

Employment Development Department Recession Plan

Response to California Senate Bill 390

Submitted March 2026

Table of Contents

Preparing for Future Claim Surges.....	1
Assembly Bill 2129 and Major Developments: Line Item 12	1
How We Respond to Workload Needs.....	1
Expanding Skills Through Cross-Training.....	3
Actions Taken to Handle Rising Workloads – Recruitment	3
Improving How We Support Our Teams	4
Enhanced Identity Checks to Stop Fraud	4
Improving How We Serve Customers	5
Tracking Signs of Future Workload Changes: Line Item 2	7
How We Plan for Future Workload Demands.....	7
Watching Indicators to Plan for Demand.....	8
Operational Changes or Recession Triggers.....	8
Using Economic Signals to Plan for Workload	10
Planning for Workload Increases: Line Item 3.....	13
Building a Workforce for the Future	13
Opportunities to Strengthen our Workforce	13
Progress for Line Item 3A: How Quickly Staff Can be Hired	15
Progress for Line Item 3B: Physical Space for Employees.....	16
Progress for Line Item 3C: Technology Availability Assessment.....	16
Evaluating Employee Duties and Classifications: Line Item 4:.....	17
Progress for Line Item 4A: Getting Ready for Complex and Increased Workloads	17
Opportunities to Boost Capacity and Agility	17
Expanding Skills Through Cross-Training.....	19
Progress for Line Item 4B: How We Prepare for Unexpected Workload Increases	21
Opportunities to Maintain Efficiency.....	21
Advancements in Efficiency, Training, and Customer Service	22
Progress for Line Item 4C: How We Use Seasonal and Part-Time Employees.....	23
Progress for Line Item 4D: Expanding Skills Through Cross-Training	24

Opportunities to Expand Capabilities	24
Advancements in Training and Technology	25
Progress for Line Item 4E: Extending Hours of Operation	25
Opportunities to Maximize Efficiency	27
Data-Driven Staffing for Responsive Service	27
How We Respond to Shifts in Demand	27
Improving Self-Service to Reduce Wait Times: Line Item 5	29
Changes Made During the COVID-19 Pandemic	29
Opportunities to Enhance Customer Experience	31
Checking our Equipment Supply: Line Item 6	34
Changes since the COVID-19 Pandemic	34
Opportunities to Maximize Resources	34
Policy Changes for Heavy Workload Periods: Line Item 7	37
Factors Behind Policy and Procedures Shifts	37
Factors that Complicate Policy Adjustments	38
Preparing for Future Demand Surges	39
Improving How We Communicate: Line Item 8	42
Building a Strong Communication Framework	42
How We Adapted During the Pandemic	43
Modernizing Communication for Faster, Safer Service	45
Communication to Serve All Communities	46
Budget and Funding Challenges: Line Item 9	47
Why Federal Funding Falls Short	47
Flexibility From the 2016 Budget Act	49
Using Federal Grants and State Funds	49
How We Plan to Respond to Economic Shifts	52
Making Identity Verification More Robust: Line Item 10	54
Fraud Prevention Challenges	54
Improving Fraud Prevention Tools	54

Tracking and Analyzing Why Claimants Call: Line Item 11	58
Improvements Since the Last Recession Plan	58
Building a Smarter Contact Center.....	62
Lessons Learned from Economic Downturns: Line Item 1	64
Lessons Learned from The Great Recession	64
Lessons Learned from the Pandemic Experience	65
Breaking Down Policy Myths.....	67
Myths Catalog Update.....	68
Progress on Program Insights (2025)	69
EDDNext: Building a Faster, Easier System	70
Building a Resilient, Customer-Focused Program.....	72

Preparing for Future Claim Surges

This report outlines the Employment Development Department's (EDD) preparation plan for a potential increase in Unemployment Insurance benefit claims during an economic recession, as required by California Unemployment Insurance Code Section 339 added by Senate Bill 390 (Laird, Chapter 543, Statutes of 2021). It serves as the required biennial update and replaces the March 2024 plan.

This update evaluates our current operations through 12 key metrics (identified in this report as Line Items), each accompanied by analysis and planned actions to strengthen our efficiency and responsiveness in the event of a recession-driven surge in claims.

Assembly Bill 2129 and Major Developments: Line Item 12

In July 2022, Governor Newsom signed Assembly Bill 2129 (Carillo, Chapter 119, Statutes of 2022), that requires EDD to include a summary of the actions taken since the Department's original recession plan in March 2022 and provide an update every second year thereafter.¹

This report summarizes actions we implemented to strengthen recession readiness and incorporates significant progress achieved since submitting our March 2024 plan, including:

- The ongoing EDDNext project to modernize our systems, processes, and culture.
- Advances in recruiting, hiring, and employee retention, including online exams, upgraded classifications, statewide outreach, and retention of qualified temporary staff in permanent roles.
- Adopted call forecasting to ensure adequate staffing.
- Developed a cross-training plan to expand employee skills and capacity.
- Strengthened identity verification processes to improve fraud prevention.
- Created a centralized workload repository and new workload strategies to optimize staffing.
- Enhanced self-service options, including authenticated live chat, multilingual text messaging, and online claim filing for federal, military, and out-of-state claims.
- Identification of funding opportunities to expand our services.
- Enhancements to the contact center, including expanded language lines and scheduled callbacks.

How We Respond to Workload Needs

In State Fiscal Year (SFY) 2024-25, the Command Center Division continued to provide regular recession readiness updates to the Unemployment Insurance Branch Deputy Director and the Budget Unit. Additionally, these updates are regularly communicated to the Director's Office and are focused on recession indicators and staffing forecasts to prepare for an economic downturn.

¹ See https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB2129

These updates include:

- Economic Indicators Narrative
- Hiring Plan
- Recession Readiness Dashboard

The Economic Indicators Narrative summarizes the status of recession indicators that the Unemployment Insurance Branch regularly monitors to project the likelihood of upcoming workload impacts. The Recession Readiness Dashboard provides a visual overview of different recession scenarios, comparing projected initial claim volumes and appropriate staffing levels. These tools support data-driven workforce planning and ensure hiring decisions are aligned with workload forecasts.

Hiring Actions Based on Command Center Division Recommendations:

EDD hired 836 Employment Program Representative Permanent Intermittent employees and 29 limited-term Employment Program Representative employees to address normal attrition, support service level agreements, and complete core business objectives. The onboarding of Employment Program Representative positions designated as Permanent Intermittent or limited-term employees were successfully onboarded between April 2024 and December 2025.

Improve Current On-Phone “Forecast Versus Actual” Variance to Plus or Minus 5 percent

In SFY 2024-25, the Command Center Division continued to collect and analyze data for its contact center operations. The goal was to refine and optimize forecasting functions and achieve a forecast-versus-actual variance of plus or minus 5 percent.

The Command Center Division produces call-volume projections and staffing models to allocate personnel across the Customer Service Center twice a month. The performance target was to answer 80 percent of unique contacts by callers within 30 minutes. The Unemployment Insurance Branch has achieved this goal, with performance exceeding 90 percent for most of the SFY 2024-25.

From July 2024 through June 2025, the combined forecast versus actual variance for the Informational, Claims, and myEDD Technical Support Center queues was 2.05 percent, successfully meeting the target range.

Keeping Call Forecasts on Target

The Command Center Division analyzed and refined off-phone workload forecasting to ensure optimal staffing levels for document processing and related tasks for SFY 2024-25.

Monthly projections were used to align staffing with workload demands and internal/external Service Level Agreements. From July 2024 through June 2025, the combined variance across all off-phone workloads was 1.61 percent, remaining well within the plus or minus five percent target.

Expanding Skills Through Cross-Training

To strengthen operational readiness and expand capacity in both claim filing and determinations, we implemented a series of targeted training initiatives for existing employees during SFY 2024–25:

Special Claims Filing

In October 2024, existing claim filing employees were trained to process Special Claims (i.e., federal, military, and out-of-state claims).

Determinations Training

From March 2025 through August 2025, the Unemployment Insurance Branch cross-trained three groups of existing claim-filing employees to conduct Unemployment Insurance eligibility determinations.

Actions Taken to Handle Rising Workloads – Recruitment

To proactively manage rising workloads and improve operational efficiency, we implemented several strategic initiatives:

Position Reclassification and Recruitment Flexibility

We collaborated with our Human Resource Services Division to reclassify the existing Employment Development Specialist position to an Analyst classification. This will increase recruitment options and allow us to hire the most competitive candidates for future vacancies.

Expanded Exam Access

The California Department of Human Resources now offers the Program Technician exam online. This allows interested candidates to test and apply immediately, helping departments fill vacancies quickly.

Enhanced Recruitment Outreach

We continue to work with the recruitment team to promote job openings on social-media platforms, with the goal of gathering larger and more diverse candidate pools.

Localized Recruitment Support

We partner with Workforce Services Branch offices in areas where Employment Program Representative recruiting is challenging. The Workforce Services Branch works with the Unemployment Insurance Branch to conduct:

- Job Fairs
- Statement of Qualification writing classes
- “How to Land a State Job” classes

Internal Communication and Promotion

We use branch-wide email distribution lists to notify employees of job openings and exam announcements, including the Employment Development Specialist and Employment Program Manager series opportunities, to encourage internal promotions and maintain a robust pool of list-eligible candidates.

Internal Recruitment Communication

The Integrity and Accounting Division established an internal recruitment process to identify and retain qualified limited-term employees. Eligible candidates submitted their applications, statement of qualifications, and references and were evaluated based on performance, productivity, and mentoring experience.

Through this process, 60 qualified limited-term employees were appointed to permanent positions, enabling the Division to retain a skilled and experienced workforce.

Exploring Apprenticeship Partnerships

The Integrity and Accounting Division is researching apprenticeship programs with local colleges to develop talent pipelines for accounting series classifications. These partnerships would offer students opportunities for practical on-the-job training in basic accounting principles and financial transactions and would help students develop strong analytical skills.

Improving How We Support Our Teams

Assessing Current Inventory of Equipment

We continue to hold monthly meetings with the Department's Information Technology Branch and are investigating the feasibility of using virtual desktops on employee computers.

Enhanced Identity Checks to Stop Fraud

To ensure that our identity verification processes remain strong and effective, several key enhancements were implemented in 2023:

- **June 29, 2023 – The National Association of State Workforce Agencies Integrity Data Hub:** Phase I of the hub launched and supports interstate data exchange cross-matching for unemployment claims, helping detect and prevent fraud.
- **July 13, 2023 – Thomson Reuters Fraud Alert Enhancements:** We implemented enhancements to the Thomson Reuters Fraud Alerts based on process improvement assessments.
- **August 25, 2023 – Assembly Bill 110 (Petrie-Norris, Chapter 511, Statutes of 2021) Data Exchange Expansion:** We implemented enhancements to our data sharing agreement with the California Department of Corrections and Rehabilitation to cross-match data for Unemployment Insurance benefits fraud prevention.²

² For the text of Assembly Bill 110, see

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB110

Improving How We Serve Customers

Online Filing for Special Claims

In September 2023, we implemented online filing for Special Claims benefitting federal, military, and out-of-state claimants. This modernization reduced our manual claims-processing workload and allowed experienced employees to be reassigned to other high-priority claim-filing workloads.

We continue to enhance our contact center operations to improve customer service, accessibility, and efficiency. Key initiatives include:

Specialized Training: Increased efforts to build a highly skilled workforce with in-depth knowledge of the Unemployment Insurance program.

Disposition Code Analysis: Contact center agents record disposition codes to track and analyze customer call reasons. This data helps identify trends and improve service delivery.

Random Number Generator (June 2022): We integrated a Random Number Generator function into our Interactive Voice Response system. In line with our ongoing commitment to expand language accessibility for our Limited English Proficient customers while keeping our dedicated language lines available.

Mass Workforce Reduction Lines (December 2022): Proactively established infrastructure required to activate emergency dedicated telephone lines. This is used in the event that mass layoffs impact a substantial workforce.

Scheduled Callbacks (November 2022): Introduced in the Virtual Contact Center, this feature allows select customers to request a return phone call from an agent during periods of high call volume. Scheduled callbacks contribute to heightened customer satisfaction, a reduction in deflected calls, and reducing customer hold times.

Language Selection Menu (May 2023): The Interactive Voice Response was enhanced to include a language selection menu that includes all eight languages supported by the branch. This streamlined enhancement allows customers who contact us to select their preferred spoken language by simply pressing a button.

myEDD Shared Customer Portal (June 2023): Launched myEDD, a customer-focused platform that replaced our existing Benefit Programs Online system. myEDD is user friendly and more secure way to access benefit services.

Every Customer Has Opinions Survey (July 2023): Expanded the **Every Customer Has Opinions** Survey to include all eight supported languages: Armenian, Cantonese, English, Korean, Mandarin, Spanish, Tagalog, and Vietnamese.

Dedicated Language Lines Expansion: Added new lines for Armenian, Korean, and Tagalog-speaking customers. Virtual hold feature queues, allowing customers to hold their place in line until it is their turn to speak with an agent. This option is available when the wait time is more than 15 minutes.

Automated Telephone Claim Filing Wrap-Up (September 2023): Upgraded the Virtual Contact Center to allow contact center agents to launch prerecorded messages with claim-filing information, replacing the need for manual explanations and improving consistency.

Tracking Signs of Future Workload Changes: Line Item 2

Line Item 2 of Senate Bill 390 requires EDD to submit an economic recession plan that includes identifying the indicators we will be monitoring and using to project upcoming workload impacts.

How We Plan for Future Workload Demands

Better Planning for Workloads and Resources

In January 2021, we established the Command Center Division to lead benefit claims-processing workload planning and employment resource allocations. Core responsibilities include forecasting workload volumes, customer service demands, and determining staffing levels needed to meet performance goals.

To support these efforts, the Command Center Division created a Workload Forecasting Unit. This unit partnered with a vendor to learn and implement industry-standard best practices in workload forecasting and management. This collaboration enabled the unit to begin processing on-phone workload forecasts using the NiCE inContact Workforce Management system.

Forecasting off-phone production workloads, such as determinations and appeals, requires automated data imports from multiple systems into the Workforce Management platform. This automated functionality is now a part of EDDNext's Integrated Contact Center project, and development activities began in June 2026.

Interim Forecasting Measures

While automation is in development, the Workload Forecasting Unit built a process flow model that projects downstream workloads triggered by initial claim volumes.

Using historical data, the model estimates manual workload needs such as:

- Eligibility issues detected
- Work items generated
- Determination interviews scheduled
- Appeals filed

This model helps assess staffing requirements and can be scaled to the volume of initial claims.

Collaboration with Program Estimates and Automation Group

The Program Estimates and Automation Group within the Fiscal Programs Division uses economic forecast data from the Department of Finance and the University of California, Los Angeles to project workload volumes and determine program spending authority.

The Program Estimates and Automation Group produces projections for:

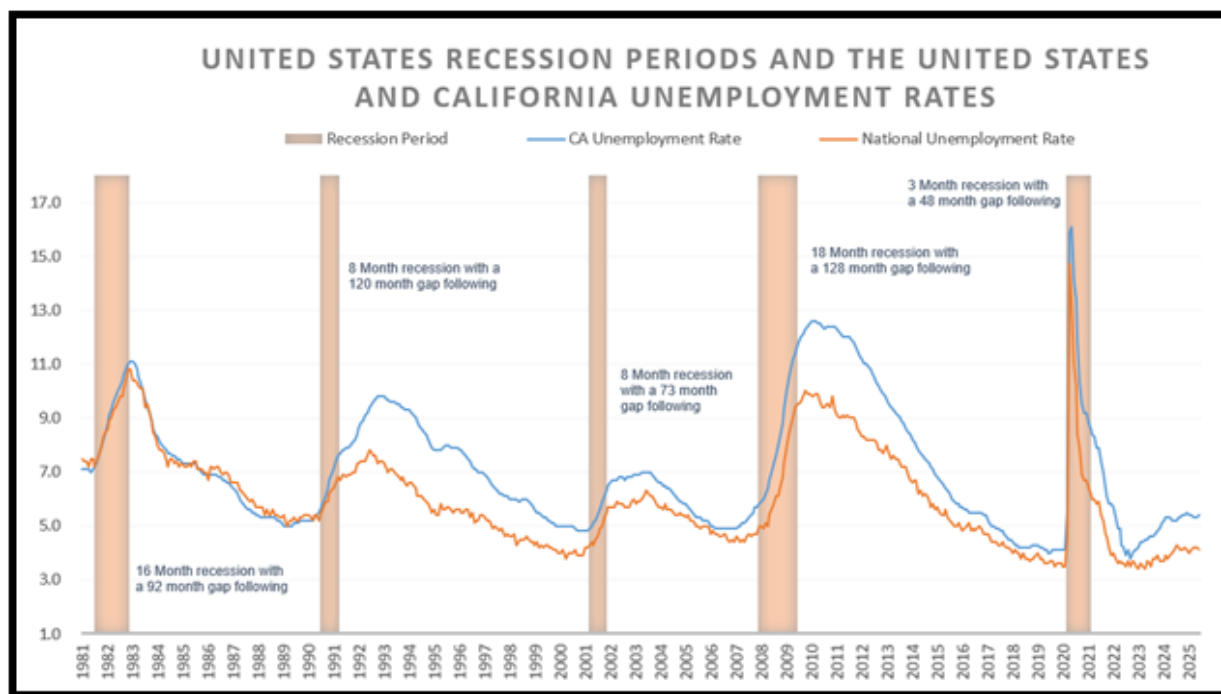
- Initial claims
- Weeks claimed
- Non-monetary determinations
- Appeals

These projections are updated prior to the October and May budget revision periods and cover the current and two subsequent state fiscal years. The Workload Forecasting Unit integrates the Program Estimates and Automation Group's initial claims data into its model and adjusts projections as needed to account for economic shifts (e.g., strikes) or contingency scenarios such as pandemics or natural disasters.

Watching Indicators to Plan for Demand

Historically, unemployment trends move inversely with economic strength. The economy tends to grow gradually but can decline rapidly, often with little warning (as illustrated in the graph below). The volatility poses a challenge for planning, as federal funding for the program is based on current workloads, not by the anticipated demand.

As a result, it can be difficult to secure the personnel and necessary resources in time to respond to sudden economic downturns. By identifying early indicators and refining forecasting models, we aim to better anticipate workload surges and proactively prepare for future shifts in demand.



Operational Changes or Recession Triggers

While most recessions behave similarly and are characterized by rising unemployment, falling consumer demand, production cutbacks, stock market losses, their triggers are often unique.

For example:

- The recession during the early 1990s was caused by a sharp decline in military spending following the end of the Cold War.
- The early 2000s recession stemmed from the collapse of the housing market.
- The most recent recession was triggered by a global public health crisis.

Recessions are triggered by unexpected shocks to the economy and become apparent over time. We will track the following variables to determine the probability of a recession and monitor the health of the economy:

- **U.S. Gross National Product:** Quarterly declines of 1.5 percent or more³.
- **Manufacturing Health:** Monitored through the Industrial Production and Capacity Utilization Report on the Federal Reserve website⁴. A decline in manufacturing over a period of six months or more could indicate a recession.
- **Personal Income:** Reviewed by the U.S. Bureau of Economic Analysis website⁵ and the California Department of Finance website⁶.
- **Additional Income Sources:** Data from the U.S. Census Bureau⁷, California's Franchise Tax Board and Department of Industrial Relations, and the U.S. Department of Health and Human Services⁸.
- **Job Opening and Labor Turnover Survey :** Published by the U.S. Bureau of Labor Statistics to assess labor demand and track changes in the labor force⁹.
- **Gross Domestic Product :** Monitored quarterly for patterns of negative growth followed by positive growth of several quarters, then another negative quarter growth, which could indicate a recession¹⁰.
- **Recession Risk Dashboard:** Franklin Templeton's dashboard, shown below, on Recession Risk Indicators, pictured on the next page, shows the high-level status of 12 economic recession indicators for consumer, financial, and business activity.

³ See <https://tradingeconomics.com/united-states/gross-national-product>

⁴ See www.federalreserve.gov/releases/g17/current/default.htm

⁵ See <https://www.bea.gov/data/income-saving/personal-income>

⁶ See dof.ca.gov/forecasting/economics/economic-indicators/income/

⁷ See www.census.gov/topics/income-poverty/income.html

⁸ See <https://www.census.gov/topics/income-poverty/income.html>

⁹ See www.bls.gov/jlt/

¹⁰ See www.bea.gov/data/gdp/gross-domestic-product

		June 30, 2025	March 31, 2025	December 31, 2024
Consumer	Housing Permits	↑	↑	↑
	Job Sentiment	×	×	×
	Jobless Claims	↑	↑	↑
	Retail Sales	↑	↑	↑
	Wage Growth	↑	↑	↑
Business Activity	Commodities	↑	↑	↑
	ISM New Orders	×	×	●
	Profit Margins	●	↑	↑
	Truck Shipments	↑	●	●
Financial	Credit Spreads	↑	↑	↑
	Money Supply	↑	↑	●
	Yield Curve	●	×	●
Overall Signal		↑	↑	↑

↑ Expansion ● Caution × Recession

By tracking these indicators, we aim to strengthen our operational readiness and ensure timely, informed responses to potential economic shifts.

Using Economic Signals to Plan for Workload

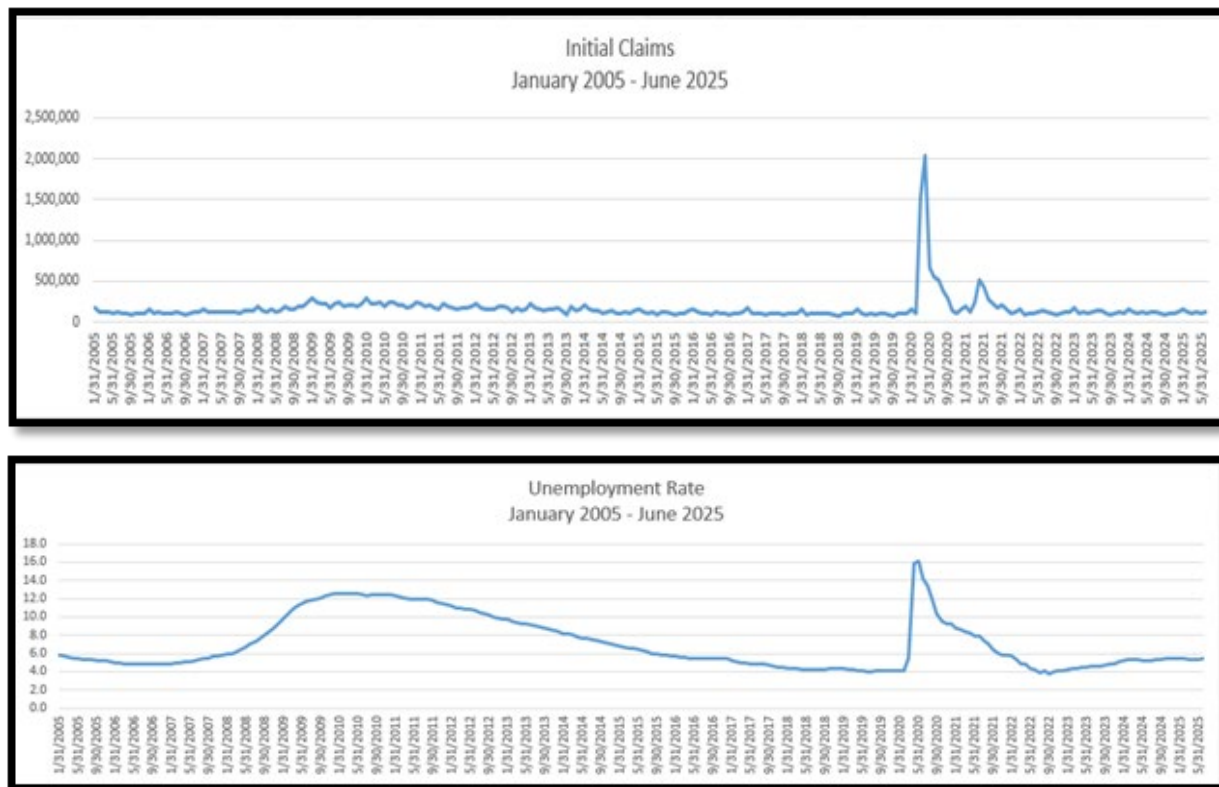
If several recession indicators become present, the Workload Forecasting Unit is responsible for projecting the impact of the recession on initial unemployment claims volumes.

To do this, the unit will use either:

- The manual forecasting model for off-phone workloads or
- The NiCE inContact Workforce Management system (currently in requirement elicitation)

These tools will help estimate the effect of a potential recession on all unemployment workload categories. Based on the severity of the probable economic downturn, the unit will recommend immediate actions to increase staffing, capacity, and productivity.

The unemployment rate will be the primary recession indicator that will drive our decisions. When comparing monthly unemployment rates and the volume of initial unemployment claims from 2005 to 2025, there is an observable correlation in trends (as shown in the following figures).



During non-recessionary periods, when available staffing resources exceed workload demand, we will proactively cross-train employees to build a more flexible workforce to process workloads where historical demands are greatest. As the unemployment rate reaches different thresholds, we will implement the following phased approach.

Phase 1: Optimize Existing Resources

Trigger: California Unemployment Rate reaches 6 percent.

- Authorize overtime.
- Process work in priority order such as:
 - time-sensitive workloads
 - workloads with external service level agreements that prevent payment,
 - workloads without external service level agreements that prevent payment
 - workloads with external service level agreements that do not prevent payment
- Reduce vacation slots during peak workload periods.
- Schedule quarterly training during non-peak months.
- Minimize and strategically schedule administrative time.
- Limit approval of part-time and voluntary time reduction requests.
- Maximize determination schedules and assign schedules to first-level Employment Program Manager Is.
- Adjust internal Service Level Agreements

Prepare for Phase 2, which includes:

- Solicit support from other branches and non-employee volunteers to assist with less complex workloads. This will allow seasoned employees to focus on completing more complex workloads that require full training scope in the event Phase 2 is realized.
- Determining alternate hiring plans to onboard and train additional employees, such as retired annuitants.

Phase 2: Increase Staffing Resources

Trigger: California Unemployment Rate reaches 8 percent.

- Utilize other branches and non-employee volunteers to assist with less complex, predetermined workloads.
- Implement hiring plans for new employees such as Office Technicians, Employment Program Representatives, and Employment Program Managers.
- Ensure reasonable leadership oversight, this hiring plan should include sustainable employee-to-leadership ratios (e.g. Employment Program Manager 1, 1:10; Employment Program Manager II, 1:40; and Employment Program Manager III, 1:80).
- Onboard retired annuitants.
- Use non-traditional options to meet workload demands to increase staffing resources that involve outside vendors (such as draft statement of work and draft contract language).

Phase 3: Engage Temporary Vendor Support

Trigger: California Unemployment Rate reaches 12 percent.

- Release Request for Proposal and execute vendor contract to add temporary vendor staffing resources, contingent upon supplemental funds (similar to Franchise Tax Board during peak tax season or Covered California during open enrollment).
- Reassess the hiring plan to onboard and train additional employees (Office Technicians, Employment Program Representatives, Employment Program Managers), as needed, to accommodate attrition.

This phased strategy ensures we can respond swiftly and effectively to rising unemployment levels, maintaining service continuity and optimizing workforce readiness.

Planning for Workload Increases: Line Item 3

Line Item 3 of Senate Bill 390 requires EDD to identify the steps to address increases in its workload. For example, cross-training employees, changing our staffing levels, and prioritizing specific tasks. Including addressing the following factors:

- A. How quickly employees can be hired.
- B. Whether there is physical space for employees.
- C. Whether the selected location has the technology that will be needed.

The 2026 plan includes new opportunities that were not referenced in the 2024 Recession Plan report, including continued technological improvements.

Building a Workforce for the Future

In alignment with the U.S. Department of Labor's funding mechanism (see Line Item [9](#)), employees are hired based on actual claim workload levels.

Following a review of recruitment and hiring practices used by both the State of California and EDD before and during the pandemic, several opportunities were identified to improve our preparedness in the event of the next economic crisis

The physical space required to accommodate employees has changed over the past few years, and technology is continually advancing.

See Line Items [6](#) and [10](#) in this report for further discussion on these topics.

Opportunities to Strengthen our Workforce

Proactively Project Hiring Needs

Staffing needs are anticipated using attrition trends and workload projections. This data-driven approach allows for proactive recruitment ahead of demand, ensuring we are prepared to respond to workload surges and maintain service continuity.

Add Flexibility to Office Technician Exam Results

The Office Technician exam, overseen by the California Department of Human Resources, is widely used by state departments and requires a 70% passing score to be list-eligible. However, only candidates in the top three ranks are considered reachable for hire.

If the variability of passing scores were reduced, as with other exams, more candidates who pass the Office Technician exam would be in a reachable rank. This would provide hiring managers with the opportunity to determine the candidate who is the most suitable for a position.

In instances where rapid recruitment is necessary, access to additional reachable Office Technician candidates would reduce the critical time needed for the hiring process.

Update the Employment Program Representative Exam

The current Employment Program Representative exam is a self-assessment questionnaire with no right or wrong answers, making it easy to pass. Unlike the Office Technician exam, it does not measure core competencies.

Updating the exam to include questions that assess relevant knowledge, skills, and abilities would improve the quality of hires and ensure candidates are better prepared for the role.

Cross-Train Employees

As new claims are filed, determination workloads increase correspondingly. Determinations require more complex processing and extensive training. Prioritizing cross-training for new Employment Program Representatives in both claim filing and determinations will create a more flexible workforce capable of adapting to shifting workload demands.

See Line Items [12](#), [2](#), and [4](#) of this plan for details on the cross-training strategies.

Reclassification of the Employment Program Representative Position

EDD is actively collaborating with CalHR to integrate the Employment Program Representative and Disability Insurance Program Representative classifications. This initiative aims to ensure that their minimum qualifications are consistent with the established generalist series. As a result of this project, the Employment Program Representative will transition to the Benefit Program Representative classification, while the Employment Program Manager will be reclassified as Benefit Program Supervisor. This realignment is designed to:

- Expand the pool of candidates for recruitment
- Increase leadership entry points
- Align roles across classifications for consistency and efficiency

This change would benefit both the department and prospective employees.

Flexible Schedules, Tenure, and Time Base

Permanent Intermittent positions were originally designed to create a scalable part-time labor force that could expand to full-time during peak periods. However, during the pandemic, many Permanent Intermittent employees were already working full-time, limiting the ability to further increase workforce production. We will continue to assess budgetary capacity to hire additional Permanent Intermittent employees to better prepare for future workload surges.

Per the Memorandum of Understanding with SEIU 1000, no more than 20% of the Employment Program Representative workforce can be Permanent Intermittent positions. To remain in compliance, we pivoted to recruiting limited-term Employment Program Representatives, which allows for increased staffing capacity while complying with the Memorandum of

Understanding's requirement that 80% of Employment Program Representatives maintain permanent full-time status.

Offering alternate work-week schedules and flexible work hours will help position us as a competitive employer, expanding the candidate pool and enhancing recruitment efforts.

Hybrid Work Schedules for Employment Program Representatives

Hybrid telework arrangements that meet the [Governor's Executive Order](#) can help enable rapid scaling of contact centers, support operational efficiency, and facilitate workforce expansion.

For more information on technology and equipment needs related to telework, refer to Line Item [6](#) of this report.

Continued Technological Improvements

We remain committed to improving the technology used to process claims. In partnership with the Information Technology Branch, and with proper funding, we will be equipped with the technology necessary for future hiring efforts.

See Line Item [6](#) for further discussion on technology and equipment needs.

Use of Vendor Staffing

During the pandemic, we leveraged the Department of Labor flexibility to onboard contract employees for non-inherently governmental tasks. Through a contract with Maximus, we successfully onboarded 3,063 vendor employees.

We may re-engage vendor staffing if future workload surges, provided it aligns with federal law and Department of Labor guidance.

Progress for Line Item 3A: How Quickly Staff Can be Hired

To address staffing challenges effectively, we evaluate analytics to remain strategic and proactive rather than reactive. A predictive staffing model is essential to maintaining a sufficient pool of skilled employees, reducing the need for urgent mass-hiring efforts like those required during the COVID-19 pandemic.

We are also incorporating additional efficiencies into the hiring process to accelerate recruitment timelines. At the outset of each hiring cycle, a cross-functional team approach is used, drawing employees from multiple offices to support screening and interviews. Once a candidate accepts a conditional offer, a bulk list of names is sent to the Human Resource Services Division for hiring approval at the same time the Information Technology Branch begins provisioning system access.

To support this coordination, we maintain ongoing collaboration with the Information Technology Branch and Human Resource Services Division to monitor staffing needs and

prioritize hiring efforts. The Human Resource Services Division provides weekly status updates as each phase of the hiring process is completed.

By initiating provisioning while background checks are still pending, we minimized delays and streamlined onboarding, particularly for hiring large cohorts. If a background check is not cleared, the pre-provisioned account can be deleted with minimal disruption. This integration has strengthened coordination between the Information Technology Branch and the Human Resource Services Division and reduced barriers to rapid onboarding.

To sustain these gains, we are developing tools and procedures that document internal steps and inter-branch coordination required to expedite hiring. These tools will help institutionalize streamlined practices and support continued improvements to the hiring process.

Progress for Line Item 3B: Physical Space for Employees

Additional physical space is unlikely needed at this time. However, if future recruitment efforts result in substantial amounts of new Employment Program Representatives, EDD would need to re-evaluate or procure additional workspace.

See Line Item [6](#) for more information.

Progress for Line Item 3C: Technology Availability Assessment

The narrative for Line Item [6](#) of Senate Bill 390 recommends that the Information Technology Branch review its ability to sufficiently and rapidly increase the number of computers and corresponding equipment in anticipation of increased staffing levels.

For future hiring, we will need to reassess our technology needs. We continuously reassess our technology inventory to ensure future hiring efforts are feasible and supported.

Evaluating Employee Duties and Classifications: Line Item 4:

Line Item 4 on Senate Bill 390 specifically calls for EDD to evaluate current job duties and classifications to ensure that employees are aligned with operational needs, including all of the following factors:

- A. Assessing current employees' ability to perform more complex work, increased volumes of work, or both.
- B. Identifying a backup system for a sudden influx of work.
- C. Evaluating how existing seasonal and part-time employees are used, including whether we can temporarily alter the work duties of current employees instead of hiring new employees.
- D. Assessing how current employees can be cross-trained.
- E. Extending hours of operation.

Progress for Line Item 4A: Getting Ready for Complex and Increased Workloads

Employees who are fully trained and currently working in the Employment Program Representative classification are well-positioned to take on more complex tasks and handle increased volumes of work.

Training for claim filing and determinations is divided into manageable segments, each followed by a period of on-the-job training. This means that trainees can immediately begin processing a targeted area of the workload after completing each training segment or "block", instead of waiting several months before becoming proficient in multiple claim filing or determinations functions to begin processing Unemployment Insurance workloads. This flexibility is well-directed by forecasting workload volumes so that employees are trained in the needed workload functions quickly. This enables us to train our employees to undertake a diverse range of complex tasks, expedite workload processing, and enhance our ability to allocate and redirect production employees based on workload volumes and priorities.

Through coordinated hiring, training, and modernization efforts, we continue to strengthen our operational resilience and ensure a skilled, adaptable workforce capable of meeting the evolving demands of California's programs.

We recommend measures that can be taken before and during periods of high unemployment; these measures are explained below.

Opportunities to Boost Capacity and Agility

Utilize Overtime to Increase Work Production

It takes several months to onboard and train new employees, making overtime necessary to increase workforce capacity during peak workload periods. Voluntary overtime is offered to appropriately trained employees, as necessary. Overtime is particularly useful for addressing short-term seasonal influxes of work and for bridging the gap in time between identifying the need to hire and onboarding new employees.

Key strategies include:

- Offering voluntary overtime to trained employees during peak periods.
- Expanding workdays to 12-hour shifts, when necessary, while exploring flexible schedules (e.g., 12 pm–8 pm shifts in addition to 8 am–5 pm).
- Implementing overtime during economic downturns or crises to meet increased workload demands.
- Cross-training employees simultaneously so that journey-level employees working overtime can be redirected to priority workloads while trainees can handle the various workloads, based on their specific trained functions.

Prepare Existing Employees to Learn More Complex Work, Rapidly

Ongoing Preparation During Non-Recessionary Periods

During periods of low unemployment, the Branch Training Section focuses on preparing employees to learn more complex work by maintaining and expanding training resources. These efforts ensure the Department can respond quickly to sudden increases in workload.

Key activities include:

- Modularizing training for targeted workloads.
- Updating instructional materials to ensure readiness for surges in demand.
- Managing the Department's Knowledge Management System.
- Maintaining an internal training library and delivering structured training through the Learning Management System.

Strengthening Training Delivery Through Collaboration

To ensure employees receive effective instruction and support, the Branch Training Section partners with the Contact Centers to enhance training quality and On-the-Job Training experiences.

This partnership includes:

- Co-training employees to align classroom instruction with On-the-Job Training expectations.
- Preparing mentors with the skills needed to guide learners successfully.
- Rotating workload-trained mentors across Contact Centers to ensure consistent and comprehensive training delivery.
- Maintaining a strong pipeline of highly skilled employees across all Contact Centers.

Enhancements Informed by Training-Plan Assessments

A comprehensive evaluation of training plans revealed additional opportunities to improve employee preparation and support future operational needs. Based on learner and leadership feedback received, the Branch Training Section implemented many of the comments provided, such as more demonstrations, reducing the length of classroom instructions, and having more targeted discussions for the specific job functions that would be performed. The feedback regarding on-the-job training was supported by providing additional reinforcement for the

training subjects and how to address less common scenarios, so learners felt empowered and confident to perform their essential job functions.

As a result, the Branch Training Section has revamped its training program to:

- Emphasize agility, problem-solving, and innovation.
- Ensure employees can adapt quickly during recessions, pandemics, or other rapid changes.
- Integrate data-driven adjustments to align training with workload demand.
- Improve employee engagement, job satisfaction, and productivity.

These enhancements contribute to a workforce that is both more adaptable and more efficient during workload surges.

Comprehensive Training Plan for Claim Filing and Determinations

The Branch Training Section collaborated with all divisions to create a unified training plan that addresses both determinations and claim-filing duties.

This plan:

- Provides thorough, cross-functional training across core responsibilities.
- Aligns with the one-year probationary period to establish a strong foundational skill set.
- Supports long-term employee development and enhances operational resilience.

Using Vendors and Technology to Handle More Work

In accordance with Department of Labor guidance interpreting federal “merit system” rules, vendor employees are not permitted to make determinations regarding a claimant’s individual eligibility or an employer’s account charges. Where authorized by federal law, vendors can provide a valuable temporary workforce option, particularly for large, targeted workloads that do not directly affect final eligibility decisions.

Under the authority provided by federal law during the COVID-19 pandemic, we utilized vendors to process requests for payment preferences, conduct interviews to collect eligibility information, and read informational scripts to assist customers with self-service options. This freed up skilled employees to perform the more complex work of making eligibility decisions.

Additionally, new technologies (including the Virtual Assistant) help customers and employers locate information on our website, increasing self-service opportunities for customers and freeing up further skilled employee resources.

Expanding Skills Through Cross-Training

Initial Expansion

Beginning in the second quarter of 2022, we launched a proactive workforce expansion to prepare for increased unemployment workloads. A total of 408 Permanent Intermittent Employment Program Representatives were hired and trained, many of whom were former limited-term employees from the pandemic response. To retain experienced talent, 155 PIs

were converted to permanent full-time status. Building on this foundation, we hired an additional 291 Permanent Intermittent Employment Program Representatives in late 2022, with onboarding staggered across early 2023. By mid-2023, these employees were cross-trained in claim filing and determinations, ensuring readiness to meet workload demands.

Leadership and Service Modernization

In December 2023, we further expanded our leadership and operational capacity by hiring 24 Employment Program Manager II, 40 Employment Program Manager I, and 432 Employment Program Representative positions. These Employment Program Representatives were scheduled to be fully trained in claim filing in time to support the seasonal unemployment peak in 2024.

Around the same period, we modernized our services by launching online filing for Special Claims streamlining processes for federal, military, and out-of-state workers and allowing employees to redirect efforts to other claim workloads.

Sustaining Workforce Stability

To maintain a stable and skilled workforce, an amended hiring plan was implemented in early 2024. A total of 836 Employment Program Representative Permanent Intermittent employees and 29 Employment Program Representative limited-term employees were hired between April 2024 and December 2025, to backfill vacancies from the earlier hiring initiative and offset attrition. Twelve training cohorts totaling 695 new Employment Program Representative PIs completed training between August 2024 and December 2025 and became fully operational in claim processing.

Cross-training efforts were also advanced to develop a multifunctional workforce. Between March and August 2025, three groups of existing claim filing Employment Program Representative employees began cross-training in determinations.

Recruitment and Training Innovation

To continue building workforce capacity, an updated training program was introduced emphasizing shorter instructional periods and increased on-the-job training, focusing on high-frequency claim scenarios while equipping employees to handle less common cases through the Knowledge Management System.

Strengthening Analytical Infrastructure

We strengthened our training and analytical infrastructure by reclassifying Department-specific Employment Development Specialist and analytical series positions into a broader classification series in alignment with CalHR guidelines. This restructuring expanded our analytical skill base, enabling the newly formed unit to develop more effective training tools, improve instructional materials, and adapt programs to meet technological and operational changes. The expanded team now plays a key role in supporting new-hire and cross-training initiatives, updating curriculum content, and enhancing employee knowledge retention.

Progress for Line Item 4B: How We Prepare for Unexpected Workload Increases

In alignment with industry standards of public and private sectors, we established the Command Center Division, which is responsible for providing holistic, centralized oversight of workloads and resource allocations.

A primary function of the Command Center Division is to forecast future workloads and anticipate customer service needs. This is achieved by incorporating customer insight gathered through focus groups and using that information to determine the workforce levels required to meet performance objectives. By proactively analyzing trends and customer expectations, the Command Center Division ensures that staffing and resources are aligned with operational demands.

Beyond forecasting, the Command Center Division is responsible for identifying and utilizing tools that project workloads, assess workforce and resource allocations, and measures production, performance, and quality of work across the branch.

The Command Center Division focuses on tools and strategies that reduce contact center call volumes and expand self-service options, support data-driven resource allocation decisions based on projected workload influx and evaluate the quality of our customer service.

Opportunities to Maintain Efficiency

To respond effectively to increased workload volumes during periods of recession, we identified several strategies to bolster workforce capacity and maintain operational efficiency.

Redirect Employees from other Branches

During times of critical need, employees from other offices may be redirected to assist with different workloads. Leveraging internal employees increases onboarding efficiency, as they possess familiarity with our technological systems and processes. This can be accomplished during the employees' regularly scheduled hours or overtime.

For example, the Integrity and Accounting Division has experienced challenges in hiring its accounting series classifications due to limited applicant pools. Several of their critical workloads may not require accounting experience, allowing Employment Program Representatives from other offices to be redirected to support these tasks.

Recruit Retired Annuitants

If budget allows, we can rehire recently retired employees with experience in production workloads as retired annuitants, providing flexible, temporary staffing.

While retired annuitants are limited in the number of hours they may work within a fiscal year, their schedules can be adapted to respond to fluctuations in workload demand, providing a valuable, experienced resource during peak periods.

Advancements in Efficiency, Training, and Customer Service

Centralized Workload Repository

The Command Center Division has developed a centralized workload repository, known as the Resource Allocation Model, that provides an enterprise-wide approach to distributing work, considering Service Level Agreements and identifying workloads with the greatest impact on customers.

Key benefits of the Resource Allocation Model include:

- Proactive information sharing with leaders and employees to support contact center (both voice and chat channels) and off-phone workload operations. This tool allows the Command Center to communicate with the various offices within the Unemployment Insurance Branch, providing workload guidance and workload direction to effectively communicate the number of employee resources required to meet all workload demands. Enhanced visibility of workload distribution to identify training needs.
- Development of targeted training plans, such as comprehensive instruction for the Special Claims workload.

Self-Service Options

To reduce call volumes and improve efficiency, the Command Center Division has implemented several self-service tools. The myEDD portal and the Department's website (edd.ca.gov) include a chatbot, Frequently Asked Questions¹¹, and the AskEDD portal¹², which allows customers to access informational articles and submit questions online.

Highlights of this approach:

- Customers resolve many inquiries independently without agent interaction.
- Self-service tools offset funding limitations that restrict agent availability during peak periods.

Further improvements to self-service are addressed in Line Item [5](#) of this report.

Staffing and Cross-Training

Since April 2024, the Unemployment Insurance Branch has hired approximately 865 employees who have either completed claim filing training or are currently completing training. In addition, between March and August 2025, three groups of existing claim filing employees began cross-training in determinations. The Resource Allocation Model supports hiring decisions and identifies cross-training needs, ensuring work is performed efficiently and effectively. Training is delivered at optimal times, and employee skill levels are assessed to confirm proficiency with entry-level workloads before progressing to more complex assignments.

¹¹ See <https://edd.ca.gov/en/unemployment/FAQs/>

¹² See <https://askedd.edd.ca.gov/s/>

Workload Optimization Strategies

The Command Center has developed strategies to optimize staffing levels to meet the department's service level agreements. Tasks are scheduled to accommodate necessary administrative time, such as meetings, while minimizing any adverse effects on productivity. In order to achieve strategic business operations and to provide Unemployment Insurance Center leadership and employees with timely information, the Resource Allocation Model is released proactively to give the Unemployment Insurance Centers sufficient time to allocate employees effectively based on workload needs, planned and unplanned leave, training needs, operational or administrative time, or discussions for further coaching, mentoring, and development.

Additional measures include:

- Reassessing service level agreements during workload surges to alleviate pressure promptly.
- Anticipating decreases in workload volumes to optimize administrative time.
- Managing eligibility interview appointments by reviewing weekly request volumes and adjusting scheduling capacity as needed.

Electronic Eligibility Questionnaire System Implementation

The electronic Eligibility Questionnaire system was launched on December 21, 2023, which now addresses all eligibility issues and enables employees to complete determinations in less time. Customers respond to fact-finding questions through an online portal, streamlining the eligibility determination process; prior to the launch of this system, information was collected exclusively through scheduled phone calls, which contributed to substantial workload and backlogs during the pandemic. When clarification is needed, employees can send follow-up questions through the same portal, and customers typically respond the same day. This rapid exchange of information has improved processing times and enhanced the overall customer experience, allowing EDD to pay customers faster. The Eligibility Questionnaire was developed to make it easier and faster for unemployment claimants to resolve their potential eligibility issues. Before the implementation of the Eligibility Questionnaire, claimants had to wait for a scheduled phone interview, which often caused delays, and contributed substantially to the pandemic workload and backlogs. With this modern, electronic platform, claimants can now respond to questions online at their convenience, 24 hours a day, seven days a week, reducing wait times and improving the overall customer experience.

Progress for Line Item 4C: How We Use Seasonal and Part-Time Employees

While expanding the workforce with temporary employees is possible, we have several options to modify work assignments of current employees, rather than hiring new ones.

Adjust Internal Service Level Agreements

In the event of a significant influx of claim filing or determinations workloads, we can adjust internal Service Level Agreements to strategically redirect employees to priority tasks. For example, modifying the contact center Service Level Agreements from answering 80 percent of

callers within 30 minutes would allow us to reallocate a substantial number of employees to address large increases in claim-filing or determinations workloads. This flexibility ensures that resources are directed where they are most needed during peak demand periods.

Implement Overtime

Onboarding and fully training new employees takes several months, overtime may be implemented to immediately increase staffing capacity during peak workload periods. We offer voluntary overtime to trained employees as needed, providing a rapid means of expanding workforce availability. Overtime is particularly effective for addressing short-term, seasonal influxes of work and helps reduce the gap between identifying workload surges and hiring additional employees.

Progress for Line Item 4D: Expanding Skills Through Cross-Training

Ongoing Cross-Training Practices

Employment Program Representative employees are regularly cross-trained to support flexibility across workloads. Program training is complex and cross-training is designed to include a mix of strategies, especially during periods of lower unemployment. This approach helps reduce out-of-class assignments and increases opportunities for employee development.

Recently, the Command Center Division has scheduled a new round of cross-training to expand workforce capacity:

- 150 employees began cross-training in August and September 2025.
- These employees will be prepared to perform determinations by early 2026, including processing Electronic Questionnaire responses submitted by Unemployment Insurance claimants.
- Training will emphasize the use of on-demand resources, including the Knowledge Management System.

The goal is to achieve higher production levels compared to traditional workloads by leveraging technology-driven efficiencies.

This structured approach ensures that employees not only gain proficiency in determinations but also build the technical skills needed to maximize productivity and enhance customer service outcomes.

Opportunities to Expand Capabilities

We continuously review opportunities to expand the skills of existing claim-filing employees to proactively prepare for increased volumes in determinations workloads. Claim filers will continue to be strategically cross-trained during months identified as having lower workload volumes in both claim filing and call attempts. This approach ensures a more flexible workforce, strengthening our ability to respond quickly to unexpected increases in workload demand.

Advancements in Training and Technology

Employees hired into the Employment Program Representative classification are first trained on claim filing before being cross-trained to perform more complex determinations. This structured approach ensures that employees build foundational skills before advancing to higher-level tasks. Recent automation updates, including online Special Claims filing and electronic eligibility questionnaires, created new opportunities to expand cross-training efforts. These advancements allow the Command Center Division to maximize the amount of work new employees can perform and provide the flexibility to deploy employees quickly to meet workload demands.

Key benefits of these updates include:

- Online Special Claims filing has streamlined processes and reduces manual workload.
- The electronic eligibility questionnaire system accelerates determinations and improves accuracy.
- Expanded cross-training ensures employees can be redirected rapidly to priority workloads.

In addition to cross-training, the Command Center Division has implemented specific recessionary tactics to maintain Service Level performance during periods of high demand. These measures are guided by the Resource Allocation Model tool, which ensures that Service Level Agreements are met efficiently.

Recessionary tactics include:

- Targeted overtime to immediately increase workforce capacity during workload surges.
- Expansion of the Branch Training Section to deliver modular, scalable training aligned with workload priorities.
- Enhancement of the Knowledge Management System to make commonly used tools more accessible and searchable, ensuring employees have the resources to make consistent, legally compliant decisions on complex or infrequent issues.
- Development of Amazon Q, an artificial intelligence-based tool integrated with the Knowledge Management System to help employees navigate customer interactions more effectively while responding to claim inquiries via live chat.

Together, these initiatives strengthen the Command Center Division's ability to adapt quickly to workload fluctuations, improve customer service, and ensure operational resilience during both normal operations and recessionary periods.

Progress for Line Item 4E: Extending Hours of Operation

On April 15, 2020, the Governor signed an executive order requiring our oversight agency to expand contact center hours and ensure sufficient workforce levels to process claims. In response, we quickly implemented a preliminary version of a new phone system, the Virtual Contact Center, which enabled agents to transition to telework during the statewide stay-at-home orders. While the initial April 2020 Virtual Contact Center release lacked certain features of the legacy system, we since expanded its functionality to fully encompass Interactive Voice

Response features and support the diverse language needs of our customers. Call-center hours were expanded, and thousands of additional agents were onboard to answer calls and support claim-processing workloads.

Options Under Consideration

As we move forward, we are assessing the following options to address call-center hours:

- Implementing overtime.
- Maintaining hours of 8 a.m. to 5 p.m., Monday through Friday during periods of low unemployment.
- Maintaining 8 a.m. to 5 p.m. hours in recessionary times but using the off-phone overtime to reduce heavy workloads.
- Expanding hours to 8 a.m. to 8 p.m., Monday through Friday, in recessionary times (this includes weekend hours not on the phones to process workloads, as directed by the Command Center Division).
- Expanding live agent chat availability beyond 9:00 a.m. to 2:00 p.m., Monday through Friday, to include additional weekday or weekend availability.

Specialized Contact Centers

In addition to our main Contact Centers, several specialized centers operate to address targeted customer inquiries and technical support needs. These centers ensure that specific issues are handled efficiently, with employees dedicated to specialized workloads.

Form 1099-G Inquiries

- Hours of operation: 8:00 a.m. to 5:00 p.m., Monday through Friday.
- Agents focus exclusively on claimant inquiries related to Form 1099-G, which shows taxable income paid to the customer, ensuring timely resolution of tax-related questions.

Overpayment and Benefit-Audit Calls

- Hours of operation: 8:00 a.m. to 12:00 p.m., Monday through Friday.
 - 1:00 p.m. to 5:00 p.m., employees complete off-phone benefit-audit workloads.
 - This structure balances direct customer service with the processing of complex audit tasks.

Technical Support Center

- Hours of operation: 8:00 a.m. to 5:00 p.m., Monday through Friday
- Agents focus on myEDD technical support for customers experiencing portal or access issues, State Data Information Exchange enrollment and registration support for employers, and identity verification support to ensure compliance and protect program integrity.

Opportunities to Maximize Efficiency

Schedule Training During Non-Peak Months

We conduct two-hour trainings on eligibility determinations quality. To mitigate the impact on customers, the Command Center Division schedules this training during non-peak months and over several weeks to balance the decline in workload capacity during training.

Strategically Schedule Administrative Time During Non-Peak Times

During peak periods, leaders can reduce the amount of time employees are removed from production for administrative duties by minimizing meetings, streamlining administrative processes for production employees, and scheduling their employees' administrative time more efficiently. Communication is critical, and instead of meetings, the Knowledge Management System can be leveraged to proactively inform employees of important program changes.

Data-Driven Staffing for Responsive Service

The Command Center Division manages the Contact Centers efficiently by leveraging systems that capture real-time production data, including average call-handling times. This information supports decisions about the number of agents required on the phones and whether adjustments are needed, such as extending call durations or shifting agents to off-phone tasks.

To forecast future staffing needs, the Command Center Division analyzes recent historical phone call volumes, considering the day of the week, to determine an appropriate timeframe for creating an average projection. Although various scheduling options are available, the Command Center Division utilizes real-time data to determine the optimal level of coverage, enabling responsive adjustments that better suit claimant needs.

How We Respond to Shifts in Demand

Normal Operations

Under normal conditions, we maintain flexibility by hiring Employment Program Representatives in different tenures and preparing them for future workload shifts.

Key activities include:

- Hiring Employment Program Representatives in Permanent Intermittent tenure to perform workload at less than full-time levels, allowing attrition and flexibility to increase hours during high unemployment.
- Hiring Employment Program Representatives in limited-term tenure to assist with workload increases without recruiting them into permanent civil-service classifications.
- Cross-training employees in claim filing and determinations, with priorities guided by the Command Center Division.
- Allowing skilled employees to shadow automation projects so they can act as early adopters, testers, and build capacity for recessionary periods.

Alternate Operation Activities

When workload volumes begin trending upward, the Command Center Division identifies areas that reach capacity quickly and implements targeted measures.

These include:

- Developing training courses specific to high-demand workloads.
- Offering overtime to help process targeted workloads.
- Expanding hiring in the Employment Program Representative classification and Accounting series classifications when unemployment trends upward.
- Redirecting employees from less-impacted workloads to those directly affecting claim filing.

Activities Triggered by a Significant Increase in Unemployment

In the event of a sharp rise in unemployment, we will engage in all recession activities listed above and add further measures:

- Creating Training and Development assignments for field employees to assist with automation projects.
- Identifying workloads that can be quickly taught and performed for 120 days in a higher classification, with out-of-class pay.
- Training employees to perform workloads outside their classification for less than 50 percent of their time.
- Hiring vendors to assist with less complex workloads, allowing skilled employees to focus on more difficult tasks.
- Implementing technological options, such as chat features to support determinations and direct vendor employees.

Improving Self-Service to Reduce Wait Times: Line Item 5

Line Item 5 of Senate Bill 390 requires EDD to submit an economic recession plan that includes “identifying ways to improve self-serve services to avoid long wait times to speak with staff.”

The 2026 plan includes updates on the following notable self-service options:

- Authenticated live chat capability.
- Text messaging in more languages.
- Expanded Voice of the Customer reporting.
- Availability of online filing for federal, military, and out-of-state claims.
- New Benefits Recommender widget to direct customers to other helpful state resources.
- Information on the EDDNext project, including deployment of the myEDD Shared Customer Portal.

Changes Made During the COVID-19 Pandemic

In response to the unprecedented workload and call demand during the COVID-19 pandemic we implemented a series of solutions designed to enhance self-service options for claimants, streamline processes, and strengthen identity verification. These initiatives combined technology, partnerships, and communication strategies to improve responsiveness and reduce strain on contact centers.

Voice of the Customer Report

Working in partnership with Verizon and Emplifi (formerly Astute), we began analyzing customer feedback obtained through social media and the newly deployed EDD Chatbot.

The resulting Voice of the Customer report provided valuable insight into customer concerns and emerging trends.

- Feedback was aggregated from our social media accounts (Facebook, Twitter, LinkedIn, Instagram) as well as external platforms such as Reddit and YouTube.
- This analysis helped identify areas where customers struggled with our processes and informed communication strategies with customers, media, legislative members, and advocates.

EDD Chatbot

We collaborated with Verizon and Emplifi to deploy the EDD Chatbot, accessible through our main website.

- The chatbot recognizes key terms and provides automated responses with relevant content, reducing reliance on live agents.
- Content is continuously updated in collaboration with program areas and the Public Affairs Branch.

Text Messaging

With Verizon, we expanded communication through text messaging.

- Messages provided reminders and updates at key points in the claim process.
- As of December 2023, texts were available in English, Spanish, Simplified Chinese, Traditional Chinese, and Vietnamese, with Korean, Armenian, and Tagalog added in March 2024.
- Messages direct customers to myEDD or the EDD website for additional claim details.

Claim Status Tracker

In partnership with NAVA, we deployed the Claim Status Tracker as an add-on to myEDD.

- The Claim Status Tracker provides customers with real-time updates on claim statuses (e.g., paid) and next steps.
- This tool improved transparency and reduced the need for direct agent contact.

Document Upload

Historically, verification of customer information is done through the California Department of Motor Vehicles and the Social Security Administration. When identification remained uncertain, customers were required to submit paper documentation, which slowed the process.

To reduce delays, we implemented a Document Upload process through DocuSign.

- Customers get a link in their myEDD account when identity documents are required.
- Employees assigned to identity verification gained immediate access to uploaded documents, enabling faster resolution of identity issues and quicker restoration of claimant eligibility.

For a full description of the identity verification processes, see Line Item [10](#).

ID.me Integration

We also integrated ID.me, a third-party technology solution, into the online claim application process.

- Customers are directed to ID.me to verify their identity using government-issued identification such as a driver's license or passport.
- If difficulties arise, customers complete verification via video chat with an ID.me representative.
- Once verified, if all specified conditions are met the customer's application is automatically filed without employee intervention.

Socure Identity Proofing

EDD is piloting Socure identity proofing into myEDD. Once fully implemented, all users will have a streamlined identity verification process when applying for benefits online. This process will enhance our fraud prevention efforts by safeguarding against fraud and ensuring only genuine applicants access the online myEDD platform.

- Socure introduces a frictionless, passive identity verification layer that enhances the claimant experience for low-risk users while preserving the safety net of ID.me for higher-risk cases.
- The system's early adjustments demonstrate our ability to rapidly iterate on risk model parameters based on real-world evidence.

Emergency Claim Processing Tool

As a result of the emergency nature of the COVID-19 pandemic, the Department of Labor provided guidance allowing us and other state labor agencies to suspend some claim application conditions that would otherwise require additional eligibility review under normal circumstances.

We deployed the Emergency Claim Processing Tool to leverage these suspended conditions. Employees used the tool to process claims more quickly, enabling customers to begin certifying for benefits without delay.

Suspended conditions were limited to the pandemic period and ended in September 2021.

Opportunities to Enhance Customer Experience

We must take a multifaceted approach to systems and customer-facing business processes to ensure that we can meet workload demands. We continue to enhance existing systems and explore new technologies that will improve customer experience. The following efforts, currently in development or under consideration, are described below.

Listening for Feedback and Reasons for Calls

The Voice of the Customer report remains a successful tool for understanding why customers contact us. Building on this foundation, we are implementing new initiatives to ensure that agents accurately capture the reasons for customer phone calls through disposition codes.

Key enhancements include:

- Expanding the Voice of the Customer report to cover Unemployment, Disability, Paid Family Leave, Payroll Taxes, and Workforce Services.
- Implementing after-call surveys to measure customer satisfaction.
- Developing call monitoring as part of a longer-term strategy.
- Together, these elements reinforce insights and help identify changes needed for the Interactive Voice Response system, agent deployment, and communication channels such as our website, EDD Chatbot, live chat, and in-queue informational messages.

Expanding the EDD Chatbot for Claim-Specific Responses

The EDD Chatbot currently provides general responses to inquiries on our website. Adding a customer authentication component on the EDD Chatbot will allow it to deliver claim-specific responses similar to those available in myEDD.

- This expansion would improve customer experience by offering personalized information.

- We are actively evaluating this opportunity and considering additional options for chatbot functionality.

Expanding Conditions for Streamlining Claim Filing

We continue to identify opportunities to increase automation in the claim filing process to further reduce the number of applications requiring manual review when the claimant has provided all necessary information.

Progress to date:

- Updating the Work Sharing Program to allow electronic submission of applications and weekly certifications.
- Streamlining the processing of electronic applications and certifications that were previously 100% manual.
- Expanding online claim filing to include federal, military, and out-of-state claims.

All efforts are carefully examined to ensure compliance with federal and state laws and Department of Labor guidance.

Expanding the Claim Status Tracker

The Claim Status Tracker project continues to refine claim conditions and provide status feedback to customers.

Expansion opportunities include:

- Refining timeframes for eligibility determination status.
- Providing questionnaires through Claim Status Tracker to gather information for eligibility decisions.
- Integrating Claim Status Tracker with the California Unemployment Insurance Appeals Board to display appeal status.

In 2023, the Benefits Recommender widget was added to Claim Status Tracker. Developed by the Office of Data Innovation, this tool provides links to additional resources such as:

- Health insurance through Covered California.
- Food assistance through CalFresh.
- Support for women, infants, and children through the WIC program.
- Information about the Earned Income Tax Credit.

EDDNext Modernization Project

EDDNext is the modernization project to transform our systems and improve the overall experience for both our customers and employees. Our goals include redesigning business processes, reducing complexity, and adopting best practices to deliver world-class customer service.

Core objectives:

- Improved experience for businesses, claimants, employees.
- Enhanced and faster delivery of services.
- Reduced administrative burdens and costs.
- Increased transparency and adoption of best practices.

Since 2022, EDDNext has followed a hybrid Agile approach, delivering incremental enhancements. The first major project was the myEDD Shared Customer Portal, which replaced the Benefit Programs Online system. The portal offers multifactor authentication for increased security. It provides a simpler, more modern interface for customers. Other achievements under EDDNext were highlighted in the Benefiting Californians newsletter¹³.

EDDNext plays a vital role in expanding our ability to improve and expedite customer services, particularly in response to future economic downturns.

¹³ See https://edd.ca.gov/en/about_edd/ednext/

Checking our Equipment Supply: Line Item 6

Line item 6 of Senate Bill 390 specifically calls for EDD to assess its current inventory of equipment, including both of the following:

- A. Determining if we should lease equipment.
- B. Determining if there is enough equipment to support anticipated increased staffing levels.

Changes since the COVID-19 Pandemic

Historically, recessions have led to incremental increases in unemployment, with us hiring between 750-1,000 new Employment Program Representatives over several months. The COVID-19 recession broke this pattern. In February 2020, unemployment was at a historic low of 3.9 percent, but by April it had surged to 16.4 percent.

This sudden spike forced us to adapt quickly. Enhanced workplace safety protocols meant most employees worked remotely, reducing the need for traditional office workstations. While telework lowered costs for facilities and utilities, it introduced new expenses such as cell phones, video conferencing licenses, and remote-work equipment.

EDD implemented softphones, software that allows users to receive and make calls over the internet using a computer. With headsets as the only additional equipment, softphones eliminated the need to issue cell phones to new employees, streamlining onboarding and reducing costs.

Opportunities to Maximize Resources

To strengthen our ability to respond to sudden spikes in unemployment or unexpected economic crises, we have outlined several opportunities to maximize resources. These recommendations build on lessons learned during the COVID-19 pandemic and aim to ensure we are prepared for future surges in demand.

Improve Communication Among Branches

During the pandemic, we introduced new processes that fostered stronger collaboration between the Information Technology Branch and other divisions. These efforts proved valuable in anticipating and adapting to departmental changes.

- Regular partnership meetings between the Information Technology Branch and other branches helped align priorities and anticipate equipment needs.
- Monthly Customer Advisory Group meetings, hosted by the Information Technology Branch, created a forum to discuss upcoming hardware/software deployments, training plans, and refresh cycles.
- The Request Management Review Committee also meets monthly to evaluate upcoming IT-related projects and initiatives.

We recommend continuing these meetings every month and adding additional sessions when recession indicators suggest a surge in unemployment. This proactive communication ensures that equipment and technological needs are addressed beforehand.

Store Computers in our Warehouse

Computer equipment typically has a lifespan of about five years, after which it is replaced. While many replaced units are near the end of their life cycle, they often remain functional enough to be repurposed.

Previously, the Information Technology Branch ITB purchased new desktop computers annually to refresh existing equipment. Today, individual branches coordinate directly with the Information Technology Branch to manage their own refresh cycles. This shift has generated deactivated computers that, while no longer frontline-ready, could still serve new employees during periods of rapid hiring. Repurposing these PCs during a hiring surge will save state resources otherwise spent on new devices. In two of the last three recessions, we hired approximately 1,000 new Employment Program Representatives to address increased Unemployment Insurance claims.

Acquiring Supplemental Computer Equipment

Computer equipment requires cords, surge protectors, Ethernet cables, keyboards, mice, and monitors to be functional. Individual offices purchase these items, and surplus items are kept in an on-site storage room. These items can be stored in a temperature- and moisture-controlled environment for up to 10 years to maintain their working condition.

It is recommended that the Department purchase items to be used with the warehoused computers.

Evaluate Leasing Versus Purchasing

If our warehouse has a sufficient quantity of computer equipment, leasing additional equipment should not be necessary. When the Information Technology Branch procures computers in the future, we will determine whether leasing or purchasing is the appropriate method.

Determining whether we should lease equipment is contingent on the item and how long the item is needed. Leasing can be an economical option if equipment is needed for short periods of time. Increased hiring during a recession is typically aligned with the intent of the new positions being limited in term. However, the most recent recession-hired employees worked two years in the Employment Program Representative position before their limited-term assignment ended, or they converted to a permanent position.

The Information Technology Branch study on leasing versus purchasing will determine the cost-benefit point and the remaining use of life for existing Department computers.

Assess the Use of Virtual Desktops

Virtual desktops allow employees to use their own computer equipment to remotely access their work desktop and applications. Other departments in California government, such as the Secretary of State, have successfully assigned virtual desktops to “borrowed” state workers during times when temporary staffing needed.

The Information Technology Branch is investigating the feasibility of deploying and managing virtual desktops while employees use their work-issued equipment to telework. Virtual desktops would allow us to onboard new employees more efficiently than if new equipment were initially required. However, it should be noted that this solution may present security risks as well as questions of maintenance and cost reimbursement. Therefore, the Information Technology Branch workgroup will determine if virtual desktops are a feasible solution.

Policy Changes for Heavy Workload Periods: Line Item 7

Line Item 7 of Senate Bill 390 calls for EDD to identify which policies or procedures would be activated “if a rise in unemployment insurance compensation benefits claims became significant enough to warrant that step.”

This section outlines the factors that drive policy and procedure changes, challenges in implementing them, and the operational process we rely on during surges in demand.

Factors Behind Policy and Procedures Shifts

When claims surge, our policies and procedures evolve in response to external mandates, operational realities, and lessons learned from past crises. The COVID-19 pandemic underscored how quickly circumstances can change, forcing us to adjust both its systems and its customer-facing processes.

Several key factors drive these changes:

1) State and Federal Laws, Regulations, and Guidance

Our policies and procedures adhere to the California Unemployment Insurance Code, applicable state and federal laws and regulations, judicial decisions, and guidance from the Department of Labor. These sources collectively shape how we administer Unemployment Insurance and ensure compliance with all applicable requirements.

Changes to program requirements may arise from:

- New legislation
- Updated or revised regulations
- New or amended policy directives
- Judicial rulings that reinterpret existing law

As these changes occur, we conduct a thorough review of current policies and procedures to determine necessary updates. This helps us remain legally compliant, align with federal and state expectations, and continue to support accurate and timely service delivery.

2) Fraud Prevention and Detection

Our fraud prevention and detection team leads the efforts to strengthen program integrity and reduce fraud risks. We are committed to a proactive, risk-based approach to fraud management.

Our efforts include:

- Conducting regular fraud risk assessments to identify emerging threats.
- Using assessment results to target areas of highest vulnerability.
- Updating fraud-mitigation activities as schemes evolve.
- Implementing strategies designed to reduce fraud risks.

- Collaborating with partners to ensure consistent application of fraud-prevention measures.

These actions help safeguard resources, improve accountability, and maintain public confidence in the program.

3) Customer Experience

We are committed to ensuring that customers receive accurate, consistent, and timely information across all public-facing platforms. To support this, we maintain a website that is accessible, easy to navigate, and compliant with state and industry standards.

Our Usability team applies user-centered design and usability evaluation methods to identify opportunities for improving the customer experience. Recommendations are reviewed to ensure alignment with state and federal requirements and updated as needed.

These efforts help ensure that customers can access information easily and receive clear, reliable guidance when interacting with our services.

4) Internal Feedback

We rely on the experience and expertise of our employees to help us improve policy and procedures. Our employees can share feedback through a feedback form or with their leadership ensuring that frontline insights shape operational decisions.

Our focus on creating clear standards and policies, improving how tasks are shared, and ensuring we operate as efficiently as possible. Encouraging our staff to share creative ideas that are low-effort, high-impact solutions and work to eliminate bottlenecks and strengthen both operational and administrative processes.

5) Technical Impacts

As we continue to modernize and automate IT systems, some policy or procedure changes may also require technical updates. When system changes are needed, we evaluate the level of effort, return on investment, and technical feasibility before proceeding. This analysis continues to guide decisions to ensure technical updates are aligned with long-term modernization goals.

Factors that Complicate Policy Adjustments

Our ability to adjust policies and procedures during a significant rise in Unemployment Insurance claims is shaped by federal guidance, state law, and operational realities.

Several key factors influence how and when these changes can be made:

1) Reason for a Rise in Unemployment

The cause of the next recession will dictate which policies or procedures are

most relevant. For example, a health-related crisis may require different adjustments than a financial downturn.

2) Federal and State Laws, Regulations, and Guidance

Our actions are guided by Department of Labor directives and federal or state legislation/regulations.

- Timely communication from the Department of Labor is critical to understanding requirements.
- Maintain recurring meetings with the Department of Labor to ensure proactive communication.
- New or revised laws and regulations will directly shape which procedures can be adjusted.

3) Fraud Prevention and Detection

New fraud schemes must be considered when revising policies and procedures.

Our Fraud Prevention and Detection team plays a central role, leveraging specialized skills and tools to:

- Identify emerging fraud risks
- Mitigate vulnerabilities
- Manage fraud controls effectively

4) Internal Feedback

Input from experienced employees who engage daily with our customers is essential. Employees provide insight into operational challenges, customer behavior, and procedural impacts that cannot be seen through data alone.

5) Technical Impacts

Policy and procedure changes often require updates to automated systems.

We evaluate:

- Technical feasibility
- Required level of effort
- Alignment with ongoing modernization

As innovation expands, technical considerations will continue to shape how quickly changes can be implemented.

Preparing for Future Demand Surges

To prepare for future surges in Unemployment Insurance demand, we will review several operational areas to identify policies and procedures that could be suspended, modified, or

eliminated. These reviews will help ensure rapid responses, maintain program integrity, and support Californians during economic disruptions.

Fraud Prevention and Detection

We will continue strengthening fraud mitigation strategies by examining trends, data, and emerging risks.

- Analyze claim trends to determine the source of any rise in unemployment and identify new or evolving fraud schemes.
- Review and enhance fraud controls to ensure safeguards remain effective as new programs or emergency measures are implemented.
- Adjust processes as needed to address unique fraud risks associated with rapid hiring, expanded eligibility, or temporary program changes.

This approach ensures that program integrity remains central even during periods of operational strain.

Streamlining Claim Filing

We will evaluate the current claim-filing systems to determine whether temporary adjustments can speed up the filing process during high-volume periods.

- Assess system capacity and identify steps that can be simplified or automated.
- Implement temporary solutions, if necessary, to facilitate faster and more accessible claim filing.
- Review user experience feedback to ensure customers can submit claims with minimal barriers.

Nimble adjustments will help the Department manage large spikes in applications.

Streamlining Determinations

To accelerate benefit eligibility decisions, we will review determination processes and systems for potential enhancements.

- Identify procedural steps that can be temporarily streamlined to reduce delays.
- Evaluate opportunities for automation or modified business rules during emergencies.
- Prioritize accuracy while accelerating decision-making to maintain program integrity.

Streamlining Work Items

We will evaluate current work item processes to ensure timely workload resolution. Faster work item processing ensures issues do not accumulate during high-claim periods.

- Review existing workflows to determine which steps may be shortened or temporarily modified.
- Analyze system tools to identify enhancements that can support faster processing.
- Implement targeted process improvements to reduce bottlenecks.

Resources

To support these operational shifts, we will rely on coordinated teams drawn from multiple divisions.

- Establish cross-functional project teams to plan and implement process changes.
- Utilize internal expertise to ensure that policy adjustments are operationally sound and feasible.
- Deploy resources strategically to support both immediate needs and long-term improvements.

Executive Orders

We will determine whether emergency flexibility through an executive order is needed to manage claim surges.

- Analyze causes of rising unemployment to determine which policies or regulations may need modification or suspension.
- Ensure compliance with federal requirements, even when seeking state-level flexibility.
- Submit recommendations to the Labor and Workforce Development Agency and the Governor's Office for consideration of potential executive actions.

Legislation

We will also evaluate whether statutory changes are needed to support operational efficiency.

- Work with the Governor's Office to propose legislation that supports streamlined processes.
- Identify laws that limit modernization or rapid responses and recommend updates.
- Focus on long-term, sustainable improvements to ensure readiness for future recessions.

Improving How We Communicate: Line Item 8

Line item 8 of Senate Bill 390 specifically calls for EDD to “analyze communications, including determining if additional lines of communication are needed, such as additional phone lines, additional email boxes, and external communications, including, but not limited to, social media.”

The 2026 plan includes updates on communication strategies identified in the 2024 Recession Plan report, such as continued interaction with the Legislature and expansion and improvement of the EDD Chatbot.

Building a Strong Communication Framework

Communication has always been central to our ability to serve customers and stakeholders. Even before the COVID-19 pandemic, we invested in outreach and messaging systems to ensure that information was accurate, accessible, and responsive to diverse audiences. These efforts are coordinated across specialized teams that manage traditional media, digital platforms, translation services, and direct claimant support.

Communication and Change Management

At the heart of our communication strategy is the Communication and Change Management team. This group ensures that outreach, marketing, and training services are aligned with our strategic goals. The Communication and Change Management team collaborates closely with other divisions to make sure that communication is not only accurate but also responsive to the needs of customers and stakeholders.

The Communication and Change Management team:

- Develops messaging for customers through myEDD, the EDD Chatbot, on forms, and our website.
- Creates scripts and updates for the Interactive Voice Response system, ensuring consistency across platforms.
- Coordinates with the Support Division, the Communication and Change Management strengthens claimant outreach and ensures that communication is clear and accessible.

Public Affairs Branch

Supporting the Communication and Change Management team’s work is the Public Affairs Branch, which manages our external communications and public image. The Public Affairs Branch provides information about services, programs, and policies to the general public and specific audiences.

Strategic Communications Division: Oversees traditional media such as press releases and interviews, and coordinates messaging with the Labor and Workforce Development Agency and the Governor’s Press Office.

Digital Media Team: Maintains our presence on Facebook, X, Instagram, and LinkedIn, ensuring timely updates and outreach.

Web Content Team: Monitors online content to guarantee accuracy, consistency, and timeliness.

Spanish Translation Services: Provides culturally accurate translations, using a translator–editor–reviewer model to preserve nuance and tone. Spanish Translation Services also supports outreach campaigns to promote self-service options for Spanish-speaking communities.

Direct Claimant Communication

While the Communication and Change Management team and Public Affairs Branch manage broad communication strategies, direct claimant interaction remains essential.

Contact Centers: Employment Program Representatives provide real-time support to customers over the phone and authenticated live chat.

Training and Knowledge Management: The Branch Training Section develops the Knowledge Management System, which supplies scripts and guidance to employees, ensuring consistency and accuracy in claimant communication.

Looking Ahead

By positioning the Communication and Change Management team at the center of our communication strategy, we ensure that outreach remains coordinated, claimant-focused, and aligned with broader departmental goals. The Public Affairs Branch complements this work by managing external communications and media relations, while the Spanish Translation Services team and the Language Access Office guarantee accessibility for our Limited English Proficient claimants. Direct claimant support is further strengthened through contact centers, where trained employees provide real-time assistance guided by the Knowledge Management System.

Together, these elements form a multi-layered communication framework that allows us to adapt quickly and effectively.

How We Adapted During the Pandemic

The COVID-19 pandemic placed extraordinary and unprecedented pressure on us, forcing rapid, large-scale operational changes. As unemployment claims surged almost overnight, we experienced record volumes of mail, AskEDD messages, and calls to the contact center. Both employees and systems were overwhelmed, and we had to move quickly to expand capacity, modernize communication tools, and stabilize core services.

Expanding Capacity Through Vendor Support

One of the first major steps was securing emergency vendor assistance. We entered into an emergency contract with Deloitte, which supplied both technical expertise and supplemental

staffing. Deloitte agents were quickly trained and deployed to handle designated portions of contact centers' workloads. To maintain quality and ensure alignment with program rules, unemployment subject matter experts met regularly with Deloitte coordinators. This partnership provided essential surge capacity during the height of the crisis.

Launching the Virtual Contact Center

At the same time, we collaborated with the Information Technology Branch and Verizon to implement a new Virtual Contact Center. This system enabled employees to work remotely while also allowing us to onboard additional employees quickly and efficiently. Our employees were issued state cell phones to access the platform, while vendor employees used softphones installed on personal computers. The Virtual Contact Center tool was critical for maintaining continuity of service when physical offices were closed.

Expanding Direct Communication with Customers

We broadened our communication channels beyond traditional call center interactions. We deployed text messaging triggered by key claim events, such as the filing of a new claim or reminders to complete required steps to maintain eligibility. This system is capable of sending up to one million messages per day allowing for efficient, large-scale outreach.

Strengthening Stakeholder Engagement

Recognizing the need for better communication and collaboration with external partners, we created the Unemployment Claimant and Stakeholder Liaison position. This role focused on outreach, policy development, and coordination with community organizations. The liaison convened a stakeholder advisory group to gather real-time feedback and partnered closely with the Legislative Affairs Branch and Public Affairs Branch to communicate program updates. As a result, many community organizations developed sustained engagement with us.

Improving Language Access and Multilingual Services

The pandemic underscored longstanding gaps in language access. In response, we offer no-cost language interpretative services in approximately 200 languages and added 52 spoken-language options in Unemployment Insurance Online.

In 2022, we established a Language Access Office to coordinate translation and interpretation efforts across programs. We also launched a \$2 million grant program for community-based organizations serving multilingual populations and received further funding in the 2021–22 budget and accompanying trailer bill (Assembly Bill 138). These investments improved accessibility and helped ensure equitable service delivery for California's diverse communities.

Enhancing Legislative Coordination

Communication with the California State Legislature also evolved. Legislative offices received unemployment related inquiries from constituents, prompting us to initiate biweekly calls with legislative staff in June 2020. These calls continued through 2023 and are now held monthly, providing a consistent venue for updates and problem-solving. In September 2020, EDD

implemented a new case management system for legislative referrals, replacing the prior email process. Dedicated legislative liaisons were assigned to each office beginning in August 2020, expanded to full-time in June 2021, and later scaled back in October 2022 as case volumes declined.

Modernizing Communication for Faster, Safer Service

As we look ahead, we identified several opportunities to strengthen communication with customers and stakeholders. These opportunities build on lessons learned during the COVID-19 pandemic and recent modernization efforts, with the goal of making claimant interactions faster, more secure, and more accessible across multiple platforms.

Expanding Use of Email Communication

Currently, customers can only send messages through myEDD, which ensures security but limits the length of responses. By expanding the use of email communication within this secure environment, we could initiate contact with customers directly, request additional information, and resolve issues more efficiently.

- **Benefit:** Expanded email capacity would allow us to engage with customers fully, offering a level of interaction closer to phone conversations but with the convenience of digital communication.

Increasing EDD Chatbot Usage

The EDD Chatbot provides general responses to inquiries on its website, but it does not yet handle claim-specific information. Adding an authentication function could change that, enabling the chatbot to securely provide personalized responses.

- **Benefit:** Customers would gain faster access to information about their specific cases.
- **Ongoing Work:** We continue to refine chatbot content, expand keyword coverage, and evaluate options for improving its capabilities across all programs.

Implementing Live Chat

In 2025, we introduced a live agent chat, giving customers the ability to connect directly with agents online. This service is fast, secure, mobile-friendly, and available in eight languages: English, Spanish, Cantonese, Mandarin, Vietnamese, Tagalog, Korean, and Armenian.

- Customers access the chat feature through myEDD.
- Sessions begin with the Chatbot, which provides general information and identifies the claimant's needs.
- If live assistance is requested, customers are placed in a queue to contact an agent.
- This feature represents a major step forward in providing multilingual, real-time support to customers without requiring a phone call.

Using Social Media

The Public Affairs Branch manages our social media accounts, ensuring that messaging is coordinated and timely. This work is done in close collaboration with the unemployment Communication and Change Management team, which helps align messaging with our goals. Together, the Public Affairs Branch and the Communication and Change Management team ensure that social media updates are not only accurate and timely, but also consistent with our communication strategy.

- **Benefit:** Dedicated social media strategies for each program allow EDD to deliver targeted updates and outreach, ensuring customers receive relevant information quickly.

Exploring Other Opportunities to Improve Communication

We also see potential in leveraging the Workforce Services Branch to strengthen in-person communication.

- By increasing the number of skilled Workforce Services Branch employees, we can better support customers who prefer face-to-face interactions or who may not have access or experience with technology.
- Workforce Services Branch employees, equipped with enhanced resources and access to our systems, can reduce claimant frustration and provide more personalized guidance.

Communication to Serve All Communities

Together, these opportunities reflect our commitment to modernizing communication and meeting customers where they are, whether through expanded email capacity, smarter chatbots, real-time live chat, targeted social media outreach, or in-person support. By diversifying communication channels and ensuring accessibility across languages and platforms, we positioned ourselves to respond more effectively to future surges in demand and to provide equitable service to California's diverse communities.

Budget and Funding Challenges: Line Item 9

Line Item 9 of Senate Bill 390 requires EDD to submit an economic recession plan that includes discussion of budget and funding constraints.

Why Federal Funding Falls Short

Funding Constraints and Solutions

For decades, the administration of Unemployment Insurance programs has faced persistent funding challenges. Historically, the federal government fully funded Unemployment administration across all states. Over time, however, Congress has not appropriated sufficient funds to meet the growing costs of program administration. As a result, every state in the nation is consistently underfunded.

In California, this problem is particularly acute. Costs to administer the program have steadily increased due to:

- Cost-of-living adjustments for salaries and benefits.
- Operating expenditures such as rent, utilities, IT systems, data storage, and travel.
- Inflationary pressures which raise the baseline cost of service delivery.

Federal funding has not kept pace with these rising costs. Since at least SFY 2001–02, California has had to supplement federal funding with state resources to ensure program integrity and maintain adequate service levels.¹⁴ Each year, we seek additional state funding through the annual budget process, depending on the severity of federal shortfalls.

Federal Reporting Requirements

To determine funding needs, the Department of Labor requires states to submit detailed reports:

- **Resource Justification Model:** A comprehensive report of actual administration costs from the most recently completed federal fiscal year. This serves as the basis for national funding allocation.
- **UI-3 Report:** A quarterly report of actual workloads and allowable costs. Workloads above the fixed base can justify “above-base” funding from Department of Labor, tied directly to demonstrated need.

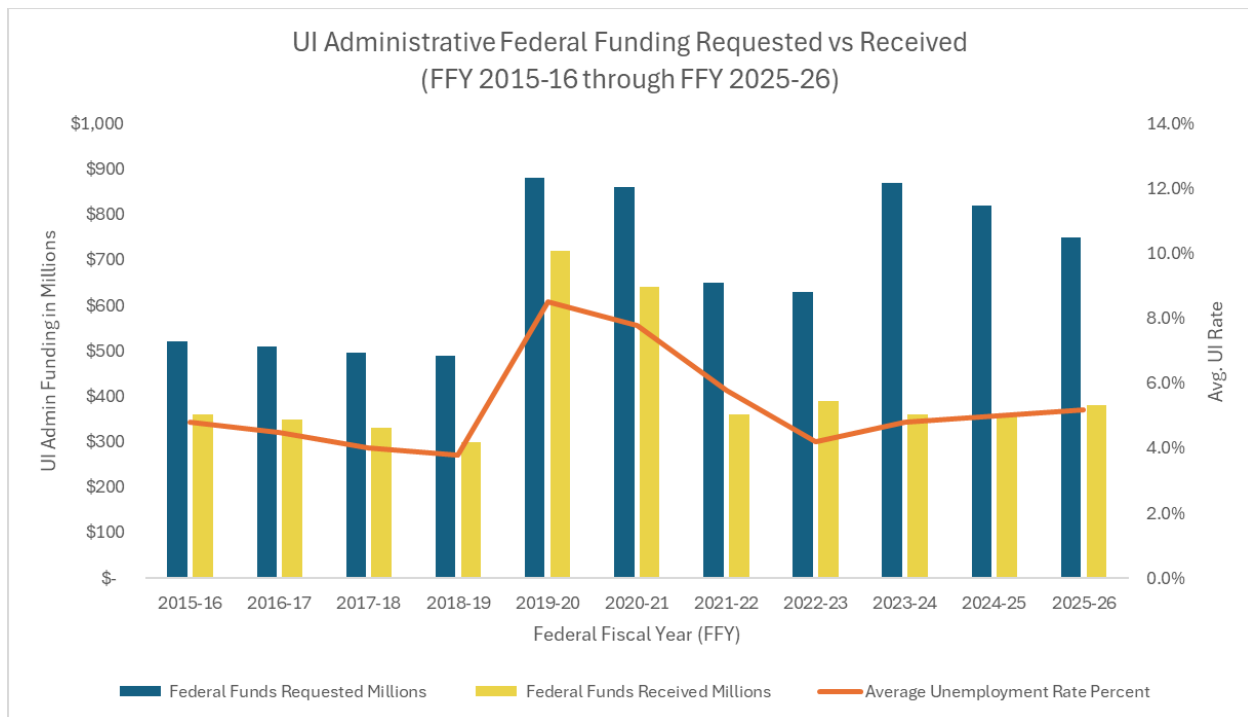
Allocation Challenges

The Department of Labor’s cost model considers workload data, timesheets, and administrative expenditures. However, because Congress appropriates insufficient funds each year, the Department of Labor must adjust its formulas to fit the limited national allocation.

- Large states like California often absorb a disproportionate share of the funding shortfalls.
- This creates a persistent gap between the funding California requests and the funding it receives.

¹⁴ *Unemployment Insurance Program Business Plan, 2007–2012*. Relevant records from both the California DOF website (<https://www.dof.ca.gov/>) and the EDD Fiscal Programs Division date back only to 2007–08

- The inception of the Resource Justification Model mechanism has further exacerbated this deficit, which continues each state fiscal year.



Administrative Federal Funding Requested vs. Received vs. the Unemployment Insurance Rate for Federal Fiscal Year 2015-16 through Federal Fiscal Year 2025-26

Addressing Federal Funding Gaps

Each year, we address these gaps through the state budget process, projecting funding needs using a methodology similar to the Department of Labor cost model. Supplemental state funding has become a critical lifeline.

California draws on several sources to fill these gaps:

- EDD Contingent Fund
- General Fund
- EDD Benefit Audit Fund

Without these state resources, the program would be forced to rely solely on federal funding, which is insufficient to meet California's needs. In addition, we supplement our administration through specialized federal grant opportunities and targeted state funding for Information Technology solutions, modernization projects, and special initiatives designed to enhance program delivery.

Flexibility From the 2016 Budget Act

A key development came with the 2016 Budget Act, which added provisional language allowing us to directly access the Contingent Fund and the Benefit Audit Fund upon notification to the Department of Finance and the Legislature.

- This authority has enabled us to respond quickly to funding changes—whether increases or decreases—while maintaining adequate service levels.
- If these funds are insufficient to cover expenditures, we pursue additional monies through the broader state budget process.

Using Federal Grants and State Funds

We will continue to review all guidance and advisories published by the Department of Labor that notify state agencies of funding opportunities to enhance programs. Proactive monitoring of official Department of Labor letters and advisories can help us weather future economic crises.

The following table presents a list of federal grants for which we have submitted grant applications since 2021:

Unemployment Insurance Program Letter Title	Description	Status
Unemployment Insurance Program Letter 16-20, Change 7: Supplemental Budget Request Opportunity for Additional Administrative Costs under the Pandemic Unemployment Assistance Program	Resolve any outstanding matters related to the Pandemic Unemployment Assistance program such as reporting functions, ongoing benefit payment control activities, and additional costs associated with ongoing workload efforts that may exceed the funding received.	Received Grant Award: \$1,320,000
Unemployment Insurance Program Letter 28-20, Change 4: Support for States to Resolve Outstanding Items from the Expired Coronavirus Aid, Relief, and Economic Security Act Unemployment Compensation Programs, Including Additional Funding to Assist States with Reporting and Detection and Recovery of Overpayments.	Continue the administrative workload of the Coronavirus Aid, Relief, and Economic Security Act Programs, support accurate reporting, as well as the detection and recovery of overpayments for certain Unemployment Compensation Programs.	Received Grant Award: \$19,477,665

Unemployment Insurance Program Letter Title	Description	Status
Unemployment Insurance Program Letter 23-21: Grant Opportunity for Promoting Equitable Access to Unemployment Compensation Programs/Equity Grant	Promote equitable access to programs by eliminating administrative barriers to benefit application, reducing state workload backlogs, improving the timeliness of payments to eligible individuals, and ensuring equity in fraud prevention, detection, and recovery activities.	Received Grant Award: \$9,120,000 Grant terminated by Department of Labor effective May 22, 2025
Unemployment Insurance Program Letter 17-24: Supplemental Budget Request Opportunity for Additional Administrative Funding to Support States' Ongoing Administrative Activities Associated with Certain Coronavirus Aid, Relief, and Economic Security Act Unemployment Compensation Programs	Cover ongoing administrative costs related to reporting, data retention, audit-related and oversight activities, efforts to detect, establish and recover overpayments, and financial reconciliation efforts associated with the Pandemic Unemployment Assistance, Pandemic Emergency Unemployment Compensation, Federal Pandemic Unemployment Compensation programs and the provisions of Section 2105 of the Coronavirus Aid, Relief, and Economic Security Act for Temporary Full Federal Funding of the First week of Compensable Regular Unemployment for States with No Waiting Week (Section 2105).	Received Grant Award: \$4,252,930

With continued underfunding from the federal government, our alternative is to seek funding sources from the state government for various initiatives. Otherwise, we would have to reduce staffing and costs to operate within the resources provided. This would negatively impact the level and speed of the services provided to Californians.

The following table presents a list of Budget Change Proposals (Budget Change Proposals) we submitted and for which we received funding in SFYs 2021-2026:

Budget Change Proposal Title	Description	Dollar Amount
Addressing Deferred/ Prospective Workloads	Address the deferred workloads associated with the initial pandemic claim surge in addition to sustaining current workload demands.	SFY 21-22: \$276,300,000
EDDNext Modernization	A multi-year effort to modernize and improve customer service across Unemployment, Disability, and Paid Family Leave programs.	SFY 22-23: \$136,030,000 SFY 23-24: \$197,983,000 SFY 24-25: \$326,829,000 SFY 25-26: \$124,238,000
Improving Access to Employment Development Department Services	Improve our education and outreach in communities requiring multilingual access to services and programs.	SFY 21-22: \$11,790,000 SFY 22-23: \$9,180,000 SFY 23-24: \$6,780,000 SFY 24-25: \$6,780,000 SFY 25-26: \$6,780,000
Command Center Division Implementation	Fund and operate the Command Center Division to address workload forecasting and management data to be in a better position to respond to the next recession.	SFY 22-23: \$1,544,000 SFY 23-24: \$1,544,000 SFY 24-25: \$1,544,000
Direct Deposit	Continue efforts to achieve an effective benefit delivery system for the people of California through direct deposit.	SFY 21-22: \$5,500,000 SFY 22-23: \$5,500,000 SFY 23-24: \$15,440,000 SFY 24-25: \$14,419,000 SFY 25-26: \$8,613,000
Cybersecurity Resilience and Instrumentation	Fund cybersecurity enhancements, suspicious activity monitoring tools, and training to proactively address cybersecurity vulnerabilities, threats, and security findings; implement technology to mitigate benefit fraud; and meet the increasing need in cyber risk management.	SFY 22-23: \$10,158,000 SFY 23-24: \$6,083,000 SFY 24-25: \$6,083,000 SFY 25-26: \$13,756,000

How We Plan to Respond to Economic Shifts

The Unemployment Insurance program is funded based on immediate needs rather than proactive preparation for significant economic events, such as recessions. Non-recessionary periods last approximately seven to 10 years and involve budgetary constraints on resources that are required to continuously improve and maintain the program. Due to outdated technology and a limited number of employees, we are unable to respond in a timely manner to the increased claimant activities resulting from a recession. During recessionary periods, we temporarily receive a surge of funding with the expectation that it can instantaneously update its outdated systems and hire employees immediately.

We plan to take the following steps to mitigate the challenges associated with budgetary and funding constraints during both recessionary and non-recessionary periods.

Special Funding Opportunities

We will continue to seek out and leverage funding opportunities beyond our base allocation.

Federal Guidance and Grants: We will monitor Department of Labor advisories for special grant opportunities that can supplement funding for projects or program enhancements. Multiple branches will collaborate to meet application requirements.

Partnership with the Office of Data and Innovation: We will continue working with the Office of Data and Innovation to utilize the Data and Innovation Services Revolving Fund. This fund supports modernization efforts, process improvements, and the use of data science and analytics to enhance services and reporting.

Ongoing Internal Communication

Strong internal communication will be critical to aligning funding with workload demands.

- The budget team will maintain regular dialogue with program support employees to assess hiring needs tied to workload increases.
- Once recession trigger metrics are met, we will escalate communication with internal stakeholders to ensure funding is secured for anticipated hiring surges.

Contract and Interagency Agreement Development Procedures

We are preparing to streamline procurement and contracting processes during recessionary periods.

Waiving Procurement Rules: We will review options to waive certain procurement requirements when recession triggers are met, allowing faster acquisition of resources for mass hiring, Information Technology updates, contact center expansions, and other urgent initiatives.

Proposal Development: We will work with the Labor and Workforce Development Agency to draft proposals informed by lessons learned during the COVID-19 pandemic.

Documented Procedures: In response to pandemic challenges, we revised internal processes for setting up vendor service agreements. Employees now have better documented procedures and interagency agreement templates designed to support large-scale recessionary needs, including additional contact center agents and technical support services.

Collaborative Updates: Templates will be updated in collaboration with the Contract Services Group, Legal Office, Fiscal Programs Division, and the Human Resource Services Division to ensure consistency with major program changes.

Making Identity Verification More Robust: Line Item 10

Line item 10 of Senate Bill 390 requires EDD to enhance its claims-processing tools to ensure that our identity (ID) verification processes are as “robust as possible.”

Fraud Prevention Challenges

During the pandemic, we experienced an unprecedented number of claims filed and benefits paid, which also included providing benefits to a new population of customers who had previously not participated in our program. Due to the short and demanding turnaround time required for the implementation of the Pandemic Unemployment Assistance program, the program bypassed many methods typically used to verify a person’s labor market attachment and identity, and the implementation timeline did not allow for appropriate analysis or planning related to fraud prevention. The reliance on Department of Motor Vehicles and Social Security Administration verification was paramount but insufficient. For a short period, the Social Security Administration verification system was overwhelmed and could not verify anyone’s identity, resulting in many claims being filed without the added validation. Similarly, the Department of Motor Vehicles’ verification could not be completed because of the high volume of out-of-state claims. The Pandemic Unemployment Assistance program ended in September 2021.

Improving Fraud Prevention Tools

We continue to strengthen our fraud-prevention and identity-verification processes by monitoring existing tools, assessing gaps, and adopting new technologies to protect program integrity while maintaining accessible services for legitimate customers.

Ongoing Monitoring of ID.me

Since implementing ID.me on October 1, 2020, we have continuously evaluated the platform’s effectiveness in preventing fraud. This includes

- Monitoring ID.me outcomes to identify areas of concern and emerging fraud patterns.
- Collaborating with ID.me to improve claimant experience, including:
 - Additional self-service options
 - Expanded “Trusted Referee” availability
 - Support in preferred languages
- Using data to better understand triggers for suspicious activity, such as spikes in out-of-state claims.

Socure Identity Proofing

As noted in Line Item [5](#), EDD is piloting Socure identity proofing into myEDD. Once fully implemented, users will have a streamlined identity verification process when applying for benefits online. This process will enhance our fraud prevention efforts by safeguarding against fraud and ensuring only genuine applicants access the online myEDD platform.

We also expanded the use of manual identity verification for cases where potential fraud is detected outside of ID.me or our online filing process. This is an approach we have not previously been able to deploy at scale.

Addressing Verification Gaps in myEDD

We also identified specific differences in verification processes that must be monitored and potentially enhanced:

- **Online claims** do *not* undergo Social Security Administration or DMV verification.
- **Phone and paper claims** *do* include Social Security Administration and DMV verification.
- **ID.me** does not independently verify Social Security Numbers with Social Security Administration databases or authenticate ID documents with state or federal agencies.

Because of these gaps, we will evaluate whether additional verification steps, such as adding Social Security Administration or DMV checks for online applications would strengthen fraud prevention without creating unnecessary barriers for customers.

Integration of Thomson Reuters Fraud Analytics

To enhance fraud detection, we started working with Thomson Reuters in December 2020:

- All claims from 2020 were analyzed for fraud risk.
- Since January 2021, all new claims have been cross-validated against Thomson Reuters data sources.
- Alerts generated through Thomson Reuters have enabled deeper investigation of both identity and non-identity fraud.

ID Risk Analytics Dashboard

We redirected staffing resources to expand collaboration across the Information Technology Branch, the Investigations Division, and Thomson Reuters. This partnership resulted in the development and deployment of the **ID Risk Analytics dashboard**, a Thomson Reuters provided Software as a Service solution that:

- Integrates directly with EDD systems.
- Automates and streamlines fraud-risk analysis for new claims.
- Provides real-time alerts and risk indicators for employee review.

Our Fraud Team continuously evaluates dashboard performance and updates alert criteria to improve fraud-detection accuracy.

Our Fraud Team

As a result of a California State Auditor recommendation, we created a specific units designated to focus on fraud detection, in alignment with the U.S. Government Accountability Office's, *A Framework for Managing Fraud Risks in Federal Programs*¹⁵. The units work in collaboration

¹⁵ See <https://www.gao.gov/assets/gao-15-593sp.pdf>

with the Investigations Division to ensure a comprehensive partnership with state and local law enforcement and are managed by the Integrity and Accounting Division.

This alignment guides us in four key areas:

Commit

- Establish a clear organizational structure that prioritizes fraud prevention and detection.
- Promote a culture that views fraud risk management as a shared responsibility across divisions.

Evaluate and Adapt

- Emphasize early identification of fraud risks at the beginning of the claim lifecycle.
- Leverage processes to maintain operational agility during workload surges.
- Conduct ongoing assessments of current fraud-prevention tools and methods to identify and close gaps.

Assess

- Develop metrics to measure the effectiveness of fraud-prevention strategies.
- Analyze fraud trends, identify emerging patterns, and adjust processes and tools accordingly.
- Use data to target resources toward the highest-risk activities and populations.

Design and Implement

- Use operational data to identify vulnerabilities and opportunities for improvement.
- Implement systemic monitoring tools and analytical models to detect suspicious activity more quickly.
- Establish policies and workflows that streamline the investigation and resolution of potential fraud cases.

These efforts reflect our ongoing commitment to fraud detection and prevention, marking an organizational focus that is now proactive rather than reactive.

Collaboration across State and Federal Agencies

We are committed to strengthening fraud prevention by leveraging both state and federal partnerships. Recent efforts include the implementation of the Integrity Data Hub; a tool provided at no cost to states through the National Association of State Workforce Agencies. The Integrity Data Hub offers services such as identity verification, multi-state cross-matching, and foreign IP address matching.

California transmits all claim record data elements and updates to National Association of State Workforce Agencies daily through the Integrity Data Hub. We regularly analyze fraud alerts posted by other states and recently began reviewing Priority 1 return files, which include

synthetic identities, claimant reported as deceased, etc. This is a manual process that will require future streamlining to enhance California's ability in fraud detection.

Even with these limitations, the partnership represents a valuable asset. As the National Association of State Workforce Agencies expands its data-sharing capabilities and provides more actionable claim elements, we will be positioned to:

- Increase automation in fraud detection.
- Reduce manual workload for employees.
- Enhance efficiency and accuracy in identifying fraudulent activity.

Tracking and Analyzing Why Claimants Call: Line Item 11

Line Item 11 of Senate Bill 390 specifically calls for EDD to assess its contact center protocols by doing the following:

- A. Establishing a process for tracking and periodically analyzing the reasons why claimants of Unemployment Insurance compensation benefits call for assistance.
- B. Analyzing the data gathered to improve our contact centers by doing both of the following:
 - i. Identifying and resolving weaknesses or problems with how we assist claimants of Unemployment Insurance compensation benefits through self-service options and non-contact center options.
 - ii. Developing specialized training modules to quickly train call-center employees on the most requested items with which callers want assistance.

Improvements Since the Last Recession Plan

Since the original March 2022 recession plan, we have advanced a series of operational, technological, and customer-experience improvements designed to strengthen contact center performance, expand language access, modernize service delivery, and improve overall efficiency. The following sections summarize these developments, combining narrative explanations with targeted bullet points to highlight key features.

Enhancing Language Access and Customer Communication

We prioritized expanded access for Limited English Proficient customers. Several coordinated enhancements now make it easier for customers to receive assistance in their preferred language.

Random Number Generator (June 2022)

To ensure dedicated language lines serve the intended populations, we integrated a Random Number Generator into the Interactive Voice Response. This feature:

- Assigns a unique four-digit code to validate callers before connecting them to an agent.
- Helps protect dedicated language lines from misuse.
- Reduces wait times and increases the likelihood that Limited English Proficient customers reach language-proficient agents.

Expansion of Language Lines (November 2022)

Three new dedicated phone lines—Armenian, Korean, and Tagalog—were added to strengthen equitable access. This expansion enables:

- Direct entry into language-specific queues.
- Faster, more accurate communication and higher first-call resolution.
- Better distribution of specialized staff across contact center operations.

Language Selection Menu (May 2023)

The Interactive Voice Response was further enhanced with a full-language selection menu covering all eight supported languages. Customers may also choose an “Other Language” option to access interpreter services at no cost.

This enhancement:

- Streamlines the customer’s initial journey.
- Improves clarity and navigability for Limited English Proficient customers.
- Ensures immediate routing to agents or interpreters who can assist effectively.

Infrastructure for Rapid Response and High-Volume Events

To prepare for sudden increases in claims, the Unemployment Insurance Branch strengthened its capacity to respond to mass layoffs.

Dedicated Mass Workforce Reduction Lines (December 2022)

Working alongside the Workforce Services Branch, the Unemployment Insurance Branch established infrastructure to rapidly activate emergency lines during large-scale layoffs.

These lines:

- Support Rapid Response activities following closures, layoffs, or disasters.
- Provide timely information on unemployment benefits, applications, eligibility, and reemployment services.
- Ensure staffing and resources are ready for immediate deployment.

Improving Contact Center Insights, Quality, and Training

We have modernized how the Contact Center analyzes call trends, measures agent performance, and identifies training needs.

“Tags” Tool (January 2023)

“Tags” is a feature within the contact center that allows agents to capture the reasons why customers call the Unemployment Insurance Branch instead of using available self-service options. Contact center agents apply a “tag” to each call, and reporting is used to track trends, ensure consistency, and identify opportunities to improve self-service options.

Monthly evaluation of tag data:

- Highlights areas requiring system or process improvements.
- Identifies emerging issues and new training needs.
- Guides adjustments to self-service tools to prevent unnecessary calls.

Call Recording (May 2023)

Call recording was deployed within the Virtual Contact Center to strengthen quality assurance.

This technology:

- Enables supervisors to review both inbound and outbound calls.
- Supports coaching and targeted performance improvement.
- Helps identify recurring customer concerns, allowing proactive resolution.

The Every Customer Has Opinions Survey (January 2022; expanded July 2023)

The Every Customer Has Opinions Surveys provide real-time, post-call feedback across all languages.

It is used to:

- Measure first-call resolution, professionalism, and knowledge.
- Identify high-performing staff and training opportunities.
- Capture customer voice through a 90-second optional audio comment.

Improving Self-Service Tools and Customer Convenience

We continue to expand options that reduce call volume and improve customer access without requiring direct staff assistance.

- **Scheduled Callbacks:** An enhancement now allows customers to adjust their appointment times more easily, rather than waiting on hold. Customers also now receive automated notifications through Short Message Service as their callback approaches, helping them prepare and increasing successful connection rates, minimize call abandonment, and reduce hold times.
- **myEDD:** Based on feedback collected through our Voice of the Customer program, we identified that claimants experienced barriers to resetting their passwords using available self-service options. We simplified the process by asking for the ZIP Code instead of their last benefit payment amount from their last unemployment claim, which resulted in a significant decline in call volume and increased self-service.

myEDD Technical Support Center (June 2023)

To support customers transitioning to the new myEDD Shared Customer Portal, we created a temporary technical support center to assist with login, access, and password issues.

Automated Telephone Claim Filing Wrap-Up (September 2023)

Agents can now trigger prerecorded wrap-up messages tailored to each customer's claim.

This enhancement:

- Provides consistent, accurate post-call instructions.
- Supports additional languages beyond English and Spanish.
- Decreases handle time by eliminating the need for agents to manually read or translate complex information.

Strengthening Agent Expertise and Knowledge Access

To maintain high-quality service, we invested in specialized training and improved tools for information retrieval.

Specialized Agent Training

Ongoing training initiatives focus on building deeper subject-matter expertise so agents can resolve more issues on first contact.

This investment:

- Reduces customer frustration
- Shortens handle times
- Enhances consistency and accuracy of information

Disposition Code Analysis

Quarterly reviews ensure disposition codes align with actual customer needs.

Analysis of this data supports:

- Improved clarity in classification of customer call reasons.
- Identification of opportunities for automation or self-service.
- More targeted agent training and coaching.

Knowledge Management System Topics

We are adding Topics to the Knowledge Management System articles to create a more intuitive, searchable knowledge base for employees to increase efficiencies when processing workloads or assisting customers via the contact center.

Once implemented, Topics will:

- Improve agent efficiency by reducing search time.
- Create dynamic, interconnected pathways between related topics.
- Scale easily as new content is added or updated.

Modernizing Technology and Digital Service Delivery

We continue to modernize our communication infrastructure and introduce secure digital tools.

Softphones (March 2025)

The full deployment of softphones replaced traditional desk phones and cell phones with computer-based call tools.

This transition:

- Improves operational flexibility, supporting both in-office and remote work.
- Enhances integration with existing systems.
- Reduces the need for physical equipment and increases scalability.

Authenticated Live Chat (July 2025)

The launch of authenticated live chat through myEDD provides a secure, modern alternative to phone support.

This new channel:

- Allows customers to authenticate and discuss protected claim information.
- Provides access to past chat transcripts for continuity and transparency.
- Reduces call volume and wait times.
- Supports customers using mobile, tablet, or desktop devices.

Building a Smarter Contact Center

The following section outlines forward-looking priorities as we continue strengthening and modernizing our integrated contact center. These initiatives focus on introducing next-generation technologies to improve service quality, streamline operations, enhance fraud prevention, and provide an intuitive experience for customers and staff.

Natural Language Processing

We are evaluating Natural Language Processing technologies to significantly enhance call routing and accessibility. Natural Language Processing enables systems to recognize and interpret spoken language, allowing customers to communicate in their own words without navigating rigid menu structures. This creates a more user-friendly experience while improving the efficiency of the Department's automated systems.

Key capabilities include:

- Automatic language detection to ensure callers are routed to the correct language line.
- Seamless communication that allows customers to speak naturally rather than using predetermined prompts.
- Reduced call misrouting and shorter wait times.
- Increased operational efficiency through automated triage and routing.

Real-Time Sentiment and Interaction Analytics

Real-time sentiment technology provides us with deeper insight into customer interactions by analyzing tone, pace, phrasing, and behavioral indicators during live conversations. These analytics help identify emerging issues, training needs, and opportunities to improve both service quality and customer satisfaction.

Key benefits include:

- Detection of frustration indicators: keywords, voice pitch, interruptions, and speed.
- Identification of root causes behind customer dissatisfaction.
- Real-time feedback that helps agents adjust communication strategies.
- Enhanced supervisor insight to support targeted coaching and performance improvement.
- Improved understanding of call topics and trends for operational decision-making.

Conversational Interactive Voice Response

We are exploring a conversational Interactive Voice Response system to modernize the way customers interact with automated services. Unlike traditional Interactive Voice Response systems that rely on numeric menus, conversational versions use Natural Language Processing to understand full phrases, allowing customers to simply state their needs in natural language.

Expected outcomes:

- Shorter call-handling and menu-navigation times.
- More intuitive and accessible self-service options.
- Enhanced ability to correctly identify customer intent.
- Increased first-contact resolution when paired with smarter routing.
- Reduced customer frustration associated with complex Interactive Voice Response trees.

Intelligent Call Routing

We are evaluating routing tools that help match callers with the most appropriate agent or resource. By analyzing caller history, issue type, and real-time availability, these tools improve the speed and accuracy of contact center routing decisions with the Interactive Voice Response.

Benefits include:

- Faster connection with the correct agents.
- Reduced wait times and fewer transfers.
- Higher first-contact resolution rates.
- A smoother, more efficient experience for both customers and agents.
- Improved operational flow during high-volume periods.

Contact Center Modernization and Fraud Prevention

Through the EDDNext modernization initiative, we are moving toward a phased and iterative approach to technological upgrades, applying lessons learned from both pandemic and pre-pandemic operations. This approach provides flexibility, reduces risk, and ensures that each improvement benefits staff and customers before expanding further.

We are strengthening fraud detection and prevention measures to protect the integrity of the program while maintaining an accessible experience for legitimate customers.

Strategic focus areas:

- Expanding fraud detection metrics to enable real-time risk monitoring.
- Enhancing authentication processes across contact center and self-service channels.
- Improving safeguards to protect claimant identity and sensitive data.
- Reducing call-handling time by simplifying verification steps for legitimate users.
- Ensuring each modernization element aligns with operational readiness and customer service goals.

Lessons Learned from Economic Downturns: Line Item 1

Line Item 1 of California Senate Bill 390 requires EDD to identify “lessons learned from previous economic downturns, including the coronavirus (COVID-19) pandemic.”

We studied the Great Recession and the COVID-19 pandemic, along with our ongoing efforts to modernize benefit systems and review internal policies. These experiences yielded important insights into practices and processes that proved effective and those that did not.

These lessons show both the strengths we can build on and the challenges we need to fix. They are the foundation for the plans and actions described in Line Items 2 through 12 of EDD’s response to Senate Bill 390.

Lessons Learned from The Great Recession

In 2019, we convened four focus groups to reflect on the challenges and lessons learned during the Great Recession. The insights gathered have proven invaluable in shaping preparedness strategies for future crises. While both the Great Recession and the COVID-19 pandemic tested our resilience, the nature of each event highlighted different vulnerabilities and response needs.

The Great Recession, though severe, unfolded gradually. The economic decline, rise in unemployment claims, and strain on resources developed over several months. This slower trajectory provided critical time to scale up staffing, enhance infrastructure, and adjust operations to meet the growing demand. In contrast, the COVID-19 pandemic was both extreme and immediate. The sudden surge in unemployment overwhelmed systems and resources almost overnight, leaving little time to adapt.

These four sessions documented 119 insights spanning five themes: Communication, Recruiting, Hiring, and Retention, Technology, Training and Workload Management.

Original Insight Categories and Themes (2019)

Category	Number of Insights	Percentage
Communication	16	13%
Recruiting, Hiring, and Retention	21	18%
Technology	18	15%
Training	33	28%
Workload Management	31	26%
Total	119	100%

Below are a few examples gathered:

- **Recruiting, Hiring, and Retention** — Rapid, mass hiring of new employees who needed additional training, guidance, and direction.

- **Technology** — Legacy Systems lack integration. Critical customer data is spread across multiple legacy systems.
- **Training** — The complexity of Unemployment Insurance programs meant proficiency requires months of training and mentoring. The learning curve for new employees and leaders did not keep pace with the increasing workload during this period.
- **Workload Management** — Quality assurance suffered during periods of peak workloads, resulting in a high rate of errors from inexperienced employees.

Lessons Learned from the Pandemic Experience

In November 2021, we issued a branch-wide “Pandemic Lessons Learned Survey” to gather feedback from employees and leaders about their experiences. The survey sought to identify the biggest challenges we face as we prepare for future global crises or economic downturns.

The survey generated 10,633 responses from 1,519 employees across seven questions. Responses were categorized into seven themes:

Category	Number of Insights	Percentage
Training	386	22%
Technology	362	20%
Recruiting, Hiring, and Employee Retention	313	17%
Workload Management	297	17%
Fraud	224	12%
Communication & Change Management	127	7%
Resources	84	5%
Total	1,793	100%

Feedback continues to be reviewed for ongoing program improvement and future recession planning. Below are highlights of the most notable themes and progress made since the pandemic.

Training

Condensing training from twelve months to three left new hires underprepared. The accelerated approach did not provide sufficient skills for success, underscoring the need to balance speed with depth.

Progress: Expanded training formats, including shorter modules, teach-backs, and debrief sessions, to reinforce learning while maintaining quality.

Technology

Legacy systems created inefficiencies, and employees recommended merging platforms into a streamlined, user-friendly system¹⁶. Modernization is essential to support both employees and customers.

Progress:

- As part of EDDNext, systems, applications, and processes are being streamlined.
- More than 40 contact center enhancements have been implemented since the pandemic, including virtual hold, scheduled callbacks, and expanded language access.

Recruiting, Hiring, and Employee Retention

Scaling up staff during crises proved difficult, and accelerated training reduced effectiveness. Building a resilient workforce became a priority.

Progress:

- Clarified job descriptions and defined selection processes.
- Enhanced workplace culture to attract talent.
- Leveraged online platforms and employee referrals for broader recruitment.
- Updated hiring process: candidate sourcing, pre-screening, skills assessments, interviews, and reference checks.
- Reduced employee-to-leader oversight ratios for more personalized mentorship.
- Improved retention strategies through vacancy analysis, targeted recruitment, and exit interviews.

Workload Management

Excessive daily workloads risked errors and reduced quality. Employees emphasized that eligibility determinations require highly trained staff and careful workload management.

Progress: Enhanced workload forecasting and quality assurance practices to ensure employees can manage volumes effectively.

Fraud

Large-scale fraud strained resources and undermined trust. Stronger detection and prevention measures became critical.

Progress: Expanded fraud detection metrics and analytics under EDDNext, strengthening authentication and system integrity.

¹⁶ The systems referenced are the Single Client Database and California Unemployment Benefit Services .

Communication & Change Management

Staffing increases are often delayed because budget approvals come only after a crisis has occurred, rather than in anticipation of rising workload. This highlights the need for a stronger reserve capacity. **Progress:** Re-established one-on-one meetings, unit meetings, and enhanced the Knowledge Management System to provide accessible resources and step-by-step guidance.

Resources

Budget processes delayed staffing increases, as funding often followed crises rather than anticipating them. Reserve capacity emerged as a key lesson.

Progress:

- Established Workload Forecasting Unit to evaluate demands and resources.
- Monthly updates provided to executive leaders to anticipate needs.
- Proactive measures ensure reserve workload capacity is available before crises escalate.

The COVID-19 Pandemic Lessons Learned Survey provided critical insights into the challenges faced. By addressing training gaps, modernizing technology, strengthening recruitment and retention, managing workloads, enhancing fraud prevention, improving communication, and planning for resource needs, the Branch has taken meaningful steps to prepare for future crises. These actions, combined with ongoing modernization under EDDNext, ensure that we are better equipped to respond with resilience, efficiency, and customer-centered service.

Breaking Down Policy Myths

On November 24, 2020, in response to the Governor’s Strike Team recommendation #98 (“re-evaluate policy and process and simplify wherever possible; push back on policy myths”), the Unemployment Insurance Business Process Improvement team surveyed employees and leadership to identify myths or misconceptions that hinder rapid changes to policy and processes. A total of 161 responses were collected, including anecdotal information and personal observations. These were categorized into five themes:

Category	Number of Suggestions
Policy, Procedure, and Process Myths	65
Employee Pain Points	34
Customer Pain Points	28
Customer Myths	26
Other	8

The Business Process Improvement team cross-matched the 65 policy and process myths with pain-point categories outlined by the Strike Team to refine the list.

Myths Catalog Update

To prepare for future recessions, downturns, or pandemics, we analyzed 161 responses about myths. Each comment was evaluated, and when operationally or technologically feasible, actions were taken. The following updates outline how the Branch addressed each category:

Policy, Procedure, and Process Myths

Employees identified myths around tiered systems in the contact center, limited access to resources, and separation of duties. These were addressed through operational restructuring and clearer communication.

Contact Center Restructure (Sept 2023)

- Expiration of Limited-Term Office Technician contracts allowed restructuring.
- Contact center now staffed exclusively by Tier Two Employment Program Representatives.
- Fully trained Employment Program Representatives handle inquiries directly, improving first-call resolution and streamlining the customer journey.

Separation of Duties Clarification:

Myth: Employees cannot perform multiple functions.

Reality: Per Department of Labor guidance, employees cannot both file and authorize payment on a claim. Employees can perform multi-functional activities such as filing claims and processing eligibility determinations, provided they are not authorizing payments.

Employee Pain Points

Most employee pain points were resolved through stronger communication and resource accessibility.

- **Re-established Communication Practices:** One-on-one meetings and unit meetings ensure timely updates on policy and workload changes.
- **Resource Accessibility:** Leaders ensure employees know where to locate guidance and updates.
- **Knowledge Management System:** Enhanced to allow quick searches of key terms, articles, and step-by-step instructions for resolving inquiries.

Customer Pain Points and Myths

Employees noted that customers often struggled to understand the steps needed to resolve issues. To address this, we implemented tools during the pandemic that remain in place today.

Voice of the Customer Program:

Collects and analyzes feedback from social media platforms.

- Synthesized insights shared with program areas for triage and rapid response.
- Enables faster resolution of customer challenges compared to previous years.

EDD Chatbot / Virtual Assistant:

- Provides self-service options for customers.
- Chatbot responses are modified quickly to reflect new information.
- Reduces reliance on live agents by helping customers resolve issues independently.

The Myths Catalog initiative has proven valuable in identifying misconceptions, pain points, and opportunities for improvement. By addressing policy myths, strengthening employee communication, and enhancing customer self-service tools prepared for future crises.

Progress on Program Insights (2025)

In November 2021, the Unemployment Insurance Branch issued a branch-wide “Pandemic Lessons Learned Survey” to solicit feedback from Unemployment Insurance Branch employees and leaders about their work experiences during the COVID-19 pandemic. The survey asked respondents to identify the biggest challenges faced by the EDD as the Department prepares for the next global crisis or economic downturn.

By 2025, we addressed approximately 95% of the original insights. Outstanding items are tied to technological enhancements planned under the EDDNext initiative or require collaboration with Human Resources Services Division and the California Department of Human Resources for process streamlining.

Communication

Many of the original insights emphasized the need for consistent, effective, and timely communication. As modernization efforts advance, including the upcoming Integrated Claims Management System, it is critical that employees understand planned changes, feel included, and are prepared to adapt.

- Expanded communication channels: unit meetings, one-on-one sessions, webinar series, and updates to the Knowledge Management System and Unemployment Insurance Manual.
- Customer Relationship Management (CRM) system implemented to track training participation, survey responses, and engagement levels, providing real-time data on communication effectiveness.
- Structured feedback loop introduced, allowing employees to share input during product launches or organizational changes.
- Shift to inclusive language: “employees” and “leaders” now replace “staff” and “managers,” reinforcing respect, transparency, and shared responsibility.

Recruitment, Hiring, and Retention

During past crises, we faced unprecedented workload volumes that required rapid, mass hiring. While this surge brought in new employees, many lacked the proficiency needed to manage a complex benefit program. Lessons learned emphasized the importance of ensuring sufficient resources with the right skills, knowledge, and abilities before the next downturn.

- Comprehensive training roadmap developed to prepare employees in advance.

- Reinforcement through debrief sessions, hyper-care rooms (virtual meeting rooms with subject matter experts available to answer questions from learners), and quality assurance evaluations to quickly identify gaps.
- Focus on building a workforce that is both scalable and proficient in Unemployment Insurance program complexities.

Technology

Employee feedback in 2019 highlighted mostly incidental issues, such as connectivity problems or malfunctioning macro interfaces. While these did not require systemic changes, one critical insight pointed to the need for electronic appeals to expand self-service and reduce workloads.

- Incremental fixes implemented for isolated technical issues.
- Electronic appeals submission added to the EDDNext modernization project, streamlining operations and reducing manual processing.
- Expansion of self-service capabilities to ease employee workload and improve customer access.

Training

Training was the largest category of insights, reflecting the complexity of the program and the steep learning curve for new employees. While feedback was largely positive, employees stressed the need for more flexible and reinforced training methods.

- Online training modules expanded and improved.
- Introduction of Training Bites (shorter 5–30-minute lessons) for efficiency.
- Use of teach-backs in virtual environments to strengthen retention.
- Debrief sessions scheduled after training blocks to validate readiness and confidence.

Workload Management

Insights in this category often reflect pandemic-specific challenges rather than systemic issues. However, they underscored the importance of maintaining quality assurance during peak workloads.

- Quality of workload production prioritized through enhanced training and oversight.
- The Command Center Division established to provide regular feedback.
- Integration of quality assurance evaluations and the Every Customer Has Opinions Survey to monitor performance and improve customer service.

EDDNext: Building a Faster, Easier System

The EDDNext project launched in 2022, a comprehensive modernization initiative. This ongoing effort is designed to transform both the customer and employee experience by updating online applications, contact centers, claims processes, policies, procedures, and forms. The goal of the EDDNext modernization project is to promote responsible service, implement sustainable business operations and advance technical innovation for our claimants, employers, and our team.

EDDNext is not just a technology upgrade, it reflects direct feedback gathered during engagement sessions with employees, leadership, external stakeholders, and advocacy groups. These insights, documented as pain points and wish-list items, continue to inform requirements for EDDNext and guide action items for other improvement projects.

Key Workstreams Under EDDNext:

- **Forms Redesign** – Simplifying and modernizing forms to improve usability.
- **myEDD** – A streamlined, secure platform replacing legacy systems for easier customer access.
- **Integrated Claims Management System** – Centralizing claims processing to improve efficiency and accuracy.
- **Integrated Contact Center** – Enhancing customer service through modernized contact center technology and processes.
- **Training and Knowledge Management** – Expanding employee training tools and knowledge-sharing systems to strengthen workforce readiness.
- **Fraud and Data Analytics** – Implementing advanced fraud detection and real-time analytics to protect program integrity.
- **Document Management System** – Digitizing and modernizing document handling for faster, more reliable processing.

EDDNext represents a forward-looking transformation. By modernizing technology, policies, and procedures, the initiative ensures that both employees and customers benefit from faster, more reliable, and more secure services. Most importantly, EDDNext is built on lessons learned from past crises and informed directly by the voices of those who use and deliver our services every day.

Building a Resilient, Customer-Focused Program

Through sustained efforts to improve customer service and operational readiness, we are better positioned to respond effectively to future recessions and other events that may cause fluctuations in unemployment. We made measurable progress in modernizing systems, strengthening staffing strategies, and enhancing fraud prevention measures, ensuring that our operations can scale rapidly when needed.

Looking ahead, we continue to refine our recession readiness strategy, guided by lessons learned from recent challenges and informed by ongoing stakeholder engagement. The implementation of the EDDNext project represents a cornerstone of our modernization effort, delivering improved claims-processing tools, expanded self-service options, and stronger identity verification processes.

Together, these initiatives underscore our commitment to building a resilient, customer-focused program that can adapt to economic shifts while maintaining efficiency, integrity, and accessibility for all Californians.