



CASE STUDY

California EDD Uses RightFax to Speed Process Aimed at Protecting Children

BACKGROUND

The California Employment Development Department (EDD), serving within the Labor and Workforce Development Agency, works to improve enforcement, training and research activities serving California's workers and employers. EDD has approximately 10,000 employees located at hundreds of sites throughout the state. As California's largest tax collection agency and one of the largest in the U.S., the EDD Tax Branch handles the audit and collection of employment taxes and maintains employment records for more than 19 million California workers.

Among its responsibilities, the EDD Tax Branch—specifically, its Goethe Tax Operations (GTO) office in Sacramento—captures data for a Directory of New Hires and Independent Contractors. By law, California and U.S. employers are required to report all newly hired employees for inclusion in state and national directories. The provision is designed to speed direct withholding of child support from wages and help track obligated parents across state lines.

THE CHALLENGE

Every month GTO receives up to 150,000 faxed pages of New Employee Registry (DE 34) and Independent Contractor Reporting (DE 542) forms from California businesses. According to Jerry Clark, GTO Chief, managing and processing the high volume of faxes posed a daily challenge. "We were receiving and printing thousands of faxes on 14 machines in the office," he said. "It was an ongoing headache to keep fax machines working and stocked with paper and toner." He explained the system even required an individual to monitor the fax machines on an ongoing basis, checking them every hour for jams or supplies between reams of incoming faxes.

Processing the pages then became a manual, labor-intensive procedure, Clark said. Employees had to obtain the printed sheets, then sort and batch the documents and run them through scanners. The images were then presented to operators who keyed the information into a database. "It was a costly way to gather and manage the information," Clark explained.

Besides the phone connection and supply costs, manpower required to support the paper heavy system equated to full-time effort from several employees and multiple days in processing time. This led to delays Clark and his associates wanted to eliminate to better serve their "customers"—the children in California. According to the Administration for Children and Families, the overall Child Support Enforcement (CSE) Program—of which the New Hire Registry is part—works with California and other states to:

- Ensure children have the financial support of both parents
- Foster responsible behavior towards children
- Reduce welfare costs

Employers are required to submit new hire information within 20 days of the starting work date. Then, it is the job of the EDD and other government agencies, including various county district attorney offices and the State Department of Justice, to track information on the new employees that will determine if child support funds should be garnered from the paychecks.

"We've eliminated printing, handling, batching and scanning processes ... (RightFax) has provided the benefits we were seeking to gain." – Jerry Clark, GTO

Within its first couple years of supplying child support enforcement agencies with new hire information, the state of California experienced a 78 percent increase in matching the identity of reported new hires and parents who are delinquent in child support payments. Clark and others at GTO want to maintain—even enhance—these improvements with a system that tracks delinquent parents as quickly as possible. "The faster we can process the new hire data for enforcement agencies," Clark said, "the sooner they can do their jobs aimed at protecting and serving children."

THE SOLUTION

When Clark says "faster," he means it. As part of the Tax Engineering and Modernization (TEAM) Project, GTO successfully implemented an e-document delivery system that improved the entire employment tax system. The use of Captaris RightFax production and network fax capabilities integrated with data capture software has reduced GTO's turnaround time for supplying information to agencies by four business days—almost a full work week. Receiving forms by fax saves an average of two business days, compared to those received through the mail, and the new integrated solution saves an additional day in processing time.

As the world leader in e-document delivery, RightFax combines fax, email and Web technologies to provide a one-stop, full-service solution. The California EDD deployed RightFax across its 10,000 users in 1998 to meet the department-wide need for a centralized fax solution with exceptional technical support that could use Microsoft Outlook as the client program. With its open architecture, RightFax also leverages and integrates with other solutions. At GTO, users take advantage of the RightFax integration with a data capture solution to speed communication and reduce costs.

"Using scalable, desktop features of the combined solution, we eliminate several time-intensive processes," Clark said. First, as a fax server adept at handling high volumes, RightFax enables GTO to continue offering employers the option of sending forms via fax rather than "snail mail," leading to an estimated savings of two business days.

Since faxes are delivered directly to user desktops, GTO has also eliminated the need for numerous fax machines and the supply and management expenses they require. In addition to being freed from stocking paper and replacing toner cartridges, employees have also been relieved from the physical handling of thousands of fax pages.

"We've eliminated printing, handling, batching and scanning processes," Clark said. The eradication of a paper heavy process has led to more than \$36,000 in annual supply and related savings since the previous method required printing, scanning, and keying into a database. Now, users receive the "original" directly to their computers so they can automatically store, organize or export to the data capture system. This streamlined workflow has resulted in a faster data capture processing time by two business days and reduced staff costs by approximately two personnel equivalents, amounting to nearly \$62,000 in annual salary-related overhead.

THE RESULTS

Thanks to the department-wide use of RightFax, various services the EDD provides to California employers and workers have been automated and improved, including the ability to efficiently respond to a dramatic rise in unemployment insurance claims during the recent economic downturn.

Specific to GTO, Clark said: "We're certainly glad we took on the project of modernizing our New Hire reporting process with RightFax and the data capture software. It has provided the benefits we were seeking to gain."

These benefits result in more efficient tracking and enforcement of child support payments. The U.S. Office of Child Support Enforcement states: "We want to send the strongest possible message that parents cannot walk away from their children." With groups like the GTO on their side, the children of California are better protected.

Productivity and Cost Savings

- *Reduced information turnaround by four days*
 - *Cut annual supply costs by more than \$36,000*
 - *Eliminated two personnel equivalents of manpower required to handle high volume of faxes*
-

FOR MORE INFORMATION

Captaris Business Information Delivery solutions help organizations of all sizes automate the information and document flow throughout the information lifecycle (capture, process, archive, deliver). With a comprehensive suite of software and services, Captaris helps organizations to grow revenues and increase profits while meeting compliance goals. Through a global distribution network of leading enterprise technology partners, Captaris has installed more than 90,000 systems in 95 countries in companies of all sizes, including the entire Fortune 100. For more information, visit www.captaris.com or call 1.800.443.0806.

©2005 All rights reserved. No part of this publication may be reproduced, transmitted, transcribed, stored in a retrieval system, or translated into any language in any form by any means without the written permission of Captaris. Captaris products Alchemy, Interchange, RightFax and Captaris Workflow are trademarks of Captaris. All other company, brand and product names are the property and/or trademarks of their respective companies.