

Date of Hearing: July 9, 2025

ASSEMBLY COMMITTEE ON INSURANCE

Lisa Calderon, Chair

SB 854 (Committee on Labor, Public Employment and Retirement) –
As Amended April 10, 2025

SENATE VOTE: 37-0

SUBJECT: Unemployment insurance

SUMMARY: Permits electronic transmission of any document that the Unemployment Insurance (UI) Code requires to be mailed.

EXISTING LAW:

- 1) Establishes the Employment Development Department (EDD) to, among other duties, administer the UI and Disability Insurance programs. (UI Code §301)
- 2) Establishes the UI Program as a joint state/federal program, administered by EDD that provides weekly unemployment insurance payments for workers who lose their job through no fault of their own. Eligibility for benefits requires that the claimant be able to work, available for work, be seeking work, and be willing to accept a suitable job. (UI Code §100-144 and §301-456)
- 3) Establishes the State Disability Insurance (SDI) program as a partial wage-replacement plan funded through employee payroll deductions that is available through the Disability Insurance (DI) and Paid Family Leave (PFL) programs to eligible individuals. (UI Code §2601- 3308)
- 4) Provides, through DI, short-term wage replacement benefits to eligible workers who are unable to work due to a non-work-related illness or injury. DI benefits can be used for an illness or injury, either physical or mental, which prevents an employee from performing their regular and customary work and includes elective surgery, pregnancy, childbirth, or other medical conditions. (UI Code §2601-3308)
- 5) Provides, through PFL, eligible employees up to eight weeks of wage replacement benefits within a 12-month period to workers who need to take time off work for the following reasons:
 - a) To care for a seriously ill child, spouse, parent, grandparent, grandchild, sibling, or domestic partner;
 - b) To bond with a minor child within one year of the birth or placement of the child in connection with foster care or adoption;
 - c) To participate in a qualifying event because of a family member's military deployment. (UI Code §3301)

FISCAL EFFECT: Unknown.

COMMENTS:

- 1) Purpose: According to the author, “SB 854 supports the modernization of EDD by providing clear authority for the Department to communicate electronically with customers who prefer that method.

EDD administers three major benefit programs: Unemployment Insurance (UI), Disability Insurance (DI), and Paid Family Leave (PFL). EDD’s benefit programs rely on an aging information technology infrastructure where numerous forms and correspondence are sent to customers via paper mail due to technical limitations. However, EDD is implementing a significant modernization project known as EDDNext, which will include new benefit and document management systems, among other improvements. A key component of EDDNext will be the capability to send notices and correspondence electronically to those customers who prefer electronic communications.

SB 854 provides clear authority for EDD to modernize communication methods with its customers. Specifically, the bill defines ‘mail’ to include writings transmitted by both the United States Postal Service (paper mail) and communications transmitted electronically.

The bill aligns with the public’s expectation and desire to have government services available online, while retaining paper mail or both paper mail and electronic communications for those who prefer those options.”

- 2) *EDDNext Project:* The technology EDD uses to administer the UI, DI, and PFL programs is outdated and can be difficult to navigate. In response to EDD’s difficulties processing UI claims during the Covid-19 pandemic, the Governor formed a strike team in July 2020 to recommend reforms. One recommendation was to resume existing IT modernization efforts using an incremental approach. This modernization effort is known as EDDNext. EDDNext received funding for its first set of projects in the 2022-2023 Budget Act. Over the course of five years, EDDNext projects aim to transform the way the public interacts with EDD. Thus far, EDDNext has implemented myEDD, an easier and more secure login process for all benefit programs, switched debit card service providers, simplified the online UI application, and expanded language access options. Future EDDNext projects include offering direct deposit, upgrading identity verification to improve speed and maintain security, and modernizing the contact center. SB 854 would support EDDNext modernization efforts by providing clear authority for EDD to communicate electronically with customers.

REGISTERED SUPPORT / OPPOSITION:**Support**

None on file.

Opposition

None on file.

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