



Good morning. On behalf of Conduent, we thank the committee for the opportunity to participate in this interim study. I would first like to introduce myself as well as my team that will support any questions you may have. My name is Paul Gates and I am the General Manager for Conduent's State & Federal Government Business. Conduent is a global leader in Business Process Services and Solutions supporting both the private and public sectors. Conduent is one of largest diversified Business Process Service providers in the world with over \$4 billion dollars in annual revenue and approximately 60,000 employees, including 170 employees in Oklahoma – 110 in Yukon and 60 in Tulsa. I have responsibility for a variety of services supporting State governments, one of which involves Electronic Payments tailored specifically for Government Disbursement of public benefits.

Joining me are Jason Boswell and Lisa Henley. Jason Boswell is our Senior Director of Government Payments, with responsibility specifically for our State Government Payment programs nationally. Jason in fact lived in Oklahoma and managed all Oklahoma payment programs as the Conduent Program Manager from 2009-2013. Lisa Henley is our Senior Director of Business Development and is retired from the Oklahoma Department of Human Services following 30 years of service. Lisa implemented the first Oklahoma payment card programs, including Oklahoma's first pre-paid debit card program.

Government Payments Overview

Our Government Payment Services division provides one or more of our services in 37 States. Our payment processing offering includes customer service channels such as IVR, Live CSR, Mobile and Web. We also integrate with State eligibility and federal oversight agencies for the exchange of data to support program operations. Our suite of payment services includes Electronic Benefits Transfer or EBT for disbursement of SNAP and WIC benefits; Electronic Child Care (ECC) which provides a mobile, biometric or card-based time and attendance solution for the States' Child Care Subsidy Program; and finally a Prepaid Debit Mastercard or Visa Card for the disbursement of various cash benefits to recipients who do not have another form of receiving payments electronically.

We have been the EBT SNAP provider for OKDHS since 1996; the ECC service provider for Oklahoma since 1999; and its debit card and direct deposit provider since 2007. Using our debit card and direct deposit solution for DHS, we disburse TANF, Child Support, State Supplemental Payments (SSP), Family Assistance, Adoption Assistance, Foster Care Subsidies, Energy Assistance (LIHEAP) and Sales Tax Rebates. We also partner with the Bank of Oklahoma to provide surcharge-free ATM access to all card recipients at their Transfund ATM network. Transfund ATMs can be found both at Bank of Oklahoma branches and at other locations across the State.

In 2020 alone, Oklahoma State agencies have sent more than 10,000,000 deposits to Conduent, with those deposits to cardholder accounts totaling more than \$3.5 billion. Our debit card services are provided to the State of Oklahoma at no cost, and recipients are provided with multiple options for accessing their funds without incurring any fee. For every deposit sent to Conduent for electronic disbursement, the State avoids the substantial costs of paper checks, postage and administration. Many of the constituents using our debit card services are unbanked and avoid costly fees to cash checks, all while having greater access points to use their funds than cash would traditionally allow. The payment cards allow recipients to participate in today's cashless economy and provide greater security for the unbanked than carrying/using cash from a cashed check. Our joint efforts to serve Oklahoma constituents have not been without recognition. Our services, together with those of the dedicated public servants representing our Oklahoma State agency partners, have generated more than 20



Oklahoma Governor's awards; and four national awards, including two American Public Human Services Association (APHSA) awards and the Gartner Best ITO partnership award.

Our unemployment insurance benefit program is a good example of a collaborative partnership between the State of Oklahoma and Conduent. The State manages the enrollment of new claimants, which entails confirming applicant identity and applicant program eligibility, approving the application submissions, responding to enrollee inquiries, and issuing payment instructions to Conduent. Conduent manages the issuance of payment cards and bank transfers, while providing card transaction capability and ancillary services such as customer service.

Pandemic Impact on Volumes and Staffing Challenges

From the onset of this Pandemic, we have attempted to ensure that our services reached and were available to those for whom it was intended. While I certainly expect to hear from you today concerning some of the challenges presented to you from your constituents, please allow me to share with you the operational challenges we encountered, as well as some of the steps taken to overcome them and the successes we have achieved.

With the passing of The CARES Act, applications for unemployment benefits soared to historic highs in a matter of weeks. Prior to the onset of the rise in recipients, Conduent served 90,000 account holders nationally and 20,000 in Oklahoma. At its peak during the COVID-19 pandemic, those requiring our services increased to 1.5 million account holders nationally and almost 300,000 in Oklahoma. This is an increase in account holders and service requirements of *over thirteen times pre-pandemic levels*.

Our payment platform for processing these transactions has withstood the massive increase in demand, and continues to be available 24/7/365 for individuals to utilize their funds either through card purchases or transfer of funds to personal bank accounts. Three major operational challenges presented themselves: 1) securing card plastics sufficient to maintain a level of card stock that would support the huge increase in benefit card distribution; 2) maintaining the capacity to produce and mail cards to recipients within very short timeframes; and 3) addressing the extraordinary demands on the customer service function so as to be able to satisfactorily assist a population of cardholders that has grown exponentially.

In addressing these challenges, Conduent foresaw the demand on card plastics, printing and mailing capabilities at the start of the pandemic, and we quickly ordered millions of card plastics for our inventory to ensure we could support recipients' needs. This ensured that we would not be without an inventory of cards to mail to Oklahoma recipients. Our continuity of business planning and our vendor relationships have ensured that cards requested by an Oklahoma agency or cardholder have been produced and mailed, on average, within 1-3 business days throughout the pandemic. While we met the demand for inventory and mailing performance, reports of cards not received by the end user have certainly been of concern. Unfortunately, in May we identified an operational issue involving the OESC and Conduent system interface whereby new cards were not mailed to a specific group of claimants. Once identified, we made appropriate accommodations for these claimants and proactively attempted to contact each person.

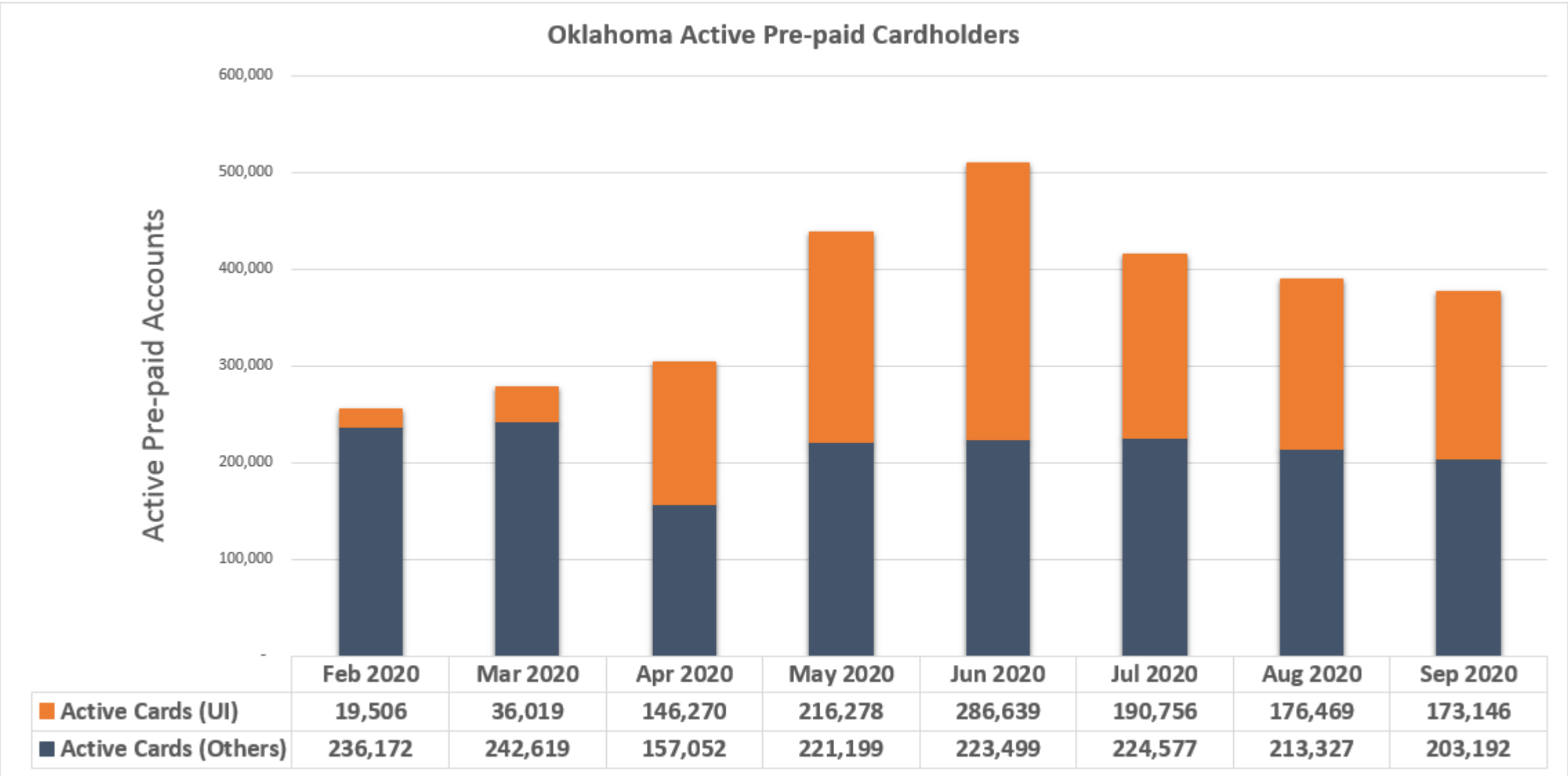
From a customer service perspective, calls into our debit card business rose from an average of 130,000 calls per month before April 2020 to a record average of 595,000 calls between April and September. Overcoming a demand increase with a significant reduction in available employees was very challenging and something every Unemployment Insurance call center in the country likely faced. We made an immediate investment in technical



and data security infrastructure that would allow Conduent to move a portion of its call center workforce for Government payments to a work-from-home environment from its traditional 100 percent work-from-work profile. While much of the workforce has been restored using a combination of both onsite and remote agents, call volume remains historically high which still attributes to longer than desired hold times. Month-to-Date, our average speed of answer for our customer service is 2 minutes and 30 seconds. To improve performance, we are continuing to recruit agents to work in an office environment or from home.

Conduent is absolutely committed to the effective delivery of the services that we provide to the State of Oklahoma and its citizens. This commitment extends to having had Conduent staff from across our business attend all 16 in-person claims processing events that OESC held throughout the State, where we saw over 1,200 claimants. We are sensitive to every individual who desperately needs access to his or her funds and will continue to work cooperatively with OESC, the State Treasurer, the Oklahoma Legislature, and the Governor's Office to continuously improve and deliver in these difficult times. In closing, we have provided the Committee some statistics supporting the volume of the programs we provide in Oklahoma and would welcome your questions. Thank you for the unique opportunity provided Conduent to serve your state. We fully understand that our role is critical to the well-being of Oklahoma residents.

Oklahoma Electronic Payment Cardholder Volume



* Active Pre-paid Accounts is defined as cardholders who either receive a deposit or perform a financial transaction in a given month