

# **Employment Development Department Recession Plan**

Response to California Senate Bill 390

Submitted March 2024

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## Executive Summary

This report documents the Employment Development Department (EDD) plan for an increase in Unemployment Insurance (UI) benefits claims caused by an economic recession, as required by California Unemployment Insurance Code (CUIC) Section 339 (Senate Bill 390). The current document serves as an update to EDD's original Recession Plan report, which was submitted to the California Legislature in March 2022.

This report assesses EDD's current UI operations through an analysis of 12 distinct metrics, identified in this report as *Line Items*. These 12 subsections contain the analysis and corresponding actions that EDD plans to implement to scale up and streamline operations in response to future economic recessions and a corresponding rise in UI benefits claims.

Section one documents lessons learned from the Great Recession (2008-2010); the EDDNext project; the Unemployment Insurance Myths Catalog project (begun in November 2020); and the COVID-19 pandemic. Evidence gathered directly from UI Branch employees and leadership is presented and sorted into specific themes, pain points, wish-list items, and policy and process myths.

Drawing on changes made prior to and during the COVID-19 pandemic, section two examines how UI workload metrics were used to establish baselines for initial claims, determinations, and call attempts, thereby mapping the seasonal nature and fluctuation in unemployment. Additionally, section two details the establishment of the UI Command Center Division (UICCD), which oversees the planning of benefit claims-processing workloads and staffing resource allocations for the UI Branch. Recession indicators are identified that will trigger the UICCD Forecasting Unit to begin projecting the impact of a recession on the volume of initial claims and usher in a three-phased approach tied to unemployment rate thresholds.

Section three discusses personnel adjustments (e.g., recruitment, hiring, and borrowing) that EDD made prior to the COVID-19 pandemic to prepare for a potential recession and during the pandemic to address increased workloads. EDD proposes long-term solutions to create a sustainable and expandable UI workforce, and the section also addresses impediments to the rapid expansion of staffing during workload increases (hiring timeframes, physical space, and technology equipment inventory).

Applying the knowledge gained from the COVID-19 pandemic and the Great Recession, section four analyzes current classifications and corresponding job duties of extant EDD staff and explains how the solutions to use extant EDD staff

more effectively, such as a staffing backup system, utilization of seasonal and part-time staff, cross-training of staff, and extending EDD's contact-center operations hours, will be implemented in response to increased UI workloads.

Section five details the history of EDD's automated systems, which allow claimants to self-serve, and details solutions implemented during the COVID-19 pandemic to improve claimant self-service and reduce wait times. The section also details strategies for developing and improving the Department's current automated systems.

Section six provides an overview of the standard process for procuring equipment for new employees and the standard purchasing practices of EDD's Information Technology Branch (ITB). It also identifies the COVID-19 pandemic as a singular economic recession and details the unique impact the COVID-19 pandemic had on inventory and equipment procured. Additionally, section six proposes practices to ensure adequate inventory for addressing increased UI claim workloads.

Section seven outlines the development of EDD's UI policies and procedures and scrutinizes their potential future modification if increases in UI benefit claims occur. The section considers standard feedback mechanisms, changes implemented during the COVID-19 pandemic, impediments to modification, triggers for activating new policies and procedures, and specific categories in which changes could be affected.

Section eight details historical and current EDD public communication efforts to stakeholders, along with changes made during the COVID-19 pandemic to respond to increased communication needs that resulted from increased departmental workloads. The section proposes various avenues to improve future EDD communication efforts.

Section nine addresses the federal funding gap in administering the UI program and stopgap measures pursued by EDD to make up for budget shortfalls. As investment in UI often tracks with recessionary periods, long-term modernization projects to update outdated EDD systems have been superseded by immediate funding needs to address increases in UI claims for benefits. This section outlines steps EDD will take to address budget constraints during recessionary and non-recessionary periods.

EDD's claims-processing tools are reviewed in section ten, with a specific focus on the identity verification process that was in place prior to the COVID-19 pandemic as well as changes made during the pandemic—which were necessitated by the exponential increase in online claims submitted and the

idiosyncrasies of the Pandemic Unemployment Assistance (PUA) program. The section proposes solutions to balance timely delivery of benefits and efforts to prevent fraud against EDD.

Section eleven assesses UI call-center protocols, including the implementation of the call center's Interactive Voice Response system and emergency COVID-19 pandemic measures—specifically, the introduction of the UI Online Assistance Center, which was later renamed the UI Customer Service Center. The section details how these new systems enhanced self-service options for claimants based on integrated call-center and customer feedback and EDD's Quality Assurance Management program. The section also outlines opportunities to further automate complex calls and streamline contact-center operations using data collected by the UI program.

Section twelve provides a summary of recommended actions taken by EDD since the Department submitted its original Recession Plan in March 2022. That summary, which is required by California [Assembly Bill \(AB\) 2129](#) (Chapter 119, Statutes of 2022), describes specific actions taken by the Department to prepare for an increase in UI benefits claims caused by an economic recession.\*

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\*See [https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=202120220AB2129](https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB2129).

## Introduction

California [SB 390](#), approved by Governor Newsom on October 5, 2021, requires the EDD to develop and, upon appropriation by the Legislature, implement a recession plan to prepare for an increase in UI benefits claims caused by an economic recession.\* SB 390 requires EDD's recession plan to detail how the Department will use a predetermined strategy to respond to economic downturns, and the Legislature intends that this strategy should consider all aspects of EDD's operations—including, but not limited to, identifying lessons learned from previous economic downturns; identifying ways to improve self-service options so that EDD customers will not experience long wait times to speak with staff; and enhancing claims-processing tools to ensure that the Department's identity verification processes are as "robust as possible." SB 390 further requires the Department to provide a copy of its recession plan to specified legislative committees and the Department of Finance (DOF) by March 1, 2022, and to update the recession plan and provide a copy to specified legislative committees and the DOF every second year thereafter.

### Text of SB 390

For ease of reference, the complete text of SB 390 is provided below.

#### **Senate Bill No. 390**

##### CHAPTER 543

An act to add Section 339 to the Unemployment Insurance Code,  
relating to unemployment insurance.

SB 390, Laird. Employment Development Department: recession plan.

Existing law creates, in the Labor and Workforce Development Agency, the Employment Development Department, which is vested with the duties, purposes, responsibilities, and jurisdiction with respect to job creation activities. The department is authorized to study and make recommendations as to actions that might tend to do several things, including, but not limited to, promoting the prevention of unemployment and the stabilization of employment, reducing and preventing unemployment, and establishing the most effective methods of providing economic security through all forms of social insurance.

This bill would require the department to develop and, upon appropriation by the Legislature, implement a recession plan to prepare for an increase in unemployment insurance compensation benefits

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\*See [https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=202120220SB390](https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB390).



claims due to an economic recession. The bill would require the plan to detail how to respond to economic downturns with a predetermined strategy that has considered the full effect on the department's operations, and include, but not be limited to, identifying the lessons learned from previous economic downturns, identifying ways to improve self-serve services to avoid long wait times to speak to staff, and enhancing claims processing tools to ensure that the department's identity verification processes are as robust as possible. The bill would require the department to provide a copy of the recession plan to specified legislative committees and the Department of Finance by March 1, 2022, and to update the recession plan and provide a copy to specified legislative committees and the Department of Finance every 2nd year thereafter.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

## **SECTION 1.**

Section 339 is added to the Unemployment Insurance Code, to read:

### **339.**

(a) The department shall develop and, upon appropriation by the Legislature, implement a recession plan to prepare for an increase in unemployment insurance compensation benefits claims due to an economic recession. The plan shall detail how to respond to economic downturns with a predetermined strategy that has considered the full effect on the department's operations, and shall include, but not be limited to, all of the following:

(1) Identifying the lessons learned from previous economic downturns, including the coronavirus (COVID-19) pandemic.

(2) Identifying the indicators the department will be monitoring and using to project the likely upcoming workload impacts.

(3) Identifying the steps the department will take to address increases in its workload, such as cross-training staff, changing its staffing levels, prioritizing specific tasks, and adjusting the way it performs certain work, including addressing all of the following factors:

(A) How quickly staff can be hired.

(B) Whether there is physical space for staff.

(C) Whether the selected location has the technology that will be needed.

(4) Analyzing current job duties or classifications and ensuring the right staff is doing the right work, including all of the following factors:

(A) Whether current staff is ready to take on more complex work, increased volumes of work, or both.

(B) Identification of a backup system for a sudden influx of work.

(C) Assessing how existing seasonal and part-time staff is utilized, including whether the department can temporarily alter the work duties of current staff instead of hiring new staff.

(D) Assessing how current staff can be cross-trained.

(E) Extending hours of operation.

(5) Identifying ways to improve self-serve services to avoid long wait times to speak to staff.

(6) Assessing the current inventory of equipment, including both of the following:

(A) Determining if the department should lease equipment.

(B) Determining if there is enough equipment to support anticipated increased staffing levels.

(7) Identifying the altered policies or procedures that the department would activate if a rise in unemployment insurance compensation benefits claims became significant enough to warrant that step.

(8) Analyzing 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.

(9) Identifying budget and funding constraints.

(10) Enhancing claims processing tools to ensure that the department's identity verification processes are as robust as possible.

(11) Assessing call center protocols by doing both of the following:

(A) Establishing a process for tracking and periodically analyzing the reasons why unemployment insurance compensation benefits claimants call for assistance.

(B) Analyzing the data gathered to improve the department's call center by doing both of the following:

(i) Identifying and resolving weaknesses or problems with the ways in which the department assists unemployment insurance compensation benefits claimants through self-serve services and non-call center options.

(ii) Developing specialized training modules to quickly train call center staff on the most commonly requested items with which callers want assistance.

(b) (1) The department shall provide a copy of the recession plan to the Joint Legislative Budget Committee, the Senate Committee on Labor, Public Employment and Retirement, the Assembly Committee on Insurance, and the Department of Finance by March 1, 2022, and update the recession plan and provide a copy to the Joint Legislative Budget Committee, the Senate Committee on Labor, Public Employment and Retirement, the Assembly Committee on Insurance, and the Department of Finance every second year thereafter.

(2) The report shall be submitted in compliance with Section 9795 of the Government Code.

In response to and in accordance with SB 390, the EDD hereby presents its 2024 Recession Plan.

## **Line Item 1: Identifying Lessons Learned from Previous Economic Downturns, Including the Coronavirus Pandemic**

Line Item 1 of California SB 390 requires EDD to identify “lessons learned from previous economic downturns, including the coronavirus (COVID-19) pandemic.” Drawing especially on challenges experienced during the Great Recession and the COVID-19 pandemic—but also on the EDD’s efforts over the years to modernize benefit systems and evaluate internal policies and processes—EDD has gathered a substantial amount of information from prior economic crises.

The following sections highlight the efforts by EDD to gather lessons learned from the state’s most recent economic downturns. *Lessons learned* are the documented information that reflects both positive and negative experiences over time. Plans and actions discussed later in the EDD’s response to Senate Bill 390 (Line Items 2 through 12) are a result of efforts to document the lessons learned that are described below.

### **The Great Recession (2008–2010)**

In 2019, EDD assembled focus groups to collect information on the challenges and lessons learned during the Great Recession. The information gathered from these focus groups provides critical data that will allow EDD to better prepare for the next crisis or economic downturn. It is worthwhile to note that of the two recent crises—the Great Recession and the COVID-19 pandemic—the financial crisis that led to the Great Recession may serve as a better case study for future economic downturns, if future recessions follow historical patterns. As severe as the Great Recession was, the economic decline, the rise in unemployment claims, and the overall impact on EDD resources unfolded over many months, which allowed the EDD time to enhance resources to meet the increased demand for services. By contrast, the COVID-19 pandemic was both extreme and sudden and overwhelmed the EDD’s available resources.

Four focus groups included representatives from UI Branch employees and leaders. These 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
<b>Total</b>	<b>119</b>	<b>100</b>

Below are a few examples of information gathered by the EDD:

- **Recruiting, Hiring, and Retention**—The increase in UI workload required rapid, mass hiring of new EDD employees who needed additional training, guidance, and direction.
- **Technology**—UI systems lack integration. Critical customer data is spread across multiple legacy systems.
- **Training**—The UI program is complex. Employee proficiency is achieved over time and requires months of training and mentoring. The learning curve for new employees and leaders did not keep pace with the increase in workload during this time.
- **Workload Management**—Quality assurance suffered during periods of peak workloads, resulting in a high rate of errors from inexperienced employees.

## Updated Insight Categories and Themes (2023)

The UI Branch has analyzed and addressed approximately 95 percent of the insights it gathered in 2019; less than five percent of the original insights have not been addressed, as they would require technological enhancements that are either included in the EDDNext roadmap or are administratively or operationally related and will therefore require partnership with the EDD's Human Resources Services Division and CalHR for additional guidance, consideration, and implementation. As such, the following high-level themes have been addressed by the UI Branch and are detailed below.

**Communication:** The majority of the insights evaluated speak to increased communication through different methods to share information with employees promptly. The UI Branch has made an intentional shift to ensure information is

communicated timely and is readily available and accessible to UI Branch employees. That intentional shift is also reflected in the language utilized in communications: “staff” are now referred to as “employees” and “managers” are now referred to as “leaders.” Adopting more inclusive language has been crucial in fostering an inclusive work environment with transparent communication and an engaged workforce. The shift empowers individuals by emphasizing their contributions beyond daily essential functions and promoting a sense of value and equality. “Employee” signifies a collaborative partnership, while “leader” highlights the guidance and inspiration that supervisors are encouraged to provide to the workforce. The transition and transparency in communication occurs through holding active unit meetings, through enhancements to the UI Branch’s Knowledge Management System (KMS)—a collection of guides and articles designed to supplement guidance provided in UI Program Notices (UIPNs) and the Unemployment Insurance Manual (UIM)—and through proactive preparation of employees before organizational changes occur.

**Recruitment, Hiring, and Retention:** The insights evaluated for this category speak to the magnitude of recruitment efforts that were required to process UI workloads that reached historically large and unprecedented levels. Based on lessons learned, during the next economic downturn or pandemic, the UI Branch must ensure that sufficient employee resources are available with the skills, knowledge, abilities, and proficiency to liquidate workload volumes for a complex benefit program. Since the COVID-19 pandemic, the UI Branch has developed a training roadmap to ensure that all employees are adequately trained and that the information on which they are trained is reinforced during debrief sessions, hyper-care rooms, and quality assurance evaluations, to quickly identify training opportunities and improvements.

**Technology:** Of the 18 insights analyzed for this category, the employee feedback was related to specific and incidental issues employees faced when processing workloads (e.g., connectivity issues, macro interfaces not functioning properly, etc.). As such, these were not global issues that required systemic changes in business operations. Of the 18 insights, one mentioned the ability for customers to submit their appeals electronically, which would expand self-service capabilities and reduce employee workloads. Submission of electronic appeals by EDD is a planned technological enhancement that is now part of the EDDNext project, which will streamline the Department’s business operations.

**Training:** Although this category had the largest volume of insights, the overall feedback from UI employees was mostly positive. Employees found that online

training was beneficial, so the UI Branch continues to invest in and improve upon ongoing training for employees. A few tangible examples of the Department's investments are increased Training Bites (shorter 30-minute lessons as opposed to traditional longer training modules) and the timely distribution of online employee training, which includes "teach-backs" to reinforce training in a virtual environment. Additionally, when UI employees complete a block or curriculum of training, debrief sessions are scheduled to ensure employees have the skills, knowledge, and confidence to complete the essential functions of their job-related workloads.

**Workload Management:** Similar to the analysis of the "Technology" category, the UI Branch found that many of the Workload Management insights were casual and incidental occurrences that did not recommend global changes to processes; several insights were related to specific pandemic-related issues caused by historic workload volumes or reflected a need to improve quality through quality assurance evaluations. Since the COVID-19 pandemic, the UI Branch has focused its attention on the quality of workload production and on employee training to ensure timely feedback is provided by management. Additionally, with the formation of the UICCD, employees are provided periodic feedback regarding their interactions with customers via quality assurance evaluations or the Every Customer Has Opinions (ECHO) Survey.

### EDDNext

In 2016, the EDD started a Benefit Systems Modernization (BSM) project to modernize the UI, Disability Insurance (DI), and Paid Family Leave (PFL) benefit systems in response to the Great Recession of 2008-2010. During the development of "As Is" requirements to evaluate the current state of these EDD programs, the UI Branch conducted outreach sessions, also known as "Engagement Sessions," with UI Branch employees and leadership. These outreach sessions documented 1,740 pain points and wish-list items for the BSM solution. Based on the UI Branch's analysis of the pain points and wish-list items, the following categories were the most commonly mentioned:

Category	Percentage
Process Improvements	24.6
Policy and Procedure Improvements	17.8
Enhanced System Functionality	7.6
Self-Service Options	7.2
Simplified and Clear Language	6.5

In 2020, the BSM project was stopped based on a recommendation from the Governor's EDD Strike Team. Following lessons learned from the COVID-19

pandemic and with an investment of \$11.8 million in the 2021 Budget Act, EDD began a new modernization effort, EDDNext. EDDNext is the new modernization project to transform EDD systems for employees and improve the overall experience for EDD customers. The EDDNext project workstreams that will benefit from lessons learned from Engagement Sessions with EDD employees and leadership include Forms Redesign, the Shared Customer Portal, the Integrated Claims Management System, the Integrated Contact Center, Training and Knowledge Management, and the Document Management System.

The 1,740 lessons learned that are documented as pain points and wish-list items continue to form requirements for EDDNext and action items for other UI improvement projects. The documented pain points and wish-list items demonstrate the need for the EDD to modernize legacy systems. EDDNext will continue to modernize and update current technology, policies, and procedures to enhance the employee and customer experience based on these lessons learned.

## Unemployment Insurance Myths Catalog

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 UI Business Process Improvement (BPI) team surveyed UI Branch employees and leadership for opinions about any potential "myths" they believe hinder rapid changes or updates to policy and processes within the UI program. The BPI team received a total of 161 responses, which included anecdotal information and personal observations. The responses have been categorized into the following themes for the purpose of discussing lessons learned from past economic crises.

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

The BPI team examined the 65 policy, procedure, and process myths received from the survey and cross-matched them with the pain-point categories previously outlined by the Strike Team to further refine the list. The BPI team proceeded to eliminate the myths and duplicates that overlapped with other UI Branch efforts. The BPI team used a Lean/Six Sigma tool known as the Benefit-Effort Matrix to assess the remaining policy, procedure, and process myths.



The analysis and assessment of these 161 responses serve as documented lessons learned and as requirements for future UI improvement projects.

### **Unemployment Insurance Myths Catalog Update**

To ensure the UI Branch is well prepared for the next economic downturn, recession, or pandemic, the list of 161 responses was analyzed to ensure each comment provided by UI employees was evaluated and, when operationally or technologically feasible, addressed the responses provided by employees. During the evaluation of the responses provided, each of the five categories was evaluated. The discussion below provides an update on actions taken by the UI Branch to proactively prepare for a recession.

### **Policy, Procedure, and Process Myths**

Within this category, the UI Branch has addressed several key highlights that were identified. UI employees cited the use of a tiered system within the contact center, increased access to resources, and separation of duties. These myths have been addressed through operational changes and increased communication. For example, in September 2023, the Limited-Term Office Technician contracts expired, allowing for the contact center to be operationally restructured and supported only by Employment Program Representatives (EPRs), which are also known as Tier Two representatives. These employees are fully trained and able to address customer inquiries, and this has resulted in increased first-call resolution and streamlining of the customer journey. Another example of how the UI Branch has addressed myths in this category centers on feedback provided regarding the separation of duties. Per US Department of Labor (DOL) guidance, a single UI employee cannot file a benefit claim and pay a benefit claim. Although this was documented as a myth, UI employees can perform multi-functional activities, which allows them to perform claim-filing functions and process eligibility determinations if the employee is not authorizing a payment amount on a benefit claim.

### **Employee Pain Points**

The majority of the feedback provided by employees via employee pain points have been resolved with increased communication at all organizational levels. To ensure effective and timely communication between all employees and leaders, the UI Branch has re-established one-on-one meetings between employees and leaders, as well as unit meetings to ensure pertinent updates and policy and workload changes are communicated promptly. In addition to reinstating these fundamental practices, UI Branch leaders work with their

employees to ensure they know where to locate resources and to ensure maximum retention and understanding of policy or workload changes. To support knowledge exchange and information, the UI Branch has placed added emphasis on bolstering its KMS, which allows employees to search key terms or articles to locate resources quickly and efficiently or provides step-by-step instructions on how to resolve a customer inquiry.

### **Customer Pain Points and Myths**

For the category of customer pain points and myths, many UI employees stated that customers are often confused about what steps or actions they need to take to resolve their issues. During the COVID-19 pandemic, EDD implemented a Voice of the Customer (VOC) program and EDD Chatbot; both measures are still in place and are actively supported by the Department. The VOC program gathers and analyzes feedback from various social media platforms to gain insights into customer challenges. Once collected, the information is synthesized and provided to various EDD program areas to discuss and triage: actions are taken quickly in response to this customer feedback, helping EDD provide a more efficient journey for customers by responding to many customer problems far more quickly than in previous years. In addition to addressing potential operational barriers, EDD is also able to quickly update its public website and add responses to the EDD Chatbot; this allows customers to address their inquiries through self-service avenues and minimizes the need to contact a UI Branch employee for assistance.

### **Other Issues**

Within the eight “other” comments provided, there were no actionable items for the UI Branch to address.

### **COVID-19 Pandemic**

In November 2021, the UI Branch issued a branch-wide “Pandemic Lessons Learned Survey” to solicit feedback from UI 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.

The UI Branch received feedback totaling 10,633 responses from 1,519 employees to seven survey questions. Responses to the question “What is the biggest challenge we face today in preparing for the next crisis or economic downturn?” have been categorized into the following seven themes: training;

technology; recruiting, hiring, and employee retention; workload management; fraud; communication and change management; and resources.

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
<b>Total</b>	<b>1,793</b>	<b>100</b>

Feedback from this survey will continue to be reviewed for ongoing program improvements and future economic recession planning. Below are a few of the survey responses communicated by UI Branch employees and leaders.

### Training

Condensing UI training from 12 months to three months did not prepare new employees with all the necessary skills to succeed.

**Progress Related to Training**—Refer to Line Item 4 in this report for detailed training plans and progress.

### Technology

- EDD must constantly improve technology, offer continuous employee training, and continue to identify unconventional mechanisms and processes to maximize job performance.
- EDD is moving in the right direction by updating systems to be efficient and effective. The two automated systems for the UI program must be merged; these should be combined into one system that is user-friendly, simple, and has emergency codes implemented as a default.\*

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\*The two automated systems referenced are the Single Client Database (SCDB) and California Unemployment Benefit Services (CUBS).

## **Progress Related to Technology**

EDD continues to improve and streamline its systems and applications. As part of the EDDNext project, EDD will continue to implement technological and operational enhancements to maximize efficiencies in the event of an economic downturn. Since the COVID-19 pandemic, in addition to the ongoing EDDNext workstreams mentioned previously, the UI Branch has implemented more than 40 contact-center enhancements to streamline the customer journey—particularly with respect to initial points of contact for UI customers. Some of these enhancements include “virtual hold,” scheduled callbacks, and increased language access.

## **Recruiting, Hiring, and Employee Retention**

The UI Branch needs to be able to scale up staff to handle major crisis workloads with sufficient and functional training. Accelerated training is inadequate and fails to directly address the day-to-day work of EDD employees.

## **Progress Related to Recruiting, Hiring, and Employee Retention**

The UI Branch is committed to recruiting, hiring, and retaining exceptional talent by fostering a healthy work culture. This is critical to ensure the UI Branch's resilience during economic downturns. To address these challenges effectively, the UI Branch has adopted a multifaceted approach, improving its recruitment efforts by identifying clear job descriptions; defining the selection process; enhancing EDD culture to become a highly attractive workplace; leveraging online platforms to reach a broader audience; encouraging employee referrals; and sharing recruitment efforts inclusively across all divisions and branches. By investing in recruitment and selection processes, the UI Branch is able to secure a competent and diverse workforce for long-term success.

Effective hiring is crucial for growth, sustainability, and EDD's overall performance. Hiring top talent enhances the adaptability and skill sets of employees, making them better equipped to handle fluctuations in workloads, especially in preparation for potential economic downturns.

In 2022, the UI Branch updated its hiring process to include candidate sourcing, pre-screening, skills assessment, interview questions, and reference checks. Demonstrating its commitment to building a highly skilled workforce, the UI Branch hired 700 employees and focused on the employee experience and cross-training. Additionally, based on feedback collected from employees and leaders, the UI Branch has decreased employee-to-leader oversight ratios to provide more personalized attention to its employees. This helps to ensure

appropriate levels of communication, mentorship, and employee understanding of emerging policies and procedures, and ultimately improves the overall EDD customer experience—in areas that drastically suffered during the COVID-19 pandemic.

The UI Branch is also committed to improving retention rates by analyzing position vacancies, implementing targeted recruitment strategies, and conducting exit interviews, which provide valuable insights into understanding why employees leave and help identify areas that require improvement. The UI Branch's dedication to optimizing these processes will result in a more robust and efficient workforce that can handle increased workloads and will help ensure long-term growth and sustainability.

### **Workload Management**

- The UI Branch should limit individual workloads that can be completed daily. Eligibility determinations require highly trained employees to properly adjudicate eligibility for UI compensation.

**Progress Related to Workload Management**—Refer to Line Items 2 and 4 in this report for detailed workload management plans and progress.

### **Resources**

- The UI Program budget process makes it difficult for the UI Branch to increase staffing resources quickly when an economic slowdown is anticipated. Budget increases occur after the impact of an economic downturn is identified. The UI Branch should have reserve workload capacity on hand.

The UI Branch has adopted proactive measures to maintain reserve workload capacities, enabling it to respond quickly to sudden workload increases caused by economic fluctuations. The UI Branch's Workload Forecasting Unit periodically evaluates workload demands and available resources, providing monthly updates to the UI Branch's executive leaders. This allows UI Branch leaders to determine potential employee resource needs and ensure the branch is proactively prepared for economic changes. It also ensures that employee resource needs are met promptly.

**Progress Related to Resource Management**—Refer to Line Items 2, 3, 4, and 9 in this report for detailed resource management plans and progress.

## Line Item 2: Identifying Indicators the EDD Will Monitor and Use to Project Likely Upcoming Workload Impacts

Line Item 2 of SB 390 requires EDD to submit an economic recession plan that includes “identifying the indicators the Department will be monitoring and using to project the likely upcoming workload impacts.” The following discussion addresses this topic.

### Changes Made Prior to the COVID-19 Pandemic

In January 2020, EDD’s UI Branch began developing an economic resilience plan to create a holistic approach to adapt to the cyclical nature of California’s economy and to support the Department’s strategic goals and core values. To ensure a comprehensive and well-balanced plan, EDD assembled a workgroup to analyze various operational elements of the UI program.

One of the key objectives of this workgroup was to monitor existing reports and provide context to the seasonal nature and trends of UI workload data. The intent was to use this information to establish a statistically centered and reliable baseline methodology, and act as the foundation for future efforts to create triggers and threshold levels.

Over the course of a year, the size of the California labor force and levels of unemployment fluctuate due to seasonal events that include changes in weather, harvests, major holidays, and school schedules. In some instances, the unemployment rate can increase because of unanticipated external factors (such as strikes or lockouts, furloughs, or natural disasters). Since these seasonal events follow a regular pattern each year, EDD analyzed workload metrics to identify periods when predictable, repeating fluctuations occur. The analysis aimed to pre-plan a more efficient distribution of EDD employees across various workloads and to have sufficient staffing to handle predictable surges in expected workload.

Historically, the UI Branch has used various reports to monitor workload, budget, and other pertinent data to make data-driven decisions. The first phase of this effort analyzed three of the most well-documented and accessible UI workload metrics. The following metrics were selected for the data analysis:

- **Initial Claims** from the US DOL Employment and Training Administration Report 539, *Weekly Claims and Extended Benefits Trigger Data*

- **Call Attempts** (Virtual Contact Center)
- **Determination for Eligibility of Unemployment Compensation Interview Monthly Scheduled Counts** (UI Scheduling System)

EDD performed exploratory data analysis on these UI workload metrics by collecting historical data, performing distribution analysis, and comparing historically available data to National Bureau of Economic Research (NBER) recession dates. Since the selected UI workload metrics are mostly seasonal in nature, baselines were calculated monthly to account for seasonality.

The baseline average was calculated using the five recently completed calendar years (2015–2019) prior to 2020, comparing each calendar month against the same month's data from other years within the baseline. Using this baseline average, the following parameters were developed:

Parameter	Formula	Definition
Extremely Light	$X \leq 15\%+$	Data point is 15+ percent less than the monthly average.
Very Light	$X \leq 10 - 14.9\%$	Data point is 11–15 percent less than the monthly average.
Light	$X \leq 5 - 9.9\%$	Data point is 6–10 percent less than the monthly average.
Normal	$X = +/- 4.9\%$	Data point is 5 percent more or less than the monthly average.
High	$X \geq 5 - 9.9\%$	Data point is 6–10 percent more than the monthly average.
Very High	$X \geq 10 - 14.9\%$	Data point is 11–15 percent more than the monthly average.
Extremely High	$X \geq 15\%+$	Data point is 15+ percent more than the monthly average.

Based on the 2015–2019 data, the Department applied these parameters by month to the three most well-documented and accessible UI workload metrics:

Month	Initial Claims	Determinations	Calls Attempts
January	Extremely High	Light	Extremely High
February	Normal	Normal	High
March	Normal	High	Extremely Light
April	Normal	Normal	Extremely Light
May	Light	Normal	Extremely Light
June	Normal	Normal	Normal
July	Normal	Very High	High
August	Light	Extremely High	Extremely Light
September	Extremely Light	Normal	Extremely Light
October	Normal	Light	Extremely Light
November	Normal	Extremely Light	Extremely High
December	High	Very Light	Extremely High

As a result of this analysis, the workgroup developed the following recommendations to be considered for future efforts:

- Incorporate the baseline methodology and parameters as a standard reporting procedure for existing reports.
- Incorporate the baseline methodology and parameters to be used as a point of consideration for quantifying recommendations on overtime requests, hiring justifications, and significant workload redirections or decisions.

The onset of the COVID-19 pandemic halted efforts toward these recommendations, as the Department shifted to responding to increased workloads.

### Changes Made During the COVID-19 Pandemic

In January 2021, the EDD established the UICCD to oversee the planning of benefit claims-processing workloads and staffing resource allocations for the UI



Branch. The division's primary functions include forecasting UI workload volumes, customer service demands, and staffing levels needed to meet performance objectives. The UICCD has identified tools and processes to forecast workloads and determine staffing resource allocations.

The UICCD has designated a Workload Forecasting Unit containing a Staff Services Manager I and five analysts. This unit worked closely with a vendor to learn industry-standard “best practices” associated with workload forecasting and workload management initiatives. The vendor assisted the unit in processing on-phone workload forecasts through the NiCE inContact Workforce Management (WFM) system. However, the creation of workload forecasts in the NiCE inContact WFM system for off-phone production workloads is dependent upon the automated importing of workload data from multiple systems into the NiCE inContact WFM system. This automated forecasting functionality should be available for testing and use by the spring of 2024.

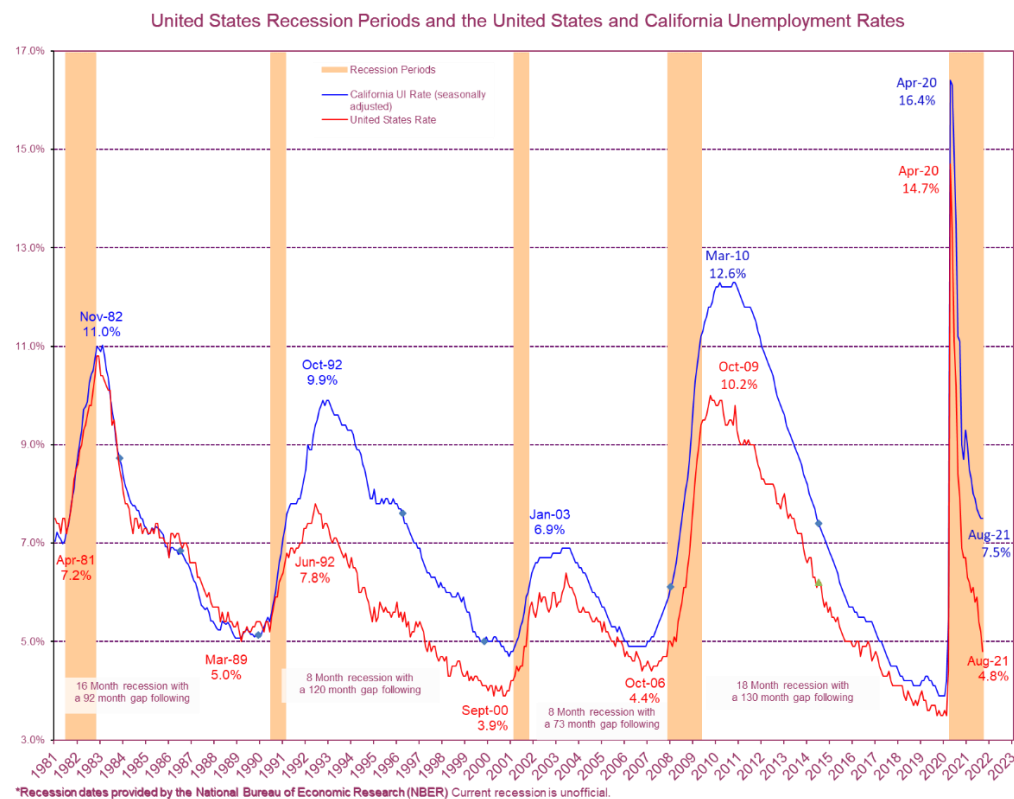
In the interim, the Workload Forecasting Unit has developed a process flow to demonstrate downstream workloads that are triggered by the volume of initial claim applications; this will help EDD to assess the staffing levels required to meet projected workload demands. This model uses historical workload volumes to project the number of downstream workloads that will require manual employee intervention—such as eligibility issues detected, work items generated, determination interviews scheduled, and appeals filed—and can be applied to any volume of initial claims.

The Program Estimates and Automation Group (PEAG) in the Fiscal Programs Division (FPD) of the EDD's Administration Branch utilizes economic forecast data from the DOF and the University of California, Los Angeles (UCLA) to project future workload volumes for EDD to determine the spending authority of the UI program. The PEAG produces workload projections for the current state fiscal year (SFY) and the following two SFYs prior to each October and May budget revision periods. The PEAG focuses on four main UI workload categories in its projections: initial claims, weeks claimed, non-monetary determinations, and appeals. The UICCD's Workload Forecasting Unit can use the PEAG's projections for initial claims in the newly developed workload model to prepare adequate staffing plans for all downstream workloads that are likely to be produced. When necessary, the UICCD Forecasting Unit also makes adjustments to the PEAG projections for initial claims to prepare for any foreseeable economic changes (such as strikes) or to formulate contingency plans for hypothetical scenarios, including pandemics and natural disasters.

The UICCD Workload Forecasting Unit continues to improve the accuracy of manual projections for UI off-phone production workloads. Manual projections will be required until an information technology (IT) solution for system and data integration into the NiCE inContact WFM system is implemented and fully operational.

## Identifying Indicators to Project Upcoming Workload Impacts

Historically, unemployment inversely follows the strength of the economy, which grows steadily but collapses quickly (as indicated in the graph below). Because federal funding for the UI program is tied to actual—not *anticipated*—workload, it is challenging to adequately prepare for significant needs for talent and resources when economic conditions may change rapidly.



EDD made great strides during the COVID-19 pandemic to improve its ability to project future UI workload levels but has the opportunity to develop analyses of the national economic climate to accurately predict and prepare for an upcoming recession. While this appears to be a very straightforward goal, recessions are complex and are considered impossible to predict with certainty.

EDD's own economist, who works in the Labor Market Information Division (LMID), indicates that economists do not have models to predict recessions;

therefore, economic forecasts never predict recessions. The timing and arrival of recessions have too much of a random element—as seen with the recession that was triggered so suddenly in March 2020 when the COVID-19 pandemic hit every economy in the world. Economists track several variables to determine the probability of a recession, including recent unemployment and job trends at state and national levels, as it remains unlikely for California's economy to fall into recession without a national recession also occurring. Other national economic indicators—such as gross domestic product (GDP), personal income, consumer confidence index, and consumer expenditures (including retail spending)—are typically monitored and weighed by economists to determine whether the economy is in recession.

The [NBER](#) is the official arbiter of US recessions.\* The NBER defines recessions as having the following five elements:

1. Decline in economic activities lasting more than a few months
2. 1.5 percent decline in real gross national product (GNP)
3. Decline in manufacturing over a six-month period
4. Reduction in jobs in more than 75 percent of the industries for six months or more
5. Two-point rise in unemployment to a level of at least 6 percent

Monthly, the NBER monitors the following indicators to determine if a recession is occurring: income, employment, manufacturing, and wholesale–retail sales. When these indicators decline, so will the GDP.

The NBER's website states, “The warning signs of a recession are a quarter of negative growth followed by positive growth of several quarters, then another negative quarter growth. A recession can typically be anywhere from nine to 18 months, but the impact is long-lasting.”

## **Employment Development Department Operational Changes or Recession Triggers**

While most recessions behave similarly and are characterized by rising unemployment, falling consumer demand, production cutbacks, stock market losses, and so forth, the trigger for each recent recession has been unique. The recession of the early 1990s was caused by a sharp decrease in military spending after the Cold War. The recession of the early 2000s was caused by the collapse of the housing market. The most recent recession was caused by a

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\*See <https://www.nber.org/about-nber>.

worldwide public health emergency. Recessions are triggered by unanticipated shocks to the economy and reveal themselves over time. EDD will track the following variables to determine the probability of a recession and monitor the health of the economy:

- The [US Gross National Product \(GNP\)](#) on a quarterly basis for decreases of 1.5 percent or more (information tracked at [tradingeconomics.com](#)).\*
- The health of manufacturing by referring to the [Industrial Production and Capacity Utilization Report](#) on the Federal Reserve website.<sup>†</sup> A decline in manufacturing over a period of six months or more could indicate a recession.
- The status of [Personal Income](#) on the US Bureau of Economic Analysis (BEA) website.<sup>‡</sup> This data is also available on the [California DOF website](#).\*\*
- Additionally, the EDD will track income data from the [US Census Bureau](#), California's Franchise Tax Board and Department of Industrial Relations, and the US Department of Health and Human Services.<sup>#</sup>
- Franklin Templeton's dashboard 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. The Franklin Templeton webpage on U.S. recession risk—[U.S. Economy: Anatomy of a Recession](#)—displays the 12 indicators in a quick-reference graphic.<sup>#</sup>

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

†See <https://www.federalreserve.gov/releases/g17/current/default.htm>.

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

\*\*See <https://www.dof.ca.gov/Forecasting/Economics/Indicators/Income/>.

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

#See <https://www.franklintempleton.com/insights/anatomy-of-a-recession>.

## Recession Risk

### U.S. Recession Risk Indicators

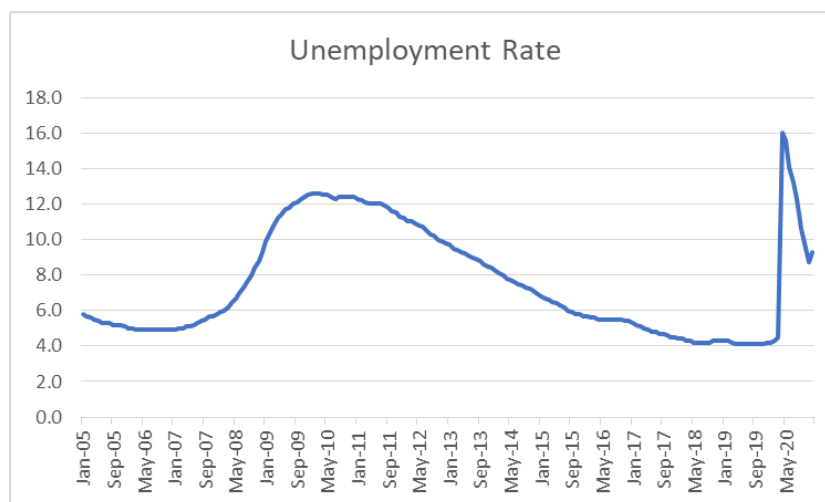
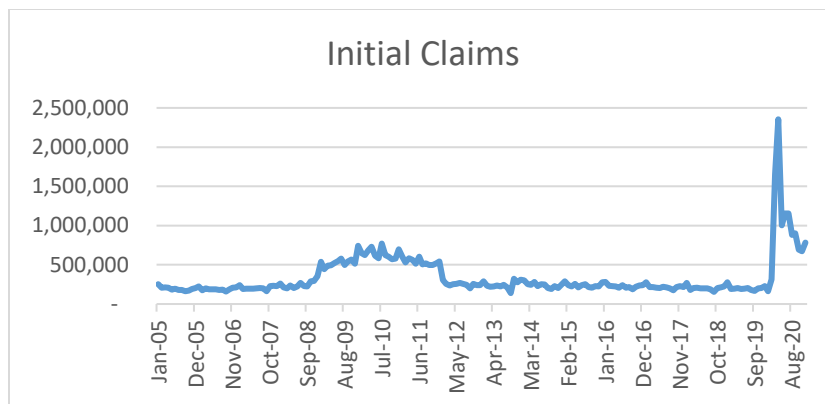
		September 30, 2023	March 31, 2023	December 31, 2022
Consumer	Housing Permits	×	×	●
	Job Sentiment	×	●	●
	Jobless Claims	●	↑	↑
	Retail Sales	×	×	×
	Wage Growth	×	×	×
Business Activity	Commodities	×	×	×
	ISM New Orders	×	×	×
	Profit Margins	×	×	×
	Truck Shipments	●	↑	↑
Financial	Credit Spreads	×	×	×
	Money Supply	×	×	×
	Yield Curve	×	×	×
Overall Signal		×	×	×

↑ Expansion ● Caution × Recession

## Recession Trigger Metrics

In the event that several recession indicators listed above become present, the UICCD Workload Forecasting Unit would be tasked with projecting the impact of the recession on the volume of initial unemployment claims. The Workload Forecasting Unit will utilize either the manual model for projecting off-phone workloads or the completed NiCE inContact WFM system (when it becomes available in the spring of 2024) to predict the impact of a potential recession on all UI workload volumes, and the unit will recommend immediate actions to increase staffing capacity and productivity based on the severity of the probable economic downturn. However, as stated above, federal funding for the UI program lags economic conditions, which can change rapidly, making it difficult for EDD to adjust to anticipated workload even if able to forecast it.

The unemployment rate will be the primary recession indicator that will drive EDD's decision-making. When comparing monthly unemployment rates and the volume of initial unemployment claims from 2005 to 2020, there is an observable correlation in trends (as shown in the following figures).



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

**Phase 1** — Increase capacity with existing staffing resources when the California Unemployment Rate reaches 6 percent.\*

- Authorize overtime.
- Process the work in priority order (such as workloads that are especially sensitive, workloads with external Service Level Agreements [SLAs] that prevent payment, workloads without external SLAs that prevent payment, and workloads with external SLAs that do not prevent payment).†

\*6 percent threshold based on previously referenced [NBER](http://nber.org) ([nber.org](http://nber.org)) recession indicator.

†SLAs are formal negotiated agreements which help identify expectations and basic service levels as well as clarify the roles and responsibilities between a service provider and its customer. Two examples of EDD SLAs involve answering a specified number of phone calls each week and processing online applications within a definite time frame.

- 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 (V-Time) reduction requests.
- Maximize determination schedules and assign schedules to first-level leadership.
- Adjust internal SLAs.
- Prepare for Phase 2, which includes:
  - Soliciting other EDD branches and non-EDD volunteers to assist with liquidating less complex, predetermined workloads. This will allow seasoned UI employees to focus on liquidating the more complex workloads that require full training scope in the event Phase 2 is realized.
  - Determining an alternate hiring plan approach to onboard and train additional UI employees—up to a certain rank to ensure that a skilled workforce is in place.
  - Surveying potential retired annuitants to recruit and onboard.
  - Identifying other non-traditional options for meeting workload demands to increase staffing resources.

**Phase 2** — Increase capacity by adding staffing resources when the California Unemployment Rate reaches 8 percent.<sup>†</sup>

- Utilize other EDD branches and non-EDD volunteers to assist with liquidating less complex, predetermined workloads.
- Implement hiring plan to onboard and train additional UI employees (such as Office Technicians [OTs], EPRs, and Employment Program Managers [EPMs]).
- To ensure reasonable leadership oversight, this hiring plan should include sustainable employee-to-leadership ratios (such as EPM I, 1:10; EPM II, 1:40; and EPM III, 1:80).
- Deploy retired annuitants.
- Brainstorm other non-traditional options for meeting workload demands to increase staffing resources that involve outside vendors (such as, draft statement of work and draft contract language).

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<sup>†</sup>8 percent threshold based on analysis of previously displayed Initial Claims and Unemployment Rate figures. At this point, workload demand will soon exceed staffing capacity (even after Phase 1 efforts) and additional employees would be needed.

**Phase 3** — Increase capacity by adding temporary vendor staffing resources when the California Unemployment Rate reaches 12 percent.

- Release Request for Proposal (RFP) and execute vendor contract to add temporary vendor staffing resources, contingent upon supplemental funds (similar to Departments such as the Franchise Tax Board during peak tax season or Covered California during open enrollment).
- Reassess the hiring plan to onboard and train additional UI employees (OTs, EPRs, EPMs), as needed, to accommodate for attrition.



## **Line Item 3: Identifying Steps the EDD Will Take to Address Workload Increases**

Line Item 3 of SB 390 requires EDD to identify “the steps the Department will take to address increases in its workload, such as cross-training staff, changing its staffing levels, prioritizing specific tasks, and adjusting the way it performs certain work, including addressing all of the following factors”:

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

The following discussion addresses these topics.

### **Background**

EDD’s UI Branch was tasked with implementing mass-hiring measures during the COVID-19 pandemic. The Department hires UI employees in response to claim workload, as necessitated by the US DOL’s funding mechanism (see Line Item 9). After a thorough review of the recruitment and hiring practices used by the State of California and EDD before and during the pandemic, the Department identified several opportunities to be better prepared for recruitment and hiring before the next economic crisis occurs.

The physical space required to accommodate employees has changed over the past few years, and technology is always evolving; see Line Items 6 and 10 in this report for further discussion on these topics.

### **Changes Made Prior to the COVID-19 Pandemic**

EDD’s UI Branch has made many positive strides in recruitment and hiring since the Great Recession of 2009. Despite departmental efforts to maintain a viable workforce, a reduction in federal funding eliminated branch recruitment efforts. Due to budgetary constraints and declining workload, the Department did not refill its lost workforce after the Great Recession subsided. From SFY 2010-2011 to SFY 2019-2020, the UI Branch was downsized by more than 2,000 employees through attrition; approximately 85 percent of the departing employees were EPRs.

The following table provides cumulative UI attrition numbers from the 2010-2011 SFY to the 2019-2020 SFY.

<b>SFY</b>	<b>Attrition</b>
2010-11	251
2011-12	355
2012-13	279
2013-14	221
2014-15	223
2015-16	208
2016-17	91
2017-18	151
2018-19	169
2019-20	185
<b>TOTAL 2010-2020</b>	<b>2,133</b>

Beginning in April 2019, EDD planned for a potential recession and authorized field offices to gradually increase the workforce by converting pre-existing Permanent Intermittent (PI) EPRs to full-time permanent positions and refilling behind the PI EPR vacancy. From July 2019 to March 2020, UI Branch field offices hired approximately 400 new PI EPRs.

The California State Constitution establishes that all appointments and promotions must be strictly based on the employee's ability to perform the essential functions of the job. [Article VII, Section 1 of the California State Constitution](#) states, "In the civil service permanent appointment and promotion shall be made under a general system based on merit ascertained by competitive examination."\* This competitive examination is a way of confirming that appointments to California civil service are made using a [Merit System](#) for hiring.† Therefore, anyone appointed to state service must first pass a civil service examination for a classification.

The California Department of Human Resources (CalHR) manages examinations for classifications used by multiple departments, such as the Office Technician (OT) classification. Individual departments manage examinations for classifications that are not shared with other departments—such as EDD's EPR classification.

Prior to the COVID-19 pandemic, the OT exam was offered throughout the state multiple times per year and administered in person, with test dates announced a month in advance. Registration was completed online, and candidates

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\*See California Constitution, Article VII, Section 1, at [https://leginfo.ca.gov/faces/codes\\_displayText.xhtml?lawCode=CONS&division=&title=&part=&chapter=&article=VII](https://leginfo.ca.gov/faces/codes_displayText.xhtml?lawCode=CONS&division=&title=&part=&chapter=&article=VII).

†See <https://www.calhr.ca.gov/pmd/Documents/about-merit-system-services.pdf>.

attended a testing location of their choice. The exam was a timed (90-minute) multiple-choice skills assessment consisting of three sections: arithmetic calculations, written communication, and reading comprehension. Candidates received exam results through their online CalHR account up to one week after completing the exam.

In 2017, the OT exam was converted to an online platform. Since this transition, individuals can take the exam online and receive immediate results. This increased the number of individuals who were placed on the list of candidates eligible to be appointed to the classification. Previously, the in-person testing was limited by the number of available testing slots and dates the tests were administered.

Candidates can pass the exam if their responses are 70 percent correct, resulting in a “rank 10” score. The OT exam results generate a wide variety of scores, with most candidates receiving scores well below the top three ranks. [California Government Code Sections 19057.1](#) and [19057.3](#), as well as the [California Code of Regulations, Title 2, Section 254](#), state that a vacancy must be filled by candidates in the top 3 ranks of a passing exam score—which means that a candidate who passed the OT exam with a 70 percent score was unlikely to ever be appointed to a vacancy in that classification.

The EPR exam is a life experience questionnaire that evaluates an applicant’s relative knowledge, skills, and abilities. This online examination is continuously available through CalHR’s [CalCareers](#) website.\* Most candidates receive a top score for the EPR self-assessment exam.

All candidates who pass an exam have their names added to a list of candidates who are eligible for the corresponding classification. These candidates are referred to as being “list eligible” for the classification and can apply to vacancies listed on the CalCareers website. Vacancies are posted on CalCareers for a minimum of 10 calendar days and are not often promoted beyond this website. A candidate must apply for the vacancy before the posted deadline, which is referred to as the *final filing date* for the position.

The EDD hiring manager reviews and scores all applications to determine whom to interview. Interviews are conducted in person with a panel, and candidates respond verbally to questions posed by panel members. The hiring manager then conducts reference checks and reviews personnel files for the top job candidates.

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\*See <https://calcareers.ca.gov/>.

After EDD leadership determines which candidates to hire, based on Merit Hiring principles, conditional job offers are made to candidates, and hiring paperwork is submitted to the EDD's Human Resource Services Division (HRSD). Prior to the COVID-19 pandemic, the average amount of time from the final filing date to a conditional job offer was 45 days—depending on how quickly the hiring manager scheduled interviews, completed reference checks, and obtained hiring approvals. On average, the HRSD's final hiring approvals required an additional 12 days after hiring paperwork was submitted.

The HRSD's process is to first determine if candidates meet minimum qualifications (MQs) for a classification, and then determine if the candidates are both "list eligible" and "reachable" for the classification. To be reachable, candidates must be in one of the top-three scoring ranks among candidates who applied for the vacancy and passed the exam.

This has led to hiring challenges for the OT classification, because if the candidates are not reachable, they cannot be hired. When this happens, the hiring manager must move to the next highest-scoring candidate until a reachable candidate is identified.

After the HRSD determines that a candidate meets MQs and is reachable on an exam list—or can be appointed through a non-list method—the candidate must complete and pass a background investigation. A background investigation is required for all UI Branch employees.

Once a candidate has been approved for hire by the HRSD, approval is sent to the hiring manager, who then provides a formal job offer to the candidate. Although each classification has a salary range, the candidate's salary is not yet determined by EDD at this point, and the hiring manager must offer the position to the candidate without knowing the person's actual salary. With few exceptions, a newly hired state employee starts at the bottom of the salary range for their classification.

Prior to the COVID-19 pandemic, EDD's typical timeline for hiring and onboarding a new employee was at least 71 days (slightly more than two months). Additionally, hiring new employees in response to a recession required finding new office space where employees could report to work in an EDD office. During the Great Recession in 2009, EDD offices added workstations to conference rooms and break areas to accommodate additional employees. This required the acquisition of facility equipment such as cubicle panels, desks, chairs, and lighting in addition to computer equipment and phones.

New employees were assigned to work in existing UI Branch facilities which were equipped with the technology needed for all employees.

## Changes Made During the COVID-19 Pandemic

In two of the last three recessions prior to the COVID-19 pandemic, the HRSD estimates that approximately 1,000 new EPRs were hired in response to increased UI workloads. In both cases, the unemployment rate and corresponding departmental workload increased incrementally over the course of many months.

The recession caused by the COVID-19 pandemic did not follow historical patterns. In February 2020, the US had a historically low unemployment rate of 3.9 percent. Two months later, in April 2020, the rate increased to 16.4 percent—the fastest rate increase ever recorded.

In response to the drastic increase in UI workloads caused by the COVID-19 pandemic, the Department initially planned to have each of its field offices hire 40 new EPRs. However, the typical timeline for hiring and onboarding would have resulted in a delay of approximately two and a half months during a critical juncture in the pandemic. The overwhelming workload increases further complicated the Department's hiring efforts in field offices, as leaders were working caseloads in addition to performing supervisory duties (such as hiring new employees). To hire 40 new EPRs, three Employment Program Managers (EPMs) from each of the 15 field offices were redirected from oversight and leadership of employees to focus on hiring new employees.

Ultimately, hiring was centralized in the HRSD to help review applications, conduct interviews, determine if candidates met MQs, and assume all other aspects of the hiring process.

The COVID-19 pandemic resulted in enhanced office safety protocols. The need to physically distance at the beginning of the pandemic caused most employees to telework, which meant the office to which they were assigned didn't need to be within commuting distance of a new employee's home. New employees could be assigned to any office, regardless of location, as the work would be performed from their personal home office.

Fortunately, telework opened the doors to borrowing staff from other EDD branches and other state departments via a Mission Task directive. Anyone who had been an EPR within the last five years was contacted to return to the classification. Retired EDD employees were contacted and encouraged to return to work as retired annuitants with previous limitations temporarily lifted. Approximately 46 retired annuitants returned during the COVID-19 pandemic and made significant contributions to reduce workload with minimal training and supervision required.

Ultimately, EDD hired more than 5,000 new employees in 16 classifications to assist with UI workload increases in areas such as claim filing, identity verification, and auditing. Hiring thousands of employees to process UI claims also required EDD to hire additional support employees and leaders.

In April 2020, EDD began hiring employees in the following classifications, under limited-term tenure, to assist with UI workloads:

- Accountant I (Specialist)
- Accountant Trainee
- Accounting Officer (Specialist)
- Accounting Technician
- Employment Development Specialist I
- Employment Program Manager I
- Employment Program Manager II
- Employment Program Manager III
- Employment Program Representative
- Office Assistant (Typing)
- Office Technician (General)
- Program Technician II
- Senior Accounting Officer (Specialist)
- Senior Accounting Officer (Supervisor)
- Tax Administrator I

The EPR and OT classifications accounted for 76 percent of the new employees hired during the pandemic. The OT classification was used in place of the Program Technician classification to supplement the EPR workload, because the Program Technician classification did not have a sufficient number of list-eligible candidates and the in-person Program Technician exam was not available during the pandemic. Additionally, the Program Technician exam was not yet available online.

Most of the employees hired by EDD during the pandemic were established as limited-term tenure with an intermittent time base. The result was that the Department created a much more flexible workforce, with work hours and employment conditions that could be adjusted based on different workloads.

Job vacancies were posted on the CalCareers website in April 2020. The EDD recruiter used multiple methods to promote vacancies, such as:

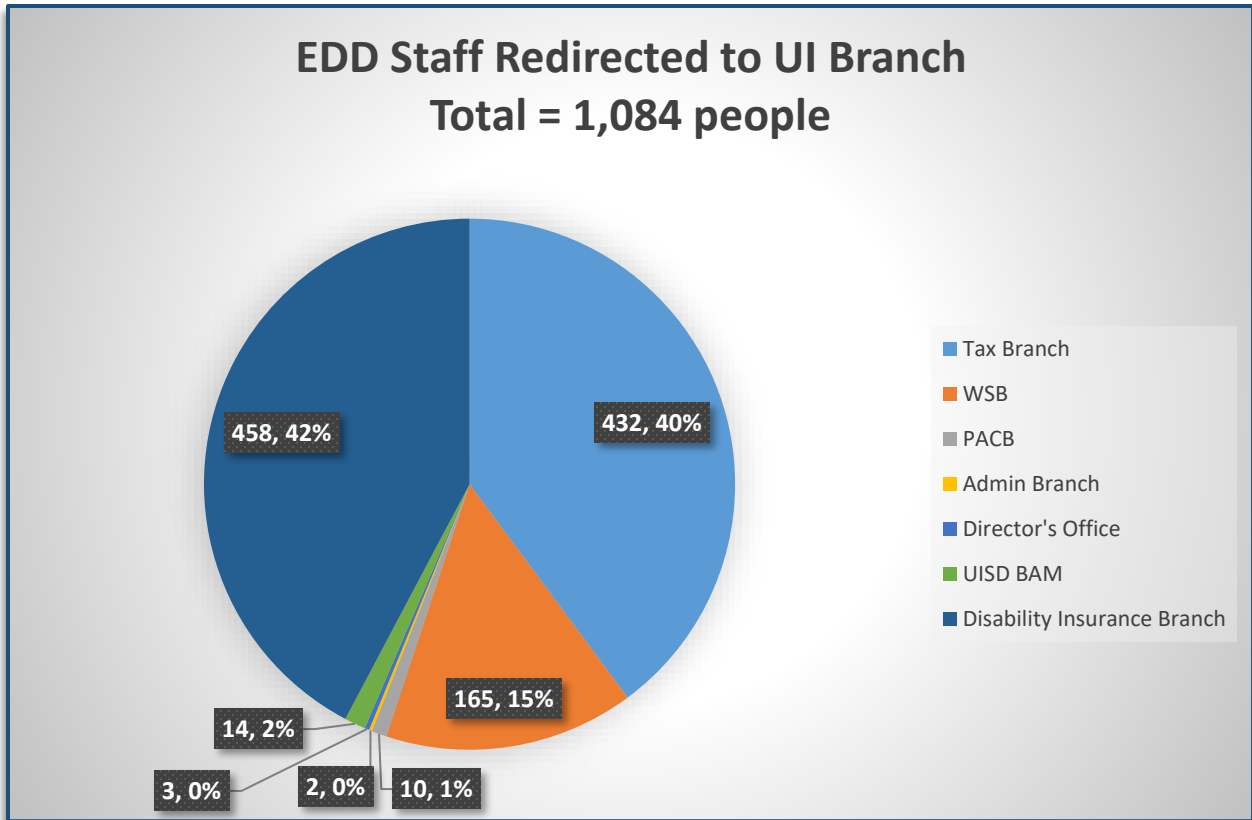
- Listing vacancies on recruitment platforms (such as Indeed, LinkedIn, and Handshake).

- Marketing hiring information on EDD social-media platforms (such as Facebook and Twitter).
- Partnering with CalHR to offer a three-part virtual workshop on employment opportunities with the EDD.
- Highlighting vacancies through the EDD homepage and Careers page.
- Promoting the Department through virtual career fairs (in the latter part of the year).
- Interacting with job seekers through email and the LinkedIn Recruiter Seat.
- Sharing EDD employment opportunities with other state departments.

This approach, in addition to word-of-mouth and media reporting on the Department's efforts to hire new employees, resulted in the EDD receiving almost 20,000 job applications.

All areas of the EDD experienced increased workload demands while supporting the thousands of new UI Branch employees who had been hired: additional employees were hired in all other branches of the Department. For example, the HRSD hired OTs, Personnel Specialists, analysts, and leaders to support hiring efforts and increased payroll activity. Likewise, EDD's Public Affairs Branch hired additional employees to support communication and outreach efforts and website updates. Moreover, as seen in previous economic recessions, individuals who have an exhausted UI claim will often seek other benefit options. When that happens, EDD's DI Branch experiences an influx of claims and corresponding hiring needs.

One solution the UI Branch successfully utilized during the COVID-19 pandemic to rapidly expand its workforce was coordinating with other EDD branches and other state agencies, making over 1,000 employees available to work on the Department's unprecedented UI workload without hiring new employees (see Figure 3.1).

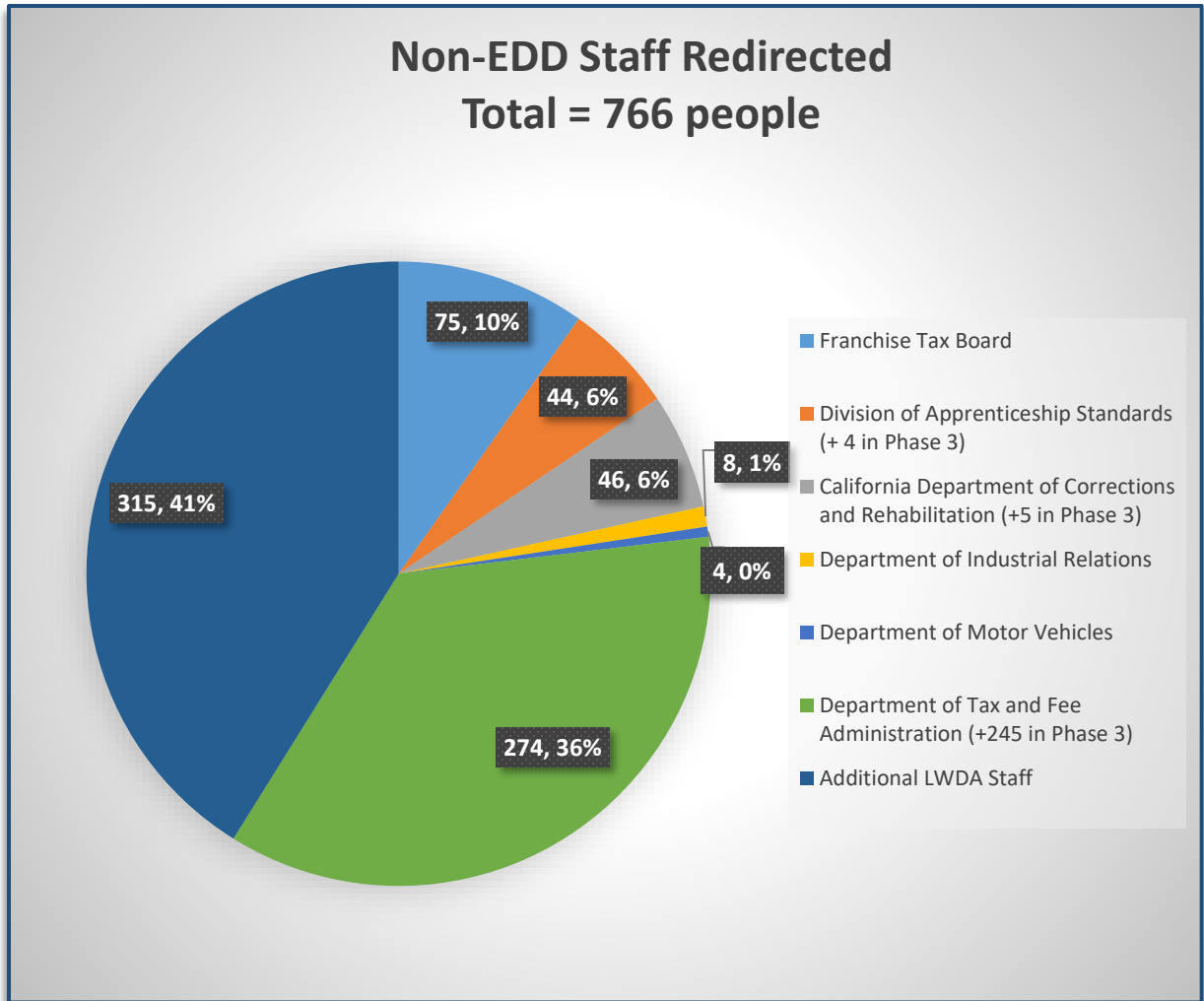


**Figure 3.1. EDD Employees Redirected to the UI Branch During the COVID-19 Pandemic**

California, and other states, leveraged other internal state agencies' employees to increase UI workload capacity during the height of the COVID-19 pandemic.

For example, the State of Nevada used its Department of Social Services eligibility workers to conduct UI eligibility interviews, leveraging the employees' welfare-claims review skills. This reduced the amount of training needed. EDD implemented a similar model, making over 750 non-EDD employees available to assist in processing unemployment claims (see Figure 3.2).





**Figure 3.2. Non-EDD Employees Redirected to the UI Branch During the COVID-19 Pandemic**

### Hiring Process During the COVID-19 Pandemic

During the COVID-19 pandemic, the hiring of almost 5,000 people in 16 different classifications was centralized within the HRSD, with employees borrowed from other departments to help with the hiring process. The following describes different aspects of EDD's hiring process during the pandemic:

- **SharePoint Site**—The HRSD established an internal SharePoint site to assist with the administration of the hiring process among various groups.
- **Application Review**—The HRSD determined whether a candidate met MQs.

- **Interview Process**—The HRSD conducted telephone interviews for each job candidate. The interviews included four questions related to the candidates' availability to work. This caused a delay in the process because candidates often failed to answer their phone when the Department called. Two months after starting its pandemic-related hiring, the HRSD began to use a secure Google Docs form as the interview tool for EPR and OT candidates. This form asked the same questions previously posed to candidates during telephone interviews, but the Google Docs form allowed candidates to submit their interview answers electronically, to a general HRSD email account.
- **Employment Offers**—Candidates who responded to the interview tool and met the MQs were extended a conditional offer of employment and given a start date. This reduced the time it would normally take to score applications, conduct panel interviews, complete background checks, make a hiring decision, and submit paperwork to the HRSD.
- **Onboarding**—New employees completed their onboarding and picked up equipment at the EDD field office that was closest to their place of residence. Offices had one onboarding day each month per classification. Instead of hiring 40 new EPRs over the course of the recession, as originally planned, this process enabled each office to hire exponentially more employees in multiple classifications.

## Opportunities Identified by the Employment Development Department

### Change the Scoring Process for the Office Technician Exam

CalHR oversees the OT exam, as the job classification is used by most state departments. The exam is challenging for many candidates, but answering 70 percent of questions correctly is considered a passing score and makes the candidates "list eligible" for the classification.

The OT exam contains 10 ranks of candidates who are list eligible; however, only candidates who are in the top three ranks can be hired. If the variability of passing scores were reduced, as with other exams, more candidates who pass the OT exam would be in a reachable rank. This would provide hiring managers the opportunity to determine the candidate that is the most suitable for a position.

In instances where rapid recruitment is necessary—similar to what is needed during a recession—access to additional reachable OT candidates would reduce critical time needed for the hiring process.

## **Update the EPR Exam**

The examination for the EPR classification is an online self-assessment that is easy to pass. Most candidates pass the EPR exam with a reachable score.

While the OT exam is a multiple-choice test that gauges the candidates' arithmetic, writing, and reading skills, the EPR exam is a "life experience questionnaire." There are no right or wrong answers on the EPR exam, simply the candidate's self-assessment of their abilities. Updating the EPR exam to contain questions that measure a candidate's knowledge, skills, and abilities related to tasks performed by an EPR would assist the Department with hiring qualified candidates.

## **Cross-Train Employees**

As initial UI claims are filed, the determination workload increases correspondingly. Processing a determination requires extensive additional training by journey-level EPRs. By making it a priority to cross-train all EPRs on both determinations and claim filing, the Department will have a more flexible workforce and be able to respond to changing workload needs.

Line Item 4 of this plan addresses in greater detail the need to cross-train employees.

## **Recommendation for Review and Reclassification of the EPR Position**

Journey-level EPRs perform job duties similar to those of Staff Services Analysts and Associate Governmental Program Analysts at other state agencies. EDD recommends the HRSD review whether the EPR series can be reclassified as an analyst series. This would benefit both the Department and EPR candidates as this will allow the recruitment efforts to reach a broader range of people and would increase the candidate pool. Additionally, candidates would have the potential for expanded upward mobility options within state service, which is something candidates consider when applying for state jobs.

## **Flexible Schedules, Tenure, and Time Base**

Telework undoubtedly helped EDD to recruit and hire new employees during the COVID-19 pandemic. Additional ongoing flexibility in relation to work schedules could also help with future recruitment and retention of employees, and it would provide the Department with the ability to dynamically respond to claimant needs.

The PI positions currently used by EDD to fill gaps in its workforce can be restructured. The PI tenure and time base were established to set up a part-time labor force designed to increase to full-time during peak workloads. The Department did not have the ability to increase workforce production with existing PIs, as they were already working full-time at the onset of the COVID-19 pandemic. EDD will continue to review the budgetary ability to hire additional PI positions to better prepare for increased workforce production when necessary.

Additionally, a willingness to offer employees alternate work-week schedules and flexible work hours will help the Department position itself as a competitive employer providing an expanded candidate pool for future recruitment efforts.

### **Continue to Authorize Telework**

Typical concerns over the workstation placement of newly hired employees did not arise during the COVID-19 pandemic, as most employees were authorized to work from home. Continuing to authorize hybrid telework jobs for new employees will remove barriers related to the physical space needed for employees.

### **Continued Technological Improvements**

EDD is dedicated to improving the technology with which claims are processed and which is needed by employees. By continuing to partner with the Department's Information Technology Branch (ITB), the UI Branch will—with proper funding—be prepared with technology necessary for future hiring efforts.

Line Item 6 of this plan further addresses opportunities related to technology and equipment needed for UI Branch employees.

### **Vendor Staffing Augmentations**

During the COVID-19 pandemic, EDD experienced an unprecedented increase in various workloads. Due to the nationwide increase in UI workloads experienced by state workforce agencies, the US DOL provided the flexibility to augment state merit employees with contract employees to process work that is not inherently governmental. Leveraging this workforce model, EDD executed a contract with a vendor (Maximus) to assist in processing these workloads.

EDD successfully onboarded a total of 3,063 vendor employees. Based on the success of utilizing contract-vendor employees to process UI workloads during the pandemic, if there is a significant increase in future workloads, EDD can leverage the contract-vendor approach again, as long as that approach aligns with DOL guidance.

## **Employment Development Department Operational Changes or Recession Triggers**

Senate Bill 390 specifically calls for EDD to identify the steps the Department will take to “address increases in its workload, such as cross-training staff, changing its staffing levels, prioritizing specific tasks, and adjusting the way it performs certain work, including addressing all of the following factors:

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

### **(A) How quickly staff can be hired.**

To address staffing issues, the Department evaluates analytics to be strategic and proactive rather than reactive. To improve processes and administrative structures, EDD will address hiring processes beyond the recent economic crisis. A predictive staffing solution is key to ensuring sufficient skilled employees are available for increased workloads in future recessions and for avoiding an urgent mass-hiring effort, as was needed during the COVID-19 pandemic.

### **(B) Whether there is physical space for staff.**

Physical space is unlikely to be needed, given the Department's establishment of a hybrid telework policy. Minimal additional employees will be needed for workloads that require in-person processing. In those instances (such as at mail-sorting facilities), employees work hours are staggered to accommodate spacing needs and processing of incoming workloads. “Hoteling” is a workspace-sharing model utilized when there is a larger number of employees than there are workstations. At EDD, each workstation has an associated computer and necessary equipment, which allows an employee to log into an available computer to perform their job functions. Hoteling is a valuable model for reducing overhead costs and promoting telework. See Line Item 6 for more information.

### **(C) Whether the selected location has the technology that will be needed.**

The narrative for Line Item 6 of Senate Bill 390 recommends that the ITB review its ability to sufficiently and rapidly increase the number of computers and corresponding equipment in anticipation of increased staffing levels.

When future hiring takes place, EDD will need to reassess its technology needs. For example, prior to the COVID-19 pandemic, the Department had little need for video conferencing technology, but in a short period of time this technology became essential. If additional hiring were needed today, the Department currently has sufficient technology inventory to accommodate new employees. However, EDD will need to continuously reassess technology inventory to ensure that future hiring efforts are feasible and supported.

## **Line Item 4: Analyzing Current Job Duties or Classifications to Ensure the Right Staff Are Doing the Right Work**

SB 390 specifically calls for EDD to analyze current job duties or classifications to ensure the right staff are doing the right work, including all of the following factors:

- (A) Whether current staff is ready to take on more complex work, increased volumes of work, or both.
- (B) Identification of a backup system for a sudden influx of work.
- (C) Assessing how existing seasonal and part-time staff is utilized, including whether the Department can temporarily alter the work duties of current staff instead of hiring new staff.
- (D) Assessing how current staff can be cross-trained.
- (E) Extending hours of operation.

### **Background**

During the Great Recession, EDD was able to prepare for increased workloads by training employees in large training groups to address the Department's workload priorities. This was largely possible because EDD had already begun cross training a large portion of employees in EDD offices, and all employees performed work in the same classification: Employment Program Representative (EPR). The training provided at that time was not altered significantly, other than to remove certain amounts of on-the-job training so that employees could be trained more quickly.

EDD employees are hired into job classifications defined and maintained by the California Department of Human Resources (CalHR). These classifications specify the work each employee can be expected to perform in the given role and clearly define each job title. There are few exceptions to allow employees, who are able, to perform work outside these specifications. These include considerations of "out-of-class pay" which allow an employee to perform duties outside of and above their appointed classification for a maximum of 120 days. However, employees are unable to utilize out-of-class work experience on a résumé for a state of California job or use the experience to compete for another classification unless that work is performed as part of an official out-of-class assignment.

## **Response to Line Item 4(A): Whether Current Staff is Ready to Take on More Complex Work, Increased Volumes of Work, or Both**

Employees who are fully trained and currently working in the EPR classification can perform more complex work and are better prepared for increased volumes of work. This readiness is a result of refined training programs and the enhanced ability of UICCD to project future workload volumes and pinpoint workloads with the greatest demand. The Claim Filing and Determination Training has been divided into manageable segments, each followed by a period of on-the-job training. Consequently, trainees can immediately begin processing the corresponding workloads, rather than waiting several months before becoming proficient in multiple claim filing functions, as was the prior practice. This flexibility allows EDD to train its employees to take on a diverse range of complex tasks, expedite workload processing, and enhance EDD's capability to allocate and redirect production employees based on workload volumes and priorities.

The Department also recommends measures that can be taken before and during high levels of unemployment; these measures are explained below.

### **Opportunities Identified by the Employment Development Department**

#### **Utilize Overtime to Increase Work Production**

It takes several months to onboard and train new employees; therefore, implementing overtime can be necessary to immediately increase workforce capacity during peak workload periods. The Department offers overtime to appropriately trained employees on a voluntary basis when needs arise. 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.

During times of peak volume, when hours may be expanded to 12-hour days, overtime can be reduced by assessing the ability to hire more employees with flexible schedules (such as shifts that are from 12 p.m. to 8 p.m., in addition to 8 a.m. to 5 p.m.).

During periods of high unemployment, due to economic crises, EDD may want to implement overtime to meet increased workload demands. The success of this approach depends on cross-training staff to perform multiple duties, which allows employees who work overtime to be redirected to appropriate workloads.



## **Prepare Existing Staff to Learn More Complex Work, Rapidly**

During non-recessionary times, the Unemployment Insurance Branch Training Section (UIBTS) continues to modularize training for targeted workloads and update resources to ensure the Department is better prepared for periods of high unemployment. The UIBTS has expanded responsibilities to include the development and management of the UI Branch's KMS. The UIBTS has also helped develop a YouTube library containing instructional videos for the public on topics such as how to file and maintain a UI claim and how to certify for benefits. Additionally, the UIBTS has added an internal training library in a centralized Learning Management System (LMS) and the delivery of training in virtual meeting rooms.

The UIBTS will also identify criteria to ensure that sufficient training mentors are available to EDD offices that have trainees. Mentors trained in workload functions will be assigned to offices rotationally to ensure that all UI offices receive the full range of available training, thereby maintaining sufficient levels of highly skilled employees.

After carefully assessing its training plans, the UI Branch identified areas to enhance its training sequence and the tools needed to help its employees succeed. This assessment was crucial to the UI Branch's commitment to providing its workforce with the best possible training experience. Consequently, the UI Branch has revamped its training program to ensure that employees are well-prepared and equipped with the necessary skills and knowledge to excel in their tasks. The training program now emphasizes specific skills that foster agility, problem-solving, and innovation, which allows employees to respond effectively and be well-prepared to adjust to changing market conditions, to maintain their productivity, and to remain engaged. This program restructuring has increased job satisfaction and productivity, benefiting employees and EDD.

In collaboration with the various divisions that comprise the UI Branch, a comprehensive training plan was developed that covers the determination and claim filing workloads. This partnership ensures that employees receive well-rounded training that covers most aspects of their responsibilities. The new training model is designed to align with the one-year probationary period for new employees to set a strong foundation for their professional growth and

development. This integrated approach to training will serve as a cornerstone of the commitment to employee success and excellence.

### **Use Vendors and Enhanced Technology to Process Increased Volumes of Work**

According to US DOL guidance interpreting the federal “merit system” rules, vendor employees are not allowed to make determinations on a claimant's individual eligibility or an employer's individual costs. Despite these work limitations, vendor employees provide an excellent temporary workforce option for large, targeted workloads that do not directly affect a claimant's final eligibility determination or an employer's account charges.

For example, during the COVID-19 pandemic EDD utilized vendors to process requests for payment preferences, conduct interviews to collect eligibility information, and read informational scripts to assist claimants with self-service options. This freed up skilled UI employees to perform the more complex work of making eligibility decisions.

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

### **Progress on Line Item 4(A)**

In the second annual quarter of 2022, EDD hired and trained 408 PI EPRs in anticipation of an upcoming recession. Many of these hires were former EPR Limited Term employees who had previously separated due to pandemic-related LT contract expirations. Additionally, 155 PIs were converted to permanent full-time employment status in an effort to maintain an ongoing skilled workforce.

In November 2022, EDD hired 291 EPR PI employees. Onboarding dates were staggered across January, February, and March of 2023. All are currently cross-trained in claim filing and determinations.

In December 2023, EDD hired for 24 Employment Program Manager II positions, 40 Employment Program Manager I positions, and 432 EPR positions. Those hired for EPR positions will be fully trained to file claims during the peak of seasonal unemployment in 2024.

In September 2023, the EDD implemented online filing for Special Claims, including federal, military, and out-of-state California workers. This population of customers is now able to file online. Until that update, these workers used paper applications or had to call. As such, manual processing of this workload is

greatly reduced, and skilled employees can be redirected to processing other claim filing workload.

In an effort to maintain its workforce to the fullest capacity, the UI Branch continues to actively fill approved vacancies in its support divisions. Additionally, UIBTS is currently seeking to reclass current Department-specific (EDS and EPM) classifications to the more generalized analyst series to improve recruitment. This reclassification would also expand the analytical skill base of employees who create materials and tools that will further enhance information retention.

### **Response to Line Item 4(B): Identification of a Backup System for a Sudden Influx of Work**

The Department has taken concrete steps to identify a backup system for a sudden influx of work. In January 2021, EDD established the UICCD, which is tasked with providing holistic, centralized review and coordination of workloads and resource allocations. One of the primary functions of the UICCD is to help forecast future workloads and customer service demands while considering the claimant experience through focus groups and workforce levels needed to meet performance objectives.

The UICCD is charged with identifying tools to project EDD workloads, assess workforce and resource allocations, and help measure production, performance, and quality of UI Branch work. As EDD moves forward, the UICCD will focus on identifying tools to minimize contact-center calls and expand additional self-service options; make data-driven decisions for resource allocations based on projected workload influx and contractions; and review the quality of customer service delivered by the UI Branch.

### **Opportunities Identified by the Employment Development Department**

To respond to increased workload volumes related to a recession, the UI Branch will take the following measures.

#### **Redirect Employees from Non-UI Branches**

Based on Department priorities during times of critical need, EDD may redirect UI employees to other offices to assist with different workloads. This can be accomplished during the employees' regularly scheduled hours or overtime. The UI Integrity and Accounting Division has experienced challenges with hiring into its accounting series classifications due to limited applicant pools. Because several of their critical workloads may not require specific accounting experience, they are able to utilize EPR employees who can be redirected from other UI Branch offices and can complete more complex work. The use of other internal UI employees allows for increased efficiencies in onboarding as the EPRs

have familiarity and knowledge within the technological systems. The Department can utilize the KMS to build workload guides to be used in conjunction with in-house on-the-job training to ensure that employees can follow the correct steps to perform work and reduce errors.

### **Recruit Retired Annuitants**

Provided sufficient Department's budget affordability, the UI Branch can reach out to recently retired UI Branch employees who have experience with production workloads. These individuals could be brought back to EDD as retired annuitants. Retired annuitants are limited in the number of hours they are permitted to work in a fiscal year, but they can be scheduled according to fluctuations in workload needs.

### **Progress on Line Item 4(B)**

The UICCD has developed a model for a centralized workload repository, known as the Resource Allocation Model (RAM). The RAM is the UICCD's employee allocation recommendation on how work should be distributed enterprise-wide, taking into consideration Service Level Agreements (SLAs) and workloads that have the most impact on EDD customers. The UICCD releases the RAM proactively, providing planning time to the UI Centers so they can best allocate employees to liquidate work. This enhanced visibility enables EDD to identify when additional training is necessary to augment staffing capacity for particular workloads. As an example, this improved visibility recently led to the development of a plan to deliver comprehensive training on the Special Claims workload, driven by the demands of EDD's business needs.

EDD has also implemented several self-service options that allow Californians to obtain assistance with minimal or no interaction with an EDD agent. Self-service options are available through UI Online and through the Department's main website ([edd.ca.gov](http://edd.ca.gov)), which offers EDD Chatbot assistance, [Unemployment Insurance FAQs](#), and an [Ask EDD portal](#) that includes informational articles and the ability to submit questions to the EDD.\* Given constraints associated with the manner in which the UI program is funded, it is difficult to ensure that the Department will have an adequate number of trained agents to answer all calls it receives at peak volumes. However, improvements in self-service options decreases the need for individuals to call EDD for assistance. Measures to improve the Department's self-service options for customers are addressed in the narrative for Line Item 5 of this report.

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\*Unemployment Insurance FAQs are available at <https://edd.ca.gov/en/unemployment/FAQs/>.

The Department has hired approximately 800 employees in the last year which are in the process of completing their cross-training, which should occur prior to the hiring of the additional 432 employees in December 2023. The Department uses the RAM to support the need for hiring as well as to direct cross-training needs while still ensuring that work is performed efficiently and effectively. The UICCD ensures that all training is conducted at the most optimal times. Assessments of the skill level of employees are conducted to determine proficiency with entry-level workloads before employees are trained on the most difficult and complex workloads.

The UICCD has developed workload strategies that optimize current staffing levels to fulfill the Department's SLAs, discussed later in this report. As a result, tasks can be scheduled in a way that accommodates administrative time (meetings, etc.) while minimizing its adverse effects on productivity. The UICCD releases the RAM proactively in order to provide the UI Centers time to optimize the allocation of employees to liquidate work. In the event of a large influx in workload, the UICCD reassesses internal SLAs to modify appropriately to liquidate workload promptly. The Workload Optimization Section within UICCD anticipates decreases in workload volumes to optimize the use of planned administrative time across the UI Branch.

UICCD has assumed responsibility for scheduling eligibility interview appointments within the UI Branch. Weekly assessments of the volume of appointment requests guide decisions on the number of appointments the Branch can schedule in a given week. UICCD can adapt the capacity for appointments in response to changes in demand. This enables the optimization of workforce levels for prompt appointment scheduling.

#### **Response to Line Item 4(C): Assessing How Existing Seasonal and Part-Time Staff is Utilized, Including Whether the Department Can Temporarily Alter the Work Duties of Current Staff Instead of Hiring New Staff**

As previously discussed in the response to Line Item 4 (A), EDD employees are hired into specific job classifications. These classifications define the work they can be expected to perform. While increasing the workforce with temporary employees is possible, EDD has several options to modify the work assignments of current employees as opposed to hiring new employees.

#### **Opportunities Identified by the Employment Development Department**

##### **Adjust Internal Service Level Agreements (SLAs)**

In the event of a large influx of claim filing or determinations workloads, the Department will adjust the service level to allow the UI Branch to strategically

redirect employees to priority workloads. As an example, adjusting the call center SLA of answering 80 percent of callers within 30 minutes would allow a substantial number of employees to address large increases in claim filing or determinations workloads.

### **Implement Overtime**

Because the process of onboarding and training new employees takes several months, the Department may need to implement overtime to immediately increase staffing capacity during peak workload periods. EDD offers overtime to trained employees on a voluntary basis as needs arise. Overtime is useful for addressing short-term, seasonal influxes of work and to reduce the variance in time between identification and hiring of additional employees.

### **Response to Line Item 4(D): Assessing How Current Staff Can Be Cross-Trained**

As discussed previously in 4(A), EDD's EPR employees are regularly cross-trained. EDD had 144 employees engaged in its cross-training process before the COVID-19 pandemic. When the pandemic began, the Department increased cross-training classes from 144 employees to classes of 300 employees every other week. Due to the fact that the UI program training is extensive and the subject complex, the Department believes cross-training should involve a combination of the following measures, including additional steps when not in a period of high unemployment. This approach would minimize out-of-class assignments and increase cross-training potential.

### **Opportunities Identified by the Employment Development Department**

#### **Cross-Train Claim Filing Employees During Low Workload Periods**

The UI Branch continuously reviews opportunities to expand the skills of existing claim filing employees to proactively prepare for increased volumes in determinations workloads. The UI Branch will continue to strategically cross-train claim filers in the months identified as having low workload volumes in both claim filing and call attempts. A more flexible workforce will strengthen the UI Branch's ability to respond quickly to unexpected increases in workload volumes.

### **Progress on Line Item 4(D)**

Employees are hired into the EPR classification and are trained to file claims before being cross-trained to perform the more complex determinations. Automation updates such as online special claim filing and the electronic

determinations interfaces released at the end of 2023 provide opportunities to identify additional areas to cross-train employees. These areas provide UICCD the ability to maximize the amount of work new employees will accomplish and optimize the EDD's flexibility to direct new employees sooner to workload demands.

Certain recessionary tactics, such as targeted overtime and the expansion of UIBTS, are initiated by the UICCD's RAM tool in order to meet SLAs in optimal fashion. The Department is also expanding the KMS to make commonly used tools more accessible and indexable, which will ensure access to the information needed to make complex, uncommon decisions more consistent with current law and policy.

### **Response to Line Item 4(E): Extending Hours of Operation**

As of January 2020, UI call centers had approximately 1,270 UI agents located in field offices across California. These agents provide customer service by answering questions and providing assistance to UI claimants. Call center agents also perform off-phone work processing UI claims. When contacting the call center, claimants call a toll-free number and navigate a series of prerecorded messages known as the Interactive Voice Response (IVR) system. The IVR routes callers based on the options selected.

In 2014, EDD made an SLA commitment to the Legislature to answer 50,000 claimant calls per week as a result of receiving increased funding to hire PI employees. This SLA is used as a benchmark for workforce decisions and to measure the success of the UI call center.

During the COVID-19 pandemic, the UI Branch answered 3.8 million calls in 2020 and 9.5 million calls in 2021 (through November 8, 2021), in contrast to 2.17 million calls answered in 2018 and 2.07 million calls in 2019.

On April 15, 2020, the Governor signed an executive order requiring EDD's oversight agency to expand call center hours and ensure sufficient workforce levels to process claims. Following this order, the Department quickly implemented a minimal, preliminary version of a new phone system known as the Virtual Contact Center (VCC). The new phone system allowed agents to quickly transition to telework as a result of stay-at-home orders. Prior to the April 2020 upgrade, the VCC lacked some functionality of the previous system. Over the course of the last three years, EDD has worked to expand the VCC to contain all the functionality of the IVR in addition to expanding it to meet the diverse language needs of the constituents. EDD also expanded its call-center hours and began augmenting thousands of agents to answer calls and perform other tasks related to claim processing.



As EDD moves forward, the Department is assessing the following options to address call-center hours:

- Implementing overtime
- Maintaining hours of 8 a.m. to 5 p.m., Monday through Friday, in periods of low unemployment
- Maintaining hours of 8 a.m. to 5 p.m., Monday through Friday, 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 driven by the UICCD)

Two separate UI Branch call centers support customer inquiries related to Form 1099G and overpayments/benefit audits. Incoming calls for Form 1099G inquiries are managed from 8 a.m. to 5 p.m., Monday through Friday. Incoming calls for overpayments/benefit audits are managed from 8 a.m. to 12 p.m., Monday through Friday and employees address benefit audit off-phone workloads from 1 p.m. to 5 p.m.

Additionally, the UI Technical Support Center handles calls related to UI Online and myEDD registration; State Data Information Exchange (SIDES) enrollment and registration; and identify verification. These calls are managed from 8 a.m. to 5 p.m., Monday through Friday.

## **Opportunities Identified by the Employment Development Department**

### **Schedule Training During Non-Peak Months**

The Department conducts a two-hour training on determination quality. This training results in a loss of capacity to work determination appointments. To mitigate the impact to customers, the UICCD schedules this training during identified non-peak months and over several weeks to balance the decline in workload capacity during training.

### **Minimize and 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 reducing meetings, streamlining administrative processes for production employees, and staggering the scheduling of their employees' administrative time. Communication is critical, and in lieu of meetings, the Department's KMS can be leveraged to proactively inform employees of important UI program changes.



## **Progress on Line Item 4(E)**

The UICCD efficiently manages the call center by leveraging systems that capture real-time call center production data, allowing for the calculation of average call handling times. This data informs decisions on 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.

In order to forecast future staffing needs, the UICCD conducts an analysis of recent historical phone call volumes, considering the day of the week, to determine an appropriate timeframe for creating an average projection. While there are varying schedules available, the UICCD uses real-time data to determine the correct level of coverage to accomplish a reactive fluctuation in coverage that better suits the constituents' needs.

## **Employment Development Department Operational Changes or Recession Triggers**

### **Normal Operations**

- Hire EPRs in a PI tenure to perform workload at less than full-time levels. This allows for attrition and flexibility to increase hours as needed in periods of high unemployment.
- Cross-train employees in claim filing and determinations, as specialty workloads with priorities guided by the UICCD.
- As workforce resources increase, allow skilled employees to shadow automation projects to act as early adopters and testers and to build capacity for a recession.

### **Alternate Operation Activities**

- Utilize the UICCD to identify workloads that reach capacity quickly and create targeted trainings specific to those workloads.
- Use overtime to help process targeted workloads.
- Hire in the EPR classification and in the Accounting series classifications when the forecasting of an upward trend in workload begins or when incremental increases in the unemployment figures occur.
- Redirect employees within the UI Branch from workloads not immediately impacted by recession activities to those workloads that have a direct impact on the claim filing process.

## **Activities Triggered by Significant Increase in Unemployment**

- Engage in all recession activities listed above.
- Create Training and Development (T&D) assignments for UI field employees to assist with automation projects in areas where they have shadowed previously.
- Identify workloads for which employees can be trained quickly and which can be performed for 120 days in a higher classification with employees earning out-of-class pay.
- Provide training on workloads that can be done in 120 days by employees working out of their classification for less than 50 percent of the time.
- Hire vendors to assist with less complex workloads, focusing skilled employees on more difficult workloads.
- Implement technological options, such as chat features, that will allow skilled EDD employees to identify issues, make determinations, and direct vendor staff to follow through on EDD decisions.

## **Line Item 5: Identifying Ways to Improve Self-Service Options So EDD Customers Avoid Long Wait Times to Speak with Staff**

Line Item 5 of SB 390 requires EDD to submit an economic recession plan that includes “identifying ways to improve self-serve services [sic] to avoid long wait times to speak to staff.” The following discussion addresses this topic.

### **Changes Made Prior to the COVID-19 Pandemic**

Prior to the COVID-19 pandemic, EDD developed automated systems to allow claimants to self-serve regarding information about their UI claims. By enabling greater self-service, representatives could be made available to handle only those claims where an issue has been identified or requires additional review.

The earliest automated process at EDD involved the biweekly certification process. Claimants must submit a certification form (DE 4581) to show their continued eligibility to receive benefits each week, in two-week increments. The DE 4581, when received in paper form, is scanned and UI systems automatically review the claimant's information to determine if responses are in pattern (eligible) or out of pattern (requiring more information). If answers are in pattern, the claim form is authorized by the system to pay the claimant for that week's benefits. When out of pattern answers are detected, the system flags the form for review by a representative to determine if any eligibility issues exist and to take appropriate action. In 2010, EDD implemented Web-Cert, which allowed claimants to submit their DE 4581 using an online form. The system reviewed answers provided to determine if benefits could be paid or if additional review was required.

In 1999, EDD transitioned to a call center environment. The initial structure included six call centers with separate toll-free phone numbers for each office geographically located throughout California. In 2010, the UI Branch consolidated the call center function to one set of toll-free phone numbers in English, Spanish, Cantonese, Mandarin, and Vietnamese. It also deployed an IVR system to route calls to agents in offices throughout California. The IVR included the ability to provide payment information and to enable biweekly certification for benefit payments through the Tele-Cert system.

In 2015, the EDD deployed the California Unemployment Benefit Services (CUBS) system with the claimant-facing UI Online web application. Claimants have the ability to monitor basic claim activity, such as payments, and submit biweekly certifications through UI Online. More recent modifications include the ability to complete the claim application through UI Online. The claim application process entailed automation and logic development to process and file the

claim application automatically when the application met specified conditions. If conditions were not met, the application was queued for processing by employees utilizing other tools to assist, such as the Claim Processing Tool (CPT).

These self-serve processes helped to reduce the number of calls to UI call centers and enabled claimants to help themselves, except when items resulted in more complex claim situations.

### **Changes Made During the COVID-19 Pandemic**

In response to the increased workload and call demand during the COVID-19 pandemic, EDD implemented a number of solutions to improve claimant self-service.

#### **Voice of the Customer Report**

Working in partnership with Verizon and Emplifi (formerly Astute), EDD began analyzing feedback obtained through social media and a new EDD Chatbot. The product of this analysis is the Voice of the Customer report (VOC). The VOC report provides insight surrounding the current issues of interest to claimants. In addition to monitoring our own social-media accounts on Facebook, Twitter, LinkedIn, and Instagram, our partners monitor for intents and comments from Reddit, YouTube, and content from non-EDD accounts. The aggregation of comments and feedback is useful to help provide a sense of where claimants are struggling with EDD processes or if there are emerging trends. By enabling this effort, EDD has been able to identify potential topics of interest and focus our social listening for intents that can be used to refine our communication with customers, media, legislative members, and the advocate community.

#### **Website Chatbot**

EDD worked with Verizon and Emplifi to deploy the EDD Chatbot during the COVID-19 pandemic. The EDD Chatbot is a software application accessible through the main EDD website (<https://edd.ca.gov/>). It recognizes key terms used by customers and allows people to ask questions and receive automated responses with appropriate content (i.e., messages and website references) in lieu of direct contact with a live EDD agent. The EDD Chatbot learns and is programmed to respond to new inquiries; the EDD's Public Affairs Branch works with different program areas in the Department to create appropriate chatbot content and responses for customers. The EDD Chatbot is an important part of the Department's ongoing efforts to minimize incoming telephone calls to its contact center. Additionally, the Department is currently evaluating and developing a project plan to implement live chat for customers.

## **In-Queue Informational Messages**

In response to increases in calls from customers who have little or no previous exposure to the UI program, EDD implemented in-queue (on hold) informational messages in the IVR. These messages are programmed to play while a customer is on hold, waiting to speak with an EDD agent. The intent of these messages is to help address basic reasons for customer calls, redirect customers to appropriate self-service content on the EDD website, provide direct answers to specific questions, and ensure that customers have appropriate information before speaking with an EDD representative. These in-queue informational messages can be modified to address changing information as workloads or program information evolve.

## **SMS Text Messaging**

Further partnership with Verizon has led to implementation of Short Message Service (SMS) text messaging, which involves sending limited-character messages to EDD customers' cell phones. EDD developed several SMS text messages to provide information or reminders at key points in the claim process, or to help communicate about special situations that require a claimant's attention. Although SMS text messages are limited in length, the Department can deliver sufficient information through these messages to direct claimants to their UI Online account or to the EDD website for additional details. As of December 2023, text messages are available in English, Spanish, Simplified Chinese, Traditional Chinese, and Vietnamese. The Department plans to send SMS text messages in Korean, Armenian, and Tagalog starting March 2024.

## **Claim Status Tracker (CST)**

In partnership with NAVA, a public benefit corporation and technology services provider, EDD deployed an add-on to the UI Online application—a Claim Status Tracker (CST)—that provides updated claim status based on a variety of claim conditions. The CST provides detailed information about the current status (e.g., paid) and the appropriate next steps for both the claimant and the Department (e.g., weeks available to certify).

## **Document Upload**

During the pandemic, EDD experienced a significant increase in claims involving potential identity fraud, which required many claimants to produce additional information to verify their identity. Historically, EDD customers' personal information was automatically verified through the California Department of Motor Vehicles (DMV) and the Social Security Administration (SSA). When identification remained uncertain, the Department required customers to submit additional paper documentation for evaluation. To reduce the timeframe for

document submittal and to streamline the receipt of these identity verification documents, EDD implemented a Document Upload process through DocuSign. EDD customers are provided with a button in their UI Online account when identity documents are required. EDD employees who are assigned to the identity verification process have immediate access to documents, and they can resolve identity issues and return claimants to an eligible status. For a full description of the identity verification processes used by the Department, see Line Item 10.

### **ID.me**

EDD also integrated ID.me, a third-party technology solution, into the UI Online claim application process to assist with identity verification. When customers begin a new claim application, they are immediately directed to ID.me to verify their identity with approved, government-issued forms of identification (such as a driver's license or passport). If a customer has difficulty using the system, or if the system cannot read the documents that are submitted, the customer can enter a video chat with an ID.me representative, who can confirm the person's identity. After a customer's identity is confirmed through ID.me, the claim application process may continue—and if the application meets specified conditions, the system will automatically file the claim without requiring employee intervention or review. EDD is considering enhancements to the ID.me identity verification process as part of its modernization effort, EDDNext.

### **Emergency Claim Processing Tool (eCPT)**

As a result of the emergency nature of the COVID-19 pandemic, the US DOL provided guidance allowing EDD and other state labor agencies to suspend some claim application conditions that would otherwise require additional eligibility review under normal circumstances. EDD was able to leverage some of the suspended conditions through the deployment of the Emergency Claim Processing Tool (eCPT). As stated above, prior to the pandemic, if a claim application was submitted online, the system reviewed the application to determine if the claim could be filed automatically or if additional employee review was required. For claim applications that require additional review, EDD employees utilize the CPT. During the pandemic, employees would use the eCPT to process claims. Because the eCPT had a component that would review a claim for suspended conditions, claims could be processed quickly, allowing customers to begin certifying for benefits. The suspended conditions were limited to the pandemic time-period and ended in September 2021.

## **Opportunities Identified by the Employment Development Department**

EDD must take a multifaceted approach to systems and customer-facing business processes to ensure that the Department can meet its workload demands. EDD continues to improve its existing systems and explore new technology that will enhance customer experiences. Some efforts that are currently in development or under consideration are described below.

### **Listening for Feedback and Reasons for Calls**

The VOC report continues to be a successful tool for understanding why customers call EDD. In addition, EDD is engaging in new efforts to ensure that EDD agents accurately capture the reasons for customer phone calls; this is accomplished through the collection of disposition codes.

Since 2022, EDD has expanded the VOC report to include customer feedback and insights for UI, DI, PFL, Payroll Taxes, and Workforce Services. Additionally, the UI program implemented an after-call survey to collect feedback from callers about their satisfaction with the service they received. EDD is working to implement call monitoring as part of a longer strategy. Combining these elements will reinforce insights and help identify changes needed for the IVR and deployment of EDD agents. This information may help identify communication or clarification needed to answer questions through the EDD website, EDD Chatbot, and in-queue informational messages.

### **Expanding the EDD Chatbot for Claim-Specific Responses**

The EDD Chatbot currently provides general responses to inquiries on the EDD website. If the Department were able to add a customer authentication component to the chatbot—either through the chatbot itself or by integrating the chatbot into UI Online—the chatbot could provide claim-specific responses similar to information found in UI Online or through the CST. Although the Department would be providing the same information, doing so through the chatbot could improve customer experiences. As of 2023, EDD is continuing to evaluate this opportunity and is considering other options for expanding chatbot functionality.

### **Expanding Conditions for Automated Claim Filing**

While some eligibility conditions were temporarily suspended through the eCPT during the COVID-19 pandemic, a few conditions were identified for incorporation into the automated claim-filing process, thus reducing the number of claim applications that require employee interaction. Those conditions were defined, and logic created to be included in the automated claim-filing process. Because the UI program is governed by both federal and state laws and must adhere to regulations set forth by the DOL, EDD must examine any programming to automate the claim-filing process to ensure it is legally

compliant and appropriately identifies claims that require additional employee review.

Since 2022, EDD has incorporated all possible elements that could be incorporated into the automated claim-filing process. Additionally, in 2023, the Department expanded online claim filing to include federal, military, and out-of-state claims.

### **Expanding the CST**

EDD's CST project continues with a focus on refining claim conditions and providing appropriate status feedback to customers. Possible expansion opportunities include refining timeframes for eligibility determination status; providing questionnaires through the CST to obtain necessary information to quickly determine a customer's eligibility; and integrating systems with the California Unemployment Insurance Appeals Board to provide appeal status.

In 2023, the Benefits Recommender widget was added to the CST. The Benefits Recommender widget, created by the Governor's Office of Digital Innovation, will provide links to additional resources available to Californians, including:

- Health insurance through Covered California.
- Assistance with buying food through CalFresh.
- Assistance for women, infants, and children through the WIC program.
- Information about the Earned Income Tax Credit.

### **EDDNext**

EDDNext is the new modernization project to transform EDD systems for employees and improve the overall experience for EDD customers. The main goals of EDDNext are to assess, analyze, and redesign EDD's business processes, which involve multiple and disparate information technology systems. EDDNext aims to incorporate a customer-centric framework that delivers world-class customer service. EDD seeks to identify and redesign business processes to deliver:

- Improved experiences for all EDD customers that address specific stakeholder concerns (from claimants, businesses, constituents, and employees).
- Improved services and service delivery.
- Minimized process complexity, cost, and service-delivery time.
- Increased transparency.
- Reduced administrative burdens.
- Adoption of best practices from similar environments.



In 2022, the EDDNext project adopted a new development and procurement strategy aligned with a hybrid Agile approach (multi-phased incremental enhancements to EDD systems). The first project delivered under the EDDNext banner was the myEDD Shared Customer Portal, which is replacing the Department's Benefit Programs Online (BPO) system. The myEDD customer interface offers increased security through multifactor authentication (MFA) and provides EDD customers with a simpler and more modern online experience. EDD has highlighted this and other EDDNext achievements in its [Benefiting Californians newsletter](#).

## **Line Item 6: Assessing Current Inventory of EDD Equipment**

SB 390 specifically calls for EDD to assess its current inventory of equipment, including both of the following:

(A) Determining if the Department should lease equipment.

(B) Determining if there is enough equipment to support anticipated increased staffing levels.

### **Changes Made Prior to the COVID-19 Pandemic**

The UI Branch hires approximately 300 people every year. To onboard a new employee, the hiring manager and often another designated individual are responsible for ensuring there is suitable equipment for the new employee. This includes all necessary computer hardware, software, and office supplies. When recruiting and filling a new position, the hiring manager is required to obtain the necessary computer hardware, software, and office supplies for the new employee. Equipment may be purchased, or a new employee may be provided the equipment of a former employee.

Before the COVID-19 pandemic, the process of acquiring equipment was accomplished through different methods depending on the item being purchased. Each EDD office has one person or unit responsible for acquiring items requested in their office. Prior to filling an acquisition request, the request must ensure that no serviceable surplus is available in EDD's storage warehouse.

For incidental office supplies, a State of California Purchase Card (CAL-Card) can be used to purchase a combined total of \$15,000 of equipment per 30-day billing cycle, with additional limitations on single-day transactions and vendors used. The CAL-Card is ideal for smaller purchases, restocking existing supplies, and ordering as needed for individual hires. When IT equipment was needed for a new employee, an IT service request was submitted to acquire computer hardware and software. As a standard business practice, EDD's ITB purchased approximately 1,000 new computers every year prior to the COVID-19 pandemic. These computers were used to replace broken units, refresh aging units, and supply equipment for new hires. New computers weren't typically purchased for individual employees. Requests for items were fulfilled with the ITB's current inventory. On average, it took approximately 10 days to complete an ITB service request for accounts, permissions, and equipment. If new equipment was required to be purchased, the turnaround time was extended to as many as three months.

After purchasing a new computer, the equipment must be imaged at the EDD's Central Office. This process allows ITB to assign the unit to a specific office to help manage, repair, and update the machine and software. In addition, EDD-specific software security features are installed onto all machines. Once this process is complete, the computer can be shipped to the appropriate EDD office for use by the new employee.

Prior to the COVID-19 pandemic, all UI Branch employees were assigned to work in an office. Equipment for newly hired employees was delivered via overnight shipping or sent via courier to the office and placed at the new employee's workstation. Computers were connected to the office network with existing direct wiring. If one or two new workstations or cubicles were needed, it was necessary to complete a Facilities Service Request form. Equipment movements for more than two desks required contacting an EDD facility representative to plan and schedule the change.

Additionally, prior to the pandemic, hiring new employees in response to a recession required finding new space where those employees could report to work. During the Great Recession in 2009, EDD offices added workstations to conference rooms and break room areas to accommodate additional employees. This required the acquisition of facility equipment such as cubicle panels, desks, chairs, and lighting in addition to computer equipment and phones. Employees did not have assigned cell phones, and call center employees used office-provided headsets.

## **Changes Made During the COVID-19 Pandemic**

In two of the last three recessions prior to the COVID-19 pandemic, EDD's HRSD estimated that approximately 1,000 new Employment Program Representatives (EPRs) were hired in response to the increased workload. In both cases, the unemployment rate and corresponding departmental workload increased incrementally over the course of many months. The recession caused by the COVID-19 pandemic did not follow any historical patterns. In February 2020, the US had a historically low unemployment rate of 3.9 percent. Two months later, in April 2020, the unemployment rate increased to 16.4 percent—the fastest increase ever recorded.

Enhanced office safety protocols were implemented as a result of the COVID-19 pandemic. The need to physically distance during the pandemic caused most employees to telework and resulted in a lack of need for the typically required

new employee workstation in the office. The implemented telework model altered the type of equipment required for new employees.

In May 2020, the EDD began onboarding the first of more than 5,000 new employees hired in response to the increased workload due to the COVID-19 pandemic. Newly hired employees reported to an EDD office to collect computer equipment and proceeded to telework from their homes. Teleworking employees were required to have hard-wired, high-speed internet service and reside in California. Newly hired EPRs required eight pieces of computer hardware for production: a computer; monitor; keyboard; mouse; cord/surge protector; Ethernet cable; key fob for multi-factor authentication (MFA) or soft token; and a cell phone. If needed, additional hardware such as a headset, web camera, and mobile hotspot (MiFi device) were provided. These limited requirements allowed the telework model to be implemented to as many employees as possible.

Telework reduced the costs associated with new employees due to the fact that additional facility equipment and office space were not required. Further cost reductions (which are ongoing) were realized with reduced utility costs at EDD offices. However, the acquisition of new cell phones and service, video conferencing licenses, and other equipment added new expenses for the Department.

In early 2020, the ITB purchased 1,600 computers as part of the Department's normal business process, unrelated to the COVID-19 pandemic. This bulk purchase allowed the Department to pivot from replacing existing equipment to supplying new employees quickly. As the pandemic progressed, the ITB continued to purchase new hardware in bulk. Traditionally, new equipment is procured within 90 days. However, procurement delays during the pandemic doubled with supply chain limitations and computer chip shortages adding unexpected delays. The ITB was able to obtain equipment ahead of the hiring requests for a full fiscal year. In April 2021, older but still serviceable computers from the EDD warehouse were reverted into production for the last groups of new employees.

Due to employees teleworking, desk phones were no longer necessary and cell phones were utilized as replacements. The ITB worked with a cell phone service provider to purchase or lease bulk quantities of phones, depending on the options available at the time. It can take up to eight weeks to acquire the phones needed. Cell phones were distributed based on the mass onboarding plan received from the field offices. In approximately three weeks, phones were

mailed from ITB to the UI Branch of which were then directly mailed to the requesting office for employee distribution.

## **Opportunities Identified by the Employment Development Department**

To maximize the use of resources and improve the Department's overall service to customers in a rise in unemployment or unexpected economic crisis, EDD recommends that the following practices be adopted.

### **Improve Communication Among Branches**

EDD introduced many new processes during the COVID-19 pandemic, including regular partnership meetings between the ITB and other EDD branches. These meetings have proven beneficial in staying ahead of departmental changes.

Monthly Customer Advisory Group meetings hosted by the ITB provide branches with opportunities to communicate impending and potential changes that would impact computer equipment and software needs. Meeting agendas include upcoming hardware and software deployments, training plans, and equipment refresh plans. The Request Management Review Committee also meets monthly to review upcoming projects and initiatives involving the ITB. It is recommended that both meetings continue monthly, with additional meetings added when specific recession indicators are met.

### **Store Computers in the EDD Warehouse**

Computer equipment has a lifespan of approximately five years and is typically replaced near the end of its life. This practice helps the Department to avoid using computers that may crash unexpectedly and create additional workloads for IT employees.

Previously, the ITB purchased approximately 1,000 new desktop computers every year to replace existing equipment. Now, individual EDD branches are responsible for working with ITB to procure inventory to refresh their existing computers. The replaced computers are at the end of their life, but many have not yet deteriorated past the point of viability.

The EDD warehouse, which currently stores general office supplies, could store computers that have been removed from general use. EDD has established a recommended approach where the ITB commits to a study of storing a minimum of 1,000 refurbished units in the EDD warehouse. In two of the last three recessions, EDD hired approximately 1,000 EPRs in response to increased UI claim workloads. By storing viable computers in the EDD warehouse before disposing

of them, EDD will have a ready supply of computers for employees hired during a recession.

### **Acquire Supplemental Computer Equipment**

Computer equipment requires cords, surge protectors, Ethernet cables, keyboards, mice, and monitors to be functional. These items are purchased by individual offices, 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. Currently, EDD offices purchase their respective supplies of these items to reduce the time needed to replace defective products. However, to ensure sufficient equipment is available to support increased staffing levels in the future, the Department will identify a large supply of supplemental computer equipment to accompany the surveyed computers in the EDD warehouse.

It is recommended that the Department purchase 1,000 of each item to be used with the warehoused computers.

### **Evaluate Leasing Versus Purchasing**

If the EDD warehouse has a sufficient quantity of computer equipment, leasing additional equipment should not be necessary. When ITB procures computers in the future, the Department will determine whether leasing or purchasing is the appropriate method.

Determining whether EDD 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 EPR position before their Limited Term assignment was ended or they converted to a permanent position.

The ITB 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 EDD 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 is needed.

ITB is investigating the feasibility of deploying and managing virtual desktops while employees use their own equipment to telework. Virtual desktops would allow EDD to onboard new employees more efficiently than if new equipment is 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 ITB workgroup will determine if virtual desktops are a feasible solution for the Department.

### **Evaluate the Use of Softphones Instead of Cell Phones**

A *softphone* uses a computer rather than a telephone or cellular service provider to make a phone call. The Department's VCC possesses the capability to enable softphones, which reduce the cost of telephone service and equipment. A headset is the only additional equipment needed when using a softphone.

It should be noted that softphone technology is not as reliable as telephone or cellular service, since it depends on the user's internet connection, which may result in dropped calls when bandwidth reduces. If a future recession involves problems with obtaining cell phones (for example, because of supply-chain issues), softphone technology may present an opportunity for EDD to increase call capacity quickly. However, the Department does not currently provide ITB support for softphones, as the service relies on the employee's home internet connection.

Refer to Line Item 11 in this report for additional information about softphone technology as it pertains to assessing call-center protocols.

## **Line Item 7: Identifying Altered Policies or Procedures to Activate If a Rise in Unemployment Insurance Compensation Benefits Claims Becomes Significant Enough**

SB 390 specifically calls for EDD to identify the altered policies or procedures that the Department would activate “if a rise in unemployment insurance compensation benefits claims became significant enough to warrant that step.”

The following sections address the driving factors for policy and procedure development or modification; the policy and procedure changes EDD made during the COVID-19 pandemic; the challenges EDD faces when creating or modifying policies or procedures; and the operational process to evaluate, modify, or create policy or procedures EDD will trigger when a rise in UI benefit claims occurs.

### **Policy and Procedures Before the COVID-19 Pandemic**

Prior to the COVID-19 pandemic, policy and procedure changes were driven by the following factors.

#### **State and Federal Laws, Regulations, and Guidance**

Generally, EDD’s UI policy and procedures are shaped by the CUIA, the California Code of Regulations, the United States Code, the Code of Federal Regulations, state judicial decisions, California Unemployment Insurance Appeals Board precedent decisions, and guidance from the US DOL. Together, these sources provide the guiding principles of the UI program. Changes can be introduced through new legislation, new or modified regulations, new policy documents, or new judicial decisions. As changes occur, EDD evaluates existing policies and procedures to identify impacts and implement any necessary changes.

#### **Customer Experience**

EDD ensures that customers are provided accurate, consistent, and timely information on all public-facing platforms. EDD ensures that the Department’s website is accessible, easy to navigate, and adheres to state and industry standards. Additionally, EDD consults on user-centered design and usability evaluation methodologies. When the EDD Usability team identifies a change to improve the customer’s experience, the UI program ensures the change follows existing state and federal guidelines



and evaluates existing policies and procedures to identify related impacts and implement any necessary changes.

### **Internal Feedback**

The UI program has employees who are experienced and can provide input that may result in policy or procedural changes. In addition to employees providing feedback through leadership, the UI program has a BPI team that focuses on the creation, innovation, and standardization of policy, procedures, and operational practices along with workload allocation and utilization standards. The low-effort, high-impact solutions have sought to eliminate bottlenecks and enhance operational and administrative processes within the UI Branch's sphere of influence.

### **Technical Impacts**

As EDD incorporates additional innovation to further automate its systems, a policy or procedure change may require a technical change to one or more of our systems. If a change to the system is necessary, the level of effort, return on investment, and technical feasibility are evaluated. For example, prior to the COVID-19 pandemic, the impact to the SCDB, CUBS and UI Online systems were weighed heavily when making policy or procedure changes, as these systems were scheduled to be replaced during the Benefit Systems Modernization project.

## **Changes Made During the COVID-19 Pandemic**

At the onset of the pandemic in March 2020, and throughout the pandemic period (federal programs ending September 6, 2021), EDD has continuously evaluated its policies and procedures. Some changes made during the pandemic period include:

### **Enhanced Fraud Detection Processes**

Prior to the COVID-19 pandemic, EDD used data from the SSA and DMV, and EDD data to verify the identity of a person applying for UI benefits. Additional fraud schemes were identified manually by investigating and analyzing claims. At the onset of the pandemic, the immediate and significant increase in UI applications across the country crashed the SSA system. The SSA system impact resulted in EDD utilizing only the DMV and EDD data to verify the identity of a person applying for UI benefits. Although the process was semi-automated on the front end, the back end resulted in a manual process.

In October of 2020, at the recommendation of the EDD Strike Team, EDD incorporated ID.me, a third-party technology provider and digital identity network, into the UI Online application process to simplify how a person applying for UI benefits could verify their identity before submitting an application. This deterred many fraudsters from submitting applications, allowing EDD to focus its resources on filing and processing claims for people who needed assistance.

Additionally, EDD implemented the policy to utilize Thomson Reuters to analyze all UI claims and identify fraud schemes related to a person being incarcerated, a person's personal indicators, or identify when a person was utilizing someone else's identity to collect UI benefits. A process was established with the California Department of Corrections and Rehabilitation to manually send EDD a monthly file to identify incarcerated individuals who were collecting UI benefits; this process was automated in 2023. EDD has also established the ability to provide California data to the National Association of State Workforce Agencies (NASWA) Identity Hub and is currently finalizing an approach to receive nationwide data from NASWA Identity Hub to further enhance fraud prevention and deterrence processes.

### **Temporary Suspension of Eligibility Issues**

Effective March 2020, many Californians became unemployed because of the COVID-19 pandemic. Businesses were forced to lay off workers or cut employee hours, either due to safety issues or due to a reduction in business needs. EDD determined that many unemployed claimants had a significant reduction in available work due to the stay-at-home orders, health quarantines, and widespread business closures. These limitations resulted in conditions that virtually eliminated most labor markets throughout California and made the prospect of finding suitable work remote. State law requires that a claimant conduct a search for suitable work in accordance with specific and reasonable instructions of a public employment office. However, due to the impact of the pandemic, EDD modified the work search effort policy in alignment with DOL guidance.

Prior to the COVID-19 pandemic claimants had the ability to submit their certification (Continued Claim Form [DE 4581]) within 21 days. The pandemic brought a population of individuals who may have never filed for UI benefits. A large majority of claimants did not understand the requirement to submit a timely certification for benefits. When the claimant did not submit the forms on time, the UI system would remove the available weeks and prompt the claimant to reopen their claim, causing customer confusion. As a result, on August 14, 2020, the timeliness criterion

was extended from 21 days to 120 days. The extended timeline allowed claimants additional time to certify for benefits. On December 30, 2020, this policy was revised from 120 days to 30 days to reduce confusion for individuals who had returned to work.

### **Waived Waiting Period Requirement**

On March 12, 2020, the Governor amended the emergency proclamation and waived the unpaid one-week UI Waiting Period (WP) for individuals who are unemployed for reasons related to the COVID-19 pandemic. EDD modified the policy and applied the waiting period waiver to individuals who:

- Lived or worked in the affected area or could not reach work as a result of COVID-19.
- Who became ill or were quarantined due to COVID-19.
- Have to care for someone who became ill or was quarantined due to COVID-19.
- Are subject to a medical or government mandated quarantine.
- Were laid off or had their hours reduced due to the economic impacts on the business due to COVID-19.
- Who could not work because the employer was forced to close temporarily due to an individual/employee who was sick or was exposed to COVID-19.
- Who could not work due to lack of childcare due to school or daycare closures related to COVID-19.

### **Deferred Determinations Workload**

EDD modified its policy for determining eligibility for non-health issues during the pandemic. EDD created automated processes to assist in processing workload and removing barriers that impacted a claimant's ability to collect UI benefits.

### **Auto-Processed Payments**

On April 23, 2020, EDD immediately processed available weeks without requiring claimants to submit certifications through UI Online, Tele-Cert, or paper DE 4581. EDD modified the policy that required claimants to submit certifications to determine eligibility and automatically processed

certifications for the week ending March 14, 2020, through the week ending May 09, 2020, without requiring a claimant to submit a certification.

### **Streamlined Claim Filing Via Macro**

As the backlog for filing UI claims grew, EDD identified the procedures that could be automated by a macro to assist in the liquidation of the backlog. A macro was developed that would use additional data elements not available to the existing online system and process an application, as an employee would manually. This streamlined process was only feasible because EDD suspended and deferred the processing of eligibility determinations.

### **Implementation of Five New Federal Unemployment Programs**

During the COVID-19 pandemic, EDD had to create policies and procedures for five separate federal unemployment programs (described below); these programs resulted from the passage of three federal laws and the issuance of one Presidential Memorandum. EDD was required to notify claimants, file claims, process payments, determine eligibility, conduct appeals, and establish overpayments for each of the following programs:

- **Pandemic Unemployment Assistance (PUA) Program**—Provided a total of 86 weeks of additional benefits for individuals who did not qualify for a regular UI claim and were unemployed due to COVID-19 between February 2, 2020, and September 4, 2021. Payments ranged from \$167 - \$450 per week.
- **Pandemic Emergency Unemployment Compensation (PEUC) Program**—Provided a total of 53 additional weeks of benefits to eligible individuals who qualified for a regular UI claim between March 27, 2020 and September 6, 2021. Weekly payments were based on how much the individual was paid on their regular UI claim.
- **Federal Pandemic Unemployment Compensation (FPUC) Program**—Provided an additional \$600 per week between March 29, 2020, and July 31, 2020, and an additional \$300 per week between January 2, 2021 and September 6, 2021, to eligible individuals. This program was also known as the Pandemic Additional Compensation (PAC) program in California.

- **Lost Wages Assistance (LWA) Program**—Provided an additional \$300 per week between August 1, 2020 and September 5, 2020, to eligible individuals.
- **Mixed Earner Unemployment Compensation (MEUC) Program**—Provided an additional \$100 per week between January 2, 2021 and September 6, 2021, to eligible individuals who earned both regular wages and self-employment wages.

### **Triggered the Federal-State Extended Duration (FED-ED) Program**

Between May 10, 2020, and September 11, 2021, eligible claimants received up to 20 weeks of additional UI benefits through the FED-ED program. The FED-ED extensions can only be filed when a state's Insured Unemployment Rate (IUR) or Total Unemployment Rate (TUR) reaches a certain level, in accordance with federal and state law. The FED-ED extension benefits end when the California's IUR is no longer at the level required by federal and state laws. Weekly payments are calculated based on the amount the individual was paid on their regular UI claim.

### **Executive Orders (EO)**

- **Executive Order N-25-20** — On March 12, 2020, this EO allowed EDD to waive the one-week waiting period in CUIC section 1253(d) for unemployment applicants who are unemployed as a result of the COVID-19 pandemic, and who are otherwise eligible for unemployment benefits.
- **Executive Order N-50-20** — On April 15, 2020, this EO allowed the EDD to waive the California Code of Regulations, Title 22, sections 1279.5-2(0)(16)-(17), 1279.5-3(0), 1279.5-5 and 1279.5-6, and CUIC section 1279.5(p) to automate the Work Sharing program.\*

### **Challenges Identified by the Employment Development Department**

During the COVID-19 pandemic, EDD faced a sudden spike in UI claims which required the Department to implement new programs in short succession. Direction provided by DOL guides much of EDD's activities

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\*AB 1731 (Chapter 209, Statutes of 2020) resolved the issues posed by California Code of Regulations, Title 22, sections 1279.5-2(0)(16)-(17) and CUIC section 1279.5(p) when it was codified on September 28, 2020: this bill was enacted to temporarily allow EDD to accept electronic applications for Work Sharing plans beginning September 15, 2020 to address the COVID-19 pandemic workload, with a sunset date of January 1, 2024. AB 1854 (Chapter 112, Statutes of 2022) removed the sunset date from Section 1279.7 of the CUIC and provided an indefinite authorization for EDD to accept electronic submissions and signatures on Work Sharing documents.

when implementing new programs, requirements, and policies. To identify the altered policies or procedures that EDD would activate if a rise in UI claims became significant enough to warrant that step, EDD would identify the following:

- **Source of Rise in Unemployment**—The cause of the next recession or pandemic will determine the appropriate policies or procedures that will be evaluated.
- **Available Federal and State Laws, Regulations and Guidance**—New federal or state legislation and directives from the DOL will be vital to EDD's direction in evaluating its policies or procedures. Timely communication between the DOL and the states to prepare for any upcoming federal legislation or change or new federal guidance will be essential in EDD's success in quickly identifying the necessary policies and procedures that can be altered. EDD has established recurring meetings with the DOL partners to ensure avenues of communication are maintained.
- **Internal Feedback**—It will be essential to survey experienced EDD employees to develop any new policies or procedures. The employees processing the workload have a unique perspective as they interact with EDD external customers.
- **Technical Impacts**—Changes in policy or procedures have a direct impact on systems that incorporate automation to implement current policies or procedures. EDD will continue to evaluate areas of technical innovation when enhancing its systems.

## **Employment Development Department Objectives Moving Forward**

The following categories will be reviewed to identify policies and procedures that could be suspended, modified, or eliminated:

- **Fraud Prevention and Detection**—EDD will analyze data and patterns to determine the source of the rise in UI claims and determine potential creation of new fraud schemes. Additionally, EDD will review, modify, and enhance existing fraud processes to prevent and deter fraud when implementing new UI programs.
- **Streamlining Claim Filing**—EDD will analyze the state of the existing claim-filing systems to determine if a temporary solution is necessary to expedite the filing of claims.

- **Streamlining Determinations**—EDD will analyze the state of the existing determination processes and systems to determine if changes to processes or systems can be made to assist in expediting eligibility determinations.
- **Streamlining Work Items**—EDD will analyze the state of the existing work item processes and systems to determine if changes to processes or systems can be made to assist in expediting the processing of work items.
- **Resources**—EDD will create project teams that incorporate team members from each UI division to augment available resources necessary to implement the policy and procedure changes.
- **Executive Orders**—EDD will analyze the source of the rise in UI claims and identify state laws or regulations that could be suspended or modified while ensuring adherence to federal laws, regulations, and guidance, and will provide this information for consideration to the Labor and Workforce Development Agency (LWDA) and the Governor's Office.
- **Legislation**—EDD will work with the Administration to propose legislation that further supports the Department's efforts to streamline processes and systems within UI programs.

## **Line Item 8: Analyzing Communications, Including Determining if Additional Lines of Communication Are Needed**

Senate Bill 390 specifically calls for the 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.”

### **Changes Made Prior to the COVID-19 Pandemic**

EDD ensures that communication with its stakeholders is a priority. The Communication and Change Management team in the UI Branch works collaboratively with PAB to provide outreach, marketing, communication, and training services for EDD programs and services in support of the strategic goals and objectives of the Department.

PAB provides information on the Department's services, programs, and policies to the general public and specific audiences. The PAB is responsible for developing and distributing traditional media, such as news releases and press interviews, and coordinates outreach efforts with the LWDA and the Governor's Press Office. The PAB Strategic Communications Division is responsible for presenting the Department to the public as a unified organization that provides vital services to businesses and communities. In addition, EDD social-media accounts (such as Facebook, Twitter, and LinkedIn) are managed by this group. The PAB Web Content Team (WCT) oversees and monitors all web content to ensure that customers are provided accurate, consistent, and timely information.

The PAB Spanish Translation Services (STS) team provides translation services for all public content. It also supports Department outreach campaigns to increase awareness of EDD services and promote self-service options for Spanish speakers. A translation's goal is not simply to provide a literal translation of content, but also to work within the target language so that the original nuances and tone remain intact, and the original message is conveyed without compromise. The STS team follows a specialized approach by utilizing unique roles: translator, editor, and reviewer.

The UI Branch's Communication and Change Management team and the UI Support Division (UISD) manage claimant outreach and communication, including:



- Developing content to distribute to the public through social-media channels.
- Creating messaging to distribute to claimants online, such as through UI Online accounts, the EDD Chatbot, and the EDD website.
- Creating messages to post on the Department's IVR system.

Most important, UI call center employees provide direct communication to claimants over the phone. The UIBTS plays a critical role in training EDD employees. The UIBTS is responsible for the development of the KMS, which provides employees with scripts to follow as they develop their skills and knowledge in the UI claims process.

### **Changes Made During the COVID-19 Pandemic**

In two of the last three recessions, EDD hired approximately 1,000 new EPRs in response to the increased workload. In both cases, the unemployment rate and corresponding departmental workload increased incrementally over many months.

As stated previously in this report, the COVID-19 pandemic did not follow any historical patterns. In February 2020, the country had a historically low unemployment rate of 3.9 percent. Two months later, in April 2020, the unemployment rate increased to 16.4 percent.

The pandemic created an immediate need to hire additional employees to respond to media inquiries and claimant communications. The increase in initial claims filed generated a record volume of mail from claimants, Ask EDD messages, and incoming calls to the UI call center. The flood of contacts and communication was overwhelming to employees and systems.

To address the increased volume of contacts from customers, EDD entered into an emergency contract with Deloitte to provide support for various pandemic-related IT projects, as well as to provide extended staffing to support the increased call volume. The Deloitte agents were assigned a subset of call center workload based on a short turnaround training plan. Ongoing support was provided from subject matter experts in the UI Branch through regular meetings with coordinators from Deloitte.

The pandemic also required the UI Branch to quickly redirect employees from EDD offices to teleworking from home, in response to the Governor's Stay at Home Order (published March 19, 2020). This pivot to teleworking operations required a redefinition of the EDD's work processes and systems.

As a response to the increased call demand from EDD customers, the UI Branch partnered EDD's ITB and Verizon to quickly established a new call-center platform—identified as the VCC—which allowed employees to work remotely from home and afforded the ability to rapidly onboard additional support from within EDD and from vendors. EDD employees were issued cell phones to connect to the VCC, while vendor employees connected via a softphone through personal computers.

Another improvement implemented during the pandemic was the deployment of SMS text messages to claimants. The SMS text messages were developed and sent to claimants in response to specific claim triggers, such as when a new claim is filed. Claimants that have cell-phone devices can receive messages that remind or encourage them to take specific actions to maintain their claim. The number of SMS text messages that can be sent on a given day is 1 million. Internal coordination is required when a new message or special message is created.

EDD also appointed a UI Claimant and Stakeholder Liaison to provide dedicated focus to UI customers and stakeholder groups. This new position is responsible for policy development in the areas of direct outreach and stakeholder and employee engagement. These efforts include convening a new stakeholder advisory group that informs EDD policies and practices with their expertise and first-hand claimant experiences. Stakeholders are encouraged to share insights about the barriers they encounter with constituents while navigating the UI program, along with suggesting improvements. The UI Claimant and Stakeholder Liaison works closely with the EDD Legislative Affairs Branch and the PAB to ensure accurate and timely delivery of updates affecting claimants and stakeholder groups; they also foster ongoing partnerships with stakeholder groups to extend outreach efforts into communities with which the Department may not have directly interacted previously.

Additionally, EDD continues to make significant investments to advance multilingual services and outreach to California's diverse communities. The Department has expanded its use of LanguageLine Solutions, an interpretation service that assists callers in hundreds of languages.\* Customers can also select from 52 spoken-language options in UI Online as their preference for speaking with Department representatives. EDD also created a Language Access Office in 2022 dedicated to expanding interpretative and translation services and projects across the Department, established a \$2 million grant program funding outreach activities by community-based organizations, and expanded multilingual services provided for in the 2021–22 budget and trailer bill (AB 138).

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\*For more information about LanguageLine Solutions, visit <https://www.languageline.com/>.

The partnership between EDD and the California State Legislature was strengthened during the COVID-19 pandemic. The EDD's Legislative Affairs Branch received an unprecedented volume of UI cases from legislative offices that were serving large numbers of constituents, many of whom became unemployed because of the pandemic. In response, EDD initiated biweekly calls with legislative employees in June 2020, which continued well into 2023. As of December 2023, these calls are now offered monthly and provide legislative employees with opportunities to ask questions and receive updates on EDD's programs and services. In September 2020, the Department also established a new case management system for legislative referrals, which is much easier to use and more efficient than the prior email process. In August 2020, EDD provided dedicated liaisons to each legislative office to help resolve their UI cases. This process was expanded to full-time assistance in June 2021. However, given the reduction in legislative UI claim referrals, as of October 2022, the liaisons have been reduced to align with the referral workload volumes.

## **Opportunities Identified by the Employment Development Department**

### **Expand Use of Email Communication**

Currently, email messages from claimants are limited to messages sent through their UI Online account. This ensures the security of claimant information; however, email messages are limited by the number of characters that are allowed in a response. By expanding the use of email communication through the UI Online account, EDD could initiate communication with customers to request information and resolve issues that have been identified. Expansion of email communication and capacity would allow the Department to more quickly resolve issues and engage with customers more fully, similar to phone interactions.

### **Increase Chatbot Usage**

The Department's chatbot feature is available to claimants and provides general responses to inquiries on the EDD website; however, the chatbot does not provide claim-specific information. Introducing an authentication function within the chatbot could allow claim-specific information to be shared via this channel.

Additionally, the chatbot could be expanded to include a live-chat option. Live chat would provide customers the option to chat with an EDD agent. The live chat could also be authenticated to allow discussion of claim-specific information. Other state departments currently engage with customers through live chat. For example, the Franchise Tax Board's non-authenticated chat allows

an agent to communicate with up to three customers at one time, while authenticated chat enables one-to-one communication with a customer. Unlike phone service, the live chat allows more claimants to be served at one time. The Department is currently assessing the feasibility of this option.

As of 2023, EDD continues to improve EDD Chatbot responses to customer inquiries by refining content associated with keywords and expanding coverage to include all EDD programs. EDD continues to evaluate options for improving its chatbot capabilities

### **Use Social-Media Accounts That Are Exclusive to EDD Programs**

EDD is responsible for administering multiple public programs, including UI, DI, PFL, the Disabled Veterans Outreach Program, and the Migrant and Seasonal Farm Workers Outreach Program. These programs continued to serve their customers during the COVID-19 pandemic, parallel to the UI program.

The PAB manages social-media accounts on behalf of the Department. This requires proactive coordination of social media needs for the UI program and for other EDD programs. EDD will continue to ensure that strategic social-media releases are coordinated and that they communicate timely program information to EDD customers.

### **Explore Other Opportunities to Improve Communication**

EDD has identified additional opportunities to improve communications through the Department's Workforce Services Branch (WSB). By increasing the number of skilled WSB employees, EDD can help address customer inquiries that are brought to the Department's in-person offices. WSB resources can assist in reducing or eliminating claimant frustration and support claimants who may be unfamiliar with technology or need in-person communication with employees. WSB resources are provided with increased resources and access to UI systems to provide enhanced guidance to EDD customers.

## Line Item 9: Identifying Budget and Funding Constraints

Line Item 9 of SB 390 requires EDD to submit an economic recession plan that includes “identifying budget and funding constraints.” The following discussion addresses this topic.

### Background

#### **Administrative Funding Constraints and Solutions for Unemployment Insurance**

Historically, the US Congress has not allocated sufficient funds at the national level for states to run their respective UI programs. This has not always been the case. Previously, UI programs in the US were entirely funded by the federal government. However, as a result of ongoing funding shortfalls from Congress, every state in the nation is consistently underfunded with respect to administering its UI program. The amounts appropriated annually by Congress determine the national funding allotted to all states.

In California, the cost to administer the UI program has steadily increased over time, with no additional funding made available at the federal level. Cost-of-living adjustments for salaries and benefits—as well as state operating expenditures for items such as rent, utilities, information technology, data storage and management, and travel—continue to increase due to inflation and price adjustments. The cost to run California's UI program exceeds the federal funding provided, making it difficult to protect program integrity and simultaneously provide adequate service to UI customers; this has been the case since at least SFY 2001–02, when California augmented the federal UI program with state funding to secure the resources needed to complete UI workload activities.\* These impacts require EDD to seek additional state funding through the annual budget process, depending on the severity and frequency of federal funding reductions.

To determine a state's funding needs for UI program administration, the US DOL requires states to submit a comprehensive report, called the Resource Justification Model (RJM), of actual UI administration costs from the most recently completed federal fiscal year (FFY). The DOL then applies its own methodology to divide the national funding allocation across all states. This allocation serves as the base funding for UI administration. The DOL also requires states to report actual workloads and other allowable costs on a quarterly basis, known as the UI-3 report. Workload reported in the UI-3 that is above the fixed workload tied to the state's base funding can provide justification for the DOL to

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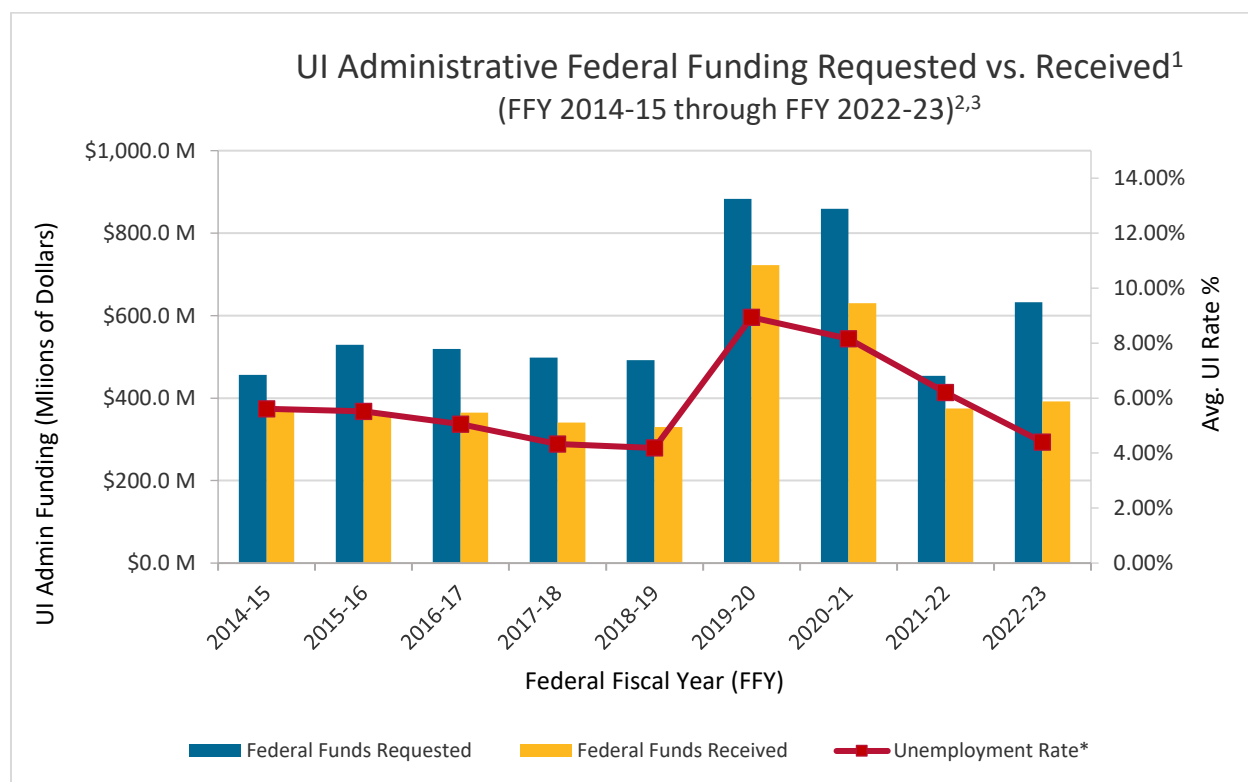
\**Unemployment Insurance Program Business Plan, 2007–2012*. Relevant records from both the California DOF website (<https://www.dof.ca.gov/>) and the EDD Fiscal Programs Division date back only to 2007–08.

provide above-base funding to states during the FFY. Above-base resources are tied directly to above-base workloads.

The DOL's cost model considers factors such as workload data, timesheet data, and other administrative expenditures for states' UI funding needs. However, because there are insufficient federal dollars appropriated every year to fulfill all of the states' funding needs, the DOL determines the funding allotment to each state by adjusting the cost-model factors. It is typical during this allocation process for large states such as California to absorb a disproportionate share of the funding shortfalls. The result is a gap between the federal funding that California requests and the actual federal funding received for UI program administration.

Additionally, the inception of the RJM funding mechanism exacerbated a deficit of funds requested by California versus funds received—and this deficit continues each SFY (see Figure 9.1).

**Figure 9.1: UI Administrative Federal Funding Requested vs. Received vs. the UI Rate for FFY 2014-15 through FFY 2022-23**



<sup>1</sup> The CARES Act was enacted on March 27, 2020, providing pandemic funding for UI program administration.

<sup>2</sup> The federal fiscal year (FFY) spans October 1 – September 30 of the following year.

<sup>3</sup> Federal funding displayed in this graph includes both the annual base grant and above base grant.

Although the RJM was developed to ensure adequate funding for the administration of the states' UI programs, California and other states are consistently underfunded at the federal level. While some of the funding decreases are caused by lower workloads, this does not fully account for the declining funding stream. Federal funding has not kept pace with California's rising workforce and technology costs, and this has required California to use supplemental state funding to properly administer the UI program.

Annually, federal funding gaps are addressed through the budget process, calculating projected funding needs based on a similar methodology to the DOL's cost model. California receives state supplemental funding for UI program administration through the EDD Contingent Fund, the General Fund, and the EDD Benefit Audit Fund. The availability of state supplemental funding is a critical component of the program's administration. Without the state support, the program would have to rely on federal funding alone, which is insufficient. Additionally, EDD also supplements the UI program where possible through specialized federal grant opportunities or state funding for IT solutions, special projects, and modernization efforts to enhance the UI program.

The 2016 Budget Act added provisional language (Provision 2 of Item 7100-001-0184 and Provision 3 of Item 7100-001-0185) to allow the Department to directly access the EDD Contingent Fund and the EDD Benefit Audit Fund upon notification to DOF and the Legislature. This has allowed the Department to address funding changes (either increases or decreases) and maintain adequate levels of service. If the EDD Contingent Fund or EDD Benefit Audit Fund do not sufficiently cover EDD's expenditures, EDD will pursue additional monies through the state budget process.

### **Changes Made During the COVID-19 Pandemic**

In March 2020, as a response to the COVID-19 pandemic, the President signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which introduced several new pandemic-related unemployment programs and a new set of administrative federal guidelines. DOL made funding available for implementation as well as ongoing administrative costs for these federal unemployment programs.

Supplemental Budget Requests were smaller grants made available to cover one-time implementation costs for the initial setup of each new program—PUA, PEUC, and FPUC. Allowable costs covered by these special grants included, but were not limited to, IT programming, training, travel, implementation of necessary business processes, notices to beneficiaries, and any other related overhead costs. The funds nationally allocated for implementation costs were



limited to a specific amount based on the states' 12-month average of UI-covered employment.

For ongoing administration costs for claims-processing activities and other regular business operations for the PEUC program, EDD was required to use the above-base (UI-3) funding application process. Ongoing administrative costs for the PUA program were based on the monthly DOL Employment and Training Administration 902P workload report and applied the same factors used in California's above-base UI funding.

For UI benefit payments to claimants, requesting additional funding was a challenge due to the unpredictable nature of the COVID-19 pandemic, the multiple extensions to the temporary programs, the unprecedented surge in the volume of claimants, and the significant additional funding needed for weekly stimulus payments initiated by the CARES Act. EDD had to request an emergency adjustment in UI benefits authority (Provision 3 of Item 7100-101-0871) multiple times during the COVID-19 pandemic to avoid running out of funding to pay benefits. The utilization of Provision 3 allowed EDD to keep sending UI benefit payments to unemployed Californians without the delays typically involved in the normal budget process.

EDD was able to stay within its budgetary authority by hiring limited-term, tenured employees with an intermittent time base. This tenure and time base of newly hired employees also allowed EDD the flexibility to adjust work schedules to align with workload demands and ultimately uphold the EDD's commitment to being good fiscal stewards.

### **Opportunities Identified by the Employment Development Department**

EDD will continue to review all UI Program Letters and other Advisories published by the DOL that notify state agencies of funding opportunities to enhance programs. Proactive monitoring of official DOL letters and advisories can help EDD to weather future economic crises.

In 2009, the American Recovery and Reinvestment Act (ARRA) was enacted to combat the Great Recession. Following the onset of the COVID-19 pandemic, the CARES Act of 2020 and the American Rescue Plan Act (ARPA) of 2021 were both enacted, providing additional funding opportunities for states to implement the new federal unemployment programs. Moving forward, EDD has and will continue to closely monitor and apply for funding opportunities to aid California in preparation for the next economic crisis. The following table presents a list of federal grants for which EDD has submitted grant applications, since 2021:



UIPL Title	Description	Status
UIPL 11-23: Announcement of Grant Opportunities and National Identity (ID) Verification Offering under the American Rescue Plan Act (ARPA)/Integrity Grant	To protect the UI program from fraudulent activity and to increase resources dedicated to overpayment recovery, by strengthening ID verification and implementing recommended and required fraud prevention and overpayment recovery strategies.	Received Grant Award
UIPL 11-23: Announcement of Grant Opportunities and National Identity (ID) Verification Offering under the American Rescue Plan Act (ARPA)/IT Modernization Grant	To adopt new strategies to modernize and rearchitect the UI programs to better defend against fraud threats now and prepare for challenges in the future.	DOL denied request due to limited federal funding available
UIPL 11-23: Announcement of Grant Opportunities and National Identity (ID) Verification Offering under the American Rescue Plan Act (ARPA)/Tiger Teams Grant	To implement the negotiated recommendations that the EDD has developed in partnership with the Department's multi-disciplinary Tiger Team initiative that will improve the customer experience in applications.	Received Grant Award
UIPL 16-20, Change 7: Supplemental Budget Request (SBR) Opportunity for Additional Administrative Costs under the Pandemic Unemployment Assistance (PUA) Program	To resolve any outstanding matters related to the PUA program such as PUA reporting functions, ongoing PUA benefit payment control activities, and additional costs associated with ongoing workload efforts that may exceed the funding received.	Received Grant Award

UIPL Title	Description	Status
UIPL 28-20, Change 4: Support for States to Resolve Outstanding Items from the Expired Coronavirus Aid, Relief, and Economic Security (CARES) Act Unemployment Compensation (UC) Programs, Including Additional Funding to Assist States with Reporting and Detection and Recovery of Overpayments	To continue the administrative workload of the CARES Act Programs, support accurate reporting, as well as the detection and recovery of overpayments for certain CARES Act UC Programs.	Received Grant Award
UIPL 23-21: Grant Opportunity for Promoting Equitable Access to Unemployment Compensation (UC) Programs/Equity Grant	To promote equitable access to UI 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

With continued underfunding from the federal government, EDD's alternative is to seek funding sources from the state government for various initiatives. Otherwise, EDD would have to reduce staffing and reduce costs to operate within the resources provided which would negatively impact services to California's customers. The following table presents a list of Budget Change Proposals (BCPs) submitted by EDD and for which the Department received funding in SFYs 2021-2023:

<b>BCP Title</b>	<b>Description</b>	<b>Dollar Amount</b>
Addressing Deferred/Prospective Workloads	To 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 the UI, DI, and PFL benefit programs.	SFY 22-23: \$136,030,000 SFY 23-24: \$197,983,000
Improving Access to Employment Development Department Services	To improve EDD's education and outreach in communities requiring multilingual access to EDD services and programs.	SFY 21-22: \$11,800,000 SFY 22-23: \$9,200,000
UICCD Implementation	To fund and operate the UICCD to address the UI workload forecasting and management and call center data collection to be in a better position to respond to the next recession.	SFY 22-23: \$1,500,000 SFY 23-24: \$1,500,000
Direct Deposit	To continue EDD's efforts to achieve an effective benefit delivery system for the people of California through direct deposit.	SFY 22-23: \$5,500,000 SFY 23-24: \$15,440,000

BCP Title	Description	Dollar Amount
Cybersecurity Resilience and Instrumentation	To fund cybersecurity, enhancements, suspicious activity monitoring tools, and staff 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

## Employment Development Department Objectives Moving Forward

The UI 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 UI program. As a result of outdated technology and limited staffing, EDD is not able to respond in a timely manner to the magnitude of increased claimant activities caused by a recession. During recessionary periods, the Department temporarily receives a surge of funding with the expectation that it can instantaneously update its outdated systems and hire employees immediately.

EDD plans to take the following steps to mitigate challenges that come with budgetary and funding constraints during both recessionary and non-recessionary periods.

### Special Funding Opportunities

The Department will continue to review DOL guidance and advisories to keep apprised of available UI funding and special grant opportunities. These notices create opportunities for the Department to create or supplement funding for special projects or program enhancements. Multiple EDD branches will collaborate as appropriate to complete application requirements.

EDD will continue to partner with the Office of Data and Innovation (ODI) to utilize the Data and Innovation Services Revolving Fund (DIF) to improve processes and modernization efforts, reshape business and organizational

processes, and use data science, analytics, and infrastructure to improve the department's services and reporting.

### **Ongoing Internal Communication**

EDD's budget team will engage in ongoing communication with UI program support employees to discuss hiring needs based on increased workload activities. This will help the Department determine if additional funding is needed to meet workload demands. Once recession trigger metrics are met, the UI Branch will increase communication with internal stakeholders to ensure funding is secured to meet anticipated hiring needs.

### **Emergency Contract and Interagency Agreement Development Procedures**

The Department will propose to add the ability to waive certain procurement rules when recession triggers are met. This will help EDD accelerate the procurement of resources for mass-hiring efforts, IT system updates, call-center expansions, and other first-time initiatives. Language will be modeled after emergency contracting authority and formalized in statute to allow the Legislature to review and modify as necessary.

EDD continues to work with the LWDA to draft the proposal language, while considering insights gained from the unforeseen challenges the Department faced during the COVID-19 pandemic and make amendments accordingly. The immediate need to address the large deficit in UI production employees for pandemic workloads prompted the EDD's UI Branch to revise internal processes for setting up contracted vendor service agreements for large-scale, recessionary needs. The EDD's UI program employees are now equipped with documented procedures and interagency agreement templates drafted to accommodate additional call center agent services and/or technical support services to specifically address a recession. Updates to the templates will be made in collaboration with the Department's UI Branch, Contract Services Group, Legal Office, Fiscal Programs Division, and HRSD to ensure the templates are consistent with any major UI program changes.

## **Line Item 10: Enhancing Claims-Processing Tools to Ensure That the Department's Identity Verification Processes Are as Robust as Possible**

SB 390 requires EDD to enhance its claims-processing tools to ensure that the Department's identity (ID) verification processes are as "robust as possible."

The following sections address the UI Branch's ID verification process administered by EDD, as well as the Department's current challenges and opportunities.

### **Pre-Pandemic Identity Verification Process**

Prior to March 2020, the Department had the following ID verification measures in place when a customer was at the point of filing a UI claim:

- The claimant's SSN was verified against the SSA database. The SSN was run for all UI claims, including UI Online applications and those filed by phone or through a paper *Unemployment Insurance Application* (DE 1101). When the SSN provided by the claimant was not verified with the SSA, an EDD Client Number (ECN) was assigned to the claim in lieu of an SSN. If the SSN was not verified for a claimant's name and date of birth (DOB), the Identity Alert Action Request (IDAAR) was initiated.
- If a customer provided a California Driver's License (DL) or ID card when filing a claim, the California DL/ID card verification was run with the DMV to validate the ID document and the claimant's information. If a California DL/ID was not verified for a claimant's information, the IDAAR was initiated.

An IDAAR form was sent after the claim was filed and under the following circumstances:

- SSN was not verified with the SSA.
- Name and DOB did not match exactly with the SSA or DMV.
- The DL/ID was not verified with the DMV.
- Individual had but refused to provide a DL/ID number.
- Individual was 18 years or older and provided an out-of-state DL/ID number.
- Individual was 18 years or older and did not provide a DL/ID number.

- Prior UI, DI, or PFL claim was filed in the last 24 months and was not identified.
- A current UI claim existed, and the individual stated they did not file the claim.
- An ECN was assigned.
- Information became available through the claim-filing process indicating the individual may be an imposter.
- The Insufficient Earning/No Earning (IE/NE) claim was potentially valid, and an ID issue was detected.

In addition to IDAARs, the Department initiated the ID verification process for UI claims with the following triggers:

- Non-California mailing or residential addresses
- Suspicious IP or email addresses

On the following business day, the Department took the following additional actions:

- The claimant was mailed a *Request for Identify Verification* (DE 1326C) form to request submission of a photo ID and secondary ID document. The claimant was given 10 calendar days to provide the ID documents to the EDD. Identity documents were reviewed by ID verification employees, and an ID eligibility determination was completed. Approximately 10 to 12 days from the mail date of the DE 1326C form, the Department ran a no-response macro to disqualify claims for which ID documents were not submitted.
- The claimant was mailed a *Request for Additional Information* (DE 1326ER) form to base period employers, providing them an opportunity to report fraud on UI claims.

During the COVID-19 pandemic, EDD faced an exponential increase in applications submitted through UI Online during July and August of 2020. The EDD Strike Team recommended that the Department quickly procure and deploy an NIST IAL2-compliant identity verification solution for all claimants,

integrated as early as possible in the claim-filing process.\* The ID.me project was launched in September 2020 and was implemented within the UI Online application process on October 1, 2020.

## **Challenges Identified by the Employment Development Department**

Prior to the COVID-19 pandemic, California was experiencing periods of low unemployment rates. As stated previously in this document, in February 2020 the United States had a historically low unemployment rate of 3.9 percent—and only two months later, in April 2020, the rate increased to 16.4 percent.

During the pandemic, EDD experienced an unprecedented number of claims filed and benefits paid, which also included providing benefits to a new population of claimants who previously did not participate in the UI program. Due to the short and demanding turnaround time required for the implementation of the PUA program, the PUA program bypassed many methods typically used by EDD to verify a person's labor market attachment and identity, while the implementation timeline did not allow for appropriate analysis or planning related to fraud prevention. The reliance on DMV and SSA verification was paramount but insufficient. For a short period of time, the SSA verification system was overwhelmed and could not verify anyone's identity, which caused many claims to be filed without that added validation. Similarly, DMV verification could not be completed because of the high volume of out-of-state claims.

The biggest challenge EDD faces is balancing the speed of benefit delivery with protecting the Department against various forms of fraud.

## **Employment Development Department Objectives Moving Forward**

### **Funding**

Funding is paramount to ensure additional fraud prevention processes are in place regardless of the unemployment rate. If fraud prevention is a priority, EDD should prioritize funding to maintain and ensure adequate fraud prevention, detection, and deterrence tools are available—outside of those efforts not currently envisioned in the EDDNext project.

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\*NIST stands for National Institute of Standards and Technology. For more information, visit <https://www.nist.gov/>.



## **Continuous Monitoring and Assessment**

Because fraud schemes continuously evolve, EDD must be able to continuously assess the effectiveness of existing ID verification applications and processes. This includes evaluating services provided by vendors such as ID.me.

With the implementation of ID.me on October 1, 2020, the EDD has continued to monitor the efficiency of the ID.me ID proofing service to ensure that the Department is exploring all available resources. The Department has also engaged in constant monitoring of ID.me outcomes to highlight areas of concern and identify potential increases in fraudulent activities. The Department has also worked closely with ID.me to improve services for Californians, such as increased availability of self-service options, "Trusted Referees," and services in the claimant's preferred language. This has allowed the EDD to corroborate at an enterprise level an understanding of the sources and impacts of certain triggers—for example, increases in out-of-state UI claims. Additionally, the EDD fraud team has shifted the use of the manual ID verification method for other situations where new instances of fraud activity are found but are not associated with ID.me or the initial claim-filing point through UI Online. These are areas the Department may not have been able to previously explore.

EDD claims that are filed through UI Online do not undergo SSA or DMV verification; however, claims filed by phone and paper are verified using both of those methods. The ID.me platform does not verify the SSN against SSA records or verify the authenticity of a photo-ID document with any state or federal agencies. Therefore, there is a need to monitor and assess these areas to determine if additional steps—such as running SSA or DMV verification with online applications—would prove effective in addressing any gaps in the Department's processes.

Since December 2020, in an effort to strengthen EDD's fraud detection and prevention efforts, the Department has been working with Thomson Reuters (TR) to analyze all EDD claims from the 2020 calendar year. Since January 2021, the Department has been cross validating all new claims filed against the various resources available to TR. These alerts of potentially fraudulent activity have allowed the Department to look more deeply into potential identity and non-identity benefit fraud. The EDD fraud team has shifted employee resources to collaborate with the Department's ITB, Investigations Division, and TR to develop and release various tools, including the ID Risk Analytics (IDRA) dashboard provided by TR. This dashboard is a TR ID Risk Analytics SaaS product integrated with EDD systems to automate and streamline risk analysis of new claims. The

EDD Fraud Team reviews the dashboard and alert outputs for continued enhancements. In July 2023, modifications were made that reduced customer friction and improved alignment of the alerts.

### **Employment Development Department Fraud Team**

The EDD fraud team is also changing its foundational approach to fraud detection and prevention. As a result of a California State Auditor (CSA) recommendation, the Department created a specific unit designated to focus on fraud detection, in alignment with the US Government Accountability Office (GAO) [Framework for Managing Fraud Risks in Federal Programs](#).<sup>\*</sup> EDD has created two new units within the UI Branch to focus on fraud detection and prevention that will also work in collaboration with the Investigations Division to ensure a comprehensive partnership with state and local law enforcement. Many of the EDD fraud team's efforts have focused on the guiding principles found in the GAO framework:

1. Commit
  - Create an organizational structure that prioritizes fraud detection and prevention.
2. Evaluate/Adapt
  - Focus efforts on mitigating fraud early in the claim life cycle while also ensuring the use of as much automation as possible to ensure agility with workload fluctuations.
  - Evaluate existing fraud detection and prevention techniques and improve in areas where there are gaps (to improve fraud risk management).
3. Assess
  - Develop methods to assess the effectiveness of existing fraud detection and prevention techniques, evaluate data to find areas of improvement, monitor trends in fraud techniques, and ensure efforts to target those areas.

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

#### 4. Design and Implement

- Analyze data to find opportunities of enhancement (gaps in EDD processes), develop and deploy systemic monitoring, and establish strategic models and policies that ensure agility when investigating and resolving suspicious activity.

These efforts reflect EDD's ongoing commitment to fraud detection and prevention and mark an organizational focus that is now proactive rather than reactive.

#### **Collaboration Across State and Federal Agencies**

EDD continues to evaluate existing resources and new technologies to streamline the Department's processes with cost-effective solutions that will have a substantial return on investment. This includes the recent effort to implement the Integrity Data Hub, a new product made available at no cost to the state through the National Association of State Workforce Agencies (NASWA)—which offers services such as ID verification, multi-state cross matching, and foreign IP address matches. This effort will allow EDD to enhance its long-term fraud detection and mitigation techniques without incurring an additional cost. The project aims to establish a streamlined process and mitigate as much manual workload as possible ensuring that fraud efforts can continue with workload fluctuations.

Another opportunity to ensure that the Department's ID verification process is as robust as possible, is to collaborate with the US Department of State, US Department of Defense, and the US Citizenship and Immigration Services to validate the authenticity of ID documents submitted by claimants. Currently, EDD can only validate California DL and ID cards submitted by claimants.

Forms of acceptable photo identification are listed below:

- DL/ID card (EDD is only able to verify California DL/ID card with DMV; it cannot validate DL/IDs issued by other states)
- Foreign passport (not able to validate)
- US Passport or US Passport Card (issued by the US Department of State)
- US Military ID Card (issued by the US Department of Defense)
- Military dependent's ID card (issued by the US Department of Defense)
- Employment Authorization Document (Form I-766/EAD issued by the US Citizenship and Immigration Services)

- Certificate of Citizenship (Form N-660 issued by the US Citizenship and Immigration Services)
- Certificate of Naturalization (Form N-550 (issued by the US Citizenship and Immigration Services)
- Permanent Resident Card or Alien Registration Card (issued by the US Citizenship and Immigration Services)

## **Line Item 11: Assessing Contact-Center Protocols**

SB 390 specifically calls for EDD to assess its UI Branch contact-center protocols by doing the following:

(A) Establishing a process for tracking and periodically analyzing the reasons why unemployment insurance compensation benefits claimants call for assistance.

(B) Analyzing the data gathered to improve the Department's call center by doing both of the following:

(i) Identifying and resolving weaknesses or problems with the ways in which the Department assists unemployment insurance compensation benefits claimants through self-service options and non-call center options.

(ii) Developing specialized training modules to quickly train call-center staff on the most commonly requested items with which callers want assistance.

The following discussion addresses these topics.

### **Changes Made During the COVID-19 Pandemic**

In April 2020, as part of the Department's response to Executive Order N-50-20, EDD took action to service more UI customer calls by increasing the number of customer service agents. To meet the increased demand for service, EDD utilized the network upgrade project's scope of work as the basis for deploying an emergency contact center that could accommodate employees who were working remotely in accordance with the Governor's executive order. Due to the speed with which the emergency contact center was deployed, a minimum viable product (MVP) design was approved by EDD leadership along with an iterative approach to expand functionality. The emergency contact center was deployed in less than a month and became the foundation for the new contact center platform.

In April 2020, EDD deployed a new contact center named the UI Online Assistance Center (UIOAC) to run in parallel with the existing contact center. The UIOAC was open Monday through Sunday from 8 a.m. to 8 p.m. In addition, welcome messages for the UIOAC IVR were added to include information about Pandemic Unemployment Assistance (PUA), federal extensions, and claimant self-service options.

In July 2020, further enhancements were made to the UIOAC IVR messages, including the ability for callers to specify the reason for their call (PUA assistance, UI Online account assistance, EDD Customer Account Number, or UI payment issues). These options were based on an analysis of feedback from contact center agents for the reasons most customers provided for calling. In addition to the modifications made to the IVR messages, on hold informational messages were implemented to provide information for frequently asked questions while

customers waited to speak with an agent. The informational messages provided information regarding the PUA program, how to access UI Online for claim information, UI eligibility information, how to obtain payment information through self-service options, when to expect a payment, and the information that customers should have available when applying for UI benefits.

In October 2020, EDD migrated all remaining employees to the new contact center platform, which was renamed the UI Customer Service Center (UICSC)—replacing all references to UI contact centers and the UIOAC. The consolidation of employees onto one platform increased the availability of trained employees capable of answering more complex claimant questions. In addition, the platform was expanded to include new IVR routes which increased options for callers and allowed the Department to transfer callers to employees with the corresponding skills to handle those calls. This expansion included support for languages beyond English and Spanish (Cantonese, Mandarin, and Vietnamese). Callers using teletypewriter (TTY) technology are also able to wait in queues for an agent rather than being told to call back when no agents are immediately available. All in-bound phone numbers were directed to the same IVR, providing callers the same experience. Following the welcome messages, callers are given simplified options to begin navigating the IVR based on their role as claimants, employers, or to report fraud.

EDD relies on customers selecting the IVR options that best match the reason for their call. For example, if callers need assistance with their EDD debit card, a path is available for the claimant to select that will navigate the customer to an agent for assistance. Based on the caller's questions, the agent will triage the situation and either provide answers or direct the caller to Bank of America, if appropriate. The first step in supporting callers will always involve triaging the claim to determine the issues that need resolution.

To improve the overall customer experience, EDD implemented a virtual-hold feature into each of the 38 VCC queues in June 2021. The virtual-hold callback option allows a customer to hold their place in line until it is the customer's turn to speak with an agent. This virtual-hold feature is provided to customers when the estimated wait time is greater than 15 minutes. When the next available agent is ready, the call is routed to an agent who answers the call, similar to a normal incoming call. If a customer is unavailable for their virtual-hold appointment, EDD representatives have the option of leaving a pre-recorded message for the customer or using an approved script to leave a voicemail. The virtual-hold feature is available to customers five days a week and helps lessen the amount of time callers have to spend on hold.

In May 2021, wrap-up messages were deployed to enable agents to end a call by transferring the caller to a recorded message while the agent moves on to

another call. The wrap-up message is specific to telephone claim filing activities. These recorded messages are based on actions the agent takes after assisting the caller.

In October 2021, the next iteration of improvements to the UICSC was deployed to return self-service options to the main IVR to ensure callers no longer need to dial a separate number for self-service. This enhancement allows SSN collection within the IVR to authenticate the caller to automatically provide payment information and Tele-Cert options. Customers can select options to file a UI claim, obtain general claim and overpayment information, or listen to Form 1099-G information.

Additionally, EDD continues to enhance its Quality Assurance Management (QAM) program to improve the customer experience and agent performance. The QAM program consists of the following elements:

- **Shadow/Coach Training Tools**—The Shadow/Coach tools were implemented in August 2021. Prior to the COVID-19 pandemic, most EDD employees were not teleworking, and EDD conducted in-person training. Trainees job-shadowed with their trainers or journey-level employees to gain insights into their role in the call center, see a practical application of technical and customer service knowledge, and use real-life scenarios to generate discussion and promote learning. Agent shadowing previously consisted of a trainee and trainer sitting side by side with connected headsets for in-person observation. This training approach is no longer possible because most EDD employees are now teleworking. Therefore, EDD implemented a VCC enhancement that supports virtual agent shadowing and coaching. Trainees now remotely listen to trainers as they handle calls. Additionally, trainers use the tools to remotely listen to a trainee take calls and to provide timely and immediate feedback.
- **Remote Call Monitoring**—EDD implemented Remote Call Monitoring in September 2021. As a result of the COVID-19 pandemic and the Department's shift to a remote workforce, in-person, journey-level quality reviews are no longer feasible. As a result of the Remote Call Monitoring implementation, all inbound and outbound calls through the VCC can be monitored for quality assurance. Remote Call Monitoring supports agents by identifying gaps in skills and knowledge, recognizing positive interactions with customers, and improving the customer experience and satisfaction. Leadership may monitor an agent's call to conduct regularly scheduled quality reviews or sample reviews conducted under different circumstances—such as customer complaints, trends observed, or a request from an agent for review.

- **Call Recording**—In May 2023, the UI Branch implemented Call Recording as a quality assurance solution. This solution records both incoming and outgoing calls conducted through the VCC. By utilizing call recordings as a tool for quality assurance, training, and issue resolution, the UI Branch can effectively address customer concerns and, consequently, improve overall customer satisfaction. Supervisors can review recorded calls to evaluate agent performance and identify any areas in need of improvement in customer service. Furthermore, the analysis of patterns and trends in customer complaints via call recordings helps identify the root causes of dissatisfaction. This enables the branch to take proactive measures aimed at resolving these issues at their source.

The Department continues to seek technological enhancements that will improve the quality of service delivered to EDD customers.

### **Solutions Implemented Since the Last Recession Plan**

The UI Branch is committed to the ongoing improvement of its call-center operations, enhancing the quality of EDD customer experiences, and boosting EDD agent performance. The Department implemented the following key measures since the submission of its original recession plan in March 2022.

**Random Number Generator**—In line with the UI Branch's ongoing commitment to expanding language accessibility for Limited English Proficient (LEP) customers while effectively deterring non-targeted callers from reaching the dedicated language lines, a Random Number Generator functionality was integrated into the Interactive Voice Response (IVR) system in June 2022. This technology assigns a unique four-digit code to each incoming call in the line's designated language. To proceed with the call, callers are required to input this code successfully before being connected to a live agent. The primary goal of this solution is to enhance the likelihood of targeted customers effectively connecting with a live agent who can communicate in their preferred language. Additionally, customers can anticipate reduced wait times and quicker access to contact-center agents, leading to an overall more positive customer experience.

**Expansion of Dedicated Language Lines**—In November 2022, the UI Branch took steps to improve access and resources for customers requiring assistance in languages other than English. The UI Branch updated its IVR system and introduced three new dedicated language lines, specifically for Armenian, Korean, and Tagalog-speaking customers. The establishment of dedicated language lines ensures that customers who speak these languages have direct access to language-specific support. This strategic move eliminates language



barriers, thereby enhancing accessibility and promoting clearer communication, ultimately resulting in a better understanding of customer inquiries. These improvements have a significant impact on overall customer satisfaction and experience. Customers benefit from faster and more precise assistance when they can communicate in their native language, leading to quicker issue resolution and a higher first-call resolution rate. By efficiently directing customers to contact-center agents proficient in specific languages, the contact center optimizes resource allocation, ensuring that language services are readily available where they are needed.

**Dedicated Mass Workforce Reduction Lines**—EDD is committed to delivering valuable and innovative services to meet the evolving needs of workers, job seekers, and employers. The EDD's WSB and UI Branch partner to assist and support workers who may be facing a layoff by providing information surrounding UI benefits, how to apply, and the eligibility requirements for payment of benefits as well as reemployment assistance. This information is provided by way of a coordinated Rapid Response. Rapid Response encompasses strategies and activities for EDD to respond as quickly as possible following an announcement of a permanent closure, mass layoff, or natural or other disaster, that results in substantial job loss.

In December 2022, the UI Branch proactively established the infrastructure required to activate its emergency mass workforce reduction lines in the event of mass layoffs impacting a substantial workforce. The UI Branch ensures resources are available when the activation of the mass workforce reduction line occurs.

**Tags**— EDD is committed to taking informed steps to continually improve customer service that integrates self-service options with live contact-center interactions. In January 2023, the UI Branch introduced "tags" as a tool to help identify why customers are opting for contact-center assistance rather than utilizing existing self-service alternatives. These tags aid in pinpointing areas where improvements are required within the contact center, isolating opportunities for enhancing self-service options and delivering targeted training models to contact-center agents as new trends and issues emerge. EDD conducts a monthly review of these tags to ensure ongoing alignment with the call analysis policy. Furthermore, the collected data is leveraged to bolster training programs for contact-center agents and explore operational and technological solutions aimed at enhancing the experience for the customers.

**Call Recording**—In May 2023, the UI Branch implemented Call Recording as a quality assurance solution. This solution records both incoming and outgoing calls conducted through the VCC. By utilizing call recordings as a tool for quality assurance, training, and issue resolution, the UI Branch can effectively address

customer concerns and, consequently, improve overall customer satisfaction. Supervisors can review recorded calls to evaluate agent performance and identify any areas in need of improvement in customer service. Furthermore, the analysis of patterns and trends in customer complaints via call recordings helps identify the root causes of dissatisfaction. This enables the UI Branch to take proactive measures aimed at resolving these issues at their source.

**Every Customer Has Opinions (ECHO) Survey—**In January 2022, EDD implemented an ECHO Survey to gather customer feedback after a person has spoken with an agent through the VCC. The ECHO Survey provides a timely method for customers to potentially participate in an after-call survey. First-call resolution questions were developed to capture proper metrics. ECHO Survey results will be used to further identify, assess, and improve first-call resolution. Additional ECHO Survey questions were created to capture customers' opinions regarding agent professionalism and knowledge. After the customer provides their answers, they will be allowed to leave a 90-second recording to further elaborate on their experience. The ECHO Survey results will be used to recognize exemplary customer service, identify training opportunities for agents, and identify and resolve customer complaints.

In July 2023, EDD extended the ECHO Survey to encompass all the languages supported by the UI Branch. Presently, the ECHO Survey is available in the following languages: Armenian, Cantonese, English, Korean, Mandarin, Spanish, Tagalog, and Vietnamese. The implementation of multilingual after-call surveys in the UICSC is a strategic move toward better understanding and serving diverse customer bases, and significantly improving the customer experiences.

**Language Selection Menu—**In May 2023, as part of an ongoing commitment to expand language access for LEP customers, the IVR was enhanced to include a language selection menu that encompasses all eight languages presently supported by the UI Branch. This streamlined enhancement allows customers who contact UI to select their preferred spoken language by simply pressing a button. In addition, if the customer's desired language is not one of the languages offered, customers can select a dedicated line, "Other Language." This line routes customers to a specialized queue where contact-center agents can facilitate connections with an interpretive services vendor for assistance, at no cost to customers. This technological enhancement marks a significant improvement in how customers engage with the automated systems, greatly enhancing the customer journey to access the vital services provided by the UI branch. Providing services in the customers' preferred spoken languages enhances their satisfaction, allowing them to express their concerns more effectively and receive information in a language they are comfortable with.

**myEDD Technical Support Center**—In June 2023, EDD introduced the new myEDD Shared Customer Portal, which replaced the existing BPO system. The myEDD platform offers customers a streamlined and more secure method for logging in, accessing their benefits, and resetting their passwords online. To facilitate this transition, a temporary myEDD Technical Support Center was established to handle incoming technical inquiries and assistance requests.

**Scheduled Callbacks**—In November 2022, as part of the UI Branch's ongoing commitment to enhance customer access, the scheduled callback technology was integrated into the VCC. This feature allows select customers to request a callback during high-call volume periods, providing them with the convenience of scheduling a same-day appointment for a callback with an agent who speaks their preferred language. Scheduled callbacks contribute to heightened customer satisfaction, a reduction in call deflection, and a decrease in the time customers spend on hold. They also empower customers by offering them control over their own customer experience. This marks a significant stride for the UI Branch in its efforts to enhance the overall customer experience.

**Automated Telephone Claim Filing Wrap Up**—In September 2023, the VCC underwent an upgrade enabling contact-center agents to initiate Automated Telephone Claim Filing Wrap Up messages from any VCC queues. This improvement allows contact-center agents to launch pre-recorded messages to furnish customers with basic claim information, UI eligibility requirements, materials that will be sent to them by mail, telephone interviews scheduled, and any follow-up documents required by EDD to complete the claim filing process. These messages are customized to suit the unique circumstances of each customer, and they are played to customers in place of agents having to manually read out these wrap-up messages.

**Specialized Training**—The UI Branch is increasing its efforts to cultivate a highly skilled workforce with specialized proficiencies and comprehensive knowledge of the UI program. Increased agent training will have positive impacts on the quality of customer service and overall operational efficiency. Well-trained contact-center agents are better equipped to handle customer inquiries, resolve issues more quickly, and provide a higher level of service with shorter handling times, leading to increased customer satisfaction and reduced customer frustration. Enhanced training equips contact-center agents with the skills to address a wider range of customer problems, increasing the branch's ability to resolve issues during the initial customer contact.

**Disposition Code Analysis**—In accordance with the UI Branch's established policy for tracking and analyzing customer call reasons, the disposition codes recorded by contact-center agents have been instrumental in the process of discerning the reasons customers contact the call center each month. This was

achieved by dissecting the call disposition code descriptions to determine whether the code titles accurately and clearly align with the intended purposes of customer inquiries. Based on the completed analysis, necessary quarterly revisions were made to call disposition code titles and descriptions to enhance clarity and accuracy. In addition, the data collected were leveraged to identify the primary reasons why customers call rather than going through available self-service options. Furthermore, the analysis of disposition codes is used to make informed decisions regarding whether a claimant's issue can be resolved through non-contact center options, such as technological enhancements and self-service solutions, or if additional agent training is warranted.

**Tags for KMS—**The KMS serves as an online knowledge-based system utilized across the UI Branch to aid agents in determining the most appropriate course of action when assisting customers. This system offers an array of guides and articles that are readily accessible to agents, streamlining their interactions with customers. The KMS is designed to offer current and pertinent information, enabling agents to accurately address customer inquiries. It achieves this by providing agents with a comprehensive search and retrieval feature for all articles, guides, and links related to the customer's specific query. Notably, the information accessible to agents is tailored to their specific roles, contributing to the overall efficiency of contact-center operations.

Presently, the UI Branch is in the process of incorporating tags into the KMS and articles to enhance the accessibility of information and improve organizational structure, and overall efficiency of knowledge management. Tags offer a quick and intuitive method for categorizing and retrieving information. Contact-center agents can find pertinent articles and resources by inputting or clicking on tags, thus minimizing the time spent searching for information. Tags introduce a dynamic browsing experience, allowing contact-center agents to find related articles and explore a wide range of topics by selecting the tags of interest. As knowledge bases grow, tags can be scaled to maintain an organized and easily navigable repository of information.

**Softphones—**The UI Branch has been actively exploring the implementation of softphones within the VCC. Softphones in the contact center can significantly improve the customer experience. Softphones provide flexibility for contact-center agents to operate from virtually any location with an internet connection. This means that even in remote work settings, customers can access skilled agents, reducing wait times and improving accessibility. Softphones eliminate the need for traditional desk phones or cell phones, resulting in cost savings for the UI branch.

## Employment Development Department Objectives Moving Forward

The subsequent section outlines the Department's progressive objectives and initiatives aimed at introducing further technological enhancements to its integrated contact center, with the goal of increasing the quality and efficiency of customer service delivery.

**Web Chat**—Providing web chat for general questions and utilizing a chatbot that simulates the process of human conversation can provide customers with faster answers to their questions. If the chatbot cannot resolve the customers' issues, the system can provide an option for the customer to speak with an agent. The customer can reach contact-center agents through webchat and will have the option to speak with the agent directly if the bot is not able to answer the customer's questions. This enhances customer service and satisfaction by providing additional channels of communication on how EDD can be reached.

**Authenticated Live Chat**—Authenticated live chat ensures the protection of customers' Personally Identifiable Information, thus enabling the secure exchange of confidential claim information with agents. When customers reach out to the UI Branch via the live chat portal for assistance, they will be prompted to provide their personal identifiers. These identifiers will be securely transmitted to the agents, who can then use them to conduct thorough research on the claim information in their records. This technology will ensure customers can receive personalized responses from the agents, along with guidance on addressing their specific issues. As a result, this approach ensures customers will benefit from a more tailored and effective service, precisely catering to their individual needs. EDD expects to launch a live chat option in summer 2024.

**Post-Chat or Post-Call Surveys**—Offering customers multiple survey channel options could increase participation among UI customers. Some individuals may not have the time to complete the survey immediately after the interaction but would still like to provide feedback. Allowing customers to share their opinions through text and web-based surveys can increase customer engagement and help the department improve by listening to customer needs.

**Natural Language Processing**—Leveraging natural language processing can lead to a significant enhancement in contact-center operations, permitting EDD to automate, analyze, and improve customer service. System speech recognition allows callers to communicate in their native language and automatically detects the language they require assistance in. This automation streamlines the call routing process, effectively directing callers to the appropriate language line. Consequently, this not only reduces wait times but also improves overall operational efficiency.

**Real-Time Sentiment**—Interaction analytics, also referred to as *real-time sentiment*, are a valuable tool that provides insightful information about customer and agent interactions. These analytics identify sentiments based on specific keywords or phrases used during a conversation, and the insights gained from the analysis can uncover root causes of customer frustration and agent performance issues. Interaction analytics track various metrics, including non-talk time, voice pitch, interruptions, and talk speed. These metrics enable supervisors to take corrective actions, enhance agent communication skills, identify training opportunities, and improve the overall customer experience. Additionally, call analytics identify the topics being discussed during agent–customer interactions, offering a better understanding of the conversation. The real-time sentiment tool aids supervisors in recognizing trends and training opportunities for agents. Call analytics also empower agents by providing real-time qualitative metrics, allowing them to be more engaged with their customers.

**Chat and Call Recording**—Chat recording captures and saves text-based conversations that occur during chat interactions between a customer and an agent. Chat recording is used for quality assurance, training, and issue resolution. It allows EDD to review and analyze chat transcripts to ensure that customer service standards are met, and it can be a resource for training and improving agent performance.

Call recording is a known feature that currently exists in EDD's phone systems. Call recording captures and stores audio recordings of telephone conversations between a customer and an agent. Call recording is used for quality assurance, training, and issue resolution. It allows the Department to monitor and assess the quality of customer interactions and ensure that service standards are met.

## Line Item 12: Summary of Actions Taken by the EDD to Implement Recommendations from the 2022 Recession Plan

[AB 2129](#), approved by Governor Newsom on July 19, 2022, requires EDD to include in subsequent recession plans a summary of recommended actions taken since the Department's original (March 2022) recession plan was submitted to the Legislature.\* The following is a summary of actions the EDD has taken since March 2022.

### Monitoring and Responding to Likely EDD Workload Impacts

#### Increase Recession Readiness

- In July 2022, the UICCD initiated a monthly Recession Readiness meeting series. These meetings are currently held on the fourth Wednesday of each month. The sessions offer regular updates to the Deputy Director of the UI Branch and to the UI Branch Budget Unit. Topics center on recession indicators and forecasts for staffing requirements in anticipation of a potential economic downturn. The UI Branch established this monthly meeting to coincide with several critical recession-readiness documents, including an Economic Indicators Narrative, a Recession Readiness Dashboard (referred to as *the dashboard*), and a Hiring Plan. The dashboard serves as a concise visual representation of various recession scenarios. It includes a comparative analysis of anticipated initial claims for each scenario, thereby enabling the target audience to assess potential impacts on EDD. Moreover, the dashboard exhibits the variance in staffing levels for each scenario, making it easier for the audience to assess the adequacy of personnel and make informed decisions regarding hiring and resource allocation.
- In the fourth quarter of 2022, the UICCD recommended hiring approximately 325 PI EPRs to ensure that Service Level Agreements and core business objectives are met. As a result, the Department approved this hiring plan, and the UI Branch successfully onboarded and trained approximately 325 PI EPR employees in February and March 2023.
- In the third quarter of 2023, the UICCD recommended hiring approximately 400 PI EPR employees to adequately support the UI Branch during the peak claim-filing season of January 2024. EDD approved this hiring plan as well,

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\*See [https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=202120220AB2129](https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB2129).

and the UI Branch expects onboarding for these employees to begin in December 2023.

### **Improve Current On-Phone “Forecast Versus Actual” Variance to +/- 5 percent**

In the 2022-23 SFY, the UICCD continued to accumulate and analyze data for its contact-center operations. The goal was to refine and optimize the UI Branch's forecasting functions and achieve a forecast-versus-actual variance of +/- 5 percent. In the third quarter of 2023, the UICCD refined and optimized the forecasting function by combining Informational queues, Claims queues, and myEDD Technical Support Center (TSC) queues. As a result, from July through September 2023, the combined forecast-versus-actual variance for the Informational queues, Claims queues, and myEDD TSC queues was 3.56 percent (i.e., within the target range of +/- 5 percent). Every two weeks, the UICCD produces call-volume projections and respective staffing needs, aiming to appropriately allocate personnel to the EDD's Customer Support Center (CSC) to answer 80 percent of unique contacts within 30 minutes.

### **Develop and Implement a Cross-Training Plan for UI Center Employees**

- EDD continues to train determination employees to ensure that all determination trainees become “journey-level” employees. Employees are trained in “blocks”, with each block formulated to address increasingly complex eligibility issues.
- In July 2022, 163 determination interviewers were trained in the second block of determination training (e.g., Irregular Reporting, Suitable Work, Wages, etc.) to expand scheduling capacity. This training was completed from July 11, 2022, through July 26, 2022.
- In September 2022, 163 determination interviewers were trained in the fourth block of determination training (e.g., Trade Disputes, Prior Work Pensions, Workers' Compensation, etc.) to expand scheduling capacity. This training was completed from September 19, 2022, through September 28, 2022. EDD leadership delayed the third block of determination training (School Employees) until November 2022, due to the seasonal nature of the eligibility issues trained in that block.
- In November 2022, 163 determination interviewers were trained in the third block of determination training (School Employees) to expand scheduling capacity. This training was completed from November 7, 2022, through November 10, 2022.



- In June 2023, 152 determination interviewers were trained in the fourth block of determination training (e.g., Trade Disputes, Prior Work Pensions, Workers' Compensation, etc.) to expand scheduling capacity. This training was completed from June 5, 2023, through June 15, 2023.
- In July 2023, 45 determination interviewers were trained in the second block of determination training (e.g., Irregular Reporting, Suitable Work, Wages, etc.) to expand scheduling capacity. This training was completed from July 19, 2023, through August 1, 2023.
- In October and November of 2023, 110 existing claim-filing employees were trained to process Special Claims (i.e., federal, military, and out-of-state claims) to expand the EDD's claim-filing capacity.

### **Liquidate Deferred Workloads**

In April 2023, the UI Branch successfully liquidated all of its deferred workloads, in alignment with the Department's projected workload forecast.

### **Steps EDD Has Taken to Address Workload Increases**

- In the second quarter of 2022, the EDD hired and trained 408 PI EPRs in anticipation of an upcoming workload increases. Many of the employees hired were former EPR Limited Term (LT) employees who had previously separated from the Department because of LT contract expirations.
- In early 2023, 290 new PI EPRs were hired. All employees are currently cross trained in claim filing and determination workloads.
- In December 2023, the EDD hired an additional 24 Employment Program Manager II employees, 40 Employment Program Manager I employees, and is in the process of hiring 432 PI EPRs who will be fully trained to file claims during the peak of seasonal unemployment.
- Also in December 2023, the EDD expanded the PI EPR recruitment to include 145 additional bilingual positions in Armenian, Cantonese, Korean, Mandarin, Spanish, Tagalog, and Vietnamese.
- The UI Branch is working to create satellite offices in areas that have large populations of employee candidates; these satellite offices will support offices in areas with limited candidate pools.

- The UI Branch is collaborating with the EDD's HRSD to reclassify existing Employment Development Specialist (EDS) positions as analyst classifications. This will increase recruitment options and allow the Department to hire the most competitive candidates for future vacancies.
- CalHR is now offering the Program Technician exam online. This will allow interested candidates to apply for a Program Technician position without having to take an in-person exam. The availability of online exams allows departments like the EDD to rapidly increase positions in a given classification, as candidates can take the online exam as soon as they are interested in a position.
- The UI Branch continues to work with the Department's job recruitment team to promote vacancies on social-media platforms. The goal of this effort is to assemble larger candidate pools.
- The UI Branch is partnering with the Department's WSB offices in areas where recruiting EPRs is challenging. The WSB is also working with the UI Branch to conduct job fairs, SOQ writing classes, and provide "How to Land a State Job" classes to individuals seeking work through America's Job Centers of California (AJCCs).
- The UI Branch uses branch-wide distribution lists to notify existing employees of vacancies. This increases employee awareness of promotional opportunities and allows for larger candidate pools.
- The UI Branch also uses branch-wide distribution lists to notify existing employees of Department-specific exam notifications. This assists existing employees by allowing them to take EDD-specific exams—such as the EDS and EPM series—allowing for a sufficient number of list-eligible candidates when vacancies become available.
- In March 2022, the UI Branch's Integrity and Accounting Division (IAD) conducted an internal recruitment effort under which individuals hired for LT positions during the EDD's COVID-19 mass hiring were given an opportunity to compete for a permanent/full-time position in their Accounting series classification. In order to be considered, LT employees were required to submit an email to indicate interest, a state employment application (STD 678), a Statement of Qualifications, and references. Applicants who met the submission criteria were then scored on performance, production, and training/mentoring experience metrics. Through this effort, 60 well-qualified LT employees were identified for

permanent positions, allowing the IAD to retain trained and skilled employees who could continue to assist with critical workloads.

- The IAD is also researching apprenticeship programs at local colleges in an effort to find qualified applicants for their Accounting series classifications. Because of the educational requirements attributed to the accounting classification, the IAD has consistently struggled to find qualified candidates for these Accounting classifications. Partnering with colleges would provide students with opportunities for practical on-the-job training at the EDD in basic accounting principles and financial transactions, and it would help students develop strong analytical skills.
- In September 2023, EDD implemented online filing for Special Claims (i.e., federal, military, and out-of-state claims). This population of customers is now able to file claims online, thereby reducing EDD's manual claims-processing workload and allowing skilled employees to be redirected to other claim-filing workloads.

### **Assessing Current Inventory of EDD Equipment**

- The UI Branch continues to have monthly meetings with the Department's ITB.
- The ITB has begun investigating the feasibility of using virtual desktops on UI Branch computers.

### **Enhancing Claims-Processing Tools to Ensure That the Department's Identity Verification Processes Are as Robust as Possible**

- June 29, 2023 – EDD implemented Phase I of the National Association of State Workforce Agencies (NASWA) Integrity Data Hub (IDH) interstate UI data exchange for crossmatching.
- July 13, 2023 – The Department implemented enhancements to the Thomson Reuters (TR) Fraud Alerts base on process improvement assessments.
- August 25, 2023 – In accordance with [Assembly Bill 110](#) (2021), EDD implemented enhancements to the Department's data exchange with the California Department of Corrections and Rehabilitation for crossmatching to prevent UI benefits fraud.

## Assessing Contact-Center Protocols

- **Increase Specialized Training**—The UI Branch is increasing its efforts to cultivate a highly skilled workforce with specialized proficiencies and comprehensive knowledge of the UI program.
- **Disposition Code Analysis**—In accordance with the UI Branch's established policy for tracking and analyzing customer call reasons, the disposition codes recorded by contact-center agents have been instrumental in discerning the reasons customers contact the call center each month.
- **Random Number Generator**—In line with the UI Branch's ongoing commitment to expand language accessibility for LEP customers while effectively deterring non-targeted callers from reaching dedicated language lines, the EDD integrated a Random Number Generator function into the Department's IIVR system in June 2022.
- **Dedicated Mass Workforce Reduction Lines**—EDD is committed to delivering valuable and innovative services to meet the evolving needs of workers, job seekers, and employers. In December 2022, the UI Branch proactively established infrastructure required to activate emergency mass workforce reduction telephone lines in the event that mass layoffs impact a substantial workforce. The UI Branch ensures resources are available whenever mass workforce reduction lines are activated.
- **Scheduled Callbacks**—In November 2022, as part of the UI Branch's ongoing commitment to enhance customer access, scheduled callback technology was integrated into the EDD's VCC. This feature allows select customers to request a return phone call from an EDD agent during periods of high call volume, allowing them to schedule a same-day appointment for a callback with an agent who speaks their preferred language. Scheduled callbacks contribute to heightened customer satisfaction, a reduction in deflected calls, and a decrease in the amount of time customers spend on hold.

- **Call Recording**—In May 2023, the UI Branch implemented Call Recording as a quality assurance solution. This solution records both incoming and outgoing phone calls conducted through the VCC. By utilizing call recordings as a tool for quality assurance, training, and issue resolution, the UI Branch can effectively address customer concerns and, consequently, improve overall customer satisfaction.
- **Language Selection Menu**—In May 2023, as part of the UI Branch's ongoing commitment to expand language access for LEP customers, the IVR was enhanced to include a language selection menu that includes all eight languages presently supported by the UI Branch. This streamlined enhancement allows customers who contact UI to select their preferred spoken language by simply pressing a button.
- **myEDD Shared Customer Portal**—In June 2023, EDD introduced the myEDD Shared Customer Portal, a new customer-focused platform which replaced the Department's existing BPO system. The myEDD Shared Customer Portal a simple and more secure way to access EDD benefit services. The myEDD is the first step of EDDNext, a modernization project that will completely transform the customer's experience.
- **Every Customer Has Opinions (ECHO) Survey**—In July 2023, EDD extended the ECHO Survey to encompass all languages currently supported by the UI Branch. Presently, the ECHO Survey is available in the following eight languages: Armenian, Cantonese, English, Korean, Mandarin, Spanish, Tagalog, and Vietnamese.
- **Expansion of Dedicated Language Lines**—Further aligning with EDD's ongoing commitment to expand language access for LEP customers, the Department added three dedicated language phone lines—for Armenian, Korean, and Tagalog-speaking customers—to the UI Customer Service Center since EDD's original recession plan was submitted in March 2022. Additionally, the UI Branch expanded the virtual-hold feature queues. The virtual-hold feature allows a customer to hold their place in line until it is the customer's turn to speak with an agent. This feature is provided to customers when the estimated wait time is greater than 15 minutes.
- **Automated Telephone Claim Filing Wrap-Up**—In September 2023, the Department upgraded its VCC to allow contact-center agents to initiate Automated Telephone Claim Filing Wrap-Up messages from any VCC queues. This improvement allows contact-center agents to launch pre-

recorded messages that provide customers with basic information about claim filing, UI eligibility requirements, materials that will be sent to them by mail, scheduling of telephone interviews, and any follow-up documents required by EDD to complete the claim-filing process. These messages are customized to suit the unique circumstances of each customer, and they are played to customers in place of live agents who would need to manually read the wrap-up messages.

- **Tags**—EDD is committed to taking informed steps that continually improve customer service through integration of self-service options and live contact-center interactions. In January 2023, the UI Branch introduced "Tags" as a tool to help identify why customers opt for contact-center assistance rather than using existing self-service alternatives.

## Conclusion

Thanks to ongoing EDD efforts to improve customer service and operational readiness, EDD is more prepared to address future recessions and other events that may result in fluctuations in unemployment. EDD will continue to refine its strategy, and with the ongoing implementation of the EDDNext project, has already taken concrete steps toward enhancing claims-processing tools, improving self-service options for customers, and ensuring robust identity verification processes.

## Abbreviations Used in This Report

<b>AJCCs:</b>	America's Job Centers of California
<b>ARPA:</b>	American Rescue Plan Act
<b>ARRA:</b>	American Recovery and Reinvestment Act
<b>BCP:</b>	Budget Change Proposal
<b>BEA:</b>	US Bureau of Economic Analysis
<b>BPI:</b>	Business Process Improvement
<b>BSM:</b>	Benefit Systems Modernization
<b>CAL-Card:</b>	State of California Purchase Card
<b>CalHR:</b>	California Department of Human Resources
<b>CARES Act:</b>	Coronavirus Aid, Relief, and Economic Security Act
<b>CDCR:</b>	California Department of Corrections and Rehabilitation
<b>CDT:</b>	California Department of Technology
<b>CPT:</b>	Claim Processing Tool
<b>CSA:</b>	California State Auditor
<b>CST:</b>	Claim Status Tracker
<b>CUBS:</b>	California Unemployment Benefit Services
<b>CUIC:</b>	California Unemployment Insurance Code
<b>DI:</b>	Disability Insurance
<b>DL:</b>	Driver's License
<b>DMV:</b>	California Department of Motor Vehicles
<b>DOB:</b>	Date of Birth
<b>DOF:</b>	California Department of Finance
<b>DOL:</b>	US Department of Labor
<b>DUA:</b>	Disaster Unemployment Assistance
<b>eCPT:</b>	Emergency Claim Processing Tool
<b>ECN:</b>	Employment Development Department Client Number
<b>EDD:</b>	Employment Development Department
<b>EO:</b>	Executive Order
<b>EPM:</b>	Employment Program Manager
<b>EPR:</b>	Employment Program Representative



**ERP:** Economic Resilience Plan

**FAQs:** Frequently Asked Questions

**FED-ED:** Federal-State Extended Duration

**FFY:** Federal Fiscal Year

**FPD:** Fiscal Programs Division (Employment Development Department)

**FPUC:** Federal Pandemic Unemployment Compensation

**GAO:** US Government Accountability Office

**GDP:** Gross Domestic Product

**GNP:** Gross National Product

**HRSD:** Human Resource Services Division (Employment Development Department)

**ID:** Identification Card

**IDAAR:** Identity Alert Action Request

**IDRA:** Identity Risk Analytics

**IE/NE:** Insufficient Earnings/No Earnings

**IT:** Information Technology

**ITB:** Information Technology Branch (Employment Development Department)

**IUR:** Insured Unemployment Rate

**IVR:** Interactive Voice Response

**KMS:** Knowledge Management System

**LMID:** Labor Market Information Division (Employment Development Department)

**LMS:** Learning Management System

**LWA:** Lost Wages Assistance

**LWDA:** California Labor & Workforce Development Agency

**MEUC:** Mixed Earner Unemployment Compensation

**MFA:** Multi-factor Authentication

**MOU:** Memorandum of Understanding

**MQs:** Minimum Qualifications

**MVP:** Minimum Viable Product

**NASWA:** National Association of State Workforce Agencies

**NBER:** National Bureau of Economic Research

**NIST:** National Institute of Standards and Technology

**OT:** Office Technician

**PAB:** Public Affairs Branch (Employment Development Department)

**PAC:** Pandemic Additional Compensation

**PEG:** Program Estimates Group (Employment Development Department)

**PEUC:** Pandemic Emergency Unemployment Compensation

**PFL:** Paid Family Leave

**PI:** Permanent Intermittent

**PLP 2020:** Personal Leave Program 2020

**PUA:** Pandemic Unemployment Assistance

**QAM:** Quality Assurance Management

**RFP:** Request for Proposal

**RJM:** Resource Justification Model

**SB:** Senate Bill

**SCDB:** Single Client Database

**SFY:** State Fiscal Year

**SLA:** Service Level Agreement

**SMS:** Short Message Service

**SPB:** State Personnel Board

**SPOC:** Single Point of Contact

**SSA:** Social Security Administration

**SSN:** Social Security Number

**STS:** Spanish Translation Services Team (Public Affairs Branch, Employment Development Department)

**T&D:** Training and Development

**TR:** Thomson Reuters

**TUR:** Total Unemployment Rate

**UI:** Unemployment Insurance

**UIBTS:** Unemployment Insurance Branch Training Section (Employment Development Department)

**UICCD:** Unemployment Insurance Command Center Division (Employment Development Department)

**UICSC:** Unemployment Insurance Customer Service Center (Employment Development Department)

**UIOAC:** Unemployment Insurance Online Assistance Center (Employment Development Department)

**UIPL:** Unemployment Insurance Program Letter

**UISD:** Unemployment Insurance Support Division (Employment Development Department)

**VCC:** Virtual Contact Center

**VOC:** Voice of the Customer

**V-Time:** Voluntary Time

**WCT:** Web Content Team (Public Affairs Branch, Employment Development Department)

**WFM:** Workforce Management

**WP:** Waiting Period

**WSB:** Workforce Services Branch (Employment Development Department)



**STATE OF CALIFORNIA**

**LABOR & WORKFORCE DEVELOPMENT AGENCY**

**EMPLOYMENT DEVELOPMENT DEPARTMENT**