

**STATE OF CALIFORNIA**  
**Budget Change Proposal - Cover Sheet**  
 DF-46 (REV 10/20)

<b>Fiscal Year</b> 2023-24	<b>Business Unit</b> 7100	<b>Department</b> Employment Development Department	<b>Priority No.</b>
<b>Budget Request Name</b> 7100-043-BCP-2023-GB		<b>Program</b> 5920, 5925	<b>Subprogram</b>

**Budget Request Description**  
 EDDNext Modernization

**Budget Request Summary**

The Employment Development Department requests \$197,983,000 (\$98,991,000 General Fund) in 2023-24 to continue EDDNext, the modernization effort of EDD's benefits systems and services. This effort is replacing aging benefit systems with flexible, user-friendly services and processes across unemployment insurance, state disability insurance, and paid family leave benefit programs.

<b>Requires Legislation</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<b>Code Section(s) to be Added/Amended/Repealed</b>	
<b>Does this BCP contain information technology (IT) components?</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	<b>Department CIO</b> Rita Gass	<b>Date</b> 11/30/2022

For IT requests, specify the project number, the most recent project approval document (FSR, SPR, S1BA, S2AA, S3SD, S4PRA), and the California Department of Technology (CDT) approval date. For more background on CDT's Project Approval Lifecycle, see the summary posted online at <https://cdt.ca.gov/wp-content/uploads/2017/03/PAL-Framework-Rev2016-0726.pdf?emrc=a92f9d>.

**Project No.** 7100-222      **Project Approval Document:** S1BA EDDNext Core  
**Approval Date:** 8/18/2022

**Project No.** 7100-236      **Project Approval Document:** PDR Shared Customer Portal  
**Approval Date:** 8/29/2022

**If proposal affects another department, does other department concur with proposal?**  Yes  No  
 Attach comments of affected department, signed and dated by the department director or designee.

<b>Prepared By</b> Geoff Garcia	<b>Date</b> 11/30/2022	<b>Reviewed By</b> Jeff Loverde	<b>Date</b> 11/30/2022
<b>Department Director</b> Nancy Farias	<b>Date</b> 12/1/2022	<b>Agency Secretary</b> Stewart Knox	<b>Date</b> 12/2/2022

**Department of Finance Use Only**

**Additional Review:**  Capital Outlay  ITCU  FSCU  OSAE  Dept. of Technology

<b>PPBA</b> Andrew March	<b>Date submitted to the Legislature</b> 1/10/2022
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## Analysis of Problem

### A. Budget Request Summary

The Employment Development Department (EDD) requests \$197,983,000 (\$98,991,000 General Fund) in 2023-24 to continue EDDNext, a comprehensive customer service improvement effort of EDD's benefits systems and services. These resources are critical to fund the second year of the modernization effort of EDD's benefits systems and services. This effort is replacing aging benefit systems and processes with flexible, user-friendly services across unemployment insurance (UI), state disability insurance (SDI), and paid family leave (PFL) benefit programs.

### B. Background/History

EDD administers multibillion-dollar benefit programs, including UI, SDI, and PFL that provide financial stability to workers and communities. EDD has served approximately 26 million claimants and has paid over \$185 billion in UI benefits alone since January 2020.

EDD also manages the administrative, accounting, auditing, collection, and enforcement functions for UI, Employment Training Tax, SDI withholding, and California Personal Income Tax withholding. In 2021-22, EDD collected more than \$109.3 billion in payroll taxes. Working with approximately 1.6 million employers, EDD collects and maintains the employment tax and benefit records for 18.5 million workers.

EDD maintains multiple benefit management systems that support the UI, SDI and PFL programs including UI Online, SDI Online, the PFL application, and Base Wage database. In 2012, EDD delivered a partial modernization that enabled users to apply for and manage SDI claims online. UI Online launched in 2015 to allow claimants to apply for UI benefits, certify for benefits, and manage UI claims online.

The PFL application has not been modernized since being implemented in 2004.

In 2016-2017, EDD began an approval process for system modernization to replace the legacy UI Online, SDI Online and PFL application systems. The CDT Project Approval Lifecycle (PAL) Stage 1 Business Analysis (S1BA) approval and funding was received during the fiscal year and the next phases began. In 2018-19, EDD completed the Stage 2 planning phase and Stage 3 activities thereafter. The pandemic pushed EDD's systems beyond their limits and exposed the need to further enhance the modernization work.

On July 29, 2020, Governor Newsom directed a Strike Team from the Government Operations Agency to set a path for needed reforms. At the recommendation of the Strike Team, the project paused in September 2020. This decision was consistent with Vision 2023, California's statewide technology strategic plan.

The 2021 Budget Act invested \$11.8 million General Fund to strengthen the modernization effort and incorporate the lessons learned from the pandemic and the unprecedented demand for benefits. In September 2021, EDD began to analyze all business processes, including recently implemented pandemic processes, services, and tools. EDD performed a gap analysis and defined the high-level requirements for future procurement solicitations. The assessment also identified the necessary additional customer service improvements.

Consulting services were engaged for a business process re-engineering (BPR) effort to analyze EDD's business operating model, assess existing technologies and develop a roadmap that will lead to an approach that will deliver an improved customer experience, while ensuring the customer privacy and security is protected.

## Analysis of Problem

Based on these analyses, the department organized EDDNext into discrete, manageable components that can be individually monitored and tracked:

- EDDNext Core (Project #7100-222)
- Shared Customer Portal Phase 1 (Project #7100-236)
- Shared Customer Portal Phase 2 (Project #TBD)
- Non-IT Projects per State Implementation Manual (SIMM 19)

In 2021-22 EDD achieved the following:

- Awarded BPR contract services
- Completed BPR assessment
- Developed an agile and phased approach project roadmap
- Prepared project planning documents

Building on these investments, the 2022 Budget Act included funds to support the first year of EDDNext, including the development of the agile project roadmap. The Customer Experience (CX) governance committee was initiated and a CX unit was created. EDD planned procurement for the project transformation office.

EDD also continued progress on EDDNext Core. Stage 1 of the Business Analysis (S1BA) of the project was approved by CDT for EDDNext core activities, including the Document Management Modernization, Integrated Claims Management, and Integrated Data Management Platform. Mid-level technical requirements and project management plans were submitted to CDT (Project Approval Lifecycle - Stage 2 Alternative Analysis, aka S2AA).

EDD also made progress on the Shared Customer Portal Phase 1. CDT approved a Project Delegation Request (PDR) in 2022 to allow this effort to enhance the customer experience to proceed.

The following is a summary of additional EDDNext activities on track for completion in 2022-23:

### 1. Transformation Office

Objective: Procure and establish the Transformation Office to strengthen existing EDD project management, enterprise architecture, governance, organizational change management, and quality assurance/control. Procure independent verification and validation (IV&V) services required by the Department of General Services (DGS), State Administrative Manual (i.e., SAM 4940.3). The Transformation Office originated in 2022-23 and will continue throughout the EDDNext modernization, supporting all EDDNext workstreams and initiatives.

### 2. EDDNext Core

Objective: Complete the planning activities for Document Management Modernization, Integrated Claims Management, and Integrated Data Management Platform

### 3. Shared Customer Portal Phase 1

Objective: Improvements to the Shared Customer Portal, modernizing the Employment Development Department's (EDD) existing Benefit Programs Online portal to provide customers with a more secure, and customer centered experience to access UI, DI, and overpayment services.

### 4. Shared Customer Portal Phase 2

## Analysis of Problem

Objective: Complete the S1BA, Financial Analysis Worksheets (FAW), and Project Delegation form to request Project Delegation prior to project start in 2023-24.

### 5. Non-IT Projects per State Implementation Manual (SIMM 19)

- a. **Forms Redesign – Phase 1** (Non-IT project per CDT's State Implementation Manual, or SIMM 19)
  - i. Objective: Gather stakeholder input and document customer centered wireframes and paper forms design for the UI application intake and continued claims forms to inform the detailed design in the future state.
- b. **Integrated Contact Center Phone Support – Phase 1** (Non-IT project per SIMM 19)
  - i. Objective: Support customers by reconfiguring call processes, reducing wait times, and incorporating multi-language functionality, including:
    - *Multi-Language Capabilities to increase language access*
    - *Interactive Voice Response (IVR) and Automatic Call Distributor (ACD) redesign and configuration*
- c. **Fraud Prevention, Analytics, and Reporting – Phase 1** (Non-IT project per SIMM 19)
  - i. Objective: Expand existing data analytics and enhance tools to detect and reduce fraud.
- d. **Training and Knowledge Management Enhancements** (Non-IT project per SIMM 19)
  - i. Objective: Create new and enhance existing training and knowledge management materials to decrease time to train new staff.

### Resource History

Program Budget	PY – 4 (2017-18)	PY – 3 (2018-19)	PY – 2 (2019-20)	PY-1 (2020-21)	PY (2021-22)	CY (2022-23)
Authorized Expenditures	\$4,022,000	\$4,022,000	\$12,111,100	\$46,000,000	\$11,800,000	\$136,030,000
Actual Expenditures	\$7,289,530	\$7,342,491	\$9,693,388	\$3,352,099	\$7,991,907	n/a
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Authorized Positions	15.0	15.0	34.5	147.5	0.0	133.7
Filled Positions <sup>1/</sup>	29.9	37.2	30.4	11.7	4.5	58.7
Vacancies	0.0	0.0	4.2	135.8	0.0	n/a

<sup>1/</sup> For 2017-18, 2018-19, and 2021-22, EDD utilized Temporary Help (blanket) positions for 14.9, 22.2 and 4.5 respectively because there was no position authority or workload exceeded for the number of positions authorized. For CY, the filled positions are as-of 11/29/22.

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The table above reflects the resource history for fiscal years 2017-18 through 2021-22. The 2022-23 information is based on the 2022-23 funding that was approved for EDDNext.

### C. State Level Consideration

Governor Newsom signed multiple bills to continue investments for improving and modernizing California's UI system and improving the experience for customers:

- AB 12 (Chapter 509, Statutes of 2021) – Personal information: social security numbers: The Employment Development Department.
- AB 110 (Chapter 511, Statutes of 2021) – Fraudulent claims for unemployment compensation benefits: inmates. (7100-037-BCP-2022-GB)
- AB 138 (Chapter 78, Statutes of 2021) – Language translation – Increased fraud prevention – Direct deposit
- AB 397 (Chapter 516, Statutes of 2021) – UI: benefits: disqualification: notice. (7100-038-BCP-2022-GB)
- AB 1058 (Chapter 317, Statutes of 2022) – Disability Insurance: requires EDD to collect demographic data of claimants and publish on a public dashboard.
- AB 56 (Chapter 510, Statutes of 2021) – Benefits: outgoing mail, claim processing, and reporting.

### D. Justification

California has the nation's largest public benefit system with over 21 million claimants and 63 million claims being filed for UI, Disability Insurance (DI), and PFL over the past decade. EDD delivered unprecedented levels of benefits to Californians during this pandemic, paying over \$185 billion in UI benefits. The pandemic tested every benefit system in the country and pushed capabilities to their limits, exposing the need to engage customers directly to design better systems and modernize operations. 2023-24 is the second year of EDDNext, in which EDD will continue its focus on modernizing UI, DI, PFL and Tax program operations, business processes and technology where existing barriers hinder improvements to customer service. This approach is consistent with recommendations of the Strike Team, California State Auditor (CSA) and U.S. Department of Labor (DOL). EDDNext's objectives include:

- **Enhanced customer-centered service design** - Boosting multilingual service, better accessibility, and providing support across channels such as mobile, social media, self-service website, live chat, and others.
- **Increase self-service opportunities** - Simplifying the claims intake process by expanding self-service functionality across all programs.
- **Mitigate fraud** - Protecting claimant identity and reducing risk with new claims processing and technology-driven solutions.
- **Improved consistent integrated program delivery** - Extending data analytics to deliver more useful claims processing information and enhanced employee training.
- **Greater adaptability for faster program changes** - Delivering an integrated benefit system that can be upgraded and modified more quickly to meet system demands and implement entirely new benefit programs such as the emergency federal Pandemic Unemployment Assistance program passed during the pandemic.

## Analysis of Problem

Building on the 2021-22 and 2022-23 funded activities, this year EDD seeks to invest \$198 million General Fund and Unemployment Compensation fund dollars to further improve customer services, focusing on the continuation or initiation of the following activities:

### EDDNext Core Workstreams in 2023-24

The following workstreams in 2023-24 are part of the EDDNext Core Project:

- **Document Management Modernization** - Current forms processing systems are complicated and a new scanning and optical character recognition (OCR) system are required for staff to efficiently manage forms. Recognizing that paper submission is an important option for customers, this initiative includes pilot replacement of scanning/data capture and document storage functionality that are currently processed at the Document and Information Management Center (DIMC). Once the pilot has been completed, an additional 10-13 forms will be implemented into the new solution. This phase will be the initial step to modernizing EDD's document management capabilities.
- **Integrated Data Management Platform** - It is foundational to the success of EDDNext to start the implementation of the service integration platform and data hub in 2023-24. The implementation of this platform is a dependency to many efforts within the EDDNext roadmap as it provides the system integration and data capabilities to leverage across the organization, providing a seamless transition for both internal and external stakeholders as EDD modernizes. The integration services will include, identity access management and content management, to provide key functionality required to be in place for modern portal capabilities to be effective. The enhanced data services will provide analytics and reporting capabilities.
- **Integrated Claims Management** - In 2023-24, EDDNext will procure vendor services to begin the multi-year replacement of the core claims system and implementation of modernized claims processing capabilities. The implementation will occur in multiple phases to avoid interrupting the customer experience and allow EDD to continue serving customers while the modernization effort is taking place concurrently. The new claim processing system will leverage the integrated data management platform to establish integrations with internal and external data sources to ensure real time and integrated information is available for both claimants and EDD staff.

### Shared Customer Portal Phase 1 Maintenance and Operations (M&O)

After the delivery of the new Shared Customer Portal in Quarter 4 of 2022-23, software licenses and professional services are needed for maintenance and operations of the portal.

### Shared Customer Portal Phase 2

Shared Customer Portal Phase 2 will deliver enhancements to the Shared Customer Portal following the Phase 1 release in Quarter 4 of 2022-23. Phase 2 Enhancements include:

- Customer experience, usability, and accessibility improvements based on customer feedback.
- Making portal content available in six additional languages other than English and Spanish (Traditional Chinese, Simplified Chinese, Vietnamese, Armenian, Korean, and Tagalog) to be consistent with language changes being made in other EDD systems including the UI Online system.

## Analysis of Problem

- Enhancing the user administration function to improve efficiency for EDD staff to access and update customer information when processing claims.
- Enhancing the Customer Portal database to enable Information Technology Branch staff to better support processes for adjusting customer data and assigning EDD Customer Numbers to new customers.
- Shared Customer Portal Identity Proofing: Enhance the Shared Customer Portal to allow for real-time identity proofing at the point when customers register in the portal to access online services.
- Shared Customer Portal Intake Navigator: Enhance the Shared Customer Portal to offer dynamic sorting questions to guide customers to the appropriate EDD online services they need once they have registered in the portal.

### Non-IT Project Workstreams in 2023-24

- **Forms Redesign Phase 2** - In 2023-24, forms redesign effort will identify, usability test, and redesign forms/notifications that are produced in high volume. The redesign effort will continue to review forms/notifications for design best practices, prioritization, language access and accessibility standards, and the customer journey for UI, DI, and PFL claimants.
- **Call Center Enhancement Phase 2** – The next phase of will extend Interactive voice recognition capabilities to address call center operations needs and support of enhancements introduced in Phase 1.
- **Fraud Prevention, Analytics and Reporting Phase 2** - This project will continue strengthening EDD's fraud prevention through :
  - Integration of identity-proofing services with existing EDD systems and the establishment of standardized integration patterns and processes.
  - Providing the tools and techniques needed to support the introduction of new systems and solutions into the EDD technology ecosystem, fraud detection initiatives, and changes to analytic reporting needs.
  - Enhancing electronic logging, analytics, and reporting capabilities to improve cyber-security, prevent and identify potential data breaches, and combat insider threats.

The above workstreams are categorized as non-IT per SIMM 19:

### Transformation Office (Continuation) in 2023-24

The Transformation Office, which is a continuation from 2022-23, provides leadership and support services across all of the EDDNext Modernization workstreams:

- **Project Management Consulting Services:** This effort will continue operations of the Project Management Office (PMO) standards and expectations to plan and deliver EDDNext initiatives, manage dedicated resources, track and report on progress, decisions, risks, and issues, and to coordinate communication amongst teams and broader stakeholders.
- **Project Executive and Project Advisor Consulting Services:** The Project Executive will provide strategic direction, guidance, and recommendations based on industry best practices to the EDDNext modernization. The Project Advisor will provide consultation to

## Analysis of Problem

project leadership on the project's goals and objectives and will advise on how to reduce and mitigate project risks.

- **Quality Assurance and Quality Control Consulting Services:** Provides review and validation of technical designs and deliverables to confirm that they meet the standards established by the architecture review board, addresses all agreed requirements, and represents practical designs and solutions at each stage of the software development lifecycle and/or agile development methodology.
- **Vendor Procurement Consulting Services:** Develop, conduct, and coordinate procurement activities. Onboard vendor(s) to support business change and implement new technical capabilities.
- **Independent Verification & Validation (IV&V) Consulting Services:** Provide independent project reviews and oversees State/Federal compliance.
- **Technology Transition Support Consulting Services:** Business services support related to transitioning from legacy technology to new technologies.
- **Organizational Transformation Governance Consulting Services:** A tailored governance framework is necessary to make effective decisions on issues that will arise. EDD will need to establish key aspects of governance – executive, program, architecture, and data.
- **Enterprise Architecture (EA) Consulting Services:** Continue to develop and manage an evolving business, systems, and data architecture that guides the relationships between each of the individual solutions that will be implemented. This architecture function includes managing a requirement and design repository.
- **Organizational Change Management (OCM) Consulting Services:** Identify roles and responsibilities needed to support new capabilities/service delivery models and establish a program to support staff through changes in process, structure, and expectations. Continue to develop and execute internal and external communications strategies to support stakeholders.
- **Customer Experience Program:** Continue to manage a program to connect with customers to better understand their issues and priorities, and to use that information to drive requirements for short term opportunities and individual solution procurements. This is an ongoing program that provides continuous improvement and evaluates each solution's impact on improving customer experience.

## Summary of Funding Request

The high-level project cost estimates, by work streams, were developed using the IT cost estimating tool: Quantitative Software Management (QSM) – Software Lifecycle Management (SLIM). Costs were allocated across the following work streams to meet project needs.

Work Streams 07/01/2023 - 06/30/2024	Description of Vendor Services and Equipment <i>(For a detailed cost breakdown, refer to the Fiscal Detail Sheets)</i>	Professional Services and Equipment Costs <i>(Dollars in thousands)</i>
<b>Transformation Office</b>	<b>The Transformation Office, which is a continuation from 2022-23, provides leadership and support services across all of the EDDNext Modernization workstreams. These Transformation Costs are the costs specific to 2023-24:</b>	
	Project Management Consulting Services	\$7,407



## Analysis of Problem

Work Streams 07/01/2023 - 06/30/2024	Description of Vendor Services and Equipment <i>(For a detailed cost breakdown, refer to the Fiscal Detail Sheets)</i>	Professional Services and Equipment Costs <i>(Dollars in thousands)</i>
	Project Executive and Project Advisor Consulting Services	\$1,936
	Quality Assurance and Quality Control Consulting Services	\$9,567
	Vendor Procurement Consulting Services	\$1,103
	Independent Verification & Validation (IV&V) Consulting Services	\$ 3,931
	Technology Transition Support Consulting Services	\$ 924
	Organizational Transformation Governance Consulting Services	\$1,225
	Enterprise Architecture (EA) Consulting Services	\$10,659
	Organizational Change Management (OCM) Consulting Services Customer Experience Program	\$6,850
	Customer Experience Program	\$2,450
	<b>Total Transformation Office</b>	<b>\$46,052</b>
<b>Transformation Office Software Tools</b>	<ul style="list-style-type: none"> <li>▪ Project Management Tool</li> <li>▪ Procurement Tool</li> <li>▪ Enterprise Architecture Tool</li> <li>▪ Voice of the Customer Tool</li> </ul>	\$1,450
<b>CDT Oversight and Approval Services</b>	Project oversight, approval, and State Technology Procurement services	\$1,011
<b>EDDNext Core</b>		
<b>Document Management Modernization</b>	Document Management Modernization New scanning and optical character recognition (OCR) system	\$11,400
<b>Integrated Data Management</b>	Implementation of enterprise service integration platform and data management capabilities	\$45,563
<b>Integrated Claims Management Solution (ICMS)</b>	Procure solution provider and start implementation phase for the ICMS	\$6,689
<b>Shared Customer Portal Phase 1</b>		
<b>Shared Customer Portal Phase 1</b>	Maintenance and operations – software licenses and professional services	\$18,350
<b>Shared Customer Portal Phase 2</b>		
<b>Shared Customer Portal Phase 2</b>	Shared Customer Portal <ul style="list-style-type: none"> <li>▪ Customer experience Enhancements</li> <li>▪ Identity proofing capabilities</li> </ul>	\$27,200

## Analysis of Problem

Work Streams 07/01/2023 - 06/30/2024	Description of Vendor Services and Equipment <i>(For a detailed cost breakdown, refer to the Fiscal Detail Sheets)</i>	Professional Services and Equipment Costs <i>(Dollars in thousands)</i>
	Portal intake navigator functionality	
<b>Non-IT Projects per SIMM-19</b>		
<b>Forms Redesign – Phase 2</b>	<ul style="list-style-type: none"> <li>▪ Conceptual redesign of top volume forms to improve customer experience</li> </ul>	\$2,646
<b>Call Center Enhancement – Phase 2</b>	Call Center Enhancement <ul style="list-style-type: none"> <li>▪ Improved call center and benefit systems integration</li> </ul>	\$900
<b>Fraud Prevention, Analytics, and Reporting – Phase 2</b>	Fraud Prevention Analytics, and Reporting Phase 2 <ul style="list-style-type: none"> <li>▪ Identity proofing technology integration</li> </ul>	\$9,349
	<b>Total, Work Streams Costs</b>	<b>\$170,610</b>
	<b>Other OE&amp;E Costs:</b> Standard complement for office equipment, team software, subscriptions, training, and other state operations.	\$4,937
	<b>Total Work Stream plus OE&amp;E Costs</b> <i>(Reported on the Fiscal Details Sheets)</i>	<b>\$175,547</b>

## Analysis of Problem

### Project Staffing:

Below is a summary of Personal Services by branch:

<b>Branch</b>	<b>Salaries &amp; Wages</b>	<b>Staff Benefits</b>	<b>Personal Services</b>
Information Technology Branch	\$5,427,000	\$3,245,000	<b>\$8,672,000</b>
Disability Insurance Branch	\$2,104,000	\$1,258,000	<b>\$3,362,000</b>
Tax Branch	\$1,007,000	\$602,000	<b>\$1,609,000</b>
Unemployment Insurance Branch	\$4,314,000	\$2,580,000	<b>\$6,894,000</b>
Administration Branch	\$223,000	\$133,000	<b>\$356,000</b>
Public Affairs Branch	\$526,000	\$315,000	<b>\$841,000</b>
Legal Office	\$439,000	\$263,000	<b>\$702,000</b>
<b>Total</b>	<b>\$14,040,000</b>	<b>\$8,396,000</b>	<b>\$22,436,000</b>

### E. Outcomes and Accountability

EDDNext will provide a customer centered experience for claimants and EDD staff built upon modernized services and infrastructure. Features will include:

- Improved fraud mitigation capabilities via additional identity proofing features
- Improved customer experience in the Shared Customer Portal via expanded language access services, an intake navigator, and usability enhancements
- New scanning and optical character recognition system
- Redesign of top volume claimant forms
- Improved call center features, including new IVR options
- Establish a cloud-based, scalable data platform

Many of the projects within EDDNext are subject to oversight from CDT and Independent Verification and Validation (IV&V). IV&V services will be procured and report to the Labor & Workforce Development Agency (LWDA) to ensure product outcomes meet requirement specifications. Project health reporting is communicated on a regular basis to the project's Executive Steering Committee, to CDT, and to LWDA at monthly LWDA Portfolio Report sessions.

### F. Analysis of All Feasible Alternatives

**Alternative 1:** Approve \$197,983,000 in 2023-24 for Year 2 of the EDDNext Modernization.

#### Pros:

- Covers full implementation of all priority capabilities and enhancements
- Improves customer and staff experiences
- Allows for a phased implementation
- Improves integrated data management
- Allows for selection of vendors that align to priorities and technical needs
- Improves fraud prevention capabilities
- Decreases risk of continued fraudulent activity
- Improves customer experience through claimant portal enhancements

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### Cons:

- Requires a General Fund augmentation
- Requires a high number of internal and external resources

**Alternative 2:** Revert to the prior BSM Scope with the implementation of a single, integrated benefits system that provides customers and staff a consistent, single portal into the EDD's services.

### Pros:

- Lower cost due to reduced scope
- Faster Go to Market time
- Consolidated training activities

### Cons:

- Does not adhere to Strike Team, Legislative Analyst's Office (LAO), and Department of Labor (DOL) recommended approaches
- Partial improvement of customer experience
- Partial implementation of priority capabilities and enhancements
- Does not address all current state issues and pain points

**Alternative 3: "Big Bang" Single Implementation:** Implementation of a single, integrated benefits system that provides customers and staff a consistent, single portal into EDD's services.

### Pros:

- Single Go Live and reduced data synchronization effort required for an incremental approach
- Reduces number of procurements needed

### Cons:

- Complicates procurement with large scope
- Creates risk of single vendor lock-in
- High number of resources and costs in the long term
- Large volume of change in a short period of time
- High risk due to level of complexity and amount of change

**Alternative 4:** Terminate the EDDNext Modernization; maintain the existing EDD systems as is by making enhancements to business processes and systems capabilities as internal projects or within existing evolutionary project budget allowances without establishing any focused transformation effort.

### Pros:

- Maintaining the current legacy system and process is familiar to both internal and external stakeholders
- Limits internal risks associated with making changes

### Cons:

- Higher maintenance and operations complexity and ongoing costs in the long term
- Existing systems do not align with future state vision
- Lack of shared services across programs
- Data integration remains an issue
- Implementing changes has a high risk of creating downstream issues due to existing architecture

## Analysis of Problem

- Current systems are inflexible and will not adapt with new technology as it continues to modernize
- Customer experience only decreases in quality as there is no improvement to system usability
- Legacy technology leaves EDD at greater risk for continued cyber-attacks and fraudulent claims
- Does not allow EDD to successfully handle another surge of claims that could happen in the wake of another global pandemic, recession, or other economic downturn

## G. Implementation Plan

Below are the high-level activities and timeline for the EDDNext implementation in 2023-24.

The Milestone Table below provides the planned start and end dates of key milestones planned for 2023-24. The EDDNext portfolio of projects will deliver products and services progressively through the lifecycle of the project.

Milestone	Start Date	Target End Date
<b>Shared Customer Portal Phase 1</b>		
<b>Shared Customer Portal 1</b> – Maintenance and operations	July 2023	June 2024
<b>Non-IT Project Workstreams</b>		
<b>Forms Redesign Phase 2</b> – Conceptual redesign of top volume forms to improve customer experience	July 2023	June 2024
<b>Call Center Phase 2</b> – Improved call center and benefit systems integration	July 2023	June 2024
<b>Fraud Prevention, Analytics, and Reporting Phase 2</b> – Identity proofing technology integration	July 2023	June 2024
<b>Shared Customer Portal Phase 2</b>		
<b>Shared Customer Portal Phase 2</b> – Enhancements, identity proofing, language access, and portal intake navigator functionality	July 2023	June 2024
<b>EDDNext Core</b>		
<b>Document Management Modernization</b> – New scanning and optical character recognition (OCR) system	July 2023	June 2024
<b>Integrated Data Management Platform</b> – Onboard Solution providers and implementation of enterprise service integration platform and data management capabilities	Aug 2023	Sept 2024
<b>Integrated Claims Management Solution</b> – Onboard Solution provider and start implementation phase for the ICMS multi-year effort	April 2024	June 2027

## Analysis of Problem

### H. Supplemental Information

Attachment I – List of Consulting and Professional Services and IT items

### I. Recommendation

The EDD recommends approval of Alternative 1, which will provide full implementation of all priority capabilities and enhancements. This recommendation provides \$197,983,000 in 2023-24 to continue the establishment of the EDDNext project team and the continuation of several short- and long-term projects to greatly enhance customer experience.

**Analysis of Problem**

# BCP Fiscal Detail Sheet

BCP Title: EDDNext

BR Name: 7100-043-BCP-2023-GB

Budget Request Summary

## Personal Services

Personal Services	FY23 Current Year	FY23 Budget Year	FY23 BY+1	FY23 BY+2	FY23 BY+3	FY23 BY+4
Salaries and Wages Earnings - Permanent	0	14,040	0	0	0	0
<b>Total Salaries and Wages</b>	<b>\$0</b>	<b>\$14,040</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Total Staff Benefits	0	8,396	0	0	0	0
<b>Total Personal Services</b>	<b>\$0</b>	<b>\$22,436</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## Operating Expenses and Equipment

Operating Expenses and Equipment	FY23 Current Year	FY23 Budget Year	FY23 BY+1	FY23 BY+2	FY23 BY+3	FY23 BY+4
5301 - General Expense	0	327	0	0	0	0
5304 - Communications	0	209	0	0	0	0
5322 - Training	0	313	0	0	0	0
5324 - Facilities Operation	0	988	0	0	0	0
5326 - Utilities	0	59	0	0	0	0
5340 - Consulting and Professional Services - External	0	167,046	0	0	0	0
5340 - Consulting and Professional Services - Interdepartmental	0	2,114	0	0	0	0
5344 - Consolidated Data Centers	0	327	0	0	0	0
5346 - Information Technology	0	1,862	0	0	0	0
54XX - Special Items of Expense	0	2,302	0	0	0	0
<b>Total Operating Expenses and Equipment</b>	<b>\$0</b>	<b>\$175,547</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## Total Budget Request

Total Budget Request	FY23 Current Year	FY23 Budget Year	FY23 BY+1	FY23 BY+2	FY23 BY+3	FY23 BY+4
<b>Total Budget Request</b>	<b>\$0</b>	<b>\$197,983</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## Analysis of Problem

### Fund Summary

#### Fund Source

Fund Source	FY23 Current Year	FY23 Budget Year	FY23 BY+1	FY23 BY+2	FY23 BY+3	FY23 BY+4
State Operations - 0001 - General Fund	0	98,991	0	0	0	0
State Operations - 0588 - Unemployment Compensation Disability Fund	0	98,992	0	0	0	0
<b>Total State Operations Expenditures</b>	<b>\$0</b>	<b>\$197,983</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total All Funds</b>	<b>\$0</b>	<b>\$197,983</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### Program Summary

#### Program Funding

Program Funding	FY23 Current Year	FY23 Budget Year	FY23 BY+1	FY23 BY+2	FY23 BY+3	FY23 BY+4
5920 - Unemployment Insurance Program	0	98,991	0	0	0	0
5925 - Disability Insurance Program	0	98,992	0	0	0	0
<b>Total All Programs</b>	<b>\$0</b>	<b>\$197,983</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>



## Analysis of Problem

### Personal Services Details

#### Salaries and Wages

Salaries and Wages	FY23 Current Year	FY23 Budget Year	FY23 BY+1	FY23 BY+2	FY23 BY+3	FY23 BY+4
-	0	14,040	0	0	0	0
<b>Total Salaries and Wages</b>	<b>\$0</b>	<b>\$14,040</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

#### Staff Benefits

Staff Benefits	FY23 Current Year	FY23 Budget Year	FY23 BY+1	FY23 BY+2	FY23 BY+3	FY23 BY+4
5150150 - Dental Insurance	0	77	0	0	0	0
5150200 - Disability Leave - Industrial	0	14	0	0	0	0
5150210 - Disability Leave - Nonindustrial	0	11	0	0	0	0
5150350 - Health Insurance	0	2,449	0	0	0	0
5150500 - OASDI	0	775	0	0	0	0
5150600 - Retirement - General	0	4,493	0	0	0	0
5150700 - Unemployment Insurance	0	21	0	0	0	0
5150750 - Vision Care	0	14	0	0	0	0
5150800 - Workers' Compensation	0	341	0	0	0	0
5150900 - Staff Benefits - Other	0	201	0	0	0	0
<b>Total Staff Benefits</b>	<b>\$0</b>	<b>\$8,396</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

#### Total Personal Services

Total Personal Services	FY23 Current Year	FY23 Budget Year	FY23 BY+1	FY23 BY+2	FY23 BY+3	FY23 BY+4
<b>Total Personal Services</b>	<b>\$0</b>	<b>\$22,436</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>