



November 2012 Summary (Updated on December 28, 2012)

California and the national economy are recovering from the severe recession. While demand for Unemployment Insurance (UI) benefits remains high compared to pre-recessionary levels, the overall UI claims and benefit levels are trending downward compared to the same period of time last year. The California Employment Development Department (EDD) has implemented several initiatives to increase access to UI services and continues to pursue enhancements to improve access to services.

This update provides information on UI claims data and an overview of EDD's ongoing efforts to improve services.

Federal UI Extensions

Unless the U.S. Congress and the President take action, federal extensions of unemployment benefits are coming to an abrupt end for an estimated 400,000 Californians this week. The week ending December 29, 2012 was the last week any federal extension benefits could be paid, even if someone has a remaining balance on their extension claim. Over the last four-and-a-half years, a total of \$40 billion in extension benefits have been paid to the long-term unemployed in California.

The EDD has issued several news releases and sent letters notifying the nearly 400,000 impacted unemployed Californians about the scheduled end to the federal extension program. The notices offer guidance to a wide range of alternative forms of assistance, such as:

- No-fee employment and training services, including resume and job search assistance, available to individuals at One-Stop Career Centers throughout the state.
- Programs which offer cash aid and employment services, food assistance, child care, residential and in-home care, and services for disabled individuals, available through the California Department of Social Services.
- The Keep Your Home California mortgage assistance program.
- 211 Directory, which connects individuals with important community services in most counties.
- WE Connect, which connects families to valuable programs and services.

If Congress and the President do decide fairly quickly to reauthorize the federal extension program, the EDD stands ready with programming that will allow us to automatically reopen customers' extension claims and send them the necessary paperwork without much interruption. Customers would not have to contact the department. But delays could occur in restarting payments if Congress takes more than a few days or so to reauthorize the program or if it changes the program in any way which would require more complex programming. The EDD will be closely monitoring the situation in Washington and strongly encourages our customers to watch for updates on the EDD website, Facebook, and Twitter pages.

The end of the federal program will **NOT** affect people who are receiving regular state-funded unemployment benefits. They will continue to be eligible for up to 26 weeks of benefits.

For more detailed information about the sunset of federal extensions and a county breakdown of individuals who received notices in November, you may access the Department's press release at the following link:
http://edd.ca.gov/About_Edd/pdf/nwsrel12-66.pdf

Exhausted Benefits

Currently, 73 weeks of benefits (regular UI combined with federal extensions) is the maximum number of weeks a claimant may collect if they filed their claims within specified timeframes. As of December 17, 2012, there have been over 923,000 unemployed workers in California who have run out of all available benefits.

Fiscal Year (FY) 2013 Base Grant Allocation

On July 26, 2012, the United States Department of Labor released states' UI administrative grant allocations to operate the UI program. EDD's base allocation is \$345.7 million. This represents a reduction of approximately \$128.5 million, or 27 percent, of the requested amount to properly administer the UI program based on EDD's actual costs. This underfunding has led to reduced overtime hours and staff redirection from the UI Branch to other Branches within the EDD in order to avoid overspending in the UI program.

Additionally, the Personal Leave Program (PLP) 2012 is creating challenges to our service levels. Customers may experience more call blockage and so we highly encourage them to access the wealth of information we have on our EDD Web site as well as Facebook, Twitter and YouTube accounts and submit questions they may have online. The EDD continues to work diligently to improve services and to mitigate the underfunding and PLP impacts.

Here are some data highlights from November 2012:

Unemployment Rate

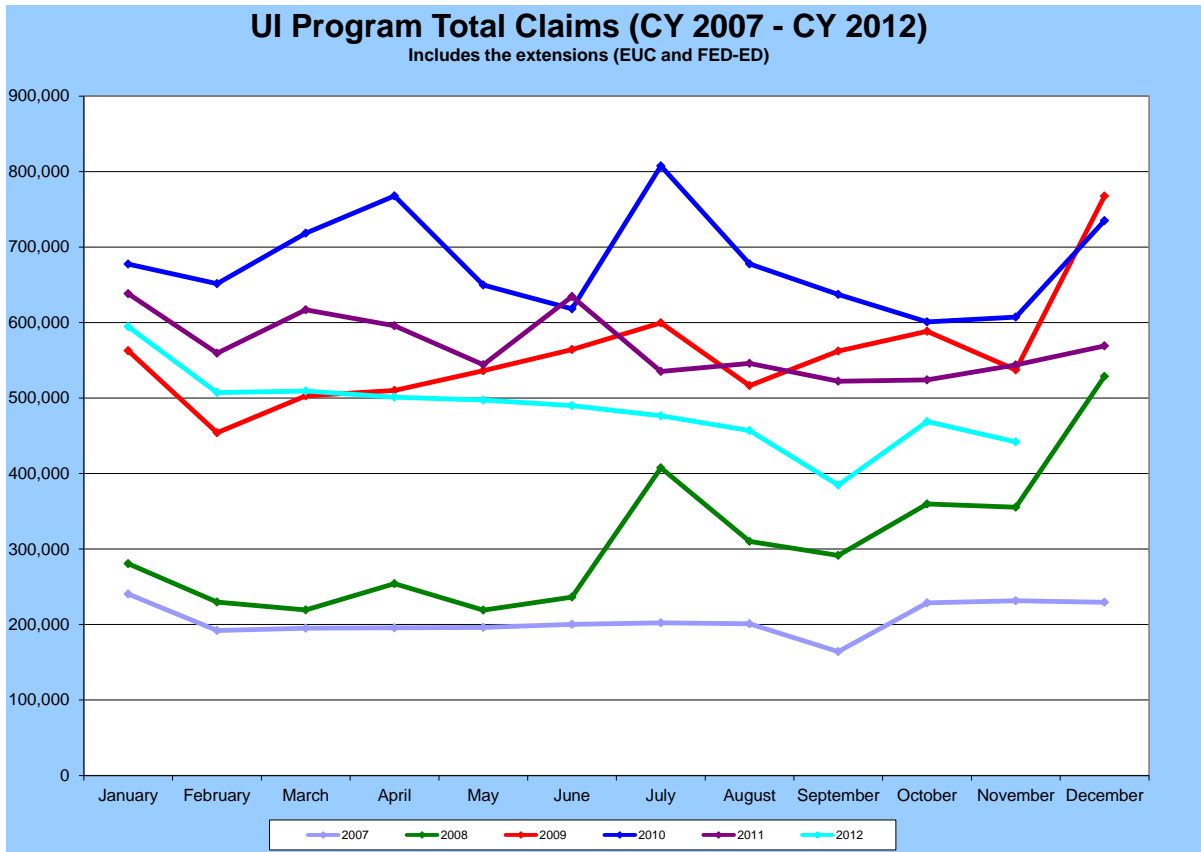
In November 2012, the unemployment rate remained high at 9.8 percent, a decrease of 0.3 percentage point, from the October 2012 rate of 10.1 percent. The most recent data indicates that approximately 700,000 people are currently claiming UI benefits. (Note: The December 2012 unemployment rate will be announced January 18, 2012.)

- **Rate in November 2012 was 9.8 percent**
- **Rate in November 2011 was 11.3 percent**
- **Rate in November 2010 was 12.3 percent**
- **Rate in November 2009 was 12.2 percent**
- **Rate in November 2008 was 8.7 percent**
- **Rate in November 2007 was 5.7 percent**

UI Workload Comparison: November 2012 vs. November 2011

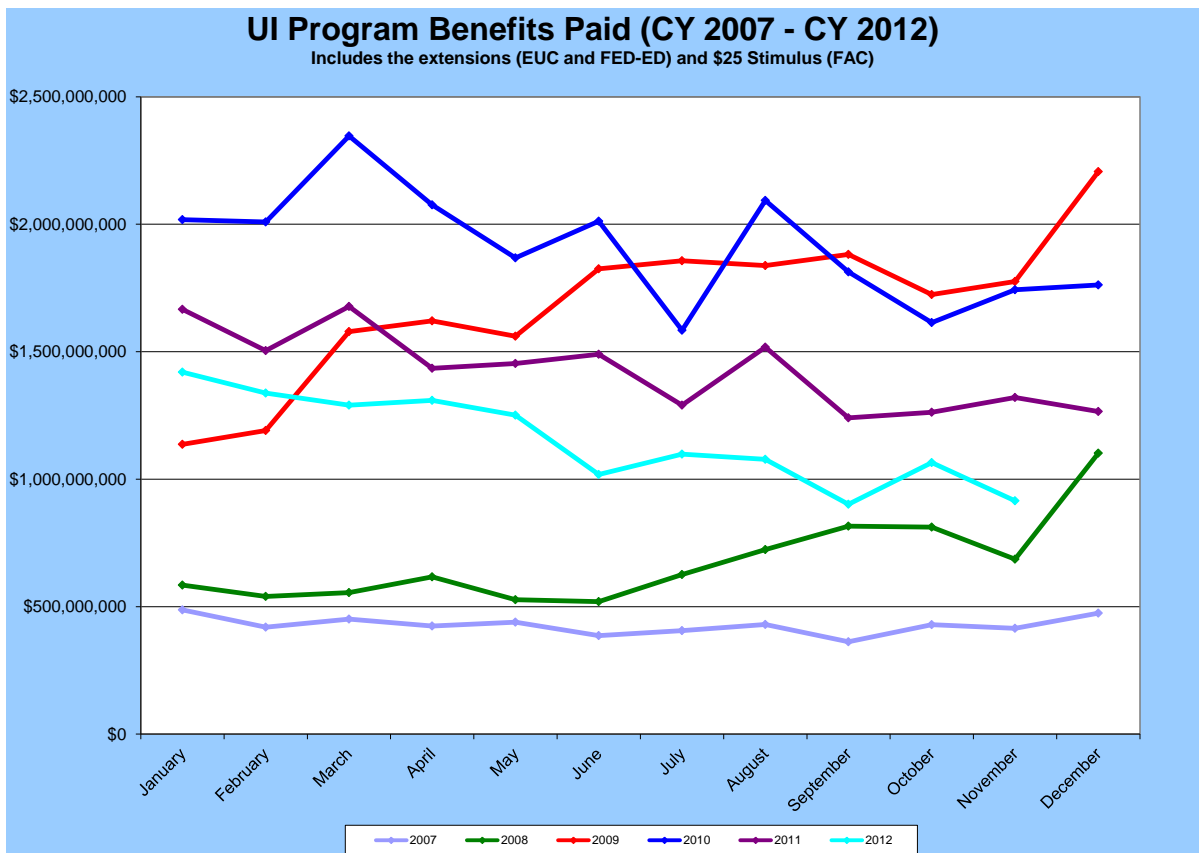
19 percent decrease in total claims processed

- November 2012: 442,005 total claims processed, including extensions
- November 2011: 543,956 total claims processed, including extensions
- November 2010: 607,221 total claims processed, including extensions (27 percent decrease between 2010 and 2012)
- November 2009: 537,425 total claims processed, including extensions (18 percent decrease between 2009 and 2012)
- November 2008: 355,516 total claims processed, including extensions (24 percent increase between 2008 and 2012)
- November 2007: (pre-recession level) 231,416 total claims processed (91 percent increase between 2007 and 2012)



30 percent decrease in total benefits paid

- November 2012: approximately \$915 million, averaging about \$48 million a day
- November 2011: approximately \$1.3 billion, averaging about \$69 million a day
- November 2010: approximately \$1.7 billion, averaging about \$92 million a day (46 percent decrease between 2010 and 2012)
- November 2009: approximately \$1.8 billion, averaging about \$100 million a day (49 percent decrease between 2009 and 2012)
- November 2008: approximately \$686 million, averaging about \$40 million a day (33 percent increase between 2008 and 2012)
- November 2007: (pre-recession level) approximately \$415 million, averaging about \$22 million a day (120 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)

UI Trust Fund Status

Recently, the EDD released the latest UI Trust Fund Forecast, which summarized and projected the status of fund solvency. The UI Fund deficit was \$9.8 billion at the end of 2010 and \$9.9 billion at the end of 2011. The 2011 balance includes the addition of \$839 million in incentive funds from the American Recovery and Reinvestment Act (ARRA). California's fund is currently \$10.1 billion in the red and is forecasted to end 2012 with a deficit of \$10.3 billion and \$10.2 billion by the end of 2013 if nothing is done to legislatively revise the revenue generation model.

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 2012 UI Fund Forecast, through this link: [http://edd.ca.gov/About EDD/pdf/edd-uiforecast12.pdf](http://edd.ca.gov/About_EDD/pdf/edd-uiforecast12.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 December 26, 2012, California is one of 20 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 \$3.4 billion. Florida is also relying on a federal loan at approximately \$614 million. The following DOL Web site is available to review all states' current UI loan balances:
<http://workforcesecurity.doleta.gov/unemploy/budget.asp#floods>

The interest-free aspect of the federal loan expired in January 2011. The EDD paid \$308.2 million in interest to the federal government at the end of September 2012 following the first interest payment of \$303.5 million in September 2011. An interest payment cannot be paid from the UI Trust Fund or EDD's UI Administrative funds. Both payments were covered by a loan from the State Disability Insurance Fund and must be repaid by General Fund monies within four years.

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.

Federal Unemployment Tax Act (FUTA) Credit Reduction

Due to the continuing UI Fund deficit and California's borrowing status for two consecutive years, employers are now being charged more in FUTA tax contributions, which are paid in addition to state UI contributions.

FUTA taxes apply to the first \$7,000 in wages per employee and cover the cost of administering the UI program, federal extension benefits, and federal loans to insolvent states. At a minimum, employers pay a 0.6 percent tax rate (up to \$42 per employee).

As of January 2012, California employers are paying up to 0.9 percent (\$63 per employee) and it's expected to increase to 1.2 percent (\$84 per employee) in January 2013. Without a legislative solvency solution that would otherwise reduce the deficit in the UI Fund, employers will continue to be subject to annual reductions incrementally in the FUTA credit that amount to higher FUTA costs per employee.

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 November 2012 *California Labor Market Review* (released December 2012), based on the Bureau of Labor Statistics Model and Current Population Survey, 45.7 percent, or approximately 887,000, 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:

EDD Debit CardSM – Our UI, State Disability Insurance (SDI) and Paid Family Leave (PFL) claimants now have the option to receive an e-mail or SMS (text message) alert when money is added to their EDD Debit card and when they reach a low balance situation. They can also receive a daily text message letting them know the available balance on their card. From June through November 2012, over 788,000 accounts have subscribed to these electronic services with close to 4.3 million messages sent via email or text message.

More than 800,000 people are currently claiming unemployment benefits. The EDD and banking partner Bank of America have established over 2.3 million UI debit card accounts since July 2011. That is in addition to the accounts established for SDI and 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 EDD Debit Card 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 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-CertSM and EDD Tele-CertSM) are available in this publication.

Alternate Base Period (ABP) Implementation – The UI Branch has successfully implemented the ABP program. All publications, including the EDD website, are updated and staff training has been completed. Additionally, pre-recorded information about the ABP program is available 24 hours a day, 7 days a week by accessing UI's automated self-service toll-free number.

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, UI claimants will never have to request an ABP claim.

The following table provides information on ABP claims processed between April 1, 2012 and December 1, 2012.

Total Valid Claims	Invalid Standard Base Period Claims	Total Valid Alternate Base Period Claims	Benefits Paid associated with Alternate Base Period Claims
1,186,301	207,969	31,604	\$27,356,800

“Total Valid Claims” reflect both Standard Base Period and ABP claims found valid at the claim filing point. A valid claim is when an individual has sufficient wages within the standard or alternate base periods to meet the monetary requirements to qualify for a claim. Employers are not required to report wages until the end of the first month following the end of a quarter for which the wages are earned. However, employers may elect to report wages earlier. As a result, the EDD is able to determine eligibility at the claim filing point for some ABP claims without conducting a wage request investigation from employers and claimants.

“Invalid Standard Base Period Claims” are claims with insufficient wages to meet the monetary requirements for UI benefits using the standard base period. However, using the ABP instead may allow some of these claims to meet the monetary requirements to qualify for UI benefits. As stated, a total of 31,604 claimants were able to meet the statutory monetary requirements to qualify for a claim using the ABP, representing approximately three percent of the total valid claims. Of the total valid ABP claims, 17,525 claims had sufficient wages in the ABP to meet the monetary requirements without additional wage data from employers or claimants. The remaining 14,079 claims met the monetary requirements to qualify for a claim using the ABP, but only after requesting proof of wages from the employers and claimants.

A Fact Sheet titled, *How Unemployment Benefits Are Computed* is available on the EDD Web site. The fact sheet explains how claims are established in general and the difference between claims that are filed using the Standard Base Period versus an ABP. This fact sheet may be located at the following Web site:
http://www.edd.ca.gov/pdf_pub_ctr/de8714ab.pdf

The EDD will continue to provide more information and data about the number of ABP claims in future reports.

Public Education Efforts – The EDD is using various means to encourage customers to visit the EDD website to learn more about service enhancements. The suite of services includes the eApply4UI online application to file a claim, the EDD Tele-CertSM and EDD Web-CertSM for certifying for benefits versus the existing paper method through the mail, and the new EDD Debit CardSM for paying unemployment and disability benefits.

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

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

The EDD also 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 November 2012, the EDD processed over 19,000 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.

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

- **EDD Web-CertSM and EDD Tele-CertSM:** These enhancements give claimants the option to certify for UI benefits via the Internet and telephone, instead of the mail-only option. Going paperless helps customers by reducing common fill-in errors that can cause benefit delays and speeds up delivery of benefits.
- **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.

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.

	Number of Initial Work Sharing Claims	Number of Work Sharing Weeks (of Benefits) Claimed
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*	87,338	784,557

* Data through November 2012.

State Disability Insurance (SDI) Online

SDI Online continues to increase its number of registered users. As of Friday, November 30th, a total of 124,573 initial claims had been filed and paid through SDI Online. Additionally, the number of users registered on the system increased 36 percent over the previous month, as follows:

SDI ONLINE REGISTERED USERS	TOTAL
Claimants	95,880
Employers	388
Medical Providers	2,056
Medical Provider Representatives	92
Voluntary Plan Users	28

To facilitate the transition to SDI Online, EDD staff is working overtime during the week and on weekends, and call center hours have been increased two additional hours per day (from 7:00am-6:00pm). Education and outreach efforts include no-cost Webinars, online materials, and in-person guidance and instruction to users seeking to register and obtain information via SDI Online. Additionally, social media is being utilized to keep the public informed about the new system; and SDI Online updates, helpful tips, and general information is readily available at www.edd.ca.gov/disability. SDI customers can help expedite processing and smooth this transition period by:

- Registering in the new SDI Online system and filing claims and providing necessary medical information online whenever possible.
- Using the new official SDI form created for the new system. These properly completed forms can move through the system more quickly instead of the old paper forms which require manual input into the new system for payment.