



STATE OF CALIFORNIA

## Labor & Workforce Development Agency

GOVERNOR Gavin Newsom • SECRETARY Julie A. Su

Agricultural Labor Relations Board • California Unemployment Insurance Appeals Board  
California Workforce Development Board • Department of Industrial Relations  
Employment Development Department • Employment Training Panel • Public Employment Relations Board

August 19, 2020

Dear Members of the Legislature:

Governor Newsom and I appreciate your ongoing partnership in addressing the challenges our state has faced due to the unprecedented levels of pandemic-related unemployment we have seen since March. Meeting the needs of the millions of Californians experiencing job loss during this pandemic demands constant innovation and improvement, and we are grateful to the Legislature for helping us achieve these critical goals.

Based on your collaboration and continued engagement on economic relief for working people, I wanted to update you on California's response to the Lost Wages Assistance Program (LWA), which is based on the President's August 8 [memorandum](#). California submitted an application to participate in the program, which would provide a supplemental payment of \$300 per week for claimants who are currently eligible to receive at least \$100 per week in unemployment insurance (UI) or other pandemic-related unemployment benefits and who have provided a self-certification that they are unemployed or partially unemployed due to disruptions caused by COVID-19. This is a time-limited program that is only expected to be available until the designated federal funds run out in a few weeks or until Congress takes further action. As the Governor previously stated, we hope that Congress will provide additional economic support. I will provide updates on the status of our application as soon as I have them.

We know that you have been assisting and counseling your constituents whose struggles during these times have been exacerbated by their inability to communicate with and receive resolution of their claims for UI from the Employment Development Department (EDD). While EDD has processed an extraordinary volume of claims since this pandemic began, there is much work to do to better serve Californians who are applying for UI and to communicate effectively with individuals while they wait for their claims to be processed.

Since the pandemic began, EDD has paid \$67 billion in unemployment benefits and processed more than 10.6 million claims. In July, EDD paid an average of \$4.5 billion per week in benefits. This is the equivalent of nearly 70,000 initial claims processed—and over \$600 million paid in benefits—per day.

While monumental, these figures do not account for the pain and suffering of Californians still waiting for claim resolutions. These individuals remain my focus, and I know they are yours. But I share these numbers because they represent countless hours of work to process more claims than the next two largest states combined, and because they result from a deliberate and concerted effort we have engaged in to find ways to incorporate flexibility into the eligibility criteria where consistent with federal law, to change long-standing practices so that we can move claims faster, and to be innovative with systemic solutions. I have shared with you many of these efforts on calls and in letters, and we continue to pursue additional ways to improve.

We appreciate the feedback provided in the letter of August 5, 2020, signed by many of you. We continue to work through those items. In the meantime, I wish to provide the following updates.

### **New EDD Executive Team Members and New Labor and Workforce Development Agency Senior Advisor**

Building on the Governor's actions to provide strategic innovation to the EDD in the form of a strike team that is now in operation, the Governor [announced](#) several appointments that bring a breadth of experience to strengthen EDD's leadership team and capacity for this pandemic era. Two new chief deputy director positions have been created, one who will oversee external affairs, legislation and policy and the other who will oversee operations. Two other critical EDD leadership positions, the deputy director of legislative affairs and the general counsel, have also been filled. Additionally, we added a senior advisor at the Labor and Workforce Development Agency who will specialize in unemployment issues and support our oversight role. This new team brings significant experience in UI, firsthand experience working with and advocating for claimants, and creativity about and knowledge of best practices across the country.

### **Call Center Operations: Plan to Integrate into One Line**

As you know, in April, Governor Newsom directed the EDD to add call center hours from 8 a.m. to 8 p.m. seven days a week. This new call center, which provided technical assistance but did not have the trained staff to provide complex claims assistance, was created to respond to the unprecedented call demand. At the start of the pandemic, EDD did not have a telework option for

call center agents. The only way to increase the number of call center agents and to comply with physical distancing requirements was for EDD to set up a separate virtual phone line for teleworking agents.

Much of the frustration about the new call center has been the inability of the agents to handle complex claims questions. This is because there were not enough trained claims processing staff at EDD at the time the pandemic hit, given the staggering immediate increase in claim volume. From the start, EDD was faced with a decision about how best to utilize experienced claims processors. The decision was made to focus the time of the most experienced staff on claims processing—and the figures above are, in part, due to this dedication of experienced staff to process the massive volume of claims that required manual review by a skilled agent. We have continued to strategize about the best allocation of experienced staff time between claims processing and answering calls, all while investing in training to increase capacity.

We have been working to merge the call center numbers onto one virtual platform and phone number that will direct callers to an appropriate agent based on the reason for the call. EDD is also in the process of adding a skills-based caller routing capability that will enable callers to be routed to staff who can address their needs based on the staff's training and skillset. These changes will be implemented by the end of October 2020. This will help callers get more quickly to someone who can help them and will help to utilize staff time in the most efficient and productive manner.

### **Training and Deploying New Staff**

The state's UI program is based on a complex set of federal and state laws and regulations. As a result of the UI program's complexity, prior to the pandemic, EDD required new staff be trained for six months before they were fully productive in claims and benefit payment processing. New federal CARES Act programs with their own rules – including Pandemic Unemployment Assistance (PUA) and Pandemic Emergency Unemployment Compensation (PEUC) – added more complexity to administering these claims. EDD has worked to condense training times to ensure the Department's new staff could be quickly onboarded and deployed to claims processing. As I explained in a recent letter to Senators Skinner and Gonzalez (attached), the current training times range from two weeks for certain tasks to two and a half months.

#### *Call center training and staffing*

- There are two levels of staff training for call center operations. The first level involves training staff to assist customers on the phone by providing technical assistance with issues like UI Online, continued certifications by phone, and

basic claim-specific questions. The second level involves training on processing claims and answering the more complex claim-specific questions. The training times are:

- Call Center technical (not complex claim) assistance – 2 weeks
  - Call Center and Claim Processing – 2.5 months
- By the end of October, when both lines are merged onto a single call center platform, EDD will have at least 3,500 agents answering calls from claimants.

The following table shows the numbers of staff actually on the phones (after hiring and training have been completed):

#### 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

In addition to these call center staff, 2,300 are being hired for claims processing. We will continue to assess needs and impact as the staff come on board.

#### **EDD Staff Assigned to Legislative Offices**

I know that your offices, like mine, have been inundated with calls from claimants who are desperate and frustrated. I have read thousands of emails sent to me about their anger with EDD's delays and call center failures; they weigh heavily on me and I have used these messages to help EDD identify needed fixes. We, like you, believe that no claimant should be forced to call for hours hoping to reach a live person, and no individual should wait for months without understanding the status of a lifeline benefit.

As we work to improve UI benefits administration, we want to provide relief not only for claimants but also for you and your staff. To say it plainly, thank you for your help and I hope we can mitigate the need for that help shortly. Please know that, in addition to addressing specific constituent claims that you bring to

us, we are learning from the individual claims to identify patterns and problems that can be addressed more universally.

Prior to the pandemic, EDD's Legislative Office received approximately 1,000 UI referrals combined from your offices each year. Since the beginning of the pandemic, the Office has received up to 1,000 cases per day. EDD now has 105 staff and managers dedicated to addressing constituent casework. This includes new staff added last week when the Department implemented your request to have a designated caseworker for each member's office. These caseworkers are UI-trained and able to resolve less complex cases with you directly over the phone. Now your offices can develop a direct relationship with an individual responsible for claims raised by your office.

Additionally, EDD continues to hold bi-weekly calls with legislative staff. Your suggestions about how to improve this process and to be most responsive to Californians have been much appreciated.

### **Operational Actions to Address the Pending Claims**

Over the last five months, my team and I worked with EDD to diagnose the impacts of the enormous volume of pandemic-induced UI claims on EDD's claims handling processes, communications with claimants, data collection and analysis, and reporting of backlogs. I described some of the operational actions taken to address these issues in my letter to you of July 29, 2020, with the accompanying [report](#) of EDD Director Sharon Hilliard.

Like you, we are deeply concerned about claimants who applied for UI in March, April, and May and are still awaiting benefits. EDD formerly tracked workload based on the last date of claimant-initiated action regarding a pending claim. As the Governor directed, EDD now tracks claimants by the date they filed, rather than the date of the last touch point initiated by a claimant, prioritizing those who have been waiting the longest.

Other operational improvements to address claims processing times and to minimize claimant confusion:

- We are constantly working to identify the areas causing the worst delays. Both identity verification and re-computations require time-consuming manual processing.
  - **ID Verifications:** Pre-COVID-19, 20 ID verification staff handled this workload timely; EDD has now increased ID verification staff to 386. In addition, EDD is hiring another 400 staff who will be onboarded and trained from August through October.

- **Re-computations:** Pre-COVID-19, there were 42 staff that were able to handle this workload; EDD has now increased re-computation staff to 465. EDD plans to hire another 300 staff who will be onboarded and trained from August through October.
  - **Staff Specialization:** Improved staffing assignments and specialization have made EDD more efficient with these claims. For example, dedicated staff scan ID verification documents as soon as they come in so that claims processors can access the documents via Infolmage rather than having claims processors do all of the steps themselves.
- I have shared the document upload feature that will be available by the end of September that will allow claimants to upload identity or wage documents via a secure online portal. This will save claimants time, avoid the uncertainty about whether documents were received, and allow automated processing of ID verification issues.
  - I have received many questions from claimants—as I know you have as well—who have been required to “reopen” their claims. EDD’s prior practice was to close claims after 21 days if claimants did not certify. As an additional step to improve processing times, EDD no longer closes such cases after 21 days, eliminating a source of confusion and allowing claimants to come in and certify to get benefits more easily.

While these efforts will not solve all of the outstanding issues—the currently required manual re-computation of claims remains the single greatest barrier to quick resolution of many complex claims—we are constantly striving to make operational enhancements and will continue to report their impacts to you.

### **EDD Benefits Systems Modernization Project**

We have all acknowledged on many occasions that EDD’s benefits systems, used to administer both the UI and State Disability Insurance (including Paid Family Leave) program, rely on old and obsolete technology, including COBOL programming, that is increasingly at risk of having performance issues, difficult to maintain, and nearly impossible to modernize. EDD initiated a Benefit Systems Modernization (BSM) project with the goal of replacing all of the existing and disparate systems and applications with a single and integrated one that provides Californians a single portal, making access and claims processing easier to all three benefit programs.

Despite the laudable and important goals of BSM, the original timeline was too long for a technology solution and the initial project planning process begun a few years ago was too slow. This is why, when Governor Newsom first came into office, I made BSM one of the first priorities of this Administration to benefit from

the Governor's Executive Order on technology projects. I worked with the California Department of Technology (CDT) and its project approval process to re-evaluate the timeline for BSM and to speed up the business process review which, prior to 2019, had taken three years. We will continue to work closely with EDD and the Strike Team on this matter.

### **Exercising Flexibility to Expedite Payments to Workers**

As there was some confusion on this topic following the recent hearing, I would like to confirm that, as stated in your letter, I issued a [directive](#) on March 20, 2020, that was aimed at expediting claims processing to the extent permissible under federal law. This directive was similar to a directive former LWDA Secretary Marty Morgenstern issued in September 2013. The U.S. Department of Labor has not raised conformity issues related to this directive and EDD has continued to act consistent with it.

I issued a second [directive](#) in April, when the UI Online system slowed due to the strain of the high volume of individuals filing and certifying claims. This strain threatened the ability of people to apply for and receive benefits, as well as our ability to launch PUA on April 28, implement PEUC, and make other critical programs available. In order to preserve our ability to provide timely UI benefits and additional federal pandemic-related benefit programs to Californians suffering financial hardship, I directed EDD to exercise temporary emergency flexibility, consistent with state and federal law, not to disqualify a claimant for continuing benefits based on a failure of that claimant to certify for certain high-volume weeks. The U.S. Department of Labor subsequently notified EDD that this process to alleviate the strain on UI Online was not in conformity with federal requirements. We have since taken remedial actions.

We remain committed to expediting processing and payment to the maximum extent permitted by law.

Again, I thank you for your continued dedication to and partnership in serving California's workforce during this time of great need. I look forward to sharing with you the improvements and innovations that the EDD Strike Team and our new executive leaders will bring, and remain, of course, committed to listening to and working with you to modernize the administration of UI for Californians now and into the future.

Sincerely,



Julie A. Su  
California Labor Secretary



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August 6, 2020

The Honorable Nancy Skinner  
California State Senate, District 9  
State Capitol, Room 4052  
Sacramento, CA 95814

The Honorable Lena Gonzalez  
California State Senate, District 33  
State Capitol, Room 2068  
Sacramento, CA 95814

Dear Senators:

On the briefing call last week, you alerted me to an issue of concern, and I wanted to let you know what I learned about it and what I did to address it.

You informed me that you and your staff were hearing that Employment Development Department (EDD) managers and new hires were stating that it takes six months to be trained and therefore, the new hires would not be processing claims or answering phones for several months. I responded that, while it is true that EDD's normal training period for a fully trained claims processor is six months, as a result of the pandemic, EDD has made many adjustments.

Here is some more detail about the current training times by function:

- **Call Center—Technical (not complex claim) assistance.** Following two weeks of training, technical assistance phone services staff begin answering calls on the 8 am-8 pm 7-day-a-week phone line. By the end of July, 737 new staff have already been hired, trained, and are working on this phone line.
- **Claim Processing.** The training for these staff to learn to do claim filing functions is two and a half months. Note that these staff are also the ones who answer callers with complex claim-specific questions.
- **Identity Verification.** New staff are learning how to do this in two weeks.
- **Recomputations.** This work stream ranges from simple to complex manual functions and the training correspondingly ranges from two to four weeks.



Refresher training is being offered periodically to reinforce knowledge and understanding of correct processes.

To help support new staff, EDD provides mentors who are experienced claim filers and multifunctional staff skilled in all claim filing processes. These long-time employees with knowledge of the claim filing process are assigned one mentor to 14 new staff during training to assist new hires by answering questions and providing feedback. These mentors are in addition to UI managers who are all available for staff in the virtual training room eight hours a day. Trainees can ask questions in the virtual training or call their mentor or manager to ask specific questions. Upon completion of training, mentors and managers are still available to assist new employees with all questions that may arise.

In addition, new staff hired in the identity verification and re-computation area are supported by knowledgeable and experienced mentors. They are provided virtual training and support as well as identified mentors (one mentor for every 20 new staff) to answer questions.

Managers received a reminder of the importance of providing accurate information to all staff and to the public, particularly for changes that have been made that deviate from long-standing EDD practice. Thank you again for bringing this to my attention.

Sincerely,

A handwritten signature in black ink, appearing to read "Julie A. Su", with a long horizontal flourish extending to the right.

Julie A. Su  
California Labor Secretary