



## **September 2011 Summary** **(Updated on October 28, 2011)**

With the state and national economy still struggling to recover from a severe recession, demand for Unemployment Insurance (UI) benefits remains at very high levels. The California Employment Development Department (EDD) has implemented several initiatives to increase access to UI services.

The American Jobs Act of 2011 proposed in early September by President Obama includes an additional year to access current federal unemployment extension benefits. However, it does not include any additional weeks of benefits to increase the maximum of up to 99 weeks of benefits that are available now. The President submitted his proposal to Congress. On October 11, 2011, the Senate version of the proposal, S1660, received a motion to proceed; however, that motion was not invoked. The EDD will continue to monitor developments closely regarding unemployment benefits as well as potential enhancements in training and job search assistance. Updates will be provided on the EDD Web site and on the EDD Twitter and Facebook pages.

Here are some data highlights from September 2011.

### **Unemployment Rate**

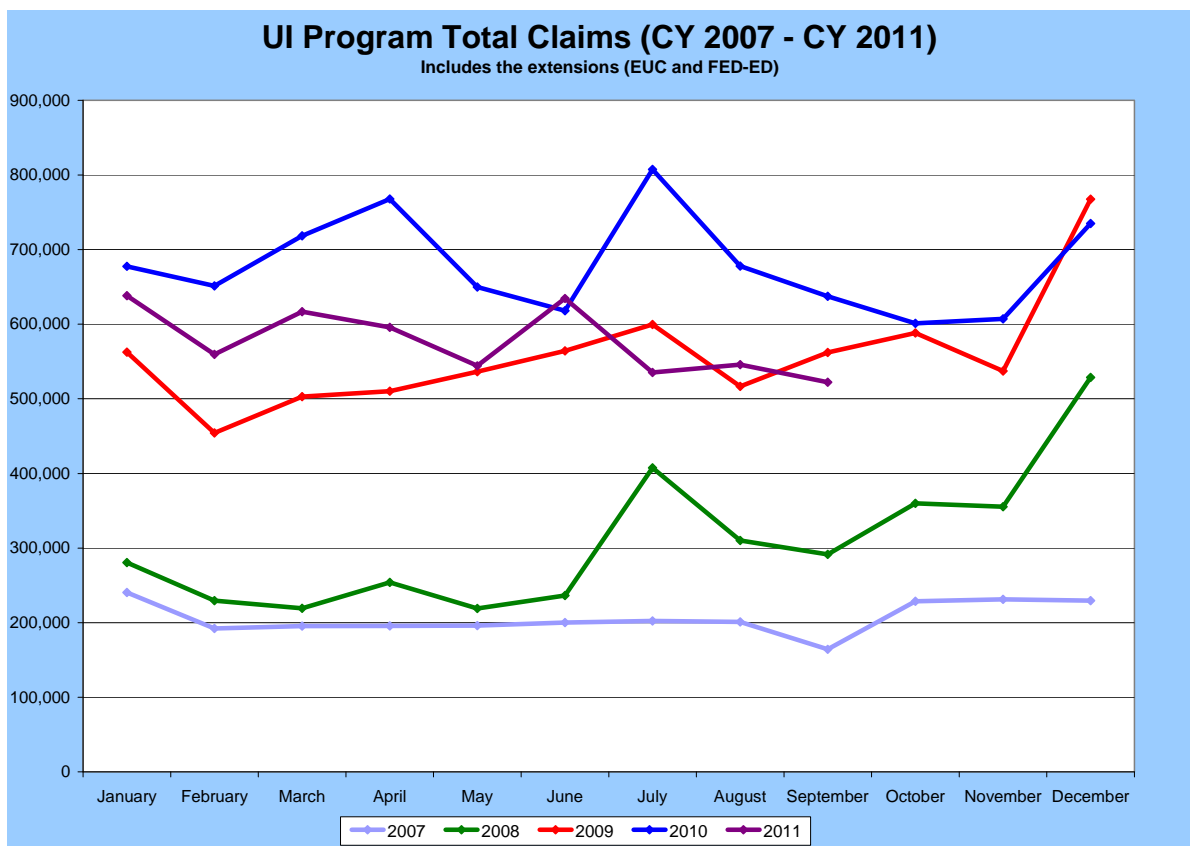
In September 2011, the unemployment rate remained high at 11.9 percent, a decrease of 0.2 percentage points from the August 2011 rate of 12.1 percent, and the number of Californians collecting UI benefits is still unprecedented in the State's history. The most recent data indicates that close to 1.1 million people are currently claiming UI benefits. (Note: The October 2011 unemployment rate will be announced November 18, 2011.)

- **Rate in September 2011 was 11.9 percent**
- **Rate in September 2010 was 12.5 percent**
- **Rate in September 2009 was 12.0 percent**

## UI Workload Comparison: September 2011 vs. September 2010

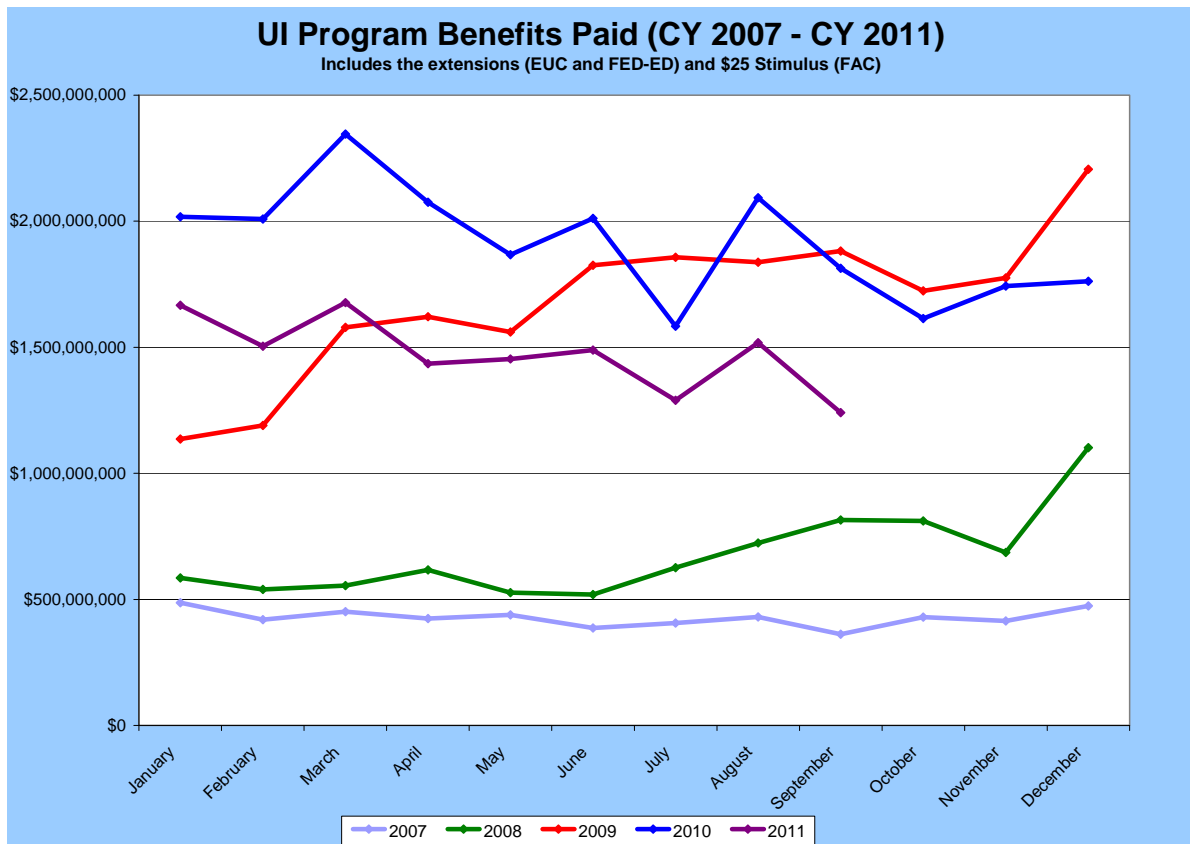
### 18 percent decrease in total claims processed

- September 2011: 522,388 total claims processed, including extensions
- September 2010: 637,282 total claims processed, including extensions
- September 2009: 562,154 total claims processed, including extensions (7 percent decrease between 2009 and 2011)
- September 2008: 291,612 total claims processed, including extensions (79 percent increase between 2008 and 2011)
- September 2007: (pre-recession level) 164,141 total claims processed (218 percent increase between 2007 and 2011)



### 33 percent decrease in total benefits paid

- September 2011: approximately \$1.2 billion, averaging about \$59 million a day.
  - The decrease from a year ago may be partially attributed to the phasing out of \$25 federal stimulus payments that were added to weekly benefit amounts and which are not payable for weeks after December 13, 2010; the growing number of unemployed workers who are running out of all available benefits; and the overall decline of regular and extension claims filed. Although total benefits decreased, the overall workload has not significantly decreased.
- September 2010: approximately \$1.8 billion, averaging about \$86 million a day
- September 2009: approximately \$1.9 billion, averaging about \$90 million a day (37 percent decrease between 2009 and 2011)
- September 2008: approximately \$815.3 million, averaging about \$39 million a day (47 percent increase between 2008 and 2011)
- September 2007: (pre-recession level) approximately \$361.9 million, averaging about \$19 million a day (232 percent increase between 2007 and 2011)



Initial Claims and Benefits Paid data is available by county on EDD's Web site at [www.edd.ca.gov/About EDD/Quick Statistics Information by County.htm](http://www.edd.ca.gov/About_EDD/Quick_Statistics_Information_by_County.htm)

**Update on Roll-Out of New EDD Debit Cards<sup>SM</sup>** – On October 24, 2011, the EDD substantially completed implementation of the Electronic Benefit Payments Project. Close to 1.1 million people are currently claiming unemployment benefits. The EDD and banking partner Bank of America have issued more than 1.3 million UI debit cards. That is in addition to more than 400,000 State Disability Insurance (SDI) and Paid Family Leave (PFL) customers that were switched over earlier this year.

The transition of issuing unemployment benefit payments from checks to debit cards began on July 8, 2011. Payments are deposited directly into the card accounts and customers have the option to set up a Direct Deposit Transfer to their own checking or savings account. This new payment system allows customers to receive their benefits faster than the current process of printing and mailing checks, and it will create savings and efficiencies in processing.

Other benefits include the elimination of check cashing fees for customers without a bank account, and continual delivery of benefits in the event of a disaster when mail service can be disrupted.

There is important information available that customers need to know about how the transition affects receipt of their benefits and how careful use of the card can help them avoid any fees. That's why EDD started a public education effort on the transition to cards several months ago, held a press conference to announce the beginning of the transition, and continues to educate customers about the major change to paying benefits by debit cards.

Visit EDD's Web site at [http://www.edd.ca.gov/About\\_EDD/The\\_EDD\\_Debit\\_Card.htm](http://www.edd.ca.gov/About_EDD/The_EDD_Debit_Card.htm) for the latest information, including:

- An educational video on how to use the card (made available July 7, 2011)
- Enhanced Frequently Asked Questions
- Copies of notices and announcements customers are receiving about the program
- Links to printable legal size posters that encourage constituents to visit the EDD Web site for information about the cards, the unemployment application, and the new online and telephone continued certification processes (EDD Web-Cert<sup>SM</sup> and EDD Tele-Cert<sup>SM</sup>) – See information on EDD Web-Cert<sup>SM</sup> and EDD Tele-Cert<sup>SM</sup> later in this publication.

## **UI Trust Fund Status**

The EDD is releasing an updated October UI Trust Fund Forecast summarizing and projecting the status of fund solvency. California's fund is currently \$9.3 billion in the red and is forecasted to end 2011 with a deficit of \$10.1 billion and \$10.7 billion by the end of 2012 if nothing is done to legislatively revise the revenue generation model. The deficit is still growing but not as large or as fast as forecasted in May, mainly due to the fact that demand for unemployment benefits is finally starting to level off a bit, and there was an offset caused by the addition of almost \$839 million in incentive funds from the

American Recovery and Reinvestment Act. While regular UI benefit amounts are significantly decreasing since the peak of the recession, even if and when the disbursement levels reach pre-recessionary levels, the current financing system cannot self-correct during better economic times because of the significant deficit owed and the outdated financing structure. You can access the October 2011 UI Fund Forecast through this link: [http://www.edd.ca.gov/About\\_EDD/pdf/edd-uiforecast11.pdf](http://www.edd.ca.gov/About_EDD/pdf/edd-uiforecast11.pdf)

The State has been borrowing from the federal government since January 2009 to help cover the cost of regular UI benefits as the effects of this historic recession have continued. The U.S. Department of Labor (DOL) tracks outstanding loans from the Federal Unemployment Account. As of October 27, 2011, California is one of 28 states (including the Virgin Islands) relying on a federal UI loan and has the highest loan balance. New York and Michigan have the next highest loan balances at approximately \$3.2 billion. Other large states, including Florida and Pennsylvania, are also relying on federal loans. The following DOL Web site is available to review all states' current UI loan balances: <http://workforcesecurity.doleta.gov/unemploy/budget.asp#floans>

The interest-free aspect of the federal loan expired in January 2011. The EDD paid \$303.5 million in interest to the federal government by September 30, 2011. An interest payment cannot be paid from the UI Trust Fund or EDD's UI Administrative funds. This payment was accounted for in the Governor's May Revise Budget to come from the State Disability Insurance Fund and be repaid by General Fund monies within four years.

There had been a national dialogue occurring, including the President's Budget Proposal and S386, to address states' Trust Fund solvency issues. However, there is currently no movement on either proposal at this time.

## **Impacts of ARRA Funding on Trust Fund**

In June 2011, California received \$838.7 million in UI Modernization incentive funds made available through the American Recovery and Reinvestment Act (ARRA). To become eligible for the funds, the State had to adopt an alternate base period to establish valid claims as well as other prescribed eligibility criteria. Approved by the State Legislature, the EDD will implement the new alternate base period process in April 2012.

The alternate base period provides for review of the most recent wages earned by a UI applicant in determining eligibility for benefits. Currently, only wages earned in the first four of the last five completed quarters are accessible for determining eligibility.

It's estimated an additional 26,000 unemployed workers a year could become eligible for unemployment benefits with the implementation of an alternate base period.

As required by federal law, most of the money California received in incentive funds was deposited into the State's UI Trust Fund since it's operating under a deficit. That partially reduced the amount California employers will have to pay to eliminate the loan obligation. Employers pay contributions to the state Trust Fund on behalf of each

employee to cover the cost of regular unemployment benefits, but more has been paid in benefits over the last few years than received from employers.

While the majority of the ARRA funds is offsetting the deficit, the State Legislature has approved of using \$48 million to fund three years of ongoing costs associated with the new alternate base period. The EDD received this appropriation in early July 2011.

## **UI Services Updates**

The demand for UI benefits continues to remain at record levels since more people are staying on unemployment longer. As reported in the September 2011 *California Labor Market Review* (released October 2011), based on the Bureau of Labor Statistics Model and Current Population Survey, 45.4 percent, or almost one million, of those unemployed have been so for 27 weeks or more and approximately 33.1 percent of all unemployed have been so for a year or more. (Note: The number of unemployed is a broader estimate than only UI claimants.)

In spite of this demand, EDD was able to provide various enhancements in the past year including, but not limited to, the following:

**Online Public Education Campaign** – On July 11, 2011, the EDD launched an online campaign to promote various EDD services. The suite of services includes the eApply4UI online application to file a claim, the EDD Tele-Cert<sup>SM</sup> and EDD Web-Cert<sup>SM</sup> for certifying for benefits versus the existing paper method through the mail, and the new EDD Debit Card<sup>SM</sup> for paying unemployment and disability benefits. This campaign is expected to run for six months through the end of 2011, encouraging customers to visit the EDD Web site to use the services and learn more about them. For your use and to further promote this suite of services, the EDD has developed a poster, which is available via:

[http://www.edd.ca.gov/About\\_EDD/pdf/eddonlineposter.pdf](http://www.edd.ca.gov/About_EDD/pdf/eddonlineposter.pdf)

We encourage you to print and post this in public areas of your district offices to share this information with your constituents.

Additionally, starting the week of July 18, 2011, the EDD began releasing a new tip each week on the front page of the EDD Web site. This section is titled “Tip of the Week” and provides customers information on various EDD services.

**Release California Training Benefits (CTB) Program Educational Video** – Thousands of customers online and in local offices have accessed a new educational video developed to assist customers interested in the CTB program. This video focuses on what customers need to know about CTB and is available online through the EDD YouTube channel at <http://www.youtube.com/watch?v=yVaNjxcyfCs>. A link to that video is also available on the front page of the EDD Web site. Additionally, the EDD sent DVDs of the video to One Stop Career Centers for use in lobbies, workshops, etc. The short CTB video joins a few other educational videos launched in the last year and a half on our EDD YouTube channel, including Applying for UI and How to Complete the Continued Claim Form. The videos have been viewed by close to a million visitors. There are plans to produce educational videos on



other subjects as well, including basic One Stop Career Center services.

**Expedite Determinations on CTB Eligibility** – The CTB Streamline process was developed by EDD to assist in expediting the approval process for claimants who are attending school or training, and who are otherwise eligible for UI benefits. The streamline process enables claimants to continue to receive UI benefits without any break in benefits as they are approved within three to five days after receipt of the application. Claimants potentially eligible for CTB attend either training authorized by a designated federal or state program, or training that is self-arranged by the claimant and approved by EDD.

Through September 2011, EDD has processed close to 13,000 CTB Streamline Training Enrollment applications.

Additionally, on July 1, 2011, the EDD implemented the provisions of Assembly Bill 2058 (Chapter 591, Statutes of 2010), which expands the CTB eligibility criteria for claimants who are in self-arranged training. The CTB Streamline process is being modified to incorporate the new eligibility criteria in the legislation.

**Customer Enhancements** – EDD has launched several technology projects that will enhance customer services when applying for and collecting their UI benefits.

- **Internet Continued Claims Filing (EDD Web-Cert<sup>SM</sup>):** EDD launched the first phase of a new Web option for the majority of customers to complete and submit their biweekly continued claim forms, instead of the mail-only option. Going paperless helps customers by reducing common fill-in errors that can cause benefit delays. The Web certification method also creates a more efficient delivery system. It allows claimants to certify for benefits on-line and reduces the time between the mail-in certification process and payments processing time. The new service is available 24 hours a day, 7 days a week.
- **Telephone Continued Claims Filing (EDD Tele-Cert<sup>SM</sup>):** EDD launched the first phase of a new telephone certification service which gives the majority of claimants a new self-service option to complete their bi-weekly continued claim forms via telephone. Again, a paperless option for the continued claim form helps customers avoid some of the common fill-in errors that occur with the hard-copy, mail-in version of the form and cause payment delays. The new telephone service is available 24 hours a day, seven days a week.
- **Provide Further Educational Tools to Help Customers:** EDD has developed helpful [Tip Sheets](#) and [“How To” videos](#) to provide greater assistance to customers in filling out their UI applications and completing the bi-weekly continued claim forms. The latest video available provides key information about the CTB program. Visit the following sites to access these tools:  
Tip Sheets: [http://www.edd.ca.gov/Unemployment/UI\\_Tip\\_Sheets\\_and\\_Fact\\_Sheets.htm](http://www.edd.ca.gov/Unemployment/UI_Tip_Sheets_and_Fact_Sheets.htm)  
“How To” Videos: <http://www.youtube.com/user/CaliforniaEDD>

## Federal UI Extensions

Federal unemployment extension benefits can be applied for through the end of 2011, barring any further action from Congress to extend the filing deadlines. The EDD will be closely monitoring any developments to keep our customers apprised. A breakdown of the current benefit filing deadlines is available on EDD's Web site at:

[http://www.edd.ca.gov/Unemployment/Federal\\_Unemployment\\_Insurance\\_Extensions.htm](http://www.edd.ca.gov/Unemployment/Federal_Unemployment_Insurance_Extensions.htm)

## Exhausted Benefits

Once an unemployed worker collects up to the maximum of 99 weeks of benefits, there are no further benefits available on that claim. As of October 24, 2011, there have been close to **549,000** unemployed workers in California who have run out of all available benefits, up to the 99 week maximum.

## Work Sharing Program

Usage of the Work Sharing program by California employers has increased significantly in the past few years. The program is available as an alternative to layoffs for employers who need to reduce employee wages and hours. The number of initial Work Sharing claims increased by **202 percent** between 2007 and 2010, and the total number of benefit weeks claimed by employees under the program increased by 438 percent during the same time period.

	<b>Number of Initial Work Sharing Claims</b>	<b>Number of Work Sharing Weeks (of Benefits) Claimed</b>
2007	45,276	302,109
2008	80,402	505,543
2009	219,580	1,912,460
2010	136,991	1,624,096
2011*	86,765	951,716

\* Data through September 2011.