Employment Development Department
State of California

Gavin Newsom
Governor

2020 Biennial Automation Update
A Report to the California Legislature

EMPLOYMENT DEVELOPMENT DEPARTMENT
February 1, 2020

TABLE OF CONTENTS

2020 - BIENNIAL REPORT TO THE LEGISLATURE

February 1, 2020

The Honorable Members of the California State Legislature
California State Senate and Assembly
State Capitol
Sacramento, CA 95814

Dear Members of the California State Legislature:

Beginning in 1994, the California Unemployment Insurance Code Section 4901 requires the director of the Employment Development Department (EDD) to prepare and submit a biennial report to the Legislature on the Department's Automation Plans on or before February 1 of each even-numbered year. This report fulfills this requirement.

This report provides a strategic plan that describes the long-term goals and strategies of the Department as well as document how EDD has created an information technology environment that supports the achievement of the EDD's strategic business mission and goals. Additionally, the Department has set the foundation for using information technology to make substantial and sustainable improvements in how it conducts business.

This letter is being sent pursuant to Government Code Section 9795(a) that requires each legislative mandated report to include a summary of its contents not to exceed one-page in length, which is distributed to each member of the Legislature.

Copies of this report are available to any legislative member upon request.

Sincerely,

/s/ SHARON HILLIARD
Director

INTRODUCTION

Beginning in 1994, the California Unemployment Insurance Code Section 4901, requires the director of the Employment Development Department (EDD) to prepare and submit a biennial report to the Legislature on or before February 1 of each even-numbered year.

Specifically, Section 4901 states,

> *"The director shall prepare a biennial report to the Legislature, on or before February 1, 1994, and on or before February 1 of each even-numbered year thereafter, on the Department's automation plans, including any recommendation on improvements for the purpose of consideration by both policy and fiscal committees of the Legislature."*

This report fulfills the provisions cited above. The report provides a strategic information plan that describes the long-term goals and strategies, which shall be undertaken by the Department to create an information technology (IT) environment that will not only support the achievement of the Department's strategic business mission and goals, but set the foundation for using IT to make substantial and sustainable improvements in how the EDD conducts business.

EDD VISION

The EDD strengthens the economic vitality of Californians and their communities.

EDD MISSION

The EDD enhances California's economic growth and prosperity by collaboratively delivering valuable and innovative services to meet the evolving needs of employers, workers, and job seekers.

EDD GOALS

The following section contains EDD's five Strategic Goals. See the section titled EDD PROJECT SUMMARY for a description of the projects that support the EDD's short-term and long-term strategies.

GOAL I: Responsible Service

Negotiate clear commitments with stakeholders and focus on priorities.

GOAL II: Skilled Workforce

Build a highly-skilled and responsive workforce with clear roles and responsibilities.

GOAL III: Sustainable Operations

Align system operations, administration, resources, and business processes with strategic priorities and budgetary parameters.

GOAL IV: Technological Innovation

Invest in our future by supporting appropriate business and technology solutions.

GOAL V: Fiscal Stewardship

Responsibly manage our public resources and align investments with strategic goals.

INFORMATION TECHNOLOGY BRANCH

The EDD is comprised of eight branches. The Information Technology Branch (ITB) is responsible for IT planning, policy development, automated systems development, operations and support for the Department. The Branch provides this technical support and service for one of the largest IT environments in state government.

The ITB plays an important role in achieving the EDD's mission in alignment with the EDD's values. As a service organization, ITB exists to help the EDD's Program Partners make a difference for Californians.

ITB VISION

We will be a proactive IT leader that continues to develop and support a strong IT workforce, and deliver innovative solutions that satisfy the needs of our customers.

ITB MISSION

We deliver accessible, reliable and innovative solutions in support of EDD's mission to enhance California's economic stability for employers, workers, and job seekers.

ITB Strategic Objectives for 2020

1. Recruit and Retain Talented IT Professionals
   - Aligns with EDD GOAL II.

2. Modernize IT Systems and Increase Operational Efficiencies
   - Aligns with EDD GOAL I, IV, and V.

3. Increase Availability of IT Systems
   - Aligns with EDD GOAL III and V.

4. Secure IT Services
   - Aligns with EDD GOAL I and III.

5. Improve Customer Satisfaction
   - Aligns with EDD GOAL I.

EDD PROJECT SUMMARY

COMPLETED IT PROJECTS SINCE 2018

State Disability Insurance (SDI) Call Center Expansion and Enhancements – Completed January 2018

The SDI Call Center system was enhanced to provide callers the option to either wait in the call queue for a SDI claim representative, or request a call back from the next available representative without losing their place in the queue. In addition, management enhancements were added to assist with live coaching, training, and monitoring. This project improved customer service, reduced overall call duration, and increased call completion rates.

State Disability Insurance 30 Day Appeal Period (Assembly Bill 2886) – Completed April 2018

Assembly Bill 2886 extended the appeal period from 20 to 30 days for SDI claimants to submit an appeal to the California Unemployment Insurance Appeals Board. This project enabled EDD to comply with the legislative mandate to extend the Disability Insurance (DI) appeal period from 20 days to 30 days. This allows claimants additional time to be granted a reasonable opportunity for a fair hearing.

National Directory of New Hires (NDNH) Crossmatch – Completed June 2018

The EDD implemented changes to the Unemployment Insurance (UI) program to utilize the NDNH data from employers to determine work status. System changes and programming were needed to allow California to retrieve data from the NDNH and perform new hire cross match record checks before issuing UI benefits. This project enabled California to comply with requirements issued by the U.S. Department of Labor, and also helps detect and prevent potential UI fraud.

Unemployment Insurance New Claims Enhancements – Completed July 2018

The Unemployment Insurance Online (UIO) New Claims Enhancement allowed UI claimants to file initial claims online and provided automated processes to validate the claim for benefit payments. This project created an automated filing process, which improved the claimant experience, increased UIO adoption by claimants, and has resulted in 30 percent of the claims submitted online to be approved without any manual intervention by UI staff.

Unemployment Insurance Mortality Cross Match – Completed August 2018

The EDD implemented UI system changes to leverage a cross match process between the Social Security Administration's Death Master File and California UI claim records. By utilizing a cross match process with the Social Security Administration's Death Master File information, the EDD could more proactively detect and prevent fraud and improper benefits payments during the life of UI claims and reduce monetary loss to the UI Trust Fund.

Benefit Overpayment Collection Automation (BOCA) – Completed January 2019
The BOCA project provided an automated solution integrated with the existing Tax Collection system that offers overpayment liability collection, storage, and account management to improve the effectiveness of EDD's Unemployment and DI collections. The system also provides better services to claimants by offering online payment options and account balance information.

Consumer Financial Protection Bureau (CFPB) – Completed April 2019
The federal Electronic Funds Transfer Act required the CFPB to implement rule changes regarding government prepaid debit cards. The rule change required the EDD to offer alternative payment options to claimants, other than a prepaid debit card. This project enabled EDD to comply with the Electronic Funds Transfer Act by creating a mechanism allowing claimants to choose either paper checks or prepaid debit cards as their benefit payment method.

Family Care Leave for Enhanced Non-Industrial Disability Insurance (ENDI) – Completed July 2019
At the direction of former Governor Edmund G. Brown Jr., the California Department of Human Resources in conjunction with EDD, expanded family leave benefits to qualified exempt and excluded employees on ENDI. Changes were made to the EDD systems to allow processing of these new claims. This project enabled EDD to be in compliance with the mandate and provides excluded employees with flexibility to care for a seriously ill family member or bond with a new child.

Forms with Social Security Numbers (SSN) – Completed August 2019
To protect our claimants' confidential and private information, the EDD removed SSNs that are not required on Department forms and communications, and made additional forms available online. This project helped to safeguard customer identifying information by reducing the risk of identity theft on the EDD's mailed forms.

CURRENT IT PROJECTS

<u>Priority 1: Paid Family Leave (PFL) Expansion from 6 to 8 Weeks (Senate Bill 83)</u>
This project started on April 2, 2019 and is scheduled to end on June 30, 2020. The duration of the project is one year and three months.

Strategic Plan Connection
The project addresses the following strategic goals:

GOAL I: Responsible Service
GOAL III: Sustainable Operations

Project Description and Scope
Existing law establishes, within the SDI program, a family temporary DI program, also known as the PFL program. The program provides wage replacement benefits for up to six weeks to workers who take time off work to care for a seriously ill family member or to bond with a minor child within one year of birth or placement, as specified.

Senate Bill 83, effective July 1, 2020, requires the program will provide for wage replacement benefits for up to eight weeks to workers who take time off work to care for a seriously ill family member or to bond with a child, as specified. As a result, the EDD must update multiple systems, including the Single Client Database system, the State Disability Insurance Online system, Document Management applications and a number of forms, marketing brochures, websites, policies, and procedures, as well as the Interactive Voice Response communications to meet the legislative mandate.

Estimated Benefits and Service Improvements

- Extends PFL benefits from six to eight weeks for qualifying individuals.
- Employers in states that have PFL report an increase in productivity, profitability, and overall employee morale.
- Lengthening leave benefits likely to improve infants' health and evidence suggests longer leave benefits could reduce the number of infant hospital admissions.

Priority 2: Claimants' Privacy Measures
This project started on May 1, 2019 and is scheduled to end on August 31, 2021. The duration of the project is two years and four months.

Strategic Plan Connection
The project addresses the following strategic goals:

GOAL I: Responsible Service
GOAL III: Sustainable Operations

Project Description and Scope
The California State Auditor recommended that the EDD implement several interim claimants' privacy measures, prior to the implementation of the Benefit Systems Modernization (see Project Priority 5 below). The interim measures will be implemented to enable the EDD to replace the full SSNs with a modified unique identifier on the ten mailed forms with the highest volume that currently display an SSN.

Estimated Benefits and Service Improvements

- Complies with the recommendation in the California State Auditor Report 2018-129 by implementing temporary privacy measures.
- Improves protection of claimants' personal and confidential information from unauthorized access or disclosure.

Priority 3: Website Accessibility Certification (Assembly Bill 434)
This project started on August 2, 2018 and the end date is to be determined.

Strategic Plan Connection
The project addresses the following strategic goals:

GOAL I: Responsible Service
GOAL III: Sustainable Operations

Project Description and Scope
To address Assembly Bill 434 (Chapter 780, Statutes of 2017), the California Department of Technology issued Technology Letter 18-05 in July 2018 to require, before July 1, 2019 and biennially thereafter, the Director and Chief Information Officer of each Agency/state entity to post on the home page of the Agency/state entity's internet website a signed certification that the website is in compliance with specified accessibility standards.

The EDD will perform an accessibility assessment of the public facing websites, web applications, and forms that the EDD supports. This effort will be implemented in four phases:

1. All EDD websites and non-HTML documents will be tested for accessibility compliance and begin remediation efforts.
2. All public facing EDD web applications will be tested for accessibility compliance and begin remediation efforts.
3. A web accessibility program/team will be established to ensure the EDD websites, web applications, and non-HTML documents remain compliant with all accessibility standards.
4. EDD's SharePoint and internal applications will be tested for accessibility compliance and begin remediation efforts.

Estimated Benefits and Service Improvements

- Provides equal access to the EDD website for visitors with disabilities, including auditory, cognitive, neurological, physical, speech, and visual disabilities.
- Complies with legal requirements of the Americans with Disabilities Act and reduces the risk of legal action against the Department.
- Reduces the need for direct contact with EDD staff because users with disabilities can find information needed on the website just like any other visitor.
- Improves the overall user experience for all visitors.

2020 - BIENNIAL REPORT TO THE LEGISLATURE

EDD'S STRATEGIC AND TACTICAL PROJECT DETAILS

<u>Priority 4: Paid Family Leave – Military Exigency (Senate Bill 1123)</u>
This project started on October 16, 2018 and is scheduled to end on January 1, 2021. The duration of the project is two years and three months.

Strategic Plan Connection
The project addresses the following strategic goals:

GOAL I: Responsible Service
GOAL III: Sustainable Operations

Project Description and Scope
Effective January 1, 2021, Senate Bill 1123 (Chapter 849, Statutes of 2018) requires the EDD to expand the scope of the PFL program by adding a new claim type to cover employees with a qualifying exigency event related to the active duty status of the individual's spouse, domestic partner, child, or parent in the armed forces of the United States. If a military member is on covered active duty and deployed outside the United States, the employee may take leave for a qualifying exigency. Below are examples of a qualifying exigency event:

- Activities within seven calendar days from the date of an impending call or order to active duty.
- Addressing issues that arise from the death of a family member.
- Attending an official ceremony, program, or event sponsored by the military.
- Addressing child care needs or other related matters (e.g., school enrollment).
- Making financial and legal arrangements.
- Obtaining, arranging, or appealing military service benefits.
- Accompanying the member in the armed forces while they are on short-term, temporary, rest, and recuperation leave during deployment.
- Arranging for care or urgent medical needs.

The EDD will require programming to five of the EDD's IT systems, including State Disability Insurance Online, Single Client Database, PFL, Document Management, and the forms generation and printing systems.

Changes to a number of marketing brochures, websites, training materials, policies, procedures, and Interactive Voice Recognition communications will be required as well, to meet the legislative mandate for military exigency claims commencing on or after January 1, 2021.

Estimated Benefits and Service Improvements

- Provides PFL coverage for workers with qualifying exigency events.
- Eligible workers would receive benefits that afford them the opportunity to take time off work for important family matters.
- Allows members of the military and their families relief from the challenges of deployment.

<u>Priority 5: Benefit Systems Modernization</u>
This project started on August 1, 2016 and the end date is to be determined.

Strategic Plan Connection
The project addresses the following strategic goals:

GOAL I: Responsible Service
GOAL III: Sustainable Operations
GOAL IV: Technological Innovation
GOAL V: Fiscal Stewardship

Project Description and Scope
The EDD intends to replace its multiple benefit systems with a single, integrated benefit system. The individual systems include: the California Unemployment Benefit Services, Unemployment Insurance Online, State Disability Insurance Online, PFL, and the EDD's Single Client Database mainframe systems.

The current legacy systems will not be sustainable long term due to challenges associated with recruiting and retaining IT staff with legacy system knowledge that is becoming scarce in the industry. The current benefit systems are very specialized, custom applications and on-going support costs continue to increase. Additionally, due to partial systems modernization through the years, there is data duplication in these disparate systems and data does not always match.

The Benefit Systems Modernization effort is currently in the fourth stage of the California Department of Technology's Project Approval Lifecycle process.

Estimated Benefits and Service Improvements

- Provides one technology development platform, which is less complex.
- Modernizes three separate systems (UI, DI, and PFL).
- Changes and updates to a single system will be done more quickly and efficiently.
- Maximize online self-service opportunities for customers.
- Increases productivity for benefit program and technology maintenance staff.
- Reduces system downtime.
- Provides a consistent user experience and improves service to our customers.
- Provides customers with an option to file appeals online.
- Increases the types of claims and the number of forms that can be submitted online.

Priority 6: Talent Management System
This project started on January 13, 2016 and is scheduled to end on August 30, 2020. The duration of the project is four years and eight months.

Strategic Plan Connection
The proposed project addresses the following strategic goals:

GOAL I: Responsible Service
GOAL II: Skilled Workforce
GOAL III: Sustainable Operations
GOAL IV: Technological Innovation

Project Description and Scope
The Talent Management System project will provide the EDD with a single enterprise wide solution to track and report on staff training, performance, and workforce succession planning. This will enable both staff and management to ensure timely training occurs, and that performance reporting is done regularly.

Estimated Benefits and Service Improvements

- Provides significant business process improvements for the EDD's efforts to build a skilled workforce and improve efficiency to program operations.
- Provides the ability to track employee performance plans and skill sets would provide a cohesive and consistent approach across the Department for workforce and succession planning.
- Improves efficiency and effectiveness over performance management, training processes, and succession planning.
- Provides the ability to analyze the current workforce to identify existing gaps, and plan accordingly for future need.

2020 - BIENNIAL REPORT TO THE LEGISLATURE

EDD'S STRATEGIC AND TACTICAL PROJECT DETAILS

<u>Priority 7: Identity Management Single Sign-On Expansion</u>
This project started on July 2, 2018 and the end date is to be determined.

Strategic Plan Connection
The project addresses the following strategic plan goals:

GOAL I: Responsible Service
GOAL III: Sustainable Operations

Project Description and Scope
The EDD recently upgraded the Department's Access and Identity Management System to provide improved security for customers accessing EDD's online benefit systems. This solution provides a seamless single sign-on solution through a Benefits Portal, Benefit Programs Online, enabling claimants and medical providers to use the same User ID and password for all EDD benefit services. This solution implemented a new standardized User ID utilizing an email address. This industry standard use of the email address makes access to the benefits portal easier and more consistent with other online services today. The next step involves expanding the use of the Benefit Portal to employers and job-seekers who currently access other EDD systems using different security credentials.

Estimated Benefits and Service Improvements

- Provides a single, consistent user logon structure for all EDD services to simplify online services for our customers.
- Improves security by utilizing state-of-the-art technology to help reduce fraud.
- Expands the Single Sign-on to other external facing applications.

<u>Priority 8: Unemployment Insurance Workshare Automation</u>
This project started on June 1, 2019 and is scheduled to end on July 31, 2020. The duration of the project is one year and two months.

Strategic Plan Connection
The proposed project addresses the following strategic goals:

GOAL III: Sustainable Operations
GOAL IV: Technological Innovation
GOAL V: Fiscal Stewardship

Project Description and Scope
The EDD received federal grant funding from the U.S. Department of Labor to improve the administration of the Short-Time Compensation program called the Work Sharing (WS) program. The project will streamline operation functions and implement recently identified and critical system enhancements. The WS program's processes are outdated and in need of improvement to allow for more timely and efficient processing of WS applications, claim filing, continued claims, and determinations. The WS program's processes have generally remained unchanged for many years, with the exception of some changes made in the California Unemployment Benefit Services system. To help California's employers avert layoffs, the EDD needs to be able to handle increased employer enrollment in the program and administer the program more efficiently.

The EDD plans to do this in a two-phase approach:
- Phase 1 involves a comprehensive, end-to-end business process assessment of the WS program to streamline the overall functions and achieve administrative efficiencies.
- Phase 2 is to consolidate the various workshare databases, and create a portal for UI staff to enter and search workshare records.

Estimated Benefits and Service Improvements

- Allows program staff to process the employer WS applications and benefit payments in a timelier manner.
- Creates efficiencies in processing that will allow the EDD to handle the workload without working overtime, or significantly reduce overtime.

Gavin Newsom
Governor
STATE OF CALIFORNIA

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