Here is EDD's response to the Bureau of State Audits report on Unemployment Insurance (UI) services, which addresses many of your questions:

- Through the early part of the recession, California along with 42 other states experienced a decline in first payment timeliness performance due to the overwhelming demands. In 2010, for example, we paid out a record \$23 billion in total UI benefits, breaking the historic mark of the prior year, when we paid out \$20.2 billion in UI benefits. In a typical non-recession year, between \$5 and \$6 billion in UI benefits are paid out.
- The EDD is implementing many of the recommendations made by the Bureau of State Audits (BSA) and has achieved improvements in timeliness performance. The improvements in performance also came during a period of unprecedented workloads with high unemployment rates and the various extensions to UI benefits that occurred over the past four years that added extensively to workload demands.
- The EDD does in fact have a plan to address performance. While the BSA states that we have not fully implemented several corrective actions, for those specifically required by the U.S. Department of Labor (DOL), who oversees the UI program, we have submitted corrective actions plans to U.S. DOL and they have been approved.
- The BSA cites that we have not fully utilized the call center data available to us to improve services. We provided several examples where this data was utilized to implement program improvements, such as improvements in call routing, and the recently-implemented automated wrap up and transfer process for claim filing, but it is too early to provide feedback on the outcome of this effort. We do have additional data available and clearly recognize the value of using this data, but because we are in the process of replacing our continued claims system and doing a major upgrade to the "EDD Tele-Cert" (telephone continued claims) system, we are unable to make additional changes to our telephone system until that project is complete. Any changes at this point will result in costly delays to this major automation effort.
- Overall, the EDD continues to look for cost effective ways to improve California's UI program. The UI program funding provided to California by the U.S. DOL this year is substantially below the funding levels that their workload models show we need for the adequate operation of the program. In spite of federal underfunding, the EDD has continued to show improvement in service levels while paying out over \$40 billion in extended benefits in addition to regular state provided UI benefits, a workload that did not exist prior to 2008.

Here is further information regarding the State Disability Insurance (SDI) program:

• The EDD recently launched our new SDI Online system, which for the first time in the history of the State Disability Insurance program allows our customers to file their claim online using the Internet. It also allows medical providers to submit the necessary supporting data online without having to send paperwork through the mail. The new

automated processes of SDI Online will help us better assist SDI customers and get claims processed quickly.

- But during the transition from old claim forms to the new system, temporary delays may be experienced. Such delays can be minimized by using the new SDI Online system to file claims and access account information. As noted in our social media messages, we apologize to our valuable SDI customers for any delays in payments or difficulties in reaching an SDI representative that they may be experiencing during this time. We greatly appreciate their patience through this transition. We encourage our customers to contact us about any questions on their claim through 'AskEDD' on our EDD website, and please allow us a couple of days to respond. (The direct link to AskEDD is at https://askedd.edd.ca.gov/asp/frmEDDCOMM.aspx.)
- Here's the news release we issued on the launch of the new SDI Online system: <u>http://www.edd.ca.gov/About_EDD/pdf/nwsrel12-57.pdf</u>.
- The temporary delays are caused by a few factors:
 - We have some older claims still on the old system and that workload must be completed as those claims run their course.
 - As anticipated with any new system, it takes time for staff and customers to get accustomed to the new way of filing, so errors can occur in filling out forms and processing can take longer.
 - The new system requires additional information than what appeared on the old forms in order to support automated eligibility review in the new system and more efficient processing on straightforward claims. Staff must now find that information and manually enter it, along with the paper form information, into the new system for payment.
- Our EDD SDI staff is working daily and weekend overtime to keep pace with the workload during the transition from manual to electronic claims filing.
- Customers and the medical provider community can help us speed along this transition to the new system and expedite claim processing by:
 - Registering in the new SDI Online system and filing claims and providing necessary medical information online whenever possible.
 - Using the new official SDI form created for the new system. These properly completed forms can move through the system more quickly, instead of the old paper forms, which require manual input into the new system for payment.

As greater numbers of customers and medical providers register and use the new SDI Online system, we will achieve and ultimately exceed pre-implementation timeliness and be able to provide our customers with the quality services they need and deserve.