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California Legislature



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JOINT LEGISLATIVE AUDIT COMMITTEE RUDY SALAS JR., CHAIR

September 15, 2020

Elaine M. Howle
California State Auditor
621 Capitol Mall, Suite 1200
Sacramento, CA 95814

Re: Employment Development Department Audit Under Rule 17

Dear Ms. Howle:

In accordance with Rule 17 of the Joint Legislative Audit Committee, I am asking your office to move forward with the attached emergency audit request regarding the Employment Development Department. As you are aware, this important topic of EDD's performance directly impacts millions of Californians and involves billions of dollars. I therefore ask and trust that you will prioritize it appropriately.

Should you have any questions, please do not hesitate to contact Committee staff at (916) 319-3300.

Sincerely,

A handwritten signature in blue ink that reads "Rudy Salas".

Rudy Salas
Assemblymember, 32nd District

cc: Members
Joint Legislative Audit Committee

Anthony Rendon, Speaker
California State Assembly

Toni Atkins, Pro Tempore
California State Senate

California Legislature

RECEIVED
9-3-2020

September 3, 2020

2020-128

Joint Legislative Audit Committee
1020 N Street, Room 107
Sacramento, CA 95814

Re: Emergency Audit Request—Employment Development Department

Dear Members of the Committee:

The purpose of this letter is to request an emergency audit of the Employment Development Department's (EDD) response to COVID-19. We, a bipartisan group of legislators, are requesting this audit under Rule 17 of the Joint Legislative Audit Committee, which requires that the Chair and Vice Chair to concur in order to approve an audit request.

EDD has failed Californians in a time when it's needed most. The COVID-19 pandemic caused millions of Californians to lose their jobs starting in March, which has undoubtedly caused significant workload challenges for EDD. Yet, nearly six months later, EDD has failed to find solutions to improve its ability to promptly determine eligibility, issue timely benefit payments, and provide basic customer service to millions of desperate jobless workers.

EDD reported that it has processed 9.3 million unemployment insurance claims and distributed about \$55 billion in benefits. Yet some 1 to 1.2 million potentially eligible applicants, including those that filed in March, are still waiting on payments. EDD's actions or lack thereof have real consequences: people are depleting their life savings, going into debt, and are unable to pay rent and feed their families.

Our offices have received calls from hundreds of constituents who are waiting in vain for their payments; meanwhile they have had harrowing experiences with EDD's call centers. Our constituents report spending countless hours calling EDD hundreds of times and experiencing busy signals and dropped calls before they could reach an agent and even then, the agent may not be experienced or knowledgeable enough to help. For

example, two constituents in Assembly District 32 who applied for benefits back in April still have not received a single payment from EDD. Moreover, another Assembly District 32 constituent has been calling EDD daily and sending messages through UI Online but has not received a response from EDD. These stories are demonstrative of EDD's bureaucratic failures.

The Governor in July announced that he will deploy a "strike team" to come up with a plan to improve EDD that include eliminating the claims backlog, modernizing information technology programs and transforming the customer experience. While we are glad that the Governor is working to address some of the issues raised in this letter, the plan as outlined only scratches the surface of the problem. Most of us have signed onto Assemblymember Chiu's letter to the Governor asking for more immediate and comprehensive actions to improve EDD's operations, which include waiving paperwork deadlines, improving language accessibility, and expanding call center hours of operation.

With businesses shutting down each day as the State's COVID-19 case counts continue to escalate, even more people will be relying on EDD for their benefits and livelihoods. Moreover, things could get even more complicated if Congress extends supplemental federal unemployment benefits. According to EDD, the new program could require more complex calculations to determine payment amounts, and could take the department 12 to 20 weeks to implement. Given the situation we are in, we need to explore all viable options to streamline EDD's processes and correct deficiencies.

Therefore, we would like the California State Auditor to conduct an audit of EDD's response to COVID-19. Because emergency audits under Rule 17 of the Joint Legislative Audit Committee are limited to a cost of \$120,000, this request empowers the State Auditor to modify and decrease the scope of this audit to remain within this monetary limit. We have prioritized the audit objectives we are proposing below, with #1 being the highest priority and #5 being the relatively lowest priority. Moreover, we would like the audit to take into consideration the results of the Governor's strike team, and to begin after the strike team has completed its review, but no later than the end of September.

Audit Objectives

1. Assess the reasons for backlogged unemployment insurance claims (claims) and the effectiveness of EDD's efforts and timeframes for eliminating the backlog, including, but not limited to technological issues, and state or federal laws that have contributed to the delay or prevent EDD from processing claims faster.
2. Evaluate the effectiveness of EDD's actions to improve call center performance and response time. This evaluation should also include EDD's hiring, on-boarding, and training efforts to increase call center staffing levels.
3. Determine the magnitude of EDD's claims workload, including the number and percentage of claims that were approved, denied, pending, and backlogged since the beginning of the pandemic.
4. Assess EDD's call center capacity and determine trends in the volume of calls received, the time it takes EDD to respond to callers, the percentage of callers connected to a representative, and the number of calls during which the caller was disconnected from the call.

5. Assess the technological infrastructure to determine if it is delaying or preventing EDD from processing claims faster.

We look forward to the Chair and Vice Chair establishing a concurrence so we can move forward with this emergency audit request. Should any Member of the Committee have any questions about this emergency audit request, please do not hesitate to contact Assemblymember Salas.

Sincerely,



Rudy Salas
Assemblymember, 32nd District



Jim Patterson
Assemblymember, 23rd District



Joaquin Arambula
Assemblymember, 31st District



Rebecca Bauer-Kahan
Assemblymember, 16th District



Marc Berman
Assemblymember, 24th District



Rob Bonta
Assemblymember, 18th District



Sabrina Cervantes
Assemblymember, 60th District



Ling Ling Chang
Senator, 29th District



David Chiu
Assemblymember, 17th District



Steven Choi
Assemblymember, 68th District



Brian Dahle
Senator, 1st District



Tom Daly
Assemblymember, 69th District



Tyler Diep
Assemblymember, 72nd District



Bill Dodd
Senator, 3rd District



Susan Eggman
Assemblymember, 13th District



Laura Friedman
Assemblymember, 43rd District



Cristina Garcia
Assemblymember, 58th District



Eduardo, Garcia
Assemblymember, 56th District

Mike Gipson
Assemblymember, 64th District

Todd Gloria
Assemblymember, 78th District

Timothy Grayson
Assemblymember, 14th District

Shannon Grove
Senator, 18th District

Chris Holden
Assemblymember, 41st District

Reginald Byron Jones-Sawyer
Assemblymember, 59th District

Tom Lackey
Assemblymember, 36th District

Evan Low
Assemblymember, 28th District

Brian Maienschein
Assemblymember, 77th District

Devon Mathis
Assemblymember, 26th District

John Moorlach
Senator, 37th District

Kevin Mullin
Assemblymember, 22nd District

Adrin Nazarian
Assemblymember, 46th District

Luz Rivas
Assemblymember, 39th District

Robert Rivas
Assemblymember, 22nd District

Miguel Santiago
Assemblymember, 53rd District

Randy Voepel
Assemblymember, 71st District

Chad Mayes
Assemblymember, 42nd District

Patricia Bates
Senator, 36th District

Scott Wiener
Senator, 36th District

Sharon Quirk-Silva
Assemblymember, 65th District

Bill Quirk

Bill Quirk
Assemblymember, 20th District