



## **March 2012 Summary (Updated on April 30, 2012)**

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.

### **Federal UI Extensions**

California no longer qualifies for one of the extension programs known as the FED-ED extension due to its improving economy as compared to the extraordinarily high unemployment rate of three years ago. The EDD will have to cease all FED-ED payments within a three-week period, making the week ending May 12, 2012, the last payable week of FED-ED benefits claimants can receive. That means anyone who has qualified for FED-ED benefits and who has a sufficient balance on their FED-ED extension could continue to receive those last three weeks of payments. However, after May 12, 2012, no benefits will be paid, even if the claimant has a remaining balance on their FED-ED extension.

The EDD estimates there are approximately 93,000 people in the state who will be impacted when you include those collecting FED-ED extension benefits now and those who could qualify over the next three weeks. Over 100,000 more who might have qualified for these benefits between now and the end of the year will also be without the additional financial assistance.

The EDD is sending out notices to the individuals impacted to alert them to the end of the FED-ED program in California. We are also encouraging them to keep updated through our EDD website and Facebook and Twitter pages. More information, including the Department's press release, updated extension information, and benefit chart may be found at:

[http://edd.ca.gov/About\\_Edd/pdf/nwsrel12-11.pdf](http://edd.ca.gov/About_Edd/pdf/nwsrel12-11.pdf)

The other four tiers of federal extension benefits will remain available until the end of 2012. However, some changes regarding the weeks of benefits associated with each tier will take effect per Congressional action in June and then again in September. Again, further information is available on our EDD website.

## **Alternate Base Period (ABP) Implementation**

The UI Branch successfully implemented the ABP program April 1, 2012. All publications, including the EDD Web site, are updated and staff training has been completed. Additionally, pre-recorded information about ABP is available 24 hours a day, 7 days a week by accessing UI's automated self-service toll-free number.

It is estimated that an additional 26,000 unemployed workers a year could become eligible for UI benefits under the provisions of ABP. Furthermore, UI claimants will never have to request an ABP claim, due to the new automated tools that will prompt staff to automatically offer ABP when claimants do not qualify to establish a claim using the standard base period.

Here are some data highlights from March 2012.

## **Unemployment Rate**

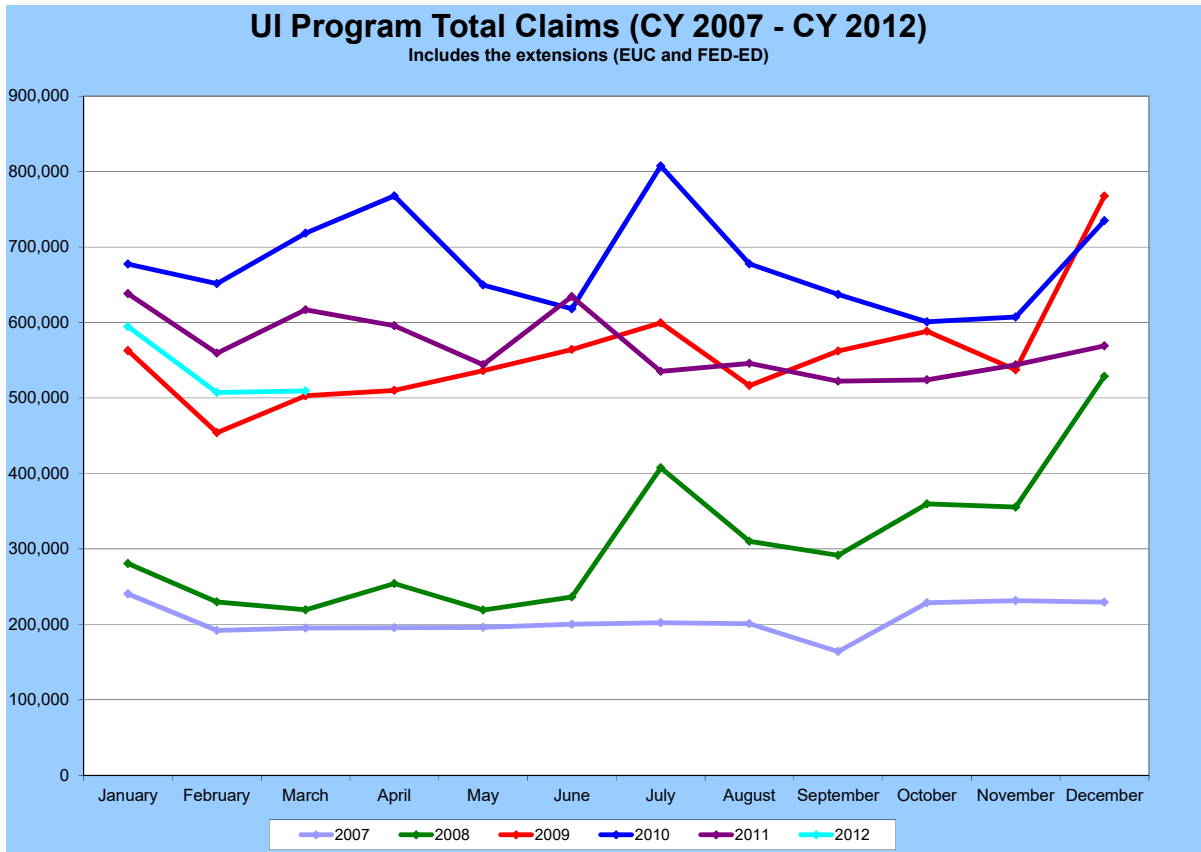
In March 2012, the unemployment rate remained high at 11.0 percent, an increase of 0.1 percentage points from the February 2012 rate of 10.9 percent, and the number of Californians collecting UI benefits is still unprecedented in the State's history. The most recent data indicates that approximately 1.1 million people are currently claiming UI benefits. (Note: The April 2012 unemployment rate will be announced May 18, 2012.)

- **Rate in March 2012 was 11.0 percent**
- **Rate in March 2011 was 11.9 percent**
- **Rate in March 2010 was 12.4 percent**
- **Rate in March 2009 was 10.5 percent**
- **Rate in March 2008 was 6.1 percent**
- **Rate in March 2007 was 5.0 percent**

## **UI Workload Comparison: March 2012 vs. March 2011**

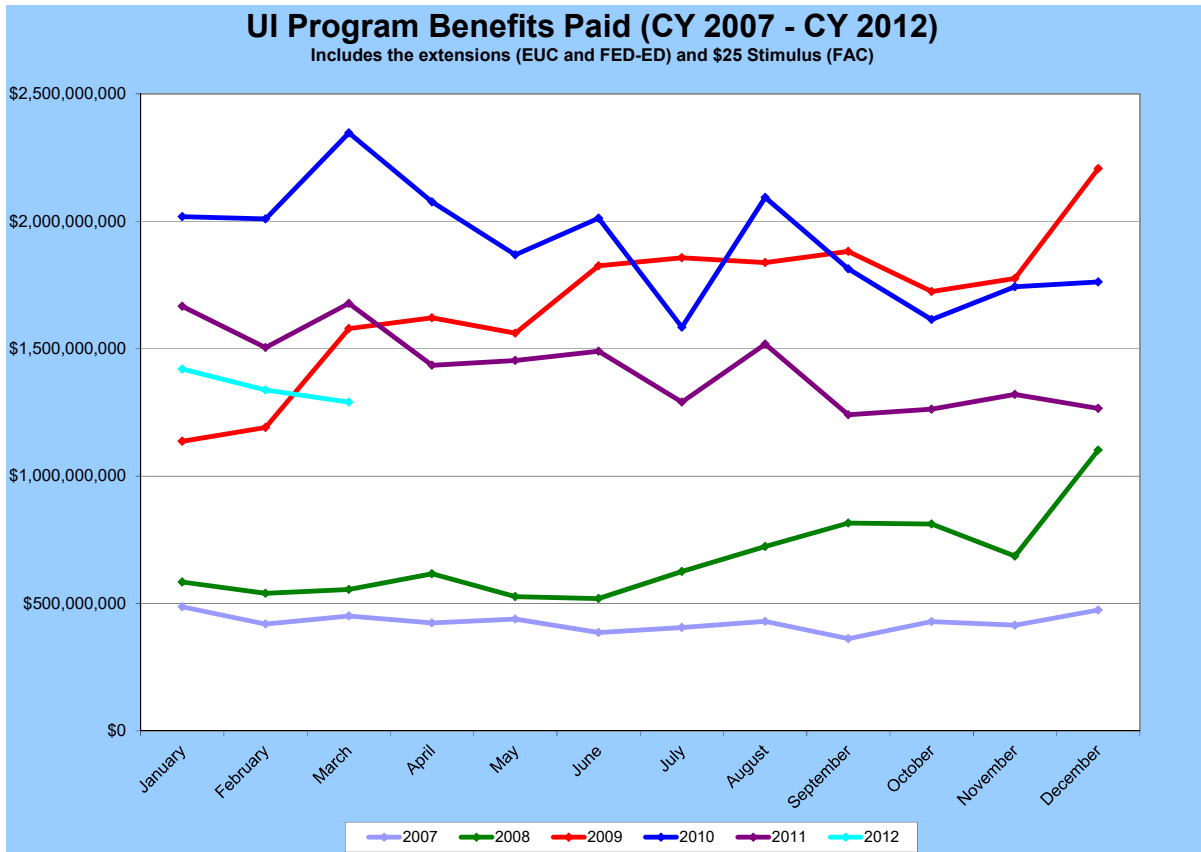
### **17 percent decrease in total claims processed**

- March 2012: 509,235 total claims processed, including extensions
- March 2011: 616,884 total claims processed, including extensions
- March 2010: 718,396 total claims processed, including extensions (29 percent decrease between 2010 and 2012)
- March 2009: 502,956 total claims processed, including extensions (1 percent increase between 2009 and 2012)
- March 2008: 219,331 total claims processed, including extensions (132 percent increase between 2008 and 2012)
- March 2007: (pre-recession level) 195,228 total claims processed (161 percent increase between 2007 and 2012)



### 24 percent decrease in total benefits paid

- March 2012: approximately \$1.3 billion, averaging about \$59 million a day.
- March 2011: approximately \$1.7 billion, averaging about \$76 million a day.
- March 2010: approximately \$2.3 billion, averaging about \$107 million a day (43 percent decrease between 2010 and 2012)
- March 2009: approximately \$1.6 billion, averaging about \$75 million a day (19 percent decrease between 2009 and 2012)
- March 2008: approximately \$555 million, averaging about \$28 million a day (134 percent increase between 2008 and 2012)
- March 2007: (pre-recession level) approximately \$451 million, averaging about \$21 million a day (188 percent increase between 2007 and 2012)



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)

### EDD Debit Cards<sup>SM</sup>

About 1.1 million people are currently claiming unemployment benefits. The EDD and banking partner Bank of America have established over 1.8 million UI debit card accounts since July 2011. That is in addition to the accounts established for State Disability Insurance (SDI) and Paid Family Leave (PFL) customers over the last year.

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 previous process of printing and mailing checks, and creates 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.

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 and avoid fees
- Enhanced Frequently Asked Questions
- 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

California's fund is currently \$10.9 billion in the red. However, it was forecasted in the October 2011 UI Fund Forecast to end 2012 with a deficit of \$10.7 billion if nothing is done to legislatively revise the revenue generation model. An offset by the addition of almost \$839 million in incentive funds from the American Recovery and Reinvestment Act in 2011 helped reduce the balance.

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 EDD will be revising the October 2011 UI Fund Forecast next month with the annual updated May UI Fund Forecast. 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 April 26, 2012, California is one of 29 states (including the Virgin Islands) relying on a federal UI loan and has the highest loan balance. New York has the next highest loan balance at approximately \$4.0 billion. Florida is also relying on a federal loan.

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 at the end of September 2011. An interest payment cannot be paid from the UI Trust Fund or EDD's UI Administrative funds. This payment was covered by a loan from the State Disability Insurance Fund and must be repaid by General Fund monies within four years. It's estimated the loan interest owed in September 2012 will total more than \$417 million.

There is a national dialogue occurring, including the President's Budget Proposal and several bills that would address some aspect of the Trust Fund solvency issues. The EDD will be monitoring the situation closely to keep our customers apprised of developments.

## UI Services Updates

The demand for UI benefits continues to remain at unusually high levels since more people are staying on unemployment longer. As reported in the March 2012 *California Labor Market Review* (released April 2012), based on the Bureau of Labor Statistics Model and Current Population Survey, 45.5 percent, or almost one million, of those unemployed have been so for 27 weeks or more and approximately 34.6 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, the EDD was able to provide various enhancements in the past year and going forward, including, but not limited to, the following:

**Online Public Education Campaign** – The EDD recently wrapped up an online campaign to promote various EDD services, encouraging customers to visit the EDD Web site to use the services and learn more about them. 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. The department was successful in surpassing its goal of attracting one million visits to the EDD website to access the highlighted online services – actually attracting more than 1.7 million website visitors.

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, the EDD posts 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.

**Expedite Determinations on CTB Eligibility** – The CTB Streamline process was developed by the 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 and approved by the EDD.

Between February 2010 and March 2012, the EDD processed over 15,000 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** – The 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>):** The EDD provides 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 service is available through EDD's website 24 hours a day, 7 days a week.
- **Telephone Continued Claims Filing (EDD Tele-Cert<sup>SM</sup>):** The EDD provides 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 telephone service is available 24 hours a day, seven days a week.
- **Provide Further Educational Tools to Help Customers:** The EDD has 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, along with other helpful program information including details about California Training Benefits. 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>

## **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 April 23, 2012, there have been close to **669,000** unemployed workers in California who have run out of all available benefits, up to the 99 week maximum.

## Work Sharing Program

The Work Sharing program is available as an alternative to layoffs for employers who need to reduce employee wages and hours. Usage of this program by California employers increased significantly from 2007 to 2009. While the demand is beginning to decline, the workload is still higher than pre-recessionary levels. The number of initial Work Sharing claims increased by 146 percent between 2007 and 2011, and the total number of benefit weeks claimed by employees under the program increased by 295 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	111,347	1,193,985
2012*	23,777	262,155

\* Data through March 2012.