



Employment Development Department:

EDD's Poor Planning and Ineffective Management Left It Unprepared to Assist Californians Unemployed by COVID-19 Shutdowns

Background

With millions of Californians left unemployed as a result of the COVID-19 pandemic and in need of income assistance to pay for essentials, the State experienced a surge in unemployment insurance (UI) claims starting in March 2020. Administered by the Employment Development Department (EDD), the State's UI program provides temporary financial assistance to unemployed workers who meet eligibility requirements. EDD allows claimants to file claims for benefits either online, on paper, or by phone and EDD must determine whether claimants are eligible to receive benefits. Also, every two weeks, EDD must verify that claimants remain eligible to receive payment.

Key Recommendations

- The Legislature should require EDD to do the following:
 - » Periodically report on any benefit payments that need to be repaid and the amount repaid.
 - » Prepare for economic downturns by developing a recession plan that incorporates lessons learned from prior economic downturns.
- EDD should immediately revise its public dashboards about backlogged claims to clearly indicate those that remain unpaid and begin tracking information about calls received and successful resolution to improve its call center performance.
- EDD should determine whether it can retain the temporary automation measures it has implemented for claims processing, and plan how to best work through the deferred workloads.

Key Findings

- Although EDD has made some recent changes to process claims more quickly, its inefficient processes contributed to significant delays in its payment of UI claims.
 - » EDD could not automatically process nearly half of the 9.9 million claims submitted online between March and September 2020—many required manual intervention to resolve issues.
 - » Newly adopted modifications and automation measures have helped, but some changes are short-term and some claims still require manual processing.
- Because it suspended certain eligibility requirements, EDD now faces huge workload issues and many Californians may need to repay benefits.
 - » EDD paid certain claimants without determining eligibility and now must address 12 million deferred eligibility issues affecting up to 2.4 million claimants.
 - » EDD also must ensure that nearly 1.7 million Californians, who received more than \$5.5 billion in benefits over an eight week period, were still eligible for benefits.
- EDD's call center has struggled for years to answer a high rate of calls, and its performance worsened during the claim surge—it answered less than 1 percent of calls and did not answer hundreds of thousands of online assistance requests. Further, thousands of newly hired agents could not assist callers due to a lengthy training program and lack of data about why callers needed help.
- Despite knowing about many of these problems for years, EDD has not taken adequate steps to address these ongoing deficiencies.