    - This would explicitly not include people who cannot pass IAL2 identity verification
  - Drop-offs during the application process
    - At what field/page are people dropping off the most? Why?
  - Clicks on “help” icons
    - On what field/pages do people require the most help?
  - Error pages
    - Broken links should be resolved within one week
    - What are the top errors received? Why? Can they be resolved? If not, Is the error message clear on what to do next?
  - Language needs

- Whether or not users use the "Google Website Translator" on form s.edd.ca .gov/ form s
- Percentage of initial claims received on paper and via telephone on e
  - What are the barriers t o applying online?
- Messages received from [potential] claimants
  - Messages through UIOnline (“web correspondence” )
    - By category
  - Messages through the public website (“AskEDD” )
    - By category
  - Calls received through the call center (s)
  - Comm en ts made on social media channels (from Voice of the Customer reports)
- Call center select ion s
  - What skills (“press 2 for XYZ” ) are callers selecting the most? Are these also fir st?
  - How long (in seconds) does it take to complete the top 3- 5 transactions via automated ph on e system ?
- Usability testing results
  - Top 3- 5 issues identified by WCUG
- Accessibility test in g result s
  - An y WCAG 2.0 accessibility test in g failures must be remediated in the next spr in t .
  - Top 3- 5 issues identified by DAT

## Reviewing Claimant Experience Data

1. On a weekly basis, review the data elements identified above in a m eet in g th at includes top EDD leadership, a WCUG representative, a DAT representative, an d a representative with the ability to directly make changes to each of the aforementioned systems. (In other words, this person must be close enough to the system t o know exactly how t o make changes – – not translate the discussion to another team member .)
2. Over t im e, combine these data elements in to a dashboard for easy and regular review. Almost all of these data elements should be available in real- time,

particularly those from Google Analytics.

3. Review improvements made in recent meetings. What change did you expect to see from the change (e.g. users no longer hitting an error page)? Did the change you expected happen?

- a. If yes: mark the item done
- b. If no: brainstorm additional solutions

4. Make a plan for 3- 5 new improvements, prioritized based on the data above.

- a. If the planned action will take more than one week to implement, track its progress in this meeting.

5. Repeat weekly.

## Categories of Inquiry

On at least a quarterly basis, EDD should review the categories available for claimants or call center agents to categorize messages. These options should be consistent across all mediums (AskEDD, UIOnline messages, call center).

Review categories such as “other” for emerging themes that may require their own category. Consider removing current categories that are rarely used.

## Assign a Product Owner

A single individual at EDD should be designated as the full-time product owner. This person is responsible for:

- Reviewing all the data above on a regular basis (more often than the weekly meetings)
- Intimately understanding the claimant experience, including all underlying data systems and data structures
- Prioritizing improvements to the claimant experience, weighing the benefit to claimants against the cost in time and development resources
- Participating in usability and accessibility sessions
- Staying on top of what other states are doing for their unemployment programs

- Coordinating changes to the claimant experience with leadership based on changing legislative requirements
- Advocating for policy changes that will further improve the claimant experience

This person cannot have another job at EDD; they must be the product owner full-time.

## Proactively Improving the Claimant Experience

The best way to ensure a positive claimant experience is to test any planned changes or new features/functionality with actual users, ahead of launch, and to include usability, accessibility, and actual users in the development of new functionality and features from day one.

EDD can achieve this by:

- Creating a version of its testing environment that is accessible outside of the EDD network
- Recruiting and supporting a group of end user testers who do not work for EDD. These would not be employees, but would join for (compensated) brief usability sessions.



# Appendix E: Acceleration Plan for Wage Verification

## Executive Summary

Layer Aleph was asked to specifically focus on opportunities for further automation and improvement around the wage verification process.

Overall, claims representatives reported easy automation of wage verifications for Californians with “traditional” (W2) employment, via the Franchise Tax Board (FTB). Representatives reported infrequently having to intervene and perform wage verification for these claimants.

Challenges for wage verification arise for claimants with out-of-state wages from the last 18 months, federal employees, and newly-separated military. These special claims require claimants to submit specific supplementary documentation, which they cannot do online, and thus they must file on paper. Document upload will significantly help these use cases, as they will all be able to file electronically once document upload is live.

Other opportunities for acceleration of wage verification improvements we explored include greater automation around Alternate Base Period wages; wage verification for PUA claimants seeking an increase in their base rate; and claimants with past disqualifications.

## Wage Verification for Claimants with Out-of-State Wages

Individuals with out-of-state wages in the last 18 months cannot file electronically on UIOnline. Depending on the circumstances, this can be an “interstate claim” or a “combined wages claim.” After indicating they have out-of-state wages from the last 18 months, online applicants are directed to fax in their application:

[Skip to Content](#)  
[Help](#) | [Benefit Programs Online](#) | [Log Out](#)

**CA.gov** California Employment Development Department

## File or Reopen Instructions: Out-of-State Wages

You indicated that you worked in Canada or another state in the last 18 months and/or applied for Unemployment Insurance benefits in another state or in Canada in the last 12 months.

Your options to file or reopen your Unemployment Insurance claim are to either fax your application OR contact an Unemployment Insurance representative.

### Instructions to Fax Your Application

Download the paper [Unemployment Insurance Application \(DE 11011\)](#) to file a new claim. The application can be filled out online and printed, or printed and completed by hand. For faster processing, fax your application to the number listed on the form.

**Important!** Make sure you dial the fax number correctly. Failure to dial the fax number correctly will result in your claim not being filed and may result in your personal information being received by someone other than the EDD.

The application file is in Adobe's Portable Document Format (PDF). You will need the Adobe Reader to view or print the application. To download, visit [Adobe Reader](#).

If you prefer, you may call an [Unemployment Insurance representative](#) to file your claim by phone.

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In June 2020, 70,000 (4%) of online filers indicated they had out-of-state wages and were redirected to fax their application. In July 2020, this number rose to 76,000.

While some wage verification can be resolved through inter-state data systems, proof of wages from out of state from the last two years often must be provided by claimants. Since there is no document upload, claimants must fax/mail in this proof, and cannot file online.

Allowing claimants with out-of-state wages to file online and upload their wage verification document would eliminate this manual volume of claims and allow 4% more claimants to file electronically, benefitting from the additional automation and efficiency that provides.

#### Recommendations:

- Expand document upload to include non-identity documents in the release after the September 8, 2020 release.
- Once claimants can upload wage verification documents, change the question “Did you work in another state and/or Canada during the last 18 months?” to not stop a claimant from filing on UIOnline.

- If there is a delay in expanding document upload for all documents, EDD should update the verbiage on the UIOnline website to inform claimants they cannot file electronically if they have out-of-state wages from the last 18 months, before they begin the electronic application.

## Wage Verification for Military/Veterans

Newly separated military (individuals who are now veterans) are eligible for unemployment for more reasons than other citizens, due to federal law. These veterans cannot file for unemployment online in California. There are currently 11,604 pending Veteran claims in CUBS. They must provide EDD with the specifics of their federal employment on paper via Form DE 1101IAD (including SUPPLEMENTAL FORM FOR EX-SERVICEMEMBERS – ATTACHMENT A). The only difference in the process is this ATTACHMENT A.

EDD uses the veteran's Form DD214 as the final and conclusive proof in terms of eligibility (based on character of discharge – you must have an honorable character of discharge) and monetary award (based on last pay grade). This information is found on Form DD214. Form DE 1101IAD SUPPLEMENTAL FORM FOR EX-SERVICEMEMBERS – ATTACHMENT A allows a veteran to submit their DD-214 in lieu of ATTACHMENT A, but if they do not submit it, EDD will call them and ask them to mail it in. The form does not make this clear.

EDD needs the following fields off a DD-214:

- Character of discharge
- Record of service
- Pay grade

These fields are all available on a paper DD-214, and also available to verify electronically, automatically, from the VA on VA.gov.

In the short-term, EDD can reduce the overall amount of manual work associated with wage verification for veterans by:

- As soon as Document Upload for all documents is available, allow Veterans to file electronically. This would be the normal UIOnline form, plus a requirement to upload their DD-214.

- Replace SUPPLEMENTAL FORM FOR EX-SERVICEMEMBERS – ATTACHMENT A with a requirement to attach the DD-214.

In the long-term, EDD can fully automate these claims:

- Allow Veterans to file on UIOnline as normal
- Use the [Veteran Verification API](#) (under service\_history) from VA.gov, integrated into the UIOnline flow, to verify character of discharge, pay grade, and record of service directly from the VA.
  - The fields needed are discharge\_status, pay\_grade, and deployments.
  - Since UIOnline will use ID.me, the same identity provider as the VA, explore any opportunities to leverage existing code/connections to access the Veteran Verification API.
  - We recommend obtaining a level of effort from ID.me early on, but this automation can be prioritized for later. The most important part is enabling the separating military to file electronically and upload their DD-214.

## Wage Verification for Federal Employees

Former federal government employees cannot file for unemployment online in California. They must provide EDD with the specifics of their federal employment on paper via Form DE 1101IBD (including SUPPLEMENTAL FORM FOR FEDERAL EMPLOYEES – ATTACHMENT B). The only difference is this ATTACHMENT B.

This form asks for the exact three-digit Federal Identification Code (FIC) of their former federal duty station, which field representatives reported was very difficult for people to do accurately, and usually involves a back and forth of phone calls, despite this information being clearly printed on the SF-8 form every federal employee is issued at separation.

Recommendations:

- Replace SUPPLEMENTAL FORM FOR FEDERAL EMPLOYEES – ATTACHMENT B with a request for an SF-8 or SF-50. Federal employees can use the normal electronic UIOnline form with the addition of instructions to upload their SF-8 or most recent SF-50.

## Wage Verification to Increase PUA Base Wages

Applicants for Pandemic Unemployment Assistance (PUA) can qualify for increased dollar amounts based on their 2019 California income tax return data. EDD met with the Franchise Tax Board (FTB) on 8/3/20 to begin the approval process for automatically retrieving this data for claimants. (Given the pandemic-related tax filing grace periods, not all 2019 California income tax returns have been filed.)

Given that EDD's newest leadership includes individuals coming from the FTB, we are confident that this partnership will be supported and shepherded.

Recommendations:

- Establish a permanent data sharing agreement with FTB for prior-year tax returns, both to retroactively check for fraudulent overpayments, and to make it easier to access this data in case of a future surge or unexpected federal program.

## Alternate Base Period Wages

If a claimant cannot qualify for Unemployment based on the Standard Base Period, they may qualify under an alternate lens: the Alternate Base Period (ABP).

From EDD's Fact Sheet:

The "Standard" Base Period uses the wages earned in the first four of the last five completed calendar quarters prior to the beginning date of the UI claim. The "Alternate" Base Period uses the wages earned in the four most recently completed calendar quarters.

If the claimant did not work during the standard 12-month base period but worked in the most recent quarter at the time of filing a claim, they may be qualified for an alternate base period claim. This type of claim requires the EDD to request the work and wages history information from the claimant and the employer to determine if the individual meets monetary eligibility requirements.

Prior to the pandemic, if a claim came in as “IE/NE” (Insufficient Earnings / No Wages), they would be manually assessed by staff who ran the Wage Tool.

During the pandemic, the macro team added automation to assess some of these IE/NE claims against the ABP. CPT Code 49 assesses opportunities to use the Alternate Base Period.

Recommendations:

- Explore additional automation opportunities for the Wage Tool, led by the Macro Team.

## Claimants with Past Disqualifications

If a claimant has a previous disqualified unemployment claim, their new claim will be routed for manual review. A claim could have been disqualified for many reasons, such as not earning enough wages – a disqualified claim is not necessarily a negative flag.

Multiple supervisors raised this as an opportunity for automation, pointing out that if the previous claim was disqualified because of insufficient wages, it is straightforward to recalculate their eligibility based on more recent wage history. (This can be, but is not always, separate from Alternative Base Periods.)

Recommendations:

- Draft criteria for automatically processing new claims from claimants with certain types of previous disqualified claims.

## Non-Responsive Employers

If an employer fails to respond to a Request for Wages DE 1919 form request (a request to verify a claimant’s employment/wages) within 10 days, and the individual returns the Affidavit of Wages DE 23A along with tangible proof of wages earned, California law requires EDD to accept the wage information provided by the individual.

We heard many reports of specific employers consistently never responding to these DE 1919 requests. We observed that when some employers consistently fail to respond, a Wage Notice is posted on the EDD UI Branch SharePoint site, but this is not incorporated in the automated

system. Therefore, when an employer with a large number of alleged employees fails to respond, many claimants are left to wait 10 additional days for EDD to process their claim.

#### Recommendations:

- EDD should establish a formal policy that if a particular employer fails to respond to a certain number of requests in a certain period of time, EDD will automatically accept DE 23As from their [alleged] employees for some period of time. We leave the exact time periods for EDD to determine based on their data.
- Add automation to the system to automatically flag non-responsive employers and allow claims representatives to skip the notice/10-day waiting period if the claimant has established a DE 23A.

## Other Automation Opportunities

Once a claimant's identity is verified, UIOnline shows a claimant the base period wages known to the system, and the claimant has to confirm this number. If they say no, the claim is routed for manual review. This is known as a wage investigation.

#### Historically:

- 21.98% of claims routed for manual review were because the claimant indicated they had a missing employer (CPT Code 38). This requires manual recomputation.
- 10.22% of claims routed for manual review were because the claimant indicated they did not work for a base period employer that was returned from the base wage data (CPT Code 40). This requires manual recomputation.
- 7.22% of claims routed for manual review were because the claimant reported they had additional base period employers not shown in UIOnline (CPT Code 44). This requires manual recomputation.
- 5.57% of claims routed for manual review were because the claimant reported they had Other pay (CPT Code 36). This requires manual recomputation.

#### Recommendations:

- EDD should perform a data analysis of claims with CPT Code 36, 38, 40, or 44, relative to the data returned about base period wages, to determine what data sources are incorrect, outdated, or missing, leading to the need for manual review.



## Appendix F: Software Development Best Practices

We recommend that every development team implement the same baseline development practices, to the extent possible.

### Automated promotion through test stages

Minimizing manual acceptance testing should be an ongoing program goal, and the amount of wall-clock time required for manual testing should be a key performance indicator -- to be managed down.

The best-in-class behavior for any continuous delivery on UIO projects will be automated promotion towards production based on tests.

### Performance measurement

To optimize for agility and improvement, speed of delivery should be a top-level program key performance indicator. Speed of delivery should be measured as the wall clock time between having a final requirement written for a change, and that change being live for claimants.

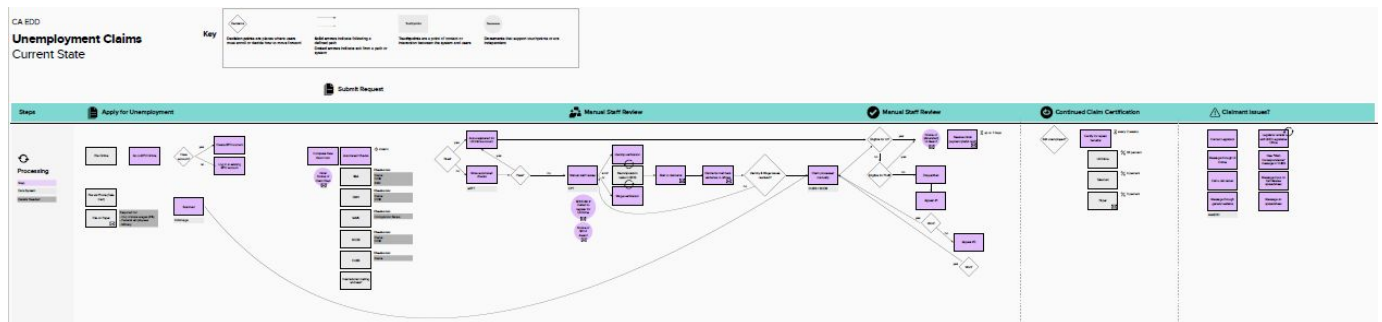
### Revision control configuration

Every development code repository should have the following settings and policies, to the extent possible:

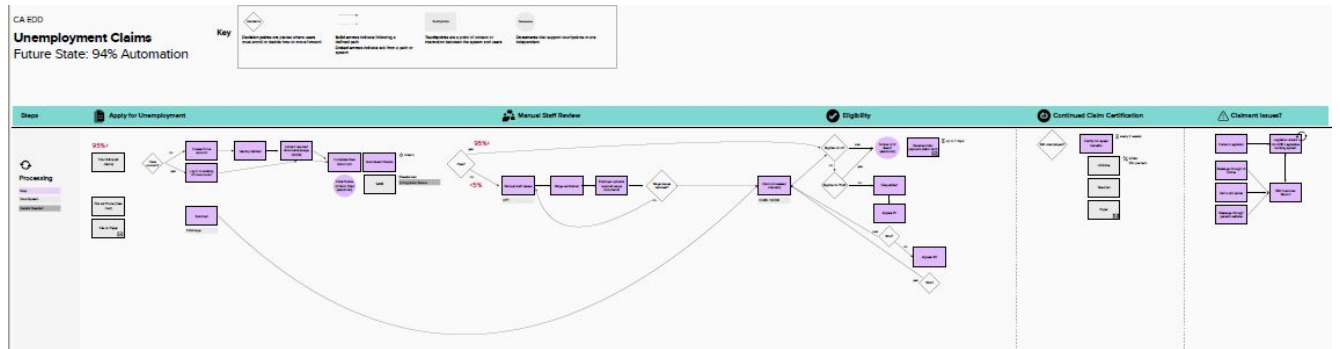
- Protected branch on the main development branches
- Required approval for merges or pull requests, to include code reviews
- Required quality and testing automation:
  - Automated code quality assessments triggered by code submission
  - Automated build and unit test runs triggered by code submission
  - Automated test coverage assessment triggered by code submission
- Automated rollback/rejection of changes that fail these automated checks

Once automated guardrails are in place, remove and deprecate all other code review/submission guidelines, policy, and checklists.

## Appendix G: Current Claimant Experience Diagram



# Appendix H: Recommended Future State Claimant Experience Diagram



## Appendix I: List of Suggested Process Metrics

We recommend that EDD leadership regularly review the following process metrics. Ultimately, these metrics should be accessible via a central data dashboard.

### The Backlog

*These metrics are covered in Deliverable 5.2: Plan for Instrumenting Dashboard*

#### Claims:

- # unique claimants with an open determining work item on a claim that was submitted more than 21 days ago

#### Mail:

- Short-term: daily weights of unopened mail, by office
- Long-term: daily count of mail, by type (e.g. PO Box #), from the central mail processing center

### Overall Process Metrics

Aging reports on the following open items:

- Throttled in CPT
- BCIS (by Recomp Type & Work Queue)
- CUBS (by Work Queue)
- AskEDD (by category)
- Legislative Escalations (by category & status)

#### Disqualified claims

- As a percentage of overall volume
- By reason

#### Appeals

- Volume
- Percentage of appealed claims relative to volume of claims
- Percentage of appeals overturned at each level, by Issue

## Productivity

- Daily Productivity Sheet tally (DPS) [existing]
- Estimated time to complete work based on current staffing levels and last month's

Minutes Per Unit

- For the backlog
- For all pending open items

## Usability

- Top 3 issues from weekly Voice of the Customer report
  - Broken down by: AskEDD, Social Media, and Call Center
- Top 5 issues identified by WCUG
- Top 5 issues identified by Digital Accessibility Team (DAT)

## Appendix J: List of Suggested System Metrics

We recommend that EDD leadership regularly review the following system metrics. Ultimately, these metrics should be accessible via a central data dashboard.

### System Monitoring

Service Level Agreements for:

- CPT
- CUBS
- CUBS sync performance
- UIOnline
- BCIS
- SCDB
- ID.me
- DocuSign

### Usability of UIOnline

Review Google Analytics for (at least) the following metrics:

- Top page views
- Top help icon click reasons
- % mobile users
  - Overall
  - For initial UI claim filing
  - For document upload
  - For recertifying
- Abandon rates for:
  - Creating an account
  - Verifying identity
  - Completing initial UI claim
  - Uploading a document
  - Recertifying
- Time to complete the transaction for:
  - Completing initial UI claim
  - Uploading a document

- Recertifying
- Retroactive certification tool:
  - Login responses
  - Partial saves
  - Completed certifications
  - Logins from users who completed their return already
  - Back button clicks
  - Print confirmations
  - Session timeouts
- Whether or not users click "register or login" from the UI guide Nava developed
- Whether or not users use the "Google Website Translator" on [forms.edd.ca.gov/forms](https://forms.edd.ca.gov/forms)

The top 10 transactions should also, verifiably, not be more than two clicks away after logging in.