

2021 Year in Review

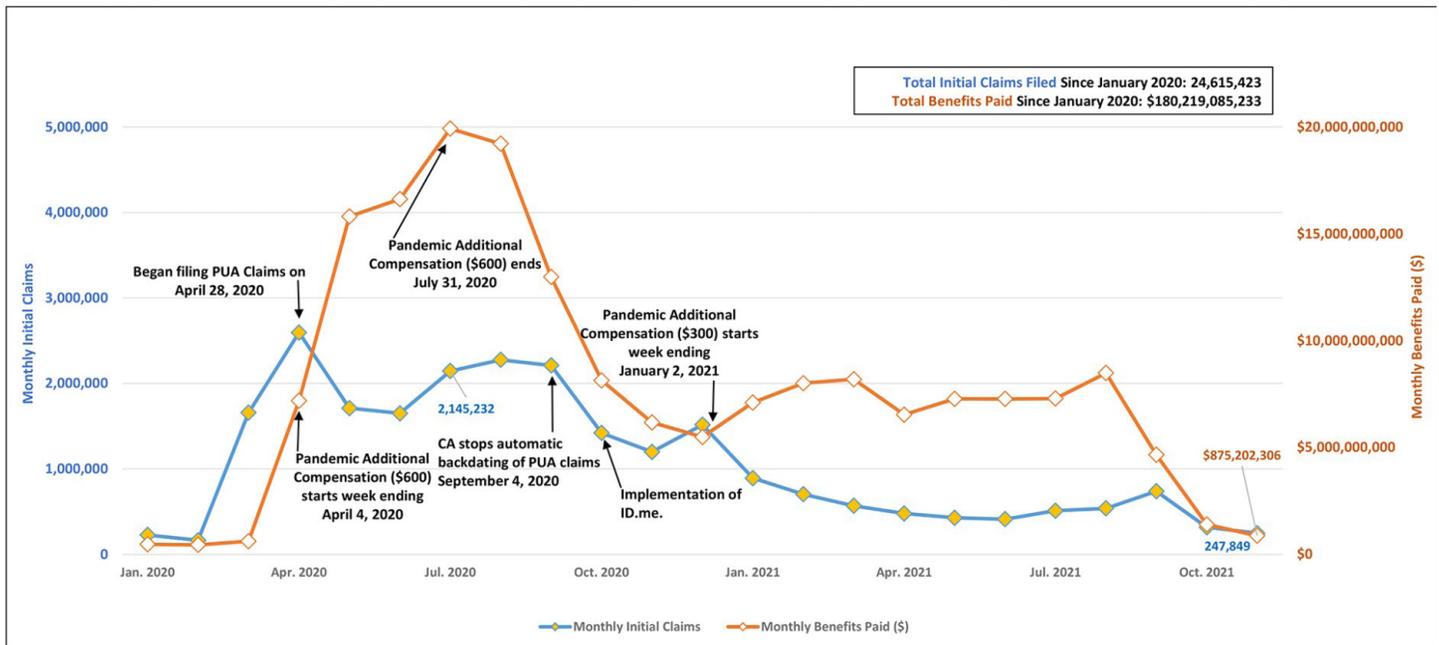
In 2021, the evolving COVID-19 pandemic continued to require California’s unemployment system to deliver unprecedented levels of benefits to Californians in need. Meanwhile, EDD continued its mission to improve operations and boost fraud-fighting by implementing over 80 percent of the California State Auditor’s recommendations. EDD also launched multiple policy and technology projects to help customers, maintained strict anti-fraud measures, sped payments for hundreds of thousands of claimants and more.

This report highlights critical efforts in 2021 to: continue paying billions of dollars in benefits under federal programs, enhance customer service, reach diverse communities, reduce payment backlogs, curb fraud, implement external recommendations, strengthen public communication, and deliver other valuable services and benefits.

The Department’s progress in 2021 lays the groundwork for additional improvements in the year ahead. In 2022 EDD will address the remaining recommendations in reports issued by Governor Newsom’s Strike Team and the California State Auditor, expand the Department’s digital and multi-lingual communications capabilities, and continue improving customer service.

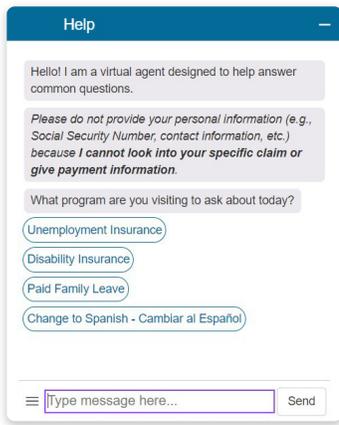
Paying Billions of Dollars under Multiple Federal Benefit Programs

California’s Employment Development Department kicked off 2021 by resolving a backlog of 1.6 million claims identified by the Strike Team in 2020 and by implementing another round of federal unemployment benefit extensions, including the American Rescue Plan signed in March. Despite the unprecedented workload, EDD paid more than \$68 billion in benefits in 2021, processing more than 6 million claims.



Another key accomplishment was achieved when EDD implemented the federal American Rescue Plan weeks faster than promised, including delivering Pandemic Emergency Unemployment Compensation (PEUC) benefits for 700,000 people. All of the 1.2 million people collecting on a Pandemic Unemployment Assistance (PUA) claim

and nearly half of the 1.4 million collecting on a PEUC claim continued to receive payments without delay. In July, EDD launched a “pay now” program to help claimants with pending claims—a move that helped over 455,000 claimants this year by paying those claimants immediately as the EDD continued its work to verify eligibility.



In 2021 EDD significantly increased the information that is available to customers online. A special chatbot feature added to the EDD website responded to over 10 million inquiries in 2021. This additional digital tool played an important role in assisting customers without requiring customers with questions to make a phone call. EDD also continued to evaluate its

customer service effectiveness through the “Voice of the Customer” program that tracks trending customer questions and allows proactive answers on the Department’s website.

These strategies helped EDD expand information availability by delivering hundreds of information bulletins and proactively posting new information online at its website and social media platforms to assist customers more efficiently than accessing call centers.

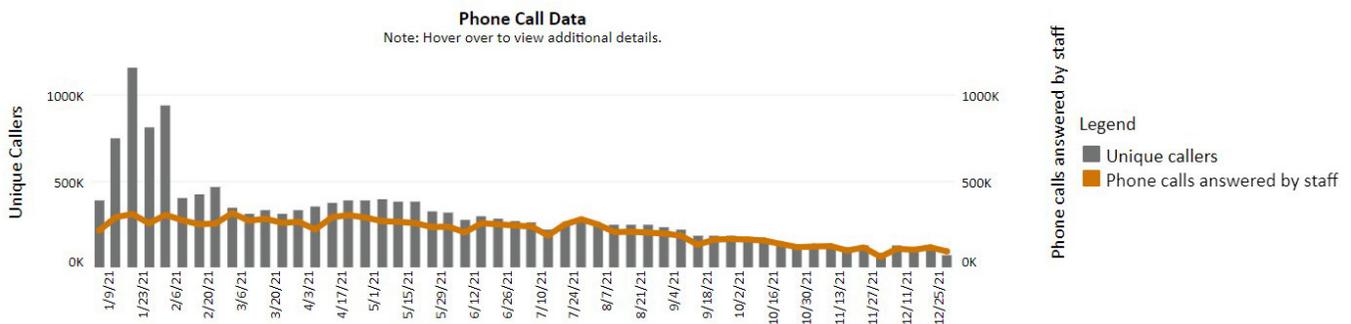
The Department published dozens of fact sheets, video explainers, and other tools to help the public find the information they need. This included implementing a major public information campaign to raise awareness about how Californians reaching the expiration of their initial claims for benefits could continue receiving benefits. EDD also highlighted the expanded work search and reemployment services policies reinstated in July.

EDD automated several processes including reapplications for claimants, Work Sharing and weekly certification. These were historically “manual” processes that have been transformed through automation to allow a more streamlined process. In 2020, fewer claimants had to manually reapply for benefits when their initial claim expired. The Work Sharing program subsidized wages for workers kept on employer payrolls as an alternative to being let go.

As some pandemic-related federal programs ended in September, EDD took action to automatically transition over 340,000 claimants to allow for another week of the FED-ED program to maximize their access to benefits.

Enhancing Customer Service

California continued to run its call center 12 hours a day, seven days a week and answered more than 10 million calls in the pandemic. Early in 2020, nearly 7 million calls entered the call center in the last week of February. In December 2021, the number of calls decreased to about one million.



In 2021, EDD implemented another automated tool to improve the customer experience. A new call-back feature now helps customers who enter the queue so they do not have to wait on the phone to speak with an analyst. The Department also overhauled and streamlined its training programs to graduate expert-level staff faster. EDD also launched a new AskEDD platform that was more user-friendly and included improved search functions.

Other actions the Department took to improve the customer experience included:

- Improving online help text to clearly explain what is required by the biweekly certification questions to help claimants avoid delays.

- Continually improving the mobile phone-ready version of the Department website so claimants can file claims and easily access information on their mobile devices including smartphones.
- Deploying the ability to upload documents, including a mobile-friendly version, to help claimants avoid the delay inherent in physical mailings.
- Calling customers directly from the remote virtual call center to seek clarifying information and resolve claims.
- Launching a new feature that allows a caller to hold their place “in line” when contacting the call center, eliminating the need to wait on hold until the Department calls the claimant back.

- Continuing to monitor and respond to customer areas of confusion and trending issues and addressing them with improved public information.
- Posting information through the customer service portal UI Online to let claimants know they could be eligible for a tax credit to lower health insurance costs and housing assistance for renters and landlords.
- Launching a new tool on the Unemployment Insurance Online application to help claimants get more information about the status of their claims.

The Department also added automated the explanation of claimant rights information, which Call Center staff previously had to read manually at the end of calls. This automation has increased efficiency and freed up time to be used helping other claimants.

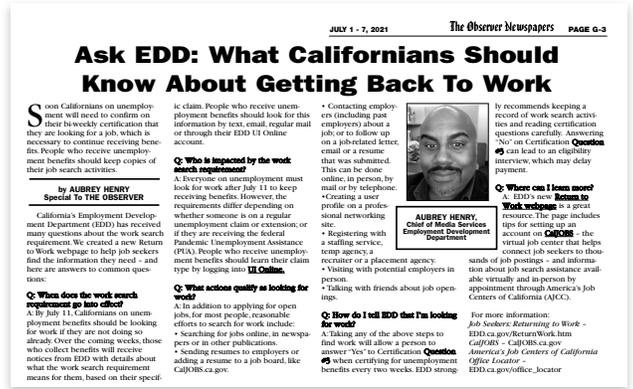
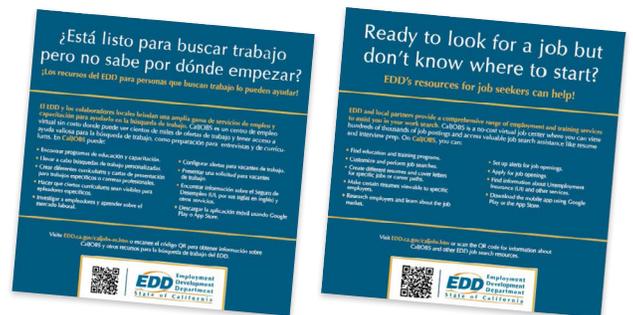
Many of EDD’s significant technology modernization projects were planned and scoped long before the pandemic began. The pandemic tested EDD systems and capabilities to their limits. As a result, the State revised the scope and direction of this work to maximize the intended improvements to the unemployment insurance system to ensure a more robust surge capacity for claims and activity. Meanwhile, EDD’s information technology branch has delivered more than 200 technology projects during this pandemic to improve customer service and speed payment.

Expanding Reach to Diverse Communities

EDD continued its important work to reach diverse communities across California. Key data collection forms and information documents were made available in the eight languages most spoken by Californians. EDD also entered targeted advertising partnerships with media outlets to share information with communities about how to apply for benefits and how to avoid common issues that cause benefit delays.

In 2021, new state legislation and supplemental state budget allocations included a significant investment to advance EDD’s multilingual services. As a result, the Department embarked on an expanded mission to expand translation and interpreter services, including a multilingual access portal and other services to help the one in five Californians who are limited English proficient to better access EDD’s benefit programs. For example, EDD expanded a special language access telephone line contract and trained front-line staff to maximize access to the language line translators who can assist Californians in hundreds of languages.

EDD has been working behind the scenes to create a special Language Access Office tasked with developing and collaboratively implementing strategies to increase access to EDD benefits, services, programs, and information. This multilingual access office will continue to enhance and expand its interpretative and translation services and projects across the Department and will oversee a \$2 million grant program to fund community-based efforts to provide outreach to limited English proficient communities. To help with tracking and the provision of multilinguals services, EDD also expanded the number of languages that appear on the UI Online portal when claimants indicate their preferred spoken language.

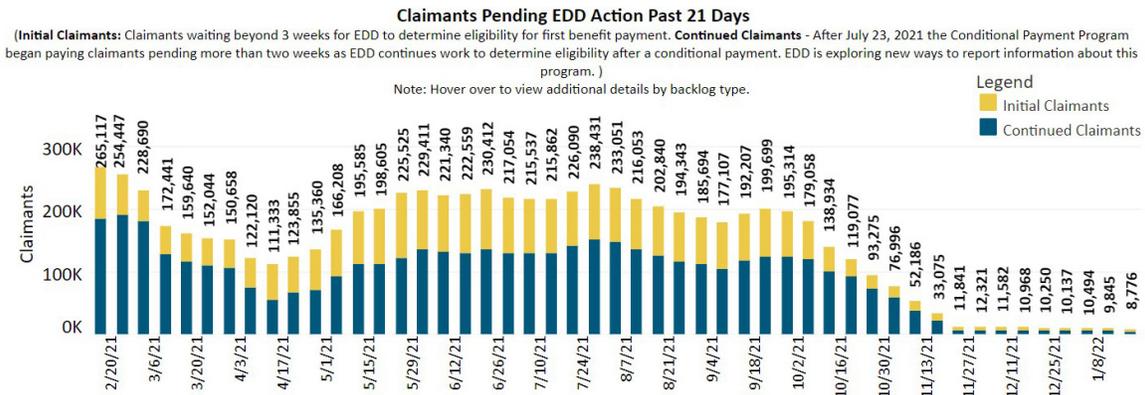


Reducing Payment Backlogs

EDD launched a “pay now” policy for continued claims that have received at least one payment, which helped to significantly reduce the backlog. While EDD still must complete the eligibility determination on those claims, there was no more delay on those claims from the claimant perspective because the claimant was paid within two weeks of when the continuing eligibility issue was identified.

EDD also improved the online identity verification process, which helped to drop the backlog of people waiting for verification from 10,000 people in February to virtually zero by mid-year.

In March, EDD increased its transparency and began to report backlog on a special online data dashboard for members of the public, legislature and media to track. Today there are about 10,000 claimants waiting longer than three weeks, down from 265,000 when the dashboard launched.



Additionally, EDD has prioritized the process of claims that haven't been paid because they require an eligibility interview. As of December 2021 approximately 150,000 claimants were awaiting an interview to be determine eligibility for payment. However, most claims never require a telephone interview to determine eligibility.

To expedite the processing of claims that require interviews, EDD boosted staffing by hundreds of workers a week, trained more staff to handle common issues requiring interviews, and continues to hire and recruit new call center staff. EDD also started a program to call claimants whenever a conversation could resolve the issue in place of a formal determination interview.

Fraud Prevention and Accountability

California continues to fend off fraudsters who attempt to aggressively attack state unemployment systems across the country in the early days of the pandemic in 2020. New and expanded fraud fighting measures, including robust identity verification, blocked over \$120 billion in widespread fraud attempts in 2020-2021.



McGregor W. Scott

EDD also expanded its fraud fighting efforts by retaining former U.S. Attorney McGregor W. Scott who is serving as Fraud Special Counsel. His work will support state, federal, and local efforts to prosecute suspected criminal activity and recover fraudulently paid benefits. Mr. Scott's expertise and experience also strengthens the work of the California Governor's Office of Emergency Services (Cal OES) Fraud

Task Force that continues to coordinate multi-agency efforts to investigate and prosecute fraud.

EDD continues to work with debit card vendor Bank of America to ensure that debit card services for unemployment benefits continued without interruption and to enhance the level of security involved. The Bank issued chip-enabled debit cards to new claimants and those on continued claims needing replacements for lost, stolen, damaged, and expiring cards.

EDD delivered multiple customer alerts warning the public about nefarious text message and other phishing schemes and

announced thousands of active investigations and hundreds of arrests and prosecutions for unemployment insurance fraud across California. EDD also successfully launched a special Form 1099G information center, including a designated phone line and online reporting system for anyone who received an inaccurate report of benefits and believed identity theft was involved.



EDD's new and expanding anti-fraud measures are strengthening the state's ability to quickly detect and stop fraud schemes. In late 2021, EDD took action to detect and halt a new move by organized criminal elements to file false disability insurance claims. EDD detected a sudden rise in new online medical and health provider account registrations and suspected

most of those were fraudulent. In response, EDD deployed additional safeguards to further protect providers and claimants from these scams and to aid the identity theft victims. EDD also created a multi-division internal fraud-fighting unit that brings together hundreds of employees across six units to detect and prevent pervasive attempts to defraud Californians through EDD programs. The unit has a team manager and multiple dedicated analysts to further assist the hundreds of employees across all EDD branches working together to combat fraud.

Implementing Auditor and Strike Team Recommendations

By the end of 2021, EDD had implemented 73 percent of the Strike Team recommendations and over 80 percent of the State Auditor's 21 recommendations, many ahead of expectations for completion.

The Department also met every single deadline imposed by the State Auditor. These range from including more accurate and public reporting around the backlog—which fell from 1.6 million claims last year to about 59,000 initial claims today—

to launching the “Voice of the Customer,” a beneficial tool that helps EDD track trending customer questions and proactively answer them to reduce call center demand.

EDD's public Audit Progress Report webpage provides additional transparency and helpful information about the Department's efforts to increase accountability and improve operations.

Strengthening Public Communication and Engagement

In 2021 EDD reinforced its commitment to collaboration and two-way communication with state legislators and stakeholders. Under the leadership of EDD's stakeholder liaison and legislative affairs staff, the Department expanded outreach to external partners to collect feedback and develop new programs that will benefit those who depend on EDD services.

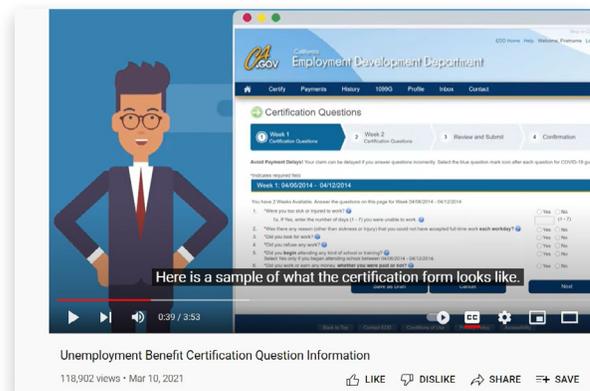


The Department also convened a Stakeholder Advisory Committee in 2021 comprised of a diverse range of worker advocacy and labor groups, which began meeting periodically to share information and solicit feedback on EDD's policies and practices.

Throughout the year EDD regularly conducted conference calls or virtual meetings with state legislators and stakeholders to answer questions and provide updates.

The Department also provided shareable information about timely Unemployment Insurance issues to state legislators and stakeholders to be provided to members and constituents.

In 2021 the Department launched an online data dashboard to show comprehensive information about the historic volume of unemployment claims and benefits paid since the start of the COVID-19 pandemic. The dashboard was designed to be user-friendly and will continually evolve as the Unemployment Insurance program evolves.



EDD awarded over \$20 million in community grants in 2021 to help meet the demand for employment and training services, particularly among youth, farmworkers, veterans, and English language learners.

Combatting Worker Misclassification

EDD continued its efforts to combat worker misclassification in 2021. These efforts include education and outreach, audits and investigations, and processing benefit claims to ensure claimants are granted benefits to which they are entitled. To promote voluntary compliance, throughout 2021, EDD conducted payroll tax seminars for employers, tax professionals, business groups, and the general public. Additional methods used to provide information to the employer community include publications, websites, social media, and community outreach.

Misclassification issues are also addressed through employment tax audits, on-site business inspections, and investigations of businesses operating with workers in California. These efforts are to verify compliance with the California Unemployment Insurance Code and to ensure workers are properly classified and reported to EDD. In 2021, EDD conducted nearly 5,000 audits and inspections and identified approximately 68,000 misclassified workers.

In addition, EDD conducted over 19,000 benefit claim investigations in 2021. The claim investigations protect workers' rights for benefits and ensure that employers properly classify their workers and hold them liable for their payroll tax liability.

Delivering Other Valuable Benefits and Services

While the unemployment benefit programs remained a major priority in 2021, EDD continued to deliver valuable services across all its branches. During the most recent catastrophic wildfires, EDD helped impacted Californians obtain Disaster Unemployment Assistance.

In 2021 California also expanded the Paid Family Leave program to aid military families with the Military Assist Paid Family Leave program. Benefits supported workers who took time off work to handle essential needs when a family member was deployed to another country.

EDD continued to highlight resources available to Californians whose federal benefits were set to expire in September:

- Hundreds of dollars per person per month in food assistance via CalFresh (GetCalFresh.org) whether a person is working or not.
- Rental and utility assistance—including 100 percent rent and utilities—via Housing is Key (HousingIsKey.com) or the CA COVID-19 Rent Relief call center: 1 (833) 430-2122.
- Cash aid and services for families with children through the California Work Opportunity and Responsibility to Kids (CalWORKs) (benefitscal.org) program.
- Health insurance—free or as low as \$1 per month for workers who received unemployment benefits, through Covered California (coveredca.com).
- Golden State Stimulus payments for millions of qualified residents by filing taxes, even if not required.

Fact sheets with information about how to apply for these programs are available on the EDD Federal Provisions for Unemployment webpage in Armenian, English, Korean, Simplified Chinese, Spanish, Tagalog, Traditional Chinese, and Vietnamese. Covered California, the Department of Managed Health Care, the Employment Development Department, Housing and Community Development, the Department of Social Services, the Department of Health Care Services, and other state agencies and departments worked together with county and community partners to proactively continue helping people whose federal unemployment benefits were ending.

California posted links to GetCalFresh.org through its unemployment benefits website, which boosted food aid applications by over 145,000 by September.

The Workforce Services Branch served more than a million Californians virtually during the pandemic with individual services, unemployment questions, job referrals, self-service, and employer services. EDD continued to promote useful resources to help Californians find jobs and get training in California's demand industries. CalJOBS—a no-cost virtual job center—had more than a million job openings from over 35,000 employers.

EDD has awarded over \$20 million in community grants in 2021 to meet the demand for employment and training services, particularly for diverse communities including youth, farmworkers, veterans, English language learners, and farm workers.

In close collaboration with other state agencies, EDD connected claimants whose benefits are expiring to CalFresh, Covered California, and rental assistance by featuring application resources on the UI Online accounts of all claimants. (Every week, roughly 10,000 new UI claimants applied for CalFresh via the new UI Online resources).

Federal Unemployment Benefits Expire on September 4, 2021

Apply today for programs that can help you and your family with housing, food, health care and more!

#TogetherWeBenefit



For the California Employment Development Department, 2021 proved to be another challenging year. Those challenges, and the dedicated team working behind the scenes at EDD, enabled further development of important improvements in customer services and benefit programs. As the pandemic continues to impact California and the nation, record-setting levels of funding continued to be made available to support workers and their families and California's economy during this historic pandemic. EDD made a number of payment policy changes and IT improvements beyond the Strike Team and State Auditor recommendations that helped pay claims quicker. In addition, EDD continued the overhaul of its benefit system technology to deliver services more efficiently to claimants. EDD paid benefits faster and more securely, boosted online self-help options, and expanded multilingual access to better assist California's diverse and multilingual populations.