

Program and Labor Data Developments and Highlights

Latest Labor Market Data for California

The Employment Development Department (EDD) recently released California employment and unemployment data for the month of July 2014. Data for August will be released on Friday, September 19, 2014. Highlights from the most recent data available include:

- California's seasonally adjusted unemployment rate remained at 7.4% in July. This is the lowest the rate has been since July 2008 (when the rate was 7.3%). Between July 2013 and July 2014, every county in California experienced a decline in their unemployment rate.
- California's total unemployment rate fell by 1.6 percentage points over the last year. In July 2013 the rate was 9.0%. The unemployment rate peaked at 12.4% during the course of the recession.
- In month-over figures, the state gained 27,700 jobs in July. California has now experienced payroll job gains in 36 of the last 37 months and has finally finished recovering all of the more than 1.3 million jobs lost in the recession. California is now officially in a job expansion mode and has created the highest number of total jobs in 7 years.
- Over the month, eight of California's eleven main industry sectors added jobs in July, with the strongest gain posted in educational and health services (up 10,900 jobs), which includes private education and services like nursing care facilities, vocational rehab, doctor's offices and home health care services. This industry's job growth has led all others so far in 2014. Professional and business services also posted big gains in July (up 8,200 jobs).
- In year-over figures, California gained 323,600 nonfarm jobs, a gain of 2.1% and ahead of the nation's 1.9%. The largest year over job gains were seen in professional and business services (up 91,800 jobs), which includes many high tech, high wage jobs.

- The declines in California’s unemployment rate over the past year were reflected in workforce data broken out by gender and race/ethnicity. The following observations derive from the Current Population Survey of Households and reflect 12-month moving averages. These data are not seasonally adjusted.
 - The unemployment rates for men and women (16 years and older) fell between July 2013 and July 2014. The unemployment rate for men was 9.4 percent in July 2013 and by July 2014 it declined by 1.2 percentage points to 8.2%. Women experienced comparable year-over declines as their unemployment rate dipped from 9.5% in July 2013 to 7.9% in July 2014.
 - Unemployment rates decreased across racial and ethnic groups over the past year. In July 2014, the unemployment rate for white individuals was 7.7%, down from 9.2% in July 2013. Black individuals also experienced declines in their respective unemployment rate as it fell from 16.5% in July 2013 to 13.0% in July 2014. Hispanics experienced year-over declines as well, as their unemployment rate dropped from 11.1% in July 2013 to 9.4% in July 2014.
- Next week EDD will be releasing our annual Labor Day Briefing describing the California comeback in detail by summarizing the status of the state’s job market and trends propelling the job expansion. The report is part of a more extensive website feature showcasing the top growing groups of industries and in-demand jobs on a statewide as well as regional basis, as well as an online Toolbox for Job Seekers. Look for this special Labor Day feature on the EDD Web site at www.edd.ca.gov.

Unemployment Insurance (UI) Program

While demand for UI benefits is 29% higher when compared to pre-recessionary levels, the overall UI claims and benefit levels are trending downward compared to the same period of time last year primarily due to the sunset of the federal extension program on December 28, 2013. Additionally, the UI workload continues to decline as the state and nation continue to recover from the severe recession.

- The **total number of claims processed** by the EDD in April, May, and June of 2014 totaled 905,359 which is a decrease of 35% compared to the total of 1,385,346 claims in the second quarter of 2013.
- Second quarter claim numbers decreased 56% compared to the second quarter of 2010 (2,035,771) during the peak of the recession, but increased 53% when compared to the second quarter of 2007 claim totals (591,818) before the recession.

- **Total benefits paid** in the second quarter of 2014 totaled approximately \$1.6 billion, averaging about \$25 million a day compared to the second quarter of 2013 when the EDD paid approximately \$2.8 billion or about \$44 million a day.
- The total UI benefits paid (combination of regular UI and federal extension claims) in the second quarter of 2014 decreased 42% compared to the second quarter of 2013.
- Compared to the peak of the recession, total UI benefits paid have decreased considerably. In the second quarter of 2014, total benefits paid is 73% less than the total benefits paid in the second quarter of 2010 when the EDD paid \$6 billion in total benefits, averaging about \$93 million a day. But totals are still up 29% from before the recession when the EDD paid \$1.2 billion in total benefits in the second quarter of 2007, averaging about \$20 million a day.

UI – Federal Extensions: End of the Federal Extension Program

The Federal Emergency Unemployment Compensation (EUC) extension program ended on December 28, 2013. Congress and the President have not agreed to renew the extensions. The EDD continues to monitor the situation in Washington D.C. for any developments regarding federal unemployment extension benefits.

There have been a total of twelve federal bills introduced in 2014 that would continue the federal extension program from anywhere from three months to one or two additional years. In addition, two five-month federal extension bills were introduced at the end of June that would be effective after the date of enactment. We encourage our customers to check our website, www.edd.ca.gov, and continue to monitor our social media sites (Facebook and Twitter) for any further developments.

UI – Efforts to Improve Services

The EDD is using new state funding authority to hire 280 additional staff in the UI program, and fill behind others leaving the department for retirement and promotions. The EDD began its recruitment efforts in March and as of June 30, 2014, the vast majority of new hires are on board and being trained. With this additional staff as well as the expiration of the federal extensions, the UI program is scheduling determination appointments more timely for conducting eligibility interviews, and improving claim filing processing to get the payments issued faster. This will help EDD improve on the federal performance measure for First Payment Promptness.

UI - Continued Claims Redesign (CCR) Project

The EDD released the first component of our new payment processing system, CCR project, over the 2013 Labor Day weekend and is finalizing the schedule for the public portion of the system called UI Online. It is expected

that once UI Online is available to customers to use and clarify information right away, the number of certifications that must be forwarded for manual review will decrease.

Since the new system launch, the EDD has paid more than \$6.7 billion in total benefits as of July 10, 2014, and processed approximately 16.7 million certifications for continued benefits.

UI - Call Center Service Improvement

The EDD is using new spending authority to invest in further phone technology. A virtual hold option will allow callers the choice to be placed in a queue to wait and speak to an agent or to receive a callback when they are next in queue. The virtual hold option also allows callers to schedule a callback at a later time. The project team is working toward an implementation date of September 2014. The design solution is complete and procurement was approved and finalized.

The second option will provide claimants scheduled for an eligibility interview with a reminder voicemail message of their upcoming appointments. This will help reduce the number of missed appointments, which can result in benefit delays. The vendor is preparing the Statement of Work proposal for review and approval by the EDD.

The EDD also conducted a review of the UI call center best practices and technologies among states. The review included surveying UI State Directors and identifying technology opportunities to improve efficiency.

State Disability Insurance (SDI) Program

In October 2012, the EDD introduced **SDI Online**, an electronic claim filing system for Disability Insurance (DI) and Paid Family Leave (PFL), which allows claimants, physicians/practitioners, physician/practitioner representatives, employers, and voluntary plan administrators to file claims, submit forms, and view claim information conveniently and securely online. SDI Online has improved program efficiency and effectiveness by streamlining and automating claims processing and by promoting self-help service and online operations.

- The SDI program has authorized payment for approximately \$9.55 billion in DI and PFL benefits since the launch of SDI Online.
- In June 2014, 86.9 percent of initial SDI claims were paid by the 14th day after receipt, which exceeds the 86 percent timeliness goal of the SDI program.

- As of July 1, 2014, more than 964,000 customers created accounts and used SDI Online, with more than 3,335,000 initial and continued claims received electronically.

With the passage of Senate Bill (SB) 770 (Chapter 350, Statutes of 2013) expanding PFL, the SDI program has implemented the necessary changes to provide benefits to workers who must take time off from work to care for a seriously ill parent-in-law, grandparent, grandchild, or sibling. The implementation date for SB 770, July 1, 2014, coincided with the 10-year anniversary of PFL. Since the implementation of PFL on July 1, 2004:

- The SDI program has paid 1.8 million claims and authorized \$4.6 billion in PFL benefit payments.
- There has been a 43.4 percent increase in claims filed.
- There has been an 87.5 percent increase in benefits paid to California workers.
- Of the total claims filed, approximately 90 percent of claims are parents bonding with a new child and 10 percent are individuals caring for a seriously ill family member.
- PFL claims filed by males have increased by more than 400 percent.

Tax Branch - Payroll Taxes

Revenue associated with California's employment tax program increased during State Fiscal Year (SFY) 2013/2014. A total of \$58.7 billion in tax revenue was cashiered for SFY 13/14, a \$2.8 billion increase from the previous year. Tax Branch is responsible for processing payroll tax reporting forms and the UI, DI and PFL benefit claim forms. In SFY 13/14, we processed approximately 39.2 million pages of paper documents and approximately 23.2 million electronic documents, which is an increase of 3.8 million forms submitted electronically from the previous year.

Tax Branch implemented a penalty change included in the SFY 14/15 State Budget. The penalties for not filing and paying payroll taxes on time increased from 10% to 15% effective with the third quarter 2014 payments and returns.

Workforce Services - New CalJOBSSM

The Workforce Services Branch (WSB) launched the final phase of the CalJOBSSM application on May 5th, 2014. Through a collaborative effort between WSB staff, Information Technology Branch staff, vendor staff, and local partners, the team was successful in sufficiently testing the application to ensure it met the State of California's business needs prior to its launch. The latest release incorporates Workforce Investment Act case management, Employment Training Provider List, Trade Adjustment Act, Worker Adjustment and Retraining Notification Act and Cash Drawer functionality into CalJOBSSM.

The CalJOBSSM, developed in partnership with EDD's vendor Geographic Solutions, continues to see its usage grow since its launch in March 2013. The new 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. The final phase completes another milestone in modernizing the EDD's workforce service delivery and reporting systems by integrating software supporting the various programs the WSB is tasked with managing. The updated CalJOBSSM allows the Department to significantly improve its service delivery to job seekers and employers, and serves as an effective case management tool for staff, designed to efficiently facilitate the job matching and referral process.

From its launch in March 2013 through the end of June 2014:

- More than 1,560,000 job seekers have used CalJOBSSM. In total, these job seekers have created or updated more than 2 million résumés.
- More than 27,000 new employers have registered in CalJOBSSM, in addition to the 24,000 returning employers. Those employers have posted over 236,000 new job orders and edited more than 288,000 existing job orders during the past year. These job orders represent more than 600,000 job openings available to our job seekers.

Workforce Services - Reemployment and Eligibility Assessment Services

In 2012, Congress mandated that all states provide Reemployment Eligibility Assessment (REA) interviews for UI claimants receiving federal EUC benefits. This program was reauthorized for 2013. The REA-EUC interviews were conducted at selected America's Job Centers of CaliforniaSM (AJCC) throughout the State. From the program's inception in June 2012, through its sunset in December 2013, the WSB interviewed nearly 600,000 claimants. As of July 2014, Congress is still considering legislation that would extend the REA-EUC program into 2014.

California also provides REA services to UI claimants in the initial weeks of their UI claims through a grant from the Department of Labor (DOL). The EDD received approximately \$3 million in 2012 to operate this program; however, this effort was suspended temporarily by the requirement to run the REA-EUC program. The DOL awarded California an additional \$5.2 million in June 2014 to continue the grant program. The Department plans to reinstitute the program in early 2015 in select AJCCs if the previously mentioned REA-EUC program is not reenacted.

Workforce Services – Workforce Innovation and Opportunity Act (WIOA)

On July 22, President Obama signed the WIOA. The WIOA replaces the Workforce Investment Act 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. The federal legislation affirms the employer engagement direction already identified for California's workforce development system.

In California, EDD administers Workforce Investment Act funds allotted to the State, and distributes the bulk of the State's allotment to the 49 Local Workforce Investment Areas which are responsible for providing WIA services to job seekers.

Upcoming Events in the State

Every month, 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_Taxes/More_Getting_Started_Information.htm