



January 26, 2021

The Honorable María Elena Durazo, Chair  
Senate Budget Subcommittee #5  
State Capitol, Room 2032  
Sacramento, CA 95814

The Honorable Rudy Salas, Jr., Chair  
Joint Legislative Audit Committee  
1020 N Street, Room 107  
Sacramento, CA 95814

Dear Senator Durazo and Assemblymember Salas,

We write today to call upon the Legislature to quickly hold hearings to address the continuing mismanagement of our state's Unemployment Insurance (UI) program by the Employment Development Department (EDD). Since the pandemic began almost 11 months ago, we have heard horror stories from our constituents about unemployment claims being delayed, denied, or just lost in the bureaucracy. Adding insult to injury, newspapers have reported that fraudulent claims totaling potentially billions of dollars have been paid, even while legitimate claims languish. Unfortunately, we have also seen the Governor's past plans and initiatives fail to reform these problems, and the recently released Governor's budget offered no new proposals for strategic changes, systems investment, or management improvements.

The release today of the State Auditor's report on the EDD backlog confirms that it is past time for the Legislature to do what is needed to help resolve EDD's chronic issues. We also anticipate that an audit on EDD fraud, set to be released this Thursday, will highlight additional issues that should be addressed. To take that first step, we are specifically requesting that Senate Budget Subcommittee #5 and the Joint Legislative Audit Committee quickly hold a hearing on these audit results. The hearing should focus on how EDD is implementing the recommendations from the Auditor reports, along with resources and reforms that we can put in place to ensure the quick and orderly processing of legitimate claims along with effective anti-fraud measures.

We cannot stress enough the importance that this oversight begin as soon as possible. While some in our state government may have lost focus on ensuring that Californians can obtain their unemployment benefits, we believe that real oversight needs to begin by the end of next week. Delaying committee hearings until the end of February or March would be a dereliction of our duty and would ultimately tell our constituents that we are content with the status quo.

It is our hope that you will join us in committing to hold hearings by the end of next week to ensure that the Auditor's recommendations will be implemented and to ascertain what else needs to be done so that EDD pays honest claims quickly while preventing fraud. Californians who are awaiting much-needed assistance deserve no less.

Sincerely,



Brian Dahle  
1<sup>st</sup> Senate District



Jim Nielsen  
4<sup>th</sup> Senate District



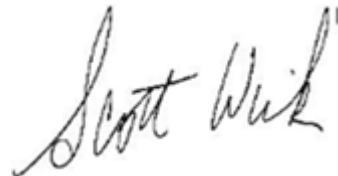
Andreas Borgeas  
8<sup>th</sup> Senate District



Anna Caballero  
12<sup>th</sup> Senate District



Shannon Grove  
16<sup>th</sup> Senate District



Scott Wilk  
21<sup>st</sup> Senate District



Rosilicie Ochoa Bogh  
23<sup>rd</sup> Senate District



Melissa Melendez  
28<sup>th</sup> Senate District



Patricia Bates  
36<sup>th</sup> Senate District



Brian Jones  
38<sup>th</sup> Senate District

cc: The Honorable Toni Atkins, President Pro Tempore  
The Honorable Anthony Rendon, Speaker  
The Honorable Nancy Skinner, Chair Senate Budget Committee  
The Honorable John Laird, Vice-Chair Joint Legislative Audit Committee  
Mr. Chris Woods, Budget Director to the President Pro Tempore  
Mr. Joe Stephanshaw, Staff Director. Senate Budget and Fiscal Review Committee  
Ms. Jolie Onodera, Legislative Director. Department of Finance