

EDD Update to the Legislature 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's Legislative and Intergovernmental Affairs Office at EDDLegislativeOffice@edd.ca.gov.

Latest Labor Market Data for California

The EDD recently released the January 20, 2017 Monthly Labor Statistics Press Release for the month of December in California. The monthly release provides revised and preliminary civilian labor force, unemployment rates, and industry employment for California, metropolitan areas, counties, and sub-county areas. Highlights from the January 20th release include:

- California's seasonally adjusted unemployment rate fell 0.1 percentage point to 5.2 percent in December 2016.
- California's unemployment rate decreased by 7.0 percentage points between the most recent peak of 12.2 percent in October 2010 and December 2016. The rate has closed to within 0.3 percentage point of its pre-recession low of 4.9 percent. The U.S. unemployment rate increased by 0.1 percentage point to 4.7 percent in December 2016.
- Between the recessionary peak (October 2010) and December 2016, the number of unemployed Californians fell by 1,221,700 (54.8 percent). This was 150,200 persons higher than the pre-recession low in September 2006.
- California added 3,700 jobs in December 2016 and over the course of calendar year 2016, it collectively added 332,500 nonfarm jobs. Year-over, nonfarm payrolls grew by 2.0 percent in the Golden State, besting the nation's year-over growth rate (1.6 percent).

- From the end of the most recent recession through December 2016, California's economy added 2.4 million nonfarm jobs, including government. Over this 83-month expansion period, month-over total nonfarm job gains averaged 29,000 jobs. The sum of month-over private sector job gains in California totaled 2.3 million jobs over the expansion period and averaged gains of 28,000 jobs on a monthly basis.

Unemployment Insurance (UI) Program

Workload Levels

California's economy has shown steady improvement over the past year and UI claims and benefit levels are trending downward compared to 2015. Workload levels have decreased due to the continuing recovery of the economy.

BENEFITS PAID 2007-2016		
Year	Benefits (Yearly)	Benefits (Daily)
2016	\$5.427 billion	\$22 million
2015	\$5.461 billion	\$22 million
2010 (Peak)	\$22.9 billion	\$91 million
2007 (Pre-recession)	\$5.4 billion	\$21 million

However, UI claims and benefit levels are still higher than pre-recessionary years.

CLAIMS PROCESSED 2007-2016	
Year	Claims
2016	2.7 million
2015	2.9 million
2010 (Peak)	8.1 million
2007 (Pre-recession)	2.5 million

Customer Service Level Goals

The supplemental state funding received by the EDD allowed the Department to meet or make progress toward the following service level goals the EDD committed to the Legislature:

Goal	Status in 2016
Answer 50,000 Calls per Week	Completed (51,000)
100% of initial claims processed within 3 days of receipt	Completed
100% of online inquiries processed within 5 days of receipt	97% completed within 5 days of receipt
Schedule 95% of eligibility determination appointments requested weekly	93% determinations were scheduled timely

Automation Enhancements

UI OnlineSM and UI Online MobileSM

UI OnlineSM was implemented on April 25, 2015 and has continued to be a customer favorite in 2016. 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 EDD's annual Customer Satisfaction Survey showed 81 percent of the respondents had used UI OnlineSM or UI Online MobileSM most recently and 84 percent reported it is their preferred method for managing future claims.

As of December 31, 2016, almost 900,000 UI claimants have registered to use UI OnlineSM. In 2016 EDD reached the milestone of having the majority of certifications being submitted electronically rather than using paper forms or the Department's telephone system (Tele-Cert). This goal was reached in June 2016 (50.56 percent), and over 50 percent of certifications have been filed electronically since that time.

Below are some key statistics from the system's implementation date, April 25, 2015, through December 2016:

- 10.7 million weeks submitted through UI OnlineSM for certification of continued claims.
- 1.2 million weeks submitted through UI Online MobileSM for certification.
- 130,000 claims reopened.
- 7.1 million views of payment information.
- 4.6 million views of claim information.
- Over 800,000 views for Form 1099G tax information, including 7,500 requests for an official, duplicate copy.
- 1.3 million updates to contact information and personal preferences.

- 12,700 rescheduled phone appointments.

Since the initial implementation of UI OnlineSM and UI Online MobileSM, the EDD continues to enhance the systems to improve the customer experience and reduce costs. As an example, in 2016 the Department added the ability for customers to submit questions through UI OnlineSM to facilitate communication about their claims.

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 (USDOL), the National Association of State Workforce Agencies (NASWA), and state UI agencies.

SIDES provides a secure and timely way for employers and third party administrators (TPA) to electronically exchange UI information with the EDD. SIDES also allows employers to upload supporting documentation and receive an electronic time stamp for submission of information to the EDD.

The EDD successfully implemented the Separation Information Exchange within SIDES in June 2015, and made additional enhancements available 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 EDD will begin exploring the feasibility of expanding the SIDES functionality to other notifications. It is the EDD's objective to ultimately expand SIDES to include the other functionalities to maximize the number of electronic communications to employers.

The following are some key statistics about SIDES:

- In CY 2016, the EDD received 124,175 SIDES responses.
- The EDD increased the usage of SIDES by 27 percent with 63,622 responses received in the quarter ending December 2016, compared to 50,085 responses received in the quarter ending September 2016.
- The EDD has 13 TPAs, representing more than 25,000 clients, submitting separation information through SIDES.

Assembly Bill 1514

Assembly Bill 1514 was sponsored by the EDD and was implemented on January 1, 2016. The law made several changes to the California Training Benefits (CTB) program, which allows claimants to attend a training or retraining program and still remain eligible for UI benefits. These changes included:

- Updating references to the Workforce Innovation and Opportunity Act (WIOA).
- Adding three new pre-approved training categories to further streamline the CTB eligibility determination process.
- Removing the requirement for claimants to have their biweekly certification signed by a training provider.

The implementation of this bill allowed the EDD to make the following improvements:

- EDD’s UI OnlineSM system enhancements were made in May 2016, allowing CTB participants to access the online certification channel, which provided faster processing and payment of UI benefits.
- EDD Tele-CertSM, a telephone certification channel, became available for the CTB participants as of January 27, 2016, which allowed for faster processing and payment of UI benefits.

In June 2016, the Department initiated a CTB program marketing strategy that includes the use of webpages, YouTube videos, and social media. The EDD’s goal is to inform claimants about the benefits of the CTB program and the eligibility criteria in order to increase participation in training. Training programs will provide individuals with skills necessary to return to work in occupations that are in demand in their labor market.

Efforts to Improve Customer Service

Annual Customer Satisfaction Survey

The EDD’s UI Branch conducts an annual survey of recent UI claim filers regarding their experiences with UI services. The online survey was conducted between June 3 and July 10, 2016 with a randomly selected group of 2,000 participants. The 512 respondents indicated the following:

Question	Response Rate
Completely or mostly satisfied with process of opening a new claim	76 percent
Application processed completely or mostly timely	75 percent
Completely or mostly satisfied with the claim management services	76 percent
UI Online SM claim management system is very or somewhat easy to use	90 percent

Results from these surveys are used to annually track how the EDD is meeting its customers’ needs and to identify areas for improvement.

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 claimants:

- **Electronic Benefit Payment Sunday Processing:** On May 1, 2016, the UI Branch introduced Sunday Benefit Payments and a total of \$762 million in claim benefits were paid on Sundays through the end of 2016, averaging \$21.8 million per week, or 22 percent of all weekly payments. Claimants who certify for UI benefits on Sundays using UI OnlineSM, UI Online MobileSM, or EDD Tele-Cert, are issued 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.

- **UI OnlineSM**
 - **Videos:** A complete [video library](#) with 11 different topics is available in English and Spanish to educate customers on the ease and convenience of using UI OnlineSM.
 - **Quick Reference Guide:** Includes sample screen shots and step-by-step instructions for UI OnlineSM. The Guide is available online at: http://www.edd.ca.gov/pdf_pub_ctr/de2338g.pdf
 - **Rate Your UI OnlineSM Experience:** Quick and optional feedback tool to rate claimant's experience using UI OnlineSM or UI Online MobileSM. Nine out of ten customers rated the system as "Good" or "Excellent."
 - **Welcome Message:** Provides links to the UI OnlineSM Video Library and UI OnlineSM User Guide to newly registered users.
 - **Email Notification - Certify for Benefits:** Notifies claimants when they are eligible to certify for benefits. Prior to this enhancement, 30 percent of UI OnlineSM customers certified for benefits on the same day their weeks were made available in the system. Post-implementation, this number has grown to over 45 percent.

- **Continued Claim Form (DE 4581) 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, helpful tips provide customers with a better understanding of the UI program. Current inserts include information on avoiding payment delays, overpayments, and penalties.

- **Ongoing efforts:** In 2016, 22 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 posts available once or twice per week.

Call Center Service Improvements

Proactive Notification

The Proactive Notification enhancement sends UI claimants with a scheduled eligibility determination interview a reminder of their upcoming appointment or notification of cancelled appointments. Missed appointments can lead to disqualifications for UI benefits and poor performance in issuing timely UI benefit eligibility determinations.

Rollout for Proactive Notification began in November 2015 and was fully implemented by January 2016 for both English and Spanish speakers. In spring of 2016, the EDD added language options for Cantonese, Mandarin, and Vietnamese to match the full range of language options available through the Department's toll free number. Since January 2016, approximately 20,000 notifications have been made each week.

The **Virtual Hold** system provides claimants the option of requesting an automated call back appointment at a time that is convenient for them. This system also has a feature that allows a caller to hold their place in line and be called back when a representative is available.

State Disability Insurance (SDI) Program

SDI Online is the EDD's electronic claim filing system for Disability Insurance (DI) and Paid Family Leave (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. SDI Online has improved program efficiency and effectiveness by streamlining and automating claims processing and promoting self-help service.

- The SDI program authorized payment of approximately \$23.8 billion in DI and PFL benefits since the launch of SDI Online in October 2012. Staff processed 653,912 claims in 2016.
- In December 2016, 90 percent of initial DI claims and 89 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 January 1, 2017 more than 2,160,000 customers created accounts and used SDI Online, with more than 10,356,000 initial and continued claims received electronically since the launch of SDI Online.
- As of January 1, 2017, over 47,300 continued claim certifications were submitted through SDI Online Mobile.

Electronic Benefit Payment Sunday Processing

Like the UI program, DI implemented Sunday processing to allow DI and PFL benefit payments that are issued on weekends to be available to claimants who receive benefits on an electronic benefit payment card the following Monday morning.

Senate Bill (SB) 1083

Senate Bill 1083 allows physician assistants (PA) to certify to disabilities and serious health conditions, for SDI purposes. The Department implemented SB 1083 changes more than two months before the legislatively mandated January 1, 2017, implementation date. The SDI program required technical modifications to multiple automated systems to accommodate an additional certifying practitioner classification. Additionally, revisions to the DI and PFL claim forms, medical extension forms, publications, and website sections were made. As of January 1, 2017, 134 PAs registered for SDI Online accounts and submitted more than 550 medical certifications.

PFL Marketing

In July 2014, the Legislature approved a three-year plan for \$6.5 million to increase PFL awareness and inform Californians about the availability of 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 PFL campaign efforts include:

- Partnerships with community based-organizations, employer and human resources communities, and health and social work networks to provide PFL information to hard-to-reach areas and populations.
- Development of messaging and focused media that targets audiences and prospective customers in a variety of languages (English, Spanish, Armenian, Cantonese, Mandarin, Vietnamese, Tagalog, and Punjabi).
- Paid media plans which include radio, print, digital, television and outdoor advertising. Radio will be the medium that is used the most for media activities. Media ads are set to begin in February 2017.

At the end of SFY 2016-17, Mercury LLC will provide a post-marketing campaign briefing to the EDD, which reports the campaign effectiveness; findings and recommendations to strengthen the overall outcome of the campaign moving forward.

The EDD is in the process of extending its contract with Mercury LLC. In the second year of the PFL outreach campaign, Mercury LLC will alter messaging

and media as needed, and focus on the African American, LGBTQ, caregiving, and non-English speaking communities. Mercury LLC will also continue to develop and strengthen partnerships, help with the PFL website, and provide a final results report to the EDD.

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 5 percent during the second half of 2016 compared to the second half of 2015, as follows:

7/1/15 to 12/31/15	7/1/16 to 12/31/16
\$30.8 Billion	\$32.4 Billion

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

	7/1/15 to 12/31/15	7/1/16 to 12/31/16
Electronic Documents	12.9 million	13.6 million
Paper Documents	8.9 million	7.4 million
Total Documents	21.8 million	21.0 million

Assembly Bill (AB) 1245 – E-file and E-pay Mandate

Assembly Bill (AB) 1245, passed in 2015, requires employers to file all tax reports and returns, as well as pay all taxes, electronically. This law is being implemented in two phases. Effective January 2017, employers with 10 or more employees are required to file tax reports and make payments electronically. Beginning January 2018, all employers will be required to comply with AB 1245.

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 would be subject 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 the Department successfully implement the new law, staff also utilized the Small Business Employer Advisory

Committee (SBEAC), a group of diverse associations representing small business employers throughout California, to strategize the best methods to inform and educate the employer community. Based on these efforts, the EDD has seen a significant increase in the percentage of employers who are both paying and filing electronically during the first three quarters of 2016:

Employers with	12/31/15	9/30/16
10 or more employees	59%	76%
Less than 10 employees	40%	49%

The EDD will continue its outreach efforts in 2017 to prepare employers who will be subject to the electronic mandate beginning January 2018.

To transition employers to this new electronic mandate requirement, penalties for failure to file electronically will not be charged until January 2019. In addition, there is a hardship provision for employers who demonstrate an inability to file and/or pay electronically. The EDD’s Taxpayer Assistance Center’s experts are also available to provide one-on-one assistance with employers who have questions or need guidance on the new mandate.

Benefit Overpayment Collection Automation (BOCA) Project

The EDD is responsible for collecting fraudulent and non-fraudulent UI, DI, and PFL benefit overpayments paid to claimants. Collection of benefit overpayments are credited back to the UI and DI funds for benefit allocation

The EDD currently utilizes a benefit overpayment collection application that was built in 2000. The system is at end-of-life and no longer supported by the developer. If the current BOCA application were to fail, the EDD would be required to revert to using manual processes resulting in greater difficulty and delays in collecting this revenue.

Due to the risk of failure associated with the current application and the continued need to collect benefit overpayments in the most cost effective manner, the EDD is adding functionality to its existing 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 and DI benefit overpayments collections, storage, and account management which will improve EDD’s operations and effectiveness. The BOCA is scheduled to be implemented by July 2018.

Medical Cannabis Employer Payments

California laws require any cannabis business with employees to withhold, report, and pay employment taxes. The EDD has been assisting cannabis businesses to comply with California’s employment tax laws and avoid unforeseen tax liabilities. Cannabis is considered illegal under federal law; therefore, due to federal banking laws, financial institutions are barred from allowing these businesses to obtain checking accounts. To comply with California’s employment tax laws,

cannabis employers pay their employment taxes in cash which poses a great burden and difficulty for EDD. The EDD employees are required to count these large sums of cash which raises safety and security concerns until the cash is deposited in the bank, not only for EDD staff but also the employer. To mitigate these risks and burdens, the EDD established procedures with both the cannabis employers and the State's bank to accept and deposit these large sums of taxes that are paid in cash. To mitigate these risks and burdens, the EDD schedules appointments with the cannabis employers at the bank to process their large cash transactions. The EDD is also researching additional options to handle these transactions in the future and to find the ideal option with the lowest amount of risk to the security and safety of EDD staff, cost, and time.

Below are EDD's statistics for the total number of cannabis businesses and cash collections from cannabis employers through December 31, 2016:

	Number/Dollars
Number of Distinct Businesses	14
Number of Payments	42
Dollars Collected	\$324,500

Workforce Services

Workforce Innovation and Opportunity Act (WIOA)

On July 22, 2014, former President Barack Obama signed the WIOA into law. The WIOA replaces the Workforce Investment Act (WIA) of 1998 and retains and amends the Adult Education and Family Literacy Act, the Wagner-Peyser Act, and the Rehabilitation Act of 1973. The WIOA is designed to help job seekers access employment, education, training, and support services to succeed in the labor market and to match employers with the skilled workers they need to compete in the global economy.

On July 1, 2015 the majority of WIOA provisions took effect, unless otherwise noted in the legislation. On August 19, 2016, the U.S. Department of Labor (DOL) published the WIOA DOL Only Final Rule and the WIOA Joint Rule in conjunction with the U.S. Department of Education. These regulations provide further guidance on state planning, program requirements, performance accountability, etc.

The EDD's Workforce Services Branch (WSB) continues to collaborate with key stakeholders and make strides towards full and successful implementation of WIOA within the California workforce system.

CalJOBSSM

The CalJOBSSM 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

individuals seeking jobs and employers seeking employees, as well as a wide array of employment-related services.

In May 2014, the EDD integrated WIA program elements into the CalJOBSSM system providing staff with case-management access to over one million job seekers, employers, training providers, and partner agencies. Effective July 1, 2015, the CalJOBSSM system began administering WIOA along with transition funds from WIA. WIOA implementation has taken place in phases due to the ongoing issuance of guidance by DOL. The CalJOBSSM system is currently running version 16.3 and will update to a new version at the end of February 2017. This new version will add additional features to further meet WIOA compliance.

The updated CalJOBSSM 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 its launch in March 2013 through December 2016, the following occurred:

- More than 4 million job seekers have used CalJOBSSM. These job seekers have created or updated more than 5.3 million résumés.
- More than 70,000 new employers have registered in CalJOBSSM, in addition to the almost 55,000 returning employers. These employers posted more than 1.2 million job openings.

As the needs of partners grow and the need for new enhancements becomes prevalent, the EDD continues to expand the CalJOBSSM system in order to meet these demands.

The EDD is currently piloting the Virtual One-Stop (VOS) Greeter module which will be implemented statewide in mid-2017:

- **VOS Greeter**
The VOS Greeter allows customers visiting an America's Job Center of CaliforniaSM (AJCC) to sign in electronically without the worry and resources associated with a paper sign in sheet. 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. VOS Greeter will track foot traffic by list, by visit reason, by hour, and by weekday. The Greeter also has the ability to track wait times of the individuals visiting the centers. Specific reasons can be created and connected to specific staff within the center for a better experience for the job seeker. Creating visit reasons and associating staff better prepares the staff for their cases.

Reemployment Services and Eligibility Assessment (RESEA) Grant

In 2016, DOL awarded California a RESEA grant of \$12,698,079. In August, the RESEA program transitioned from the Reemployment and Eligibility Assessment (REA) grant. The EDD has received funding for this program since 2005.

The RESEA 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.

Regional Planning Unit Summaries

The WIOA requires Local Workforce Development Boards to prepare local and regional strategic plans which include analysis of regional labor market information. In response to the WIOA requirements, the EDD's Labor Market Information Division (LMID) created Regional Planning Unit summaries for the California Workforce Development Board's 14 Regional Planning Units. These summaries utilize official economic and labor market data and are intended as a resource document to help the Local Workforce Development Boards with data application for regional strategic planning purposes.

Workforce Metrics Dashboard

The LMID has provided analytical assistance to support the implementation of Assembly Bill 2148 (2014), which requires the State to create an annual workforce metrics dashboard. The dashboard is intended to serve as a tool to evaluate and compare credential and degree attainment and wage gain outcomes of participants in workforce education and training programs.

The LMID has received data from the participating programs and matched it to the EDD's Unemployment Insurance wage records to produce aggregate tables that satisfy the requirements of AB 2148. These wage matches will occur on an annual basis.

EDD Data Library

On July 25th, 2016, EDD launched a new online data library, where users can access California labor market information. The new portal provides users a single point of access to search, view and download current and historical data on California industries, occupations, employment projections, wages and labor force. The new data library features new tools that allow users to perform several tasks – from searching for localized data to developing custom datasets and visualizations – using a single platform.

During the first six months after launch, the new EDD Data Library received over 97,000 visits, and during those visits users to the new portal downloaded over 155 million records and another 115 million records were distributed via the EDD Data Library service.

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

http://www.edd.ca.gov/Jobs_and_Training/Job_Fairs_and_Events.htm

Tax Seminars

The EDD also offers seminars and workshops for employers:

http://www.edd.ca.gov/Payroll_Tax_Seminars/