Employment Development Department
State of California

N E W S R E L E A S E

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In California, Sequestration cuts will trigger reductions in federal unemployment extension benefits beginning April 28

EDD services for the unemployed also impacted by cuts

More than 400,000 unemployed Californians will feel the impact of the federal government's sequestration spending cuts when their federal unemployment benefits are reduced nearly 18 percent beginning April 28, according to the California Employment Development Department (EDD).

Currently, federal extensions of Unemployment Insurance (UI) benefits run through the end of December 2013. Under the new cuts, the number of weeks the unemployed may be eligible for remains the same (26 weeks of state-provided regular benefits and up to 47 additional weeks of federal extension benefits in four different tiers), but the dollar amount they are eligible to receive under the federal extensions will be reduced by 17.69%. Such cuts do NOT affect the up to 26 weeks of regular state-provided unemployment benefits.

"At the California Employment Development Department, we're on the front lines in helping our fellow Californians during difficult economic times," EDD Director Pam Harris said. "Every day we work with people who have lost their jobs. We understand that Unemployment Insurance benefits are often their only shield against economic disaster and that cuts in those benefits can be very challenging. But we want to get word out so that those relying on these federal benefits can at least prepare for the reductions."

While there are currently an estimated 400,000 Californians certifying for federal extension benefits, hundreds of thousands more could be impacted by reduced benefit amounts before the end of the year as they become eligible for federal extension benefits.

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The cuts will NOT be implemented for unemployed individuals collecting benefits in the middle of a federal extension tier. The cuts will only be taken at that point when the individual first starts a federal extension claim or starts a new extension tier that begins on or after April 28, 2013. The EDD will mail claimants a notice at that time, providing the effective date of the benefit reduction, the reduced weekly benefit amount, and the maximum benefit amount of their extension.

This week the EDD began mailing claimants informational notices describing the reductions and directing them to the department's website, www.edd.ca.gov, for more details, **including an online Sequestration Reduction Calculator** to help estimate the reduction in each individual's benefits. Frequently asked questions are also posted to provide claimants helpful information.

Benefit payments will NOT be cut for several groups of recipients:

- Recently unemployed workers who are receiving regular state-funded unemployment benefits.
- Recipients of training extension benefits under the California Training Benefit program.
- Recipients of Trade Readjustment Assistance extended benefits.

Federal Funding Cut Impacts Services for the Unemployed

The sequestration fund cuts will also hit California in other ways that will reduce EDD's ability to help both workers receiving unemployment benefits and job seekers.

- The state may lose more than $30 million in federal funding for the administration of the Unemployment Insurance (UI) program over the next 15 months. The reduction comes on top of previous significant underfunding by the federal government and combined will greatly reduce the availability of UI representatives to assist claimants.
- **The EDD strongly encourages UI customers to use self-help tools whenever possible.** That includes AskEDD, an online option for submitting claim questions to EDD, eApply4UI which is an online application, EDD Web-cert allowing claimants to more quickly submit their ongoing continued claim forms online instead of sending a paper form through the mail, and EDD Tele-cert allowing for self-assisted continued claim certification and claim information by phone.

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- The EDD will also lose $3.3 million in federal funding that supports job search assistance for job seekers at local One-Stop Career Centers throughout the state. In addition, sequestration requires at least a $15 million funding cut to local Workforce Investment Boards that provide services throughout the state, including job training in local areas. Such reductions in these resources will have a direct impact on job seekers, employers, and local economies.

The EDD paid $17.1 billion in federal and state unemployment benefits in 2011 and $13.7 billion in 2012, which equates to about $264 million a week and about half of that in federally paid extension benefits.

As of April 8, there have been more than one million workers in California who have run out of all available UI benefits. The EDD provides information on its website on Assistance for Unemployed California Residents that outlines other available services, such as health care, counseling, food and mortgage assistance.

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