

EDD Update to the Legislature – October 2017
Program and Labor Data Developments and Highlights

SUMMARY

The Employment Development Department's (EDD) Semi-Annual Update includes information on the Department's programs and services. The report includes updates on the following subjects:

- Labor Market Information for California
- Workload levels and claim data for the Unemployment and Disability Insurance Programs
- Program technologies and automation efforts
- Responses to recently chaptered legislation

If you have any questions regarding the content included in this report, please contact the EDD Legislative and Intergovernmental Affairs Office at EDDLegislativeOffice@edd.ca.gov.

LATEST LABOR MARKET DATA FOR CALIFORNIA

The EDD recently released the September 15, 2017 [Monthly Labor Statistics Press Release](#) for the month of August in California. The monthly release provides revised and preliminary data on the civilian labor force, unemployment rates, and industry employment for California that includes metropolitan areas, counties, and sub-county areas. Highlights from the September 15th press release include:

- California's seasonally adjusted unemployment rate was 5.1 percent in August, up 0.3 percentage point from July. This was the state's largest rate increase since May 2009. August also marked the first time that the state experienced back-to-back rate increases since November and December 2009.
- The number of employed Californians fell by 14,000 persons in August. This was the state's third consecutive civilian employment loss, with the decrease over the period totaling 61,000 persons.
- The number of unemployed Californians rose by 46,000 persons to 972,000 in August. This was the state's third consecutive unemployment increase and the largest since April 2009.
- California total nonfarm jobs fell by 8,200 jobs in August, following a large 84,500-job increase in July (revised), and a 3,200-job loss in June.

- California's year-over job gain totaled 265,100 jobs (1.6 percent) in August. The state gained a total of 2,591,200 nonfarm jobs from the recessionary low in February 2010 through August 2017, which was an increase of 18.3 percent.

ANNUAL CUSTOMER SATISFACTION SURVEY

The EDD conducts an annual survey of customers of its four main program areas: Unemployment Insurance (UI), Disability Insurance (DI), Tax, and Workforce Services. The survey results measure satisfaction, examine customers' experiences interacting with the program areas, and inform the EDD's ongoing efforts to improve services to its customers and achieve its strategic goals.

The responses to the 2016 Customer Satisfaction Survey showed high levels of customer satisfaction. Approximately three-fourths of respondents who used or received one or more program services from the EDD were completely or mostly satisfied with the program services overall.

The 2017 Customer Satisfaction Survey is currently underway, and the results will be included in a future update.

BENEFIT PROGRAMS ONLINE

On October 16, 2017, the EDD will introduce Benefit Programs Online to customers using the EDD's online benefit systems, SDI Online and UI OnlineSM.

Benefit Programs Online uses the latest Identity Management technology to prevent fraud and ensures a customer's information remains secure from cybersecurity threats. It also provides the convenience of a single login for customers using both systems and lays the foundation for the EDD's future modernization efforts to incorporate all EDD applications into a single platform.

Once customers create a Benefit Programs Online login, which consists of an email address, password, and security profile, they can register for SDI Online and/or UI Online. Existing SDI Online and UI Online users will still need to create a Benefit Programs Online login, but can use a streamlined re-registration process by using their existing account information through December 14, 2017.

To inform customers about this change, notifications will be sent to active SDI Online and UI Online users. In addition, online tools including FAQs, helpful video tutorials, and step-by-step instructions on how to register will be available to assist customers with the registration process.

Since Benefit Programs Online is simply a new way to logon, existing online customers will continue to enjoy the conveniences of SDI Online and UI Online without having to learn a new system.

For more information, visit www.edd.ca.gov/BPO.

UNEMPLOYMENT INSURANCE PROGRAM

Workload Levels

California’s economy has shown steady improvement over the past year and UI claims and benefit levels are trending downward due to the continued recovery of the economy. Although California’s June 2017 total unemployment rate was reported at 4.7 percent, and economists consider any unemployment rate at five percent or below to represent full employment, EDD’s current UI workload is on pace to still be higher than pre-recession workload.

UI CLAIMS PROCESSED AND BENEFITS PAID 2007-2017⁽¹⁾			
Year	Claims (Yearly)	Benefits	
		Yearly	Daily
2017 ⁽¹⁾	1.3 million	\$2.953 billion	\$23.6 million
2016	2.7 million	\$5.427 billion	\$22 million
2015	2.9 million	\$5.461 billion	\$22 million
2010 (Peak)	8.1 million	\$22.9 billion	\$91 million
2007 (Pre-recession)	2.5 million	\$5.4 billion	\$21 million

⁽¹⁾ January – June 2017

Customer Service Level Goals

Supplemental State funding received by the EDD continues to enable the Department to meet or make progress toward the following service level goals the EDD committed to the Legislature:

Goal	Status in 2017^{(1) (2)}
Answer 50,000 Calls per Week	51,000 on average per week
100% of initial claims processed within 3 days of receipt	Met goal
100% of online inquiries processed within 5 days of receipt	98% completed within 5 days of receipt
Schedule 95% of eligibility determination appointments requested weekly	94% of determinations were scheduled timely

⁽¹⁾ January – June 2017

⁽²⁾ Excludes holiday weeks

In calendar year 2017, through the end of June:

- The EDD exceeded its legislative goal and answered approximately 51,000 calls per week on average during work weeks without a holiday.
- The EDD met its goal of processing initial claims within three days of receipt.
- The EDD has completed 148,000 online inquiries. The EDD processed 98 percent of all online inquiries within five days of receipt.
- The EDD scheduled 500,000 determination interviews and maintained a weekly average of 94 percent of all determinations being scheduled timely.

Automation Enhancements

UI Online and UI Online MobileSM

UI Online was implemented on April 25, 2015 and has proven to be a customer favorite. The system is a fast, convenient, and secure way for UI customers to access claim information, certify for benefits, and manage their claims 24 hours a day, seven days a week. Results from a weekly “Customer Rate Your UI Online Experience” poll showed that 94 percent of respondents had rated certifying for benefits on UI Online and UI Online Mobile as “Excellent” and “Good.”

As of June 30, 2017, almost 1.1 million UI claimants have registered to use UI Online and, on average, 53 percent of all weeks claimed for benefits have been submitted electronically through either UI Online, UI Online Mobile, or EDD’s Telephone Certification system, EDD Tele-Cert. In the week-ending July 8, 2017, almost 65 percent of weeks claimed were submitted electronically, which is the highest percentage recorded since the UI Online system was launched.

State Information Data Exchange System

The State Information Data Exchange System (SIDES) was developed through a strategic partnership between the U.S. Department of Labor, the National Association of State Workforce Agencies (NASWA), and state UI agencies.

The SIDES provides a secure and timely way for employers and third party administrators to electronically exchange UI information with the EDD regarding the separation reasons of their former employees. The system also allows employers to upload supporting documentation and receive an electronic time stamp when submitting information to the EDD.

The EDD successfully implemented the Separation Information Exchange within SIDES in June 2015, and made additional enhancements in April 2016. The Separation Information Exchange within SIDES allows employers to electronically receive and

respond to the Notice of Unemployment Insurance Claim Filed. The notice is mailed to the claimant's last employer when a claim for UI benefits is filed to assist the EDD with the determination of benefit eligibility.

As of May 2017, California has successfully met the U.S. Department of Labor goal of 100 percent participation of all available employers and third party administrators who have completed the certification process through NASWA to utilize SIDES web services.

The EDD continues to expand its video library for employers and has recently created two new SIDES videos. The first, "SIDES for UI," provides an overview of SIDES and registration instructions. The second, "How to Retrieve and Respond to a SIDES Request," provides step-by-step directions for submitting separation information to the EDD. These videos complement the SIDES E-Response User Guide and the SIDES Web Service User Guide, which are already available to employers.

The EDD recently launched a marketing campaign to promote the usage of SIDES e-response communication tool to help employers reduce mailing expenses, save time, and manage their UI costs. At speaking engagements across the State, the EDD has collected employer and third party administrator feedback on the system. This feedback has been used to develop tip cards, fact sheets, video tutorials, social media blasts, and a dedicated [web page](#) for all SIDES information. As part of the campaign, the EDD also mailed more than 800,000 promotional SIDES tip cards to employers.

Efforts to Improve Customer Service

The EDD continuously looks for new and innovative ways to enhance the customer experience by engaging its customers, keeping them well-informed, and actively listening to their concerns and suggestions.

The following recent efforts support the EDD's improved communication with our customers:

- **Electronic Benefit Payment Sunday Processing:** On May 1, 2016, the UI Branch introduced Sunday benefit payments. This allows claimants who certify for UI benefits on Sundays using UI Online, UI Online Mobile, or EDD Tele-Cert, to receive benefit payments on their debit cards as early as Sunday night if they meet all eligibility criteria. The Sunday payment processing serves as an incentive for claimants to certify for benefits electronically in lieu of completing and mailing paper forms. Since its implementation, a total of \$1.46 billion in claim benefits were paid on Sundays, averaging \$24 million per week, or 23 percent of all weekly payments.

- **UI Online**
 - **Videos:** A complete video library with 11 different topics is available online in English and Spanish to educate customers on the ease and convenience of using UI Online. The most commonly viewed videos were also translated into Cantonese, Mandarin, and Vietnamese.
 - **Quick Reference Guide:** Includes sample screen shots and step-by-step instructions for UI Online. The guide is available online at: http://www.edd.ca.gov/pdf_pub_ctr/de2338g.pdf.
 - **Rate Your UI Online Experience:** Serves as a quick and optional feedback tool to rate a claimant's experience using UI Online or UI Online Mobile. Nine out of ten customers rated the system as "Excellent" or "Good."
 - **Welcome Message:** Provides newly registered users with links to the UI Online Video Library and UI Online User Guide.
 - **Email Notification - Certify for Benefits:** Notifies claimants when they are eligible to certify for benefits. Prior to this enhancement, 30 percent of UI Online customers certified for benefits on the same day their weeks were made available in the system. Post-implementation, this number grew to over 45 percent.
- **Continued Claim Form inserts:** Including important, timely, and relevant messaging with the mailing of the bi-weekly Continued Claim forms is an inexpensive and effective way to reach a large number of UI claimants. In addition to introducing new services, these helpful tips provide customers with a better understanding of the UI program. Current inserts include information on avoiding payment delays, overpayments, and penalties.
- **Employer Outreach:** The EDD publishes outreach resources to assist employers in avoiding negative unintended consequences. The EDD's newest resources, including the "How to Protect Your Business from Higher Unemployment Insurance Taxes" video and the "Running your Business" web page, can be found by visiting http://www.edd.ca.gov/Payroll_Taxes/Running_Your_Business.htm.
- **UI Branch Forms and Translation project:** This project is focused on two main objectives -- standardizing the most commonly-used UI forms, and making all web content available in Spanish. The estimated time of completion for this project is summer 2018.
- **Ongoing efforts:** As of June 2017, 21 of the most commonly used UI forms and notices were translated into 10 additional languages: Armenian, Cantonese,

Hmong, Korean, Laotian, Mandarin, Punjabi, Russian, Tagalog, and Vietnamese. The EDD also continues to reach customers using Facebook and Twitter, with new posts made available once or twice per week.

WORKFORCE SERVICES

Grant Solicitations

The EDD, in coordination with the California Workforce Development Board (State Board) and the Labor and Workforce Development Agency, is planning to announce a Solicitation for Proposals (SFP) for a Veterans Employment-Related Assistance Program (VEAP) in fall 2017. This SFP makes available \$5 million of the Workforce Innovation and Opportunity Act (WIOA) Title I Governor's Discretionary funds for this program. More details will be made available on EDD's [SFP web page](#).

The VEAP program will promote the use of regional industry sector strategies as the framework to help unemployed and underemployed veterans, with an emphasis on female veterans, with significant barriers to employment transition from military careers to rewarding civilian employment.

Eligible applicants include Local Workforce Development Areas (Local Areas), education and training providers, private non-profit organizations, private for-profit organizations, and faith and/or community-based organizations seeking innovative ways to strengthen business partnerships around in-demand jobs.

Workforce Innovation and Opportunity Act – New Policies

To support California's successful implementation of WIOA, signed into law by former President Obama in 2014, the EDD's Workforce Services Branch continues to collaborate with the State Board to issue joint policy guidance. The following provides information on several new policies:

America's Job Center of CaliforniaSM Operators and Career Services Providers

Under WIOA, Local Workforce Development Boards (Local Boards) are required to conduct an open and competitive procurement process in order to select an America's Job Center of California (AJCC) Operator. The AJCC Operator is primarily responsible for coordinating the service delivery required of AJCC partners and service providers, and ensuring the implementation of partner responsibilities and contributions agreed upon in the Memorandums of Understanding.

Local Boards are also responsible for identifying Career Services Providers through the awarding of contracts. Career Services Providers are responsible for providing career services, managing daily operations in coordination with the local fiscal agents for the lease, utilities, and other property activities, including hours of operation of the AJCC premises.

The WIOA allows Local Boards to be the AJCC Operator, and/or the Career Services Provider with approval from the local Chief Elected Official and the Governor. In California, the Secretary of the Labor and Workforce Development Agency is authorized to act on behalf of the Governor. To be considered for designation as an AJCC Operator and/or Career Services Provider, the Local Board and local Chief Elected Official must have submitted an approval application to the State Board. The State Board then vets the applications and provides recommendations for approval to the Secretary of the Labor and Workforce Development Agency.

More information on these policies can be found in [Workforce Services Directive WSD16-14](#).

Memorandums of Understanding

In order to establish a high quality AJCC delivery system and enhance collaboration amongst partner programs, WIOA requires Local Boards to develop Memorandums of Understanding with all the AJCC required partners present in their Local Area. These Memorandums of Understanding serve as a functional tool and visionary plan for Local Boards and AJCC partners. The Memorandums describe how these entities will work together to create a unified service delivery system that best meets the needs of their shared customers.

In response to WIOA, the State is implementing a two phase Memorandum of Understanding development process. Phase I addressed service coordination and collaboration amongst the partners and was completed on June 30, 2016. Phase II is designed to sustain the unified system described in Phase I through the use of resource sharing and joint infrastructure cost funding. Phase II must be in place at the local level by September 1, 2017.

More information on these policies can be found in [Workforce Services Directive WSD16-09](#).

AJCC Certification Process

Under WIOA, Local Boards must conduct an independent and objective evaluation of the AJCCs in their Local Areas once every three years using criteria and procedures established by the State Board. The State Board, in consultation with an AJCC Certification Workgroup comprised of state-level partners and Local Board representatives, developed objective criteria and procedures that sets a statewide standard of service delivery in order to ensure that all customers receive a consistently high-quality level of service.

There are two levels of AJCC certification: Baseline and Hallmarks of Excellence. The Baseline AJCC Certification is intended to ensure that every comprehensive AJCC is in compliance with key WIOA statutory and regulatory requirements. The Hallmarks of Excellence AJCC Certification is intended to encourage continuous improvement by

identifying areas where an AJCC may be exceeding quality expectations, as well as areas where improvement is needed.

The certification process is currently underway. The Baseline AJCC Certification must be completed by December 31, 2017, and the Hallmarks of Excellence AJCC Certification must be completed by June 30, 2018.

More information on these policies can be found in [Workforce Services Directive WSD16-20](#).

CalJOBSSM

The CalJOBS system, developed in partnership with EDD's vendor Geographic Solutions, has continued to see usage grow since its launch in March 2013. The state-of-the-art system provides universal access to online services for job seekers and employers seeking employees, as well as a wide array of employment-related services.

The WIOA implementation for CalJOBS has taken place in phases due to the ongoing issuance of guidance by U.S. Department of Labor. The CalJOBS system is currently running version 17.0 and will update to a new version in the fall of 2017. This new version will add additional features to further meet WIOA compliance.

The updated CalJOBS system allows the EDD to significantly improve its service delivery to job seekers and employers. For staff, it serves as an effective case management tool, designed to efficiently facilitate the job matching and referral process.

From January 2017 through June 2017, the following occurred:

- More than 652,400 job seekers have used CalJOBS. These job seekers have created or updated more than 597,500 résumés.
- More than 9,900 new employers have registered in CalJOBS, in addition to the 10,300 returning employers. These employers posted more than 255,500 job openings.

Additional updates related to CalJOBS in 2017 include:

Mandated Use of CalJOBS

On June 20, 2017, the EDD issued [Workforce Services Directive WSD16-23](#) that provides the policy and procedures related to mandatory use of CalJOBS for entering WIOA data. This directive requires all WIOA funding recipients to become full CalJOBS users no later than July 1, 2018. Coinciding with WIOA implementation and federal mandates, the Labor and Workforce Development Agency and the State Board determined that a single, integrated data system would best serve the needs of California.

This requirement ensures that all recipients are tracking and entering the same data elements into CalJOBS, which facilitates compliance with state and federal performance reporting and evaluation requirements. In addition, the system reduces Local Area operational costs by alleviating the need for third party systems, which are currently paid for at the expense of services provided to the job seekers and employers of California. Out of 46 Local Areas, 38 have already transitioned to CalJOBS, therefore this directive only impacts the eight remaining Local Areas. The EDD is and will continue to be committed to expanding and improving CalJOBS to meet the needs of its partners and the demand for new enhancements.

New CalJOBS Modules

After a successful pilot of the Virtual One-Stop (VOS) Greeter module, Workforce Services Branch is now rolling out the new module statewide. The VOS Greeter allows customers visiting an AJCC to sign in electronically rather than with a paper sign in sheet. The VOS Greeter creates a digital record of all individuals (provided they are checked-in using the greeter) and the reason for their visit to the AJCC. The VOS Greeter will track foot traffic by visitor, by visit reason, by hour, and by weekday. The system can also track the wait times of individuals visiting the centers. All of these factors can be leveraged to better prepare staff for their cases, which improves customer service.

In addition, the Workforce Services Branch is implementing a new module to track California's National Farmworkers Jobs Program grantees using the CalJOBS system. The National Farmworker Jobs Program is funded through direct grants from the U.S. Department of Labor to provide services for migrant and seasonal farmworkers. The program partners with community organizations and State and local agencies to counter the chronic unemployment and underemployment experienced by farmworkers who depend primarily on jobs in agricultural labor performed across the country. Integrating this module with CalJOBS will allow the program grantees to more effectively manage program participants. Full implementation of the program module is planned for January 2018.

Reemployment Services and Eligibility Assessment Grant

In 2017, U.S. Department of Labor awarded California a Reemployment Services and Eligibility Assessment grant of \$11.5 million to continue the program. The EDD has received funding for this program since 2005.

The grant recognizes the UI program as a required partner in the comprehensive, integrated workforce system. The grant selects from a pool of UI claimants identified as most likely to exhaust their benefits, and ex-service members. These claimants are required to appear at a participating AJCC to receive an assessment of their UI eligibility, orientation to AJCC services, an individual reemployment plan developed with a workforce professional, and appropriate career services to assist them in their job search.

STATE DISABILITY INSURANCE (SDI) PROGRAM

The EDD's SDI Online is the electronic claim filing system for DI and PFL benefits. Although PFL functionality is limited, the system allows claimants, physicians/practitioners, physician/practitioner representatives, employers, and voluntary plan administrators to submit DI forms and view claim information conveniently and securely online. The SDI Online system has improved program efficiency and effectiveness by streamlining and automating claims processing, and promoting self-help service.

- The SDI program authorized payment of approximately \$25.2 billion in DI and PFL benefits since the launch of SDI Online in October 2012. Staff processed more than 440,000 claims from January 1, 2017 through June 30, 2017.
- In June 2017, 94.8 percent of initial DI claims and 88.8 percent of initial PFL claims were paid by the 14th day after receipt, which exceeds the 86 percent timeliness goal of the SDI program.
- As of July 1, 2017, nearly 2,390,000 customers created accounts and used SDI Online, with more than 11,587,000 initial and continued claims received electronically since the launch of SDI Online.
- As of July 1, 2017, more than 67,000 continued claim certifications were submitted through SDI Online Mobile.

Workload Distribution

In April 2017, the Department implemented the Workload Distribution Redesign for the SDI program. This allows work to be processed statewide regardless of the geographic location of the claim. Under the new system, work is prioritized at a statewide level and assigned to staff across all DI offices based on the age of the work and staff skill levels. This effort aligns with the DI Branch strategic goal of improving customer experience through technological enhancements.

Assembly Bill (AB) 908 and AB 2886

Assembly Bill 908 (Chapter 5, Statutes of 2016) modifies the SDI program by increasing the wage replacement rate from approximately 55 percent to 60 percent for middle and high income workers, and to 70 percent for low income workers. This increase will take effect in January 2018 and sunset in January 2022, unless otherwise extended. The bill also repealed the unpaid seven-day waiting period for PFL benefits.

Assembly Bill 2886 (Chapter 276, Statutes of 2016) extends the 20-day period to file a timely first or second level appeal for an SDI claim to 30 days. The Department expects to implement this change in March 2018.

PFL Marketing

In July 2014, the Legislature approved a total of \$6.5 million over three years to increase awareness and inform Californians about the availability of PFL benefits. In September 2016, the EDD entered into a contract with Mercury LLC and its subcontractor Misfit to implement a statewide outreach media campaign. The campaign is entitled, “Moments Matter.”

In the first year of the campaign, the EDD and vendor:

- Developed and finalized 84 advertisements and 4 publications to build awareness of PFL.
- Launched a new PFL microsite, <http://www.CaliforniaPaidFamilyLeave.com>, and increased web traffic to the EDD PFL pages by 25 percent.
- The number of times an ad or social media post may be seen is called an “impression.” The EDD achieved more than 290 million paid media impressions and as a result, received \$1 million in free media coverage resulting in approximately 800,000 additional impressions.

The EDD is in the process of extending the Moments Matter campaign and its contract with Mercury LLC for a second year. For year two, the EDD will focus on increasing awareness and understanding of the new wage replacement rate and the elimination of the seven-day waiting period that takes effect in January 2018. The EDD will continue to develop additional advertisements and creative assets, establish more robust partnerships with community organizations, and increase traffic to the microsite and the EDD website with data-driven marketing strategies.

TAX BRANCH

Employment Taxes

The EDD’s Tax Branch administers the State’s employment tax program, collecting UI and Employment Training Taxes (ETT) paid by California employers. In addition, the Tax Branch also collects SDI and Personal Income Tax (PIT) withholdings paid by California workers. Both employer taxes and employee withholdings are remitted to EDD when the 1.4 million California employers submit their quarterly wage reports and tax payments. The tax revenues collected for the employment tax program increased over seven percent during the first half of 2017 compared to the first half of 2016, as follows:

Employment Tax Revenue Collected	
1/1/16 to 6/30/16	1/1/17 to 6/30/17
\$35.5 billion	\$38.2 billion

The chart below compares Tax Branch’s total employment tax revenue for the last two State Fiscal Years (SFY), which reflects a six percent increase in employment tax collections. It is also important to note that of the \$70.5 billion in tax revenue collected in SFY 2016-2017 by the EDD, 83 percent was General Fund revenue (PIT and Contingent Fund).

Total Employment Tax Revenue			
Tax/Fund	SFY Revenue (in billions)		Percent Change
	15/16	16/17	
UI	6.0	5.9	-2%
ETT	0.1	0.1	0%
SDI	5.9	6.2	+5%
PIT	54.3	58.3	+7%
Contingent Fund (CF)	0.1	0.1	0%
Total Revenue	\$66.4	\$70.5	+6%

Over the past 10 years, the EDD has seen a 62 percent increase in the amount of employment taxes collected annually, from \$43.6 billion in SFY 2007-2008 to \$70.5 billion in SFY 2016-2017.

In addition to cashing employment taxes, the Tax Branch is also responsible for processing employment tax forms and UI, SDI, and PFL benefit claim forms. As identified below, the percentage of documents submitted electronically increased by eight percent and paper documents decreased by 17 percent, while during this same time period, the total number of documents processed decreased by almost two percent.

Employment Tax and Benefit Claim Forms Processed			
Documents	1/1/16 to 6/30/16	1/1/17 to 6/30/17	Percent Change
Electronic	13.2 million	14.3 million	+ 8.3%
Paper	8.7 million	7.2 million	-17.2%
Total	21.9 million	21.5 million	-1.8%

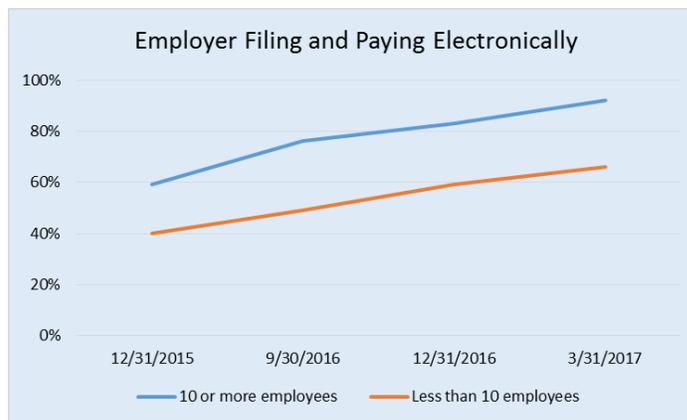
Assembly Bill 1245 – E-file and E-pay Mandate

Assembly Bill 1245 (Chapter 222, Statutes of 2015) requires employers to electronically submit employment tax returns, wage reports and tax deposits to the EDD. This law is being implemented in two phases. Effective January 2017, employers with 10 or more employees are required to file tax returns and wage reports, and make payments

electronically. Beginning January 2018, all employers will be required to comply with AB 1245. The law provides a hardship provision for employers who demonstrate an inability to file and/or pay electronically.

To promote the early adoption of the electronic mandate, the EDD began an extensive marketing campaign which included marketing and notification letters to employers who were subject to this new law starting in 2017, as well as website updates, social media messages, news releases, posters, tip cards, information sheets, and presentations to employers and employer organizations. To help successfully implement the new law, the EDD also utilized its Small Business Employer Advisory Committee, a group of diverse associations representing small business employers throughout California, to strategize the best methods to inform and educate the employer community.

The EDD continues to market the mandate with reminder letters and postcards to employers with 10 or more employees who continue to submit paper payments and/or returns. In addition, the EDD is sending notification letters to employers who will be subject to AB 1245 starting in 2018, posting social media messages, and distributing digital and printed marketing materials to trade associations and chambers of commerce to distribute to their members. Based on these efforts, the EDD has seen significant increases in the percentage of total employers who are both paying and filing electronically, as follows:



With the first phase of the electronic mandate in effect for employers with 10 or more employees, 92 percent are paying and filing electronically, and one percent have an approved hardship waiver. The remaining seven percent are paying and/or reporting via paper. The EDD is focusing its marketing and outreach efforts this year to help the remaining seven percent of employers with 10 or more employees come into compliance.

The second phase of the electronic mandate takes effect January 2018 for employers with less than 10 employees. With the vast marketing and outreach efforts on AB 1245,

the EDD experienced a substantial increase in electronic reporting and payment by employers not yet subject to the mandate. Of the employers with less than 10 employees, 40 percent had reported and paid electronically in December 2015, and that rate jumped to 66 percent in March 2017. The EDD will continue focused efforts to help the remaining 34 percent of employers with less than 10 employees be in compliance by 2018, when they become subject to the electronic mandate.

To facilitate employer transition to this new electronic requirement, penalties for failure to pay and file electronically will not be charged until January 2019. In addition to the many resources identified earlier, the EDD Taxpayer Assistance Center's experts are also available to provide one-on-one assistance to employers who have questions or need guidance on this new requirement.

Benefit Overpayment Collection Automation (BOCA) Project

The EDD is responsible for collecting fraudulent and non-fraudulent UI, SDI, and PFL benefit overpayments paid to claimants. The EDD currently utilizes an outdated benefit overpayment collection application that was built in 2000.

In February 2016, the EDD received approval to integrate the benefit overpayment collection functionality into EDD's Accounting and Compliance Enterprise System (ACES). The ACES currently provides account management and collection functions for the State's employment tax program. The Benefit Overpayment Collection Automation (BOCA) solution will expand ACES for UI, SDI, and PFL benefit overpayment collections, storage, and account management which will improve EDD's operations and effectiveness.

There is a contract in place to make the changes, and the planning phase of the project was completed in May 2017. The project's design and development phases are currently in progress and staff are actively meeting with internal and external stakeholder groups, building business requirements and working on system configuration development. The BOCA solution is scheduled to be implemented by July 2018.

Upcoming Events in the State

Every month, the 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:

Job Fairs

The EDD, in conjunction with the AJCC partners, offers workshops for career guidance and job search skills throughout California. For more information, please visit http://www.edd.ca.gov/Jobs_and_Training/Job_Fairs_and_Events.htm.

Tax Seminars

The EDD offers no fee state payroll tax seminars, either classroom-style or online. Both are designed to help employers comply with state payroll tax laws. Please visit [http://www.edd.ca.gov/Payroll Tax Seminars/](http://www.edd.ca.gov/Payroll_Tax_Seminars/) for more information.