

### Program and Labor Data Developments and Highlights

#### Latest Labor Market Data for California

The Employment Development Department (EDD) recently released California employment and unemployment data for the month of April 2014. Data for May will be released on Friday, June 20, 2014. Highlights from the most recent data available include:

- California's seasonally adjusted unemployment rate fell 0.3% to 7.8% in April from the March rate. That matches the largest month-over decline on record in the current data series dating back to 1976. And it's the first time the state's unemployment rate has fallen below 8% in 5 ½ years.
- California's unemployment rate fell by 1.3 percentage points over the last year. In April 2013 the rate was 9.1%. The unemployment rate peaked at 12.4% during the course of the recession.
- In month-over figures, the state gained a strong 56,100 jobs in April. California has now experienced payroll job gains in 33 of the last 34 months.
- Over the month, eight of California's eleven main industry sectors added jobs in April, with the strongest gain posted in educational and health services (up 19,400 jobs), which includes private education and social services. This industry's job growth has led all others so far in 2014. Leisure and hospitality (up 13,400 jobs) and professional and business services (up 11,900 jobs) also posted big gains in April.
- In year-over figures, California gained 340,200 nonfarm jobs, a gain of 2.3%. - outpacing the nation's 1.7% job increase. The state is also now only 25,200 jobs shy of recouping all of the more than 1.3 million nonfarm jobs lost in the state through the recent recession. California continues to lead the nation in private job gains (excluding government) and finished recovering all of the private jobs lost in the recession back in February. The largest year over job gain was seen in professional and business services (up 89,500 jobs), which includes many high tech, high wage jobs.

## **Unemployment Insurance (UI) Program**

While demand for UI benefits remains high compared to pre-recessionary levels, the overall UI claims and benefit levels are trending downward compared to the same period of time last year primarily due to the sunset of the federal extension program on December 28, 2013. Additionally, the UI workload continues to decline as the state and nation continue to recover from the severe recession.

- The **total number of claims processed** by the EDD in January, February and March of 2014 totaled 1,018,675 which is a decrease of 31% compared to the total of 1,481,344 claims in the first quarter of 2013.
- First quarter claim numbers decreased 50% compared to the first quarter of 2010 (2,047,401) during the peak of the recession but increased 62% when compared to the first quarter of 2007 claim totals (627,867) before the recession.
- **Total benefits paid** in the first quarter of 2014 totaled approximately \$1.8 billion, averaging about \$31 million a day compared to the first quarter of 2013 when the EDD paid approximately \$3 billion or about \$49 million a day.
- The total UI benefits paid (combination of regular UI and federal extension claims) in the first quarter of 2014 decreased 39% compared to the first quarter of 2013.
- Compared to the peak of the recession, total UI benefits paid in the first quarter of 2014 is 71% less than the total benefits paid in the first quarter of 2010 when EDD paid \$6.4 billion in total benefits, averaging about \$106 million a day. But totals are still up 35% from before the recession when the EDD paid \$1.4 billion in total benefits in the first quarter of 2007, averaging about \$22 million a day.

### **UI – Federal Extensions: End of the Federal Extension Program**

The Federal Emergency Unemployment Compensation (EUC) extension program ended on December 28, 2013. Congress and the President have not yet agreed to renew the extensions, so no more federal extension benefits can be paid for weeks of unemployment ending after December 28, 2013. Californians have returned to a maximum of up to 26 weeks of benefits available if they qualify for a regular UI claim.

As of the end of March, with the Federal EUC extension benefits not being authorized, it impacted an estimated 332,000 individuals in California. This number includes approximately 222,000 claimants who were the most immediately impacted as of December 28, 2013, and an additional estimated 110,000 individuals who exhausted all their regular state-provided UI benefits and may have qualified for a new federal EUC extension. The EDD sent letters to approximately 222,000 claimants in mid-November providing advance notification of the upcoming shutdown of the federal extensions.

Legislation to extend the federal EUC extension program retroactively from the end of December 2013 through the end of May 2014 passed the U.S. Senate in early April 2014 and is now in the U.S. House of Representatives. The EDD continues to closely monitor the situation in Washington D.C. for any developments regarding federal EUC extension benefits and is preparing to restart the federal EUC extension program as quickly as possible, if approved. We encourage our customers to check our website, [www.edd.ca.gov](http://www.edd.ca.gov), and continue to monitor our social media sites (Facebook and Twitter) for any further developments.

### **UI – Efforts to Improve Services**

With continued overtime, process improvement efforts, and the reduction in workload volumes due to the cyclical nature of UI workload and the end of the federal extension benefits, the UI program has increased the weekly number of calls answered, reduced the average number of times a person has to dial to access the call center, and reduced the average wait time to speak to an agent. EDD is in the midst of using new state funding authority to hire 280 additional staff in the UI program, and fill behind others leaving the department for retirement and promotions. The program expects to improve timeliness for conducting eligibility interviews, and improve claim filing processing to get the payments issued faster. This will help EDD improve on the federal performance measure for First Payment Promptness.

#### Identifying UI Processing Efficiencies

On February 27, 2014, the EDD awarded a one-year consultant contract to Unleashing Leaders to work with UI program staff to conduct a Business Process Assessment of the UI program. The assessment will result in recommendations that change workflow processes, streamline functions, or eliminate unnecessary procedures. The EDD applied for and received a federal grant to finance this effort and began working sessions with UI staff in early April 2014. The EDD will implement recommendations as they are identified in the coming months/year.

### **UI - Continued Claims Redesign Project**

The EDD released the first component of the Continued Claims Redesign (CCR) project over the 2013 Labor Day weekend and is finalizing the schedule for the public portion of the system called UI Online. It is expected that once the public portion of our new payment processing system called UI Online is available to customers to use and clarify information right away, the number of certifications that must be forwarded for manual review will decrease.

Since the new system launch, the EDD has paid more than \$5.6 billion in total benefits as of May 6, 2014, and processed approximately 14 million certifications for continued benefits.

### **UI - Call Center Service Improvement**

The EDD will be using new spending authority to invest in further phone technology. A virtual hold option will allow a claimant to be placed in a queue to receive a callback at a later time or date when their turn is reached. The second option would provide claimants scheduled for an eligibility interview with a reminder voice mail message of their upcoming appointments. This will help reduce the number of missed appointments resulting in benefit delays. A timeline is being finalized with EDD's phone service vendor for providing the "virtual hold" option. The EDD anticipates this feature being in place in September of 2014. The EDD is also currently examining three different technical alternatives for outbound dialing to determine which best meets UI's needs and enable the EDD to send a voice mail reminder message.

The EDD is also conducting a review of the UI call center best practices and technologies among states. The review includes surveying UI State Directors and identifying technology opportunities to improve efficiency. The EDD has developed an online survey and preliminary results of the survey are expected in May.

### **State Disability Insurance (SDI) Program**

In October 2012, the EDD introduced **SDI Online**, an electronic claim filing system for Disability Insurance (DI) and Paid Family Leave (PFL), which allows claimants, physicians/practitioners, physician/practitioner representatives, employers, and voluntary plan administrators to file claims, submit forms, and view claim information conveniently and securely online. SDI Online improves program efficiency and effectiveness by streamlining and automating claims processing and by promoting self-help service and online operations.

- The SDI program has authorized payment for approximately \$7.79 billion in DI and PFL benefits since the launch of SDI Online.
- For calendar year 2013, \$5.21 billion was issued in DI and PFL benefits.
- As of April 1, 2014, more than 836,000 customers created accounts and used SDI Online, with more than 2,772,000 initial and continued claims received electronically.
- In March 2014, 87.4% of initial SDI claims were paid by the 14<sup>th</sup> day after receipt, which exceeds the 86% timeliness goal of the SDI program.

With the passage of Senate Bill 770 (Chapter 350, Statutes of 2013), the SDI program is working to implement the necessary changes to Paid Family Leave to include providing benefits to individuals who take time off of work to care for a seriously ill parent-in-law, grandparent, grandchild, or sibling. The new law becomes effective July 1, 2014.

### **Tax Branch - Payroll Taxes**

Revenue associated with California's employment tax program increased during the fourth quarter of 2013. A total of \$14.1 billion in tax revenue was cashiered for the fourth quarter. The tax revenue includes UI, Employment Training Tax, SDI, and Personal Income Tax. The revenue in the fourth quarter increased by \$1.5 billion from the previous quarter. The EDD expects to collect approximately \$57.2 billion for State Fiscal Year 2013/14. The EDD Tax Branch is responsible for processing payroll tax reporting forms and the UI and SDI benefit claim forms. In the fourth quarter of 2013, EDD processed approximately 6.5 million pages of paper documents and approximately 8 million electronic documents, which is an increase of half a million forms submitted electronically from the previous quarter.

### **Workforce Services - New CalJOBS<sup>SM</sup>**

Usage continues to grow on the new redesigned CalJOBS<sup>SM</sup> system, developed in partnership with Geographic Solutions and officially launched on March 11<sup>th</sup>, 2013. The new state-of-the-art system provides universal access to online services for individuals seeking jobs and employers seeking employees, as well as a wide array of employment-related services. The site launch was the first step of a significant undertaking to modernize EDD's workforce service delivery and reporting systems by integrating software supporting the Workforce Investment Act (WIA), Wagner-Peyser Act, and Trade Adjustment Act (TAA) programs into a single, integrated, web-based information system. The newly-launched CalJOBS<sup>SM</sup> is a significantly improved service delivery tool for job seekers and employers, and a highly-effective case management tool for staff, designed to efficiently mediate the job matching and referral process.

From its launch in March 2013, through the end of March 2014:

- More than 1,258,000 job seekers have utilized the new CalJOBS<sup>SM</sup>. In total, these job seekers have created or updated more than 2 million résumés.
- More than 19,300 new employers have registered in CalJOBS<sup>SM</sup>, in addition to the 19,466 returning employers. Those employers have posted over 182,000 new job orders and edited more than 214,000 existing job orders during the past year. These job orders represent more than 600,000 job openings available to our job seekers.

The next phase of the New CalJOBS<sup>SM</sup> was implemented on May 5<sup>th</sup>, 2014. This phase includes all Job Training Automation (JTA) functionality supporting the WIA and the TAA activities. In addition, new features such as Cash Drawer, Eligible Training Provider List, and Worker Adjustment and Retraining Notification functionality will be put into operation. Upon full implementation of the New CalJOBS<sup>SM</sup>, both JTA and the old CalJOBS<sup>SM</sup> will be archived and retired.

### **Reemployment and Eligibility Assessment Services**

In 2012, Congress mandated that all states provide Reemployment Eligibility Assessment (REA) interviews for UI claimants receiving federal EUC benefits. This program was reauthorized for 2013. Workforce Services Branch (WSB) field office staff went above and beyond the call of duty in meeting the challenge of providing UI claimants REA-EUC services. The REA-EUC interviews were conducted at selected America's Job Centers of California<sup>SM</sup> (AJCC) throughout the State. From the program's inception in June 2012, through its sunset in December 2013, the WSB interviewed 582,871 claimants. As of April 2014, Congress was considering legislation that would extend the REA-EUC program into 2014.

California provides REA services to UI claimants in the initial weeks of their UI claims through a grant from the Department of Labor. The EDD received approximately \$3 million in 2012 to operate this program; however, this effort was suspended temporarily by the requirement to run the REA-EUC program. The Department will reinstitute the program by early summer 2014 in select AJCCs.

### **Upcoming Events in the State**

Every month, EDD staff is engaged in providing services and information to our valued customers through various workshops, seminars, webinars, and job fairs. Such events are held throughout the state. Event details and locations are listed on the EDD website and broken down by region at:

[http://www.edd.ca.gov/Jobs\\_and\\_Training/Job\\_Fairs\\_and\\_Events.htm](http://www.edd.ca.gov/Jobs_and_Training/Job_Fairs_and_Events.htm)

The EDD also offers seminars and workshops for employers:

[http://www.edd.ca.gov/Payroll\\_Taxes/More\\_Getting\\_Started\\_Information.htm](http://www.edd.ca.gov/Payroll_Taxes/More_Getting_Started_Information.htm)