

UNEMPLOYMENT AND DISABILITY INSURANCE

OCTOBER 23, 1984

LEGISLATIVE ANALYST

STATE OF CALIFORNIA

925 L STREET, SUITE 650

SACRAMENTO, CALIFORNIA 95814

STATEMENT TO THE ASSEMBLY FINANCE AND INSURANCE
SUBCOMMITTEE ON UNEMPLOYMENT AND DISABILITY INSURANCE
SACRAMENTO, OCTOBER 23, 1984

MR. CHAIRMAN AND MEMBERS:

YOU HAVE REQUESTED THAT WE COMMENT ON THE EMPLOYMENT DEVELOPMENT DEPARTMENT'S (EDD) DATA PROCESSING PLANS. UNFORTUNATELY, TIME DID NOT PERMIT A DETAILED EXAMINATION OF THE DEPARTMENT'S AUTOMATION PLANS AND DESIGNS. WE WOULD LIKE TO COMMENT, HOWEVER, ON THE PROBLEMS THAT WE HAVE IDENTIFIED IN THE PROCESS BY WHICH EDD PLANS AND IMPLEMENTS DATA PROCESSING PROJECTS.

EDD'S CURRENT AUTOMATION PLANS

THE EDD CURRENTLY IS AUTOMATING ALMOST ALL ASPECTS OF THE DEPARTMENT'S OPERATIONS IN ORDER TO INCREASE ADMINISTRATIVE EFFICIENCY. IT IS INCREASING AUTOMATION IN THE DELIVERY OF SERVICES UNDER THE UNEMPLOYMENT INSURANCE (UI), DISABILITY INSURANCE (DI), AND EMPLOYMENT SERVICES PROGRAMS. IN ADDITION, IT IS ESTABLISHING AUTOMATED MANAGEMENT INFORMATION SYSTEMS WITH THE AIM OF PROVIDING IMPROVED PROGRAM INFORMATION IN THE JOB TRAINING PARTNERSHIP ACT, UI APPEALS, AND TAX COLLECTION PROGRAMS.

PROBLEMS WITH THE DATA PROCESSING PLANNING PROCESS

CLEARLY, AUTOMATION IN MANY AREAS IS WARRANTED AND OVERDUE. WE THINK THAT EDD'S EFFORTS TO AUTOMATE ITS PROGRAMS HAVE SUFFERED, HOWEVER, BECAUSE OF THE FOLLOWING DEFICIENCIES IN THE PLANNING AND IMPLEMENTATION PROCESS:

1. THE LEGISLATURE NEEDS AN EARLY OPPORTUNITY TO WEIGH THE ADMINISTRATIVE OPTIONS ASSOCIATED WITH ALTERNATIVE DATA PROCESSING DESIGNS. THE AUTOMATION OF SERVICE DELIVERY SYSTEMS MAY HAVE PROFOUND EFFECTS ON THE

WAY THE DEPARTMENT ADMINISTERS ITS PROGRAMS AND THUS THE MANNER BY WHICH ITS CLIENTS ARE SERVED. IN FACT, AUTOMATION OFTEN GENERATES CHOICES ABOUT THE WAY PROGRAMS WILL BE ADMINISTERED IN THE FUTURE. FOR EXAMPLE, AUTOMATION OF THE DI PROGRAM IS PROJECTED TO RESULT IN ADMINISTRATIVE SAVINGS DUE TO REDUCED PERSONNEL COSTS. AS A RESULT OF THESE PERSONNEL EFFICIENCIES, EDD PLANS TO REDUCE THE NUMBER OF DI FIELD OFFICES. ALTERNATIVELY, EDD COULD HAVE ELECTED TO UTILIZE THESE ADMINISTRATIVE SAVINGS TO INCREASE SERVICES TO DI CLIENTS BY INCREASING, FOR EXAMPLE, THE NUMBER OF DI FIELD OFFICES. IN THIS INSTANCE, THE LEGISLATURE HAD NO OPPORTUNITY TO CONSIDER POSSIBLE PROGRAM ADMINISTRATION ALTERNATIVES.

CURRENTLY, THERE IS NO CONSISTENT PROCESS BY WHICH THE LEGISLATURE REVIEWS THESE ADMINISTRATIVE OPTIONS. IN OUR ANALYSIS OF THE 1984-85 BUDGET BILL, WE RECOMMENDED THAT EDD ADVISE THE LEGISLATURE OF THE ADMINISTRATIVE ALTERNATIVES THAT ARE AVAILABLE TO THE STATE AS A RESULT OF PROGRAM AUTOMATION. AS A RESULT OF THAT RECOMMENDATION, THE LEGISLATURE ADOPTED SUPPLEMENTAL REPORT LANGUAGE REQUIRING EDD TO ADD A CHAPTER TO THE REPORT REQUIRED BY CH 1226/83 (AB 1654) DESCRIBING THESE OPTIONS. AS YOU KNOW, AB 1654 REQUIRES EDD TO SUBMIT A REPORT THAT DESCRIBES IN DETAIL THE DEPARTMENT'S AUTOMATION ACTIVITIES. BECAUSE THE EDD JUST RELEASED THE REQUIRED REPORT, WE HAVE NOT HAD ADEQUATE TIME TO REVIEW THE OPTIONS IDENTIFIED BY THE DEPARTMENT.

2. CURRENT STATE PLANNING PROCEDURES DO NOT ENSURE THAT PROPOSED PROJECTS MAKE SENSE WITHIN THE CONTEXT OF LARGER DEPARTMENTAL DATA PROCESSING PLANS. CURRENTLY, THE OFFICE OF INFORMATION TECHNOLOGY (OIT) REVIEWS EACH AUTOMATION PROPOSAL SEPARATELY, EVALUATING THE DESIGN OF THE

AUTOMATION PROJECT ON THE BASIS OF ITS TECHNICAL FEASIBILITY. THE OFFICE IS NOT REQUIRED, HOWEVER, TO DETERMINE WHETHER EACH PROPOSAL IS CONSISTENT WITH RELATED DATA PROCESSING ACTIVITIES. THERE ARE A NUMBER OF POTENTIAL MISTAKES DEPARTMENTS MAY EXPERIENCE IF THEIR NEW PROJECTS DO NOT FIT INTO A "BIG PICTURE" DATA PROCESSING PLAN. FOR EXAMPLE:

- o BENEFITS MAY BE OVERLOOKED. BY FOCUSING ON INDIVIDUAL PROJECTS, DEPARTMENTS CAN MISS OPPORTUNITIES FOR ADDITIONAL GAINS FROM AUTOMATION. FOR EXAMPLE, THE EMPLOYMENT TRAINING PANEL RECENTLY DESIGNED A DATA PROCESSING SYSTEM TO AUTOMATE ITS WORD PROCESSING AND MANAGEMENT INFORMATION SYSTEMS. DEVELOPMENT OF ITS PROPOSAL FOCUSED ON THE NEEDS OF THE PANEL'S STAFF, AND IGNORED THE QUESTION OF HOW ITS SYSTEM WOULD FIT INTO EDD'S OVERALL DATA PROCESSING PLANS. THE PANEL MAY HAVE BEEN ABLE TO ACHIEVE ADDITIONAL SAVINGS BY USING EXISTING WORD PROCESSING AND MANAGEMENT INFORMATION SYSTEMS. UNFORTUNATELY, THAT ALTERNATIVE WAS NOT ADEQUATELY ASSESSED.
- o PROPOSED DESIGNS MAY BE UNWORKABLE. IT IS POSSIBLE THAT COMPONENTS OF AN AUTOMATION PLAN COULD MAKE SENSE INDIVIDUALLY, BUT TAKEN AS A WHOLE, NOT ACHIEVE THEIR INTENDED PURPOSES. FOR EXAMPLE, THE AUTOMATION OF THE UI PROGRAM IS BEING ACHIEVED IN A SERIES OF SMALL PROJECTS. THE DEPARTMENT IS NOT REQUIRED TO SHOW THAT EACH PROJECT FITS INTO A COHERENT, WORKABLE PLAN. IN ADDITION, THE DEPARTMENT IS NOT REQUIRED TO PROVE THAT THE OVERALL PLAN WOULD ACHIEVE

THE GREATEST BENEFITS WHEN COMPARED TO ALTERNATE DESIGNS, INSTEAD, THE DEPARTMENT IS ONLY REQUIRED TO SHOW THAT EACH COMPONENT WILL WORK AND PROVIDE THE GREATEST BENEFITS.

WE HOPE THE DATA PROCESSING REPORT REQUIRED BY AB 1654 WILL REVIEW EACH INDIVIDUAL PROJECT IN TERMS OF THE "BIG PICTURE" SCENARIO. IT IS ESPECIALLY IMPORTANT THAT THE DEPARTMENT UNDERTAKE SUCH A REVIEW BECAUSE EXISTING CONTROL AGENCIES---SUCH AS OIT---DO NOT HAVE THIS CAPABILITY. THIS IS BECAUSE SUCH REVIEWS REQUIRE EXPERTISE IN DATA PROCESSING, AS WELL AS IN THE PROGRAM AREA BEING AUTOMATED. THE OIT INFORMED US THAT THEY DO NOT HAVE THE PROGRAM BACKGROUND NECESSARY IN ORDER TO DETERMINE WHETHER A DATA PROCESSING DESIGN IS APPROPRIATE FOR A PARTICULAR PROGRAM. INSTEAD, OIT ENSURES THAT THE COMPUTER DESIGN IS TECHNICALLY SENSIBLE AND FEASIBLE.

OUTLOOK FOR THE FUTURE

IN A COMPREHENSIVE ANALYSIS OF THE STATE DATA PROCESSING PLANNING PROCESS, OUR OFFICE RECOMMENDED ESTABLISHING A NEW STATE AUTHORITY SOLELY FOR THE PURPOSE OF REVIEWING STATE DATA PROCESSING POLICY AND PLANS.¹ IN THIS REPORT, WE STATE THAT "NOT ENOUGH EMPHASIS IS PLACED ON STATEWIDE PLANNING AND POLICY FORMULATION, WHICH IS ESSENTIAL TO IMPROVING THE COST-EFFECTIVENESS OF STATE PROGRAMS." SUCH AN AGENCY COULD REQUIRE DEPARTMENTS TO SUBMIT REVIEWS OF OVERALL DEPARTMENTAL DATA PROCESSING NEEDS. UNTIL THE PLANNING PROCESS IS IMPROVED, DEPARTMENTS LIKE EDD WILL LACK THE GUIDANCE NECESSARY FOR DESIGNING AN INTEGRATED DATA PROCESSING SYSTEM.

I. THE UTILIZATION AND MANAGEMENT OF INFORMATION PROCESSING TECHNOLOGY IN CALIFORNIA STATE GOVERNMENT, LAO, APRIL 1983, #83-7.