

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 4 ON STATE ADMINISTRATION

ASSEMBLYMEMBER JIM COOPER, CHAIR

WEDNESDAY, OCTOBER 7, 2020
1 P.M., STATE CAPITOL, ROOM 4202

Due to the statewide stay-at-home order and guidance on physical distancing, seating for this hearing will be very limited. All are encouraged to watch the hearing from its live stream on the Assembly's website at: <https://www.assembly.ca.gov/todaysevents>.

Remote Testimony Stations (RTS) will be available for public comment. Please see the six RTS locations below.

1. *Sacramento – State Capitol Park, North Steps*
2. *San Francisco State Office (455 Golden Gate Ave., San Francisco, CA 94102)*
3. *Fresno – Hugh Burns State Building (2550 Mariposa Street, Fresno, CA 93721)*
4. *Van Nuys State Building (6150 Van Nuys Blvd., Van Nuys, CA 91401)*
5. *Los Angeles – Ronald Reagan State Building (300 South Spring Street, Los Angeles, CA 90013)*
6. *San Diego State Building (1350 Front Street, San Diego, CA 92101)*

The public may also submit written testimony to: BudgetSub4@asm.ca.gov. Please note that any written testimony sent to that email address are considered public comment and may be read into the record.

INFORMATIONAL HEARING

STRIKE TEAM ASSESSMENT AND RECOMMENDATIONS TO IMPROVE EMPLOYMENT DEVELOPMENT DEPARTMENT

I. OPENING REMARKS

II. STRIKE TEAM ASSESSMENT AND RECOMMENDATIONS

- Yolanda Richardson, Secretary, Government Operations Agency and Head of EDD Strike Team
- Sharon Hilliard, Director, Employment Development Department

- Chas Alamo, Principal Fiscal & Policy Analyst, Legislative Analyst's Office

III. MEMBER COMMENTS AND QUESTIONS FOR THE PANEL

IV. PUBLIC COMMENT

INFORMATION ONLY

7100 EMPLOYMENT DEVELOPMENT DEPARTMENT

ISSUE 1: STRIKE TEAM ASSESSMENT AND RECOMMENDATIONS OF THE EMPLOYMENT DEVELOPMENT DEPARTMENT

This item provides a summary of the Strike Team's Assessment and Recommendations on how to improve customer experience, claims processing and reimaging technology system at the Employment Development Department for Unemployment Insurance (UI).

BACKGROUND

Strike Team. In July 2020, Governor Gavin Newsom created the EDD Strike Team to assess and recommend improvements at EDD. The Strike Team was given 45 days to review the EDD and was led by the Government Operations Secretary Yolanda Richardson and Code for America founder and former U.S. Deputy Chief Technology Officer Jennifer Pahlka.

On Saturday, September 19, 2020, the Administration released *Recommendations to Set Path for Reform at the Employment Development Department*. These recommendations were based off a more comprehensive report titled *Employment Development Department Strike Team Detailed Assessment and Recommendations* (dated September 16, 2020).

According to the Government Operations Agency's press release, the Strike Team findings and recommendations include short, medium and long-term recommendations and solutions to transform the customer experience applying for and receiving UI benefits. These recommendations included the following:

Short-term recommendations:

- **Implement ID.me verification tool.** Integrate into UI-Online a commercially available tool to more accurately and efficiently validate a claimant's true identity because the largest driver of backlogged claims is manual identity verification.
- **Reset to improve systems.** During this time, claimants are encouraged to complete this online form so that EDD staff can notify them when to submit their application.
- **Establish clear metrics to track claims and target resource deployment.** Measure every step of the claims process daily using a new

dashboard developed by the Strike Team to identify and address bottlenecks in the unemployment insurance processing.

- **Use data to inform operations.** Implement a plan to reduce the backlog based on data, including increased use of outbound calling to claimants to resolve issues.
- **Improve Transparency.** Publish a new dashboard updated weekly that clearly identifies the UI backlog and provides an estimate of the time it will take to process that backlog based on data.
- **Make it easier to use UI-Online.** Enable UI-Online and associated tools to work better on mobile devices, for increased ease of use and decreased user errors in data entry, since errors can cause delays.
- **Modernize document upload.** Enable claimants to upload documents to the EDD system using their mobile phones or computers, to speed claimants' ability to respond to requests for further validation of their claims and reduce the mail processing burden on EDD.

Mid-term recommendations:

- **Use data to inform efforts to fight fraud.** The new ID.me tool will block many fraudulent claims at the door. New, data-driven efforts to prevent fraud should be employed, and older processes can be abandoned.
- **Revisit Benefits System Modernization (BSM).** EDD should revisit the BSM project and reimagine it for the future in ways that prioritize claimants' needs and make their experience with EDD easy, fast and reliable.

Long-term recommendations:

- **Explore Operation and Technology.** Begin a modernization project involving an overhaul of administrative rules and procedures, operations and technology, with a central focus on improving the experience of those filing for unemployment benefits.

Legislative Action. Prior to the creation of the EDD Strike Team, the Assembly Budget Subcommittee 4 held three hearings (one during May Revision and two informational hearings) to shed light on the various problems constituents were facing claiming unemployment insurance benefits and to discuss how to fix them. Through ongoing work with the EDD including leadership from both houses, working groups and informational hearings, EDD made some changes to respond to concerns from member offices.

For transparency and accountability, the Legislature passed Assembly Bill 107 (Committee on Budget, Chapter 264, Statutes of 2020), which required the EDD to create

a dashboard beginning September 4, 2020, until July 1, 2021, with the following information:

- The number of claims paid since March 1, 2020.
- The number of claims found to be ineligible since March 1, 2020.
- The number of claimants who have never certified for benefits and the number of claimants who have not provided wage information to qualify for a claim.
- The number of claims that are pending department resolution.
- The number of phone calls made into the Unemployment Insurance call centers, the number of unique callers, and the number of phone calls answered by staff in the prior two-week period.

AB 107 allowed for changes to the dashboard information by submitting a request to the Chairperson of the Joint Legislative Budget Committee.

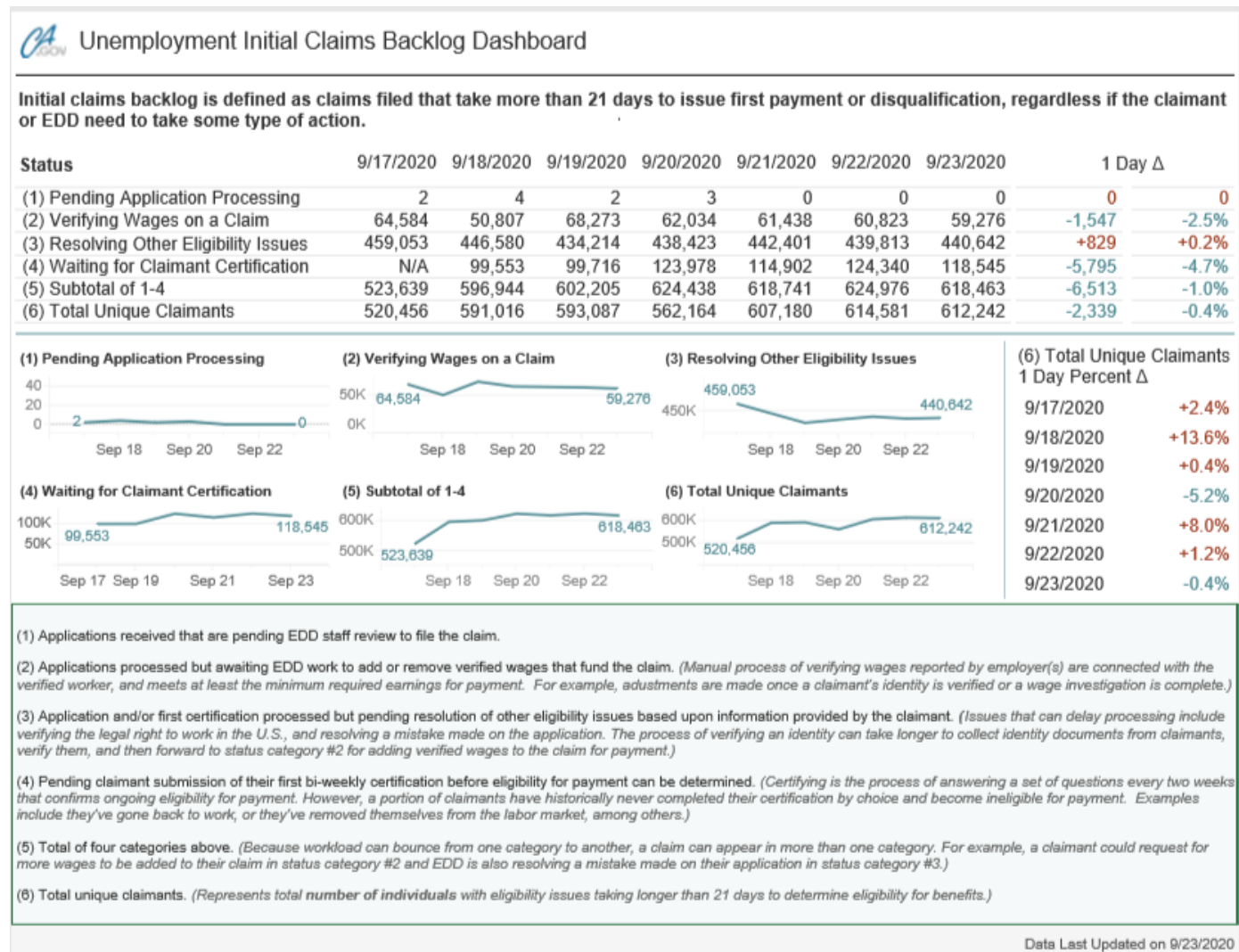
Currently, there are a few dashboards on the EDD's website that display information. The main landing page for the EDD includes the current unemployment statistics as follows:



Statistics as displayed on EDD's as of September 30, 2020.

However, to navigate to the AB 107 Dashboard, a user must go to the EDD Newsroom and then follow links to the dashboards. There are two dashboard links; one for the Unemployment Initial Claims Backlog and one for Unemployment Continued Claims Backlog. The information is displayed on the following page.

Unemployment Initial Claims Backlog Dashboard

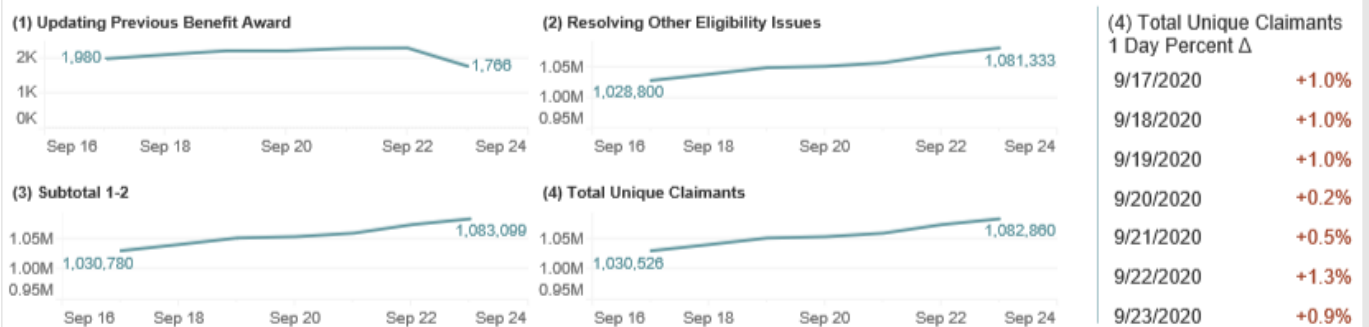


Unemployment Continued Claims Backlog Dashboard

CA Unemployment Continued Claims Backlog Dashboard

Continued claims includes claimants that have received at least one payment and are now waiting more than 21 days for processing of further payment or disqualification.

Status	9/17/2020	9/18/2020	9/19/2020	9/20/2020	9/21/2020	9/22/2020	9/23/2020	1 Day Δ	
(1) Updating Previous Benefit Award	1,980	2,097	2,204	2,204	2,272	2,282	1,766	-516	-22.6%
(2) Resolving Other Eligibility Issues	1,028,800	1,038,912	1,049,593	1,051,670	1,057,396	1,071,356	1,081,333	+9,977	+0.9%
(3) Subtotal of 1-2	1,030,780	1,041,009	1,051,797	1,053,874	1,059,668	1,073,638	1,083,099	+9,461	+0.9%
(4) Total Unique Claimants	1,030,526	1,040,743	1,051,521	1,053,596	1,059,385	1,073,353	1,082,860	+9,507	+0.9%



(1) Unemployment claims with an open request to change the claim start date or benefit amount. (Claimant has received payment/s but has requested a claim be backdated to an earlier start date, or the benefit amount should be increased based on additional wage information the claimant provides and believes should be in the employer record. Claimants will see a status of "pending" on their UI Online account until the work is completed.)

(2) Bi-weekly certifications pending EDD review of eligibility issue before further payment can be made. (Claimant has received prior payment/s but EDD is reviewing a bi-weekly certification for a potential eligibility issue during that specific two-week period. For example, the claimant went back to work and earned too much in wages, was too sick to work, could not accept work if offered, or other issues on responses provided on their bi-weekly certification. Claimants will see a status of "pending" on their UI Online account until the work is completed.)

(3) Total of two categories above. (Because workload can bounce from one category to another, a claimant can appear in more than one category beyond a 21 day timeframe. For example, a claimant could request their claim to be backdated to an earlier start date as part of status category #1 and EDD is also resolving a potential eligibility issue on their certification in status category #2.)

(4) Total unique claimants. (Represents total number of individuals who have already received at least one payment, but are now waiting beyond 21 days for their next payment or payment disqualification due to an eligibility issue on a bi-weekly certification.)

Data Last Updated on 9/23/2020

STAFF COMMENTS

We know what is wrong, now what? The EDD Strike Team report provides the most detailed information on problems at the EDD and how to improve the department. However, the information in the recommendations released on September 19, 2020, and the report produced on September 16, 2020, include two sets of recommendations that need to be reconciled and translated into an action plan for the EDD moving forward. The action plan needs to outline and identify who is in charge of completing the recommendations, what is the timeline for completion and how to hold the EDD accountable moving forward. The Action plan needs to address the question of whether the EDD can implement these changes alone.

Communication is vital. The Strike Team recommendations were released less than one day prior to a two-week pause that was needed to reset the system. Although the two-week pause is warranted, the process falls short in communication with key partners such as the Legislature and the public. There is much work to do in restoring public confidence in the EDD. We need to break the cycle of the Legislature and the public having to react to a sudden idea from a press release or media availability and instead imagine the success the State could have if collaboration was a priority.

Dashboard. The EDD would benefit from consulting with the Legislature before changes are made. Changes should be discussed in the framework of what information do we intend to display and for what purpose? Additionally, the dashboard should be easy to access on the EDD's website.

Questions that members may wish to ask the Strike Team and/or EDD about the assessment and recommendations:

Two-Week Pause.

1. Can you please provide an update on what happened during the two-week pause?
2. Is the ID.me now up and running?
3. How will EDD roll out the new program? How does ID.me affect those who already applied for unemployment benefits?

Backlog.

4. What is the current backlog and how long will it take to address the backlog? What are the reasons for the backlog? Did the Strike Team identify what issues created the backlog, identity issues, fraud, or \$0 award? Does the Strike Team believe that the ID.me will eliminate increases to the backlog moving forward?
5. How many staff are dedicated to the backlog? How many cases can they handle on a daily basis?

Staffing. At previous hearings, a lot of attention was given to increasing staffing as a solution to getting more UI claims processed. However, the full report does not support increased staffing as a way to processing UI claims.

6. What will EDD do with the staff it already hired? How will they use new hires?
7. Will EDD continue to hire new staff and what is the plan for the new staff?
8. Can you please explain how more experienced staff will be used and why will they be used in this way?
9. Please explain how the public will contact the EDD for answers to resolve their cases?

Culture. The Strike Team's full report discusses a need to change the culture at EDD.

10. What does the Strike Team recommend to change the culture and what benefits will a change in culture bring about?
11. Can a change in culture be achieved by the EDD without outside assistance?
12. How does the EDD plan to make this change?

Benefits System Modernization.

13. From the perspective of the Strike Team, is the BSM project fatally flawed? Why do they recommend reimagining it? Is there any parts of the current project that can be used moving forward?

Implementation and Accountability.

14. Who is in charge or implementing the Strike Team's recommendations?
15. Is there a timeline for completing the recommendations?
16. Has EDD or the Administration directed Bank of America to not charge the \$10 fee for expedited delivery of the Bank of Americard?

Dashboard.

17. Can the EDD walk the Subcommittee through the information currently on the Dashboard?
18. Can the Strike Team discuss what information they believe should change on the Dashboard and why?

Fraud. The Strike Team was not charged with looking at fraud at the EDD, however, there is a lot of stories about fraud at EDD in the news.

19. Can EDD please explain how they currently deal with fraud?
20. How will ID me address fraud?

Staff Recommendation: This item was presented for information only.
