

Date of Hearing: April 29, 2021

ASSEMBLY COMMITTEE ON INSURANCE
Tom Daly, Chair
AB 400 (Petrie-Norris) – As Amended April 21, 2021

SUBJECT: Unemployment insurance: Unemployment Insurance Oversight Advisory Board

SUMMARY: Establishes the Unemployment Insurance Oversight Advisory Board (Advisory Board) within the Labor and Workforce Development Agency. Specifically, **this bill:**

- 1) Specifies the purpose of the Advisory Board is to review the operations of the Employment Development Department (EDD) and make recommendations to EDD, the Governor, and the Legislature to enhance the efficiency of operations and ensure equitable access to benefits.
- 2) Focuses the Advisory Board on:
 - a) Customer service, call centers, and online technology systems.
 - b) Revisions and simplification of the statutes to streamline the training of the staff of EDD and the processing of the applications of claimants.
 - c) Fraud prevention and detection.
 - d) Strategic planning to prepare for, and respond to, changes in the demand for unemployment insurance (UI) benefits, including changes due to major economic shifts.
 - e) Review and revision of applications, forms, and notices to ensure timely and equitable access to all claimants.
 - f) How to ensure all EDD operations and processes prioritize the claimant experience.
- 3) Points out that while the Advisory Board shall focus on reviews and recommendations relating to UI benefits, that state disability insurance and paid family leave benefits should also be considered.
- 4) Provides that the Advisory Board will have seven members consisting of:
 - a) Two members who are appointed by the Speaker of the Assembly.
 - b) Two members who are appointed by the Senate Committee on Rules.
 - c) One member with expertise in government efficiency who is appointed by the Secretary of the Government Operations Agency.
 - d) One member with expertise in government information technology systems who is appointed by the Secretary of the Government Operations Agency.
 - e) One member from EDD who is appointed by the Director of EDD.

- 5) Asks the Speaker of the Assembly and the Senate Committee on Rules to consider both of the following in making their appointments:
 - a) Someone representing employee interests in UI benefits.
 - b) Private and public employers impacted by programs overseen by EDD.
- 6) Specifies members on the Advisory Board shall serve a four-year term and serve without compensation.
- 7) Meetings of the Advisory Board shall be open and public in accordance with the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code).
- 8) Requires, beginning on and after January 1, 2022, the Advisory Board to hold at least two public meetings a year with public comment.
- 9) Requires quarterly public reports with recommendations beginning on and after July 1, 2022.
- 10) Requires EDD, beginning on or after January 1, 2023, to submit a yearly report to the Assembly Committee on Budget and the Senate Committee on Budget and Fiscal Review.

EXISTING LAW:

- 1) Provides that EDD is responsible for administering the State's unemployment insurance (UI) program, including the payment of unemployment compensation benefits to eligible persons. (Unemployment Insurance Code, Section 201 et seq.)
- 2) Establishes the UI program as a joint state/federal effort to provide partial wage replacement to employees who are out of work through no fault of their own.

FISCAL EFFECT: Unknown.

COMMENTS:

- 1) **Purpose of the bill:** This measure is in response to the scrutiny of EDD over the duration of the pandemic. Perhaps, if EDD has an Advisory Board with a clear framework, when California faces the next crisis, EDD may be more prepared.
- 2) **Background:** Faced with mounting public criticism, Governor Newsom convened both a strike team and, separately, a task force, of government experts to address the dysfunction and set a path for needed reforms at EDD. The strike team's subsequent report highlighted the failures of EDD's performance during the pandemic and issued 100 recommendations to improve service.
- 3) **Author's statement:** According to the author:

The COVID-19 pandemic has brought much of California's economy to a halt, forced businesses to drastically curtail their operations or shut down, and left millions of Californians out of work and filing for unemployment benefits, many for the first time. As the administrator of the state's UI system, EDD has been plagued by widely

publicized problems in handling this unprecedented volume: long wait times at its call centers, lengthy claims processing delays, and, most recently, the uncovering of a potentially \$2 billion fraud scheme involving prison inmates.

To address the institutional problems found at EDD, AB 400 establishes the Unemployment Insurance (UI) Oversight Advisory Board under the Labor and Workforce Development Agency to regularly review the Employment Development Department's (EDD) UI operations and make recommendations to EDD, the Governor, and the Legislature to achieve ongoing efficiency. The UI Oversight Advisory Board would guide EDD to identify deficiencies quickly, make necessary course corrections, and implement service delivery improvements continuously.

- 4) **Related Legislation:** AB 402 (Wicks) establishes the Office of Claimant Advocate within the EDD. This measure is set for April 29, 2021 in the Assembly Insurance Committee.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file.

Opposition

None on file.

Analysis Prepared by: Kathleen O'Malley / INS. / (916) 319-2086