



## **December 2011 Summary** **(Updated on January 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.

Recently, Congress and President Obama reached a decision for reauthorizing the federal extension of UI benefits, at least for two more months. That last minute agreement spares an estimated 1.1 million unemployed Californians from losing extension benefits after the New Year. The new deadlines for starting any new tier of federal extension benefits are now pushed back to the end of February and the beginning of March. Because such deadlines have a tremendous impact on UI claimants, the EDD will be closely monitoring any developments in Washington and we will be updating our customers on the EDD Web site and on our EDD Twitter and Facebook pages.

Here are some data highlights from December 2011.

### **Unemployment Rate**

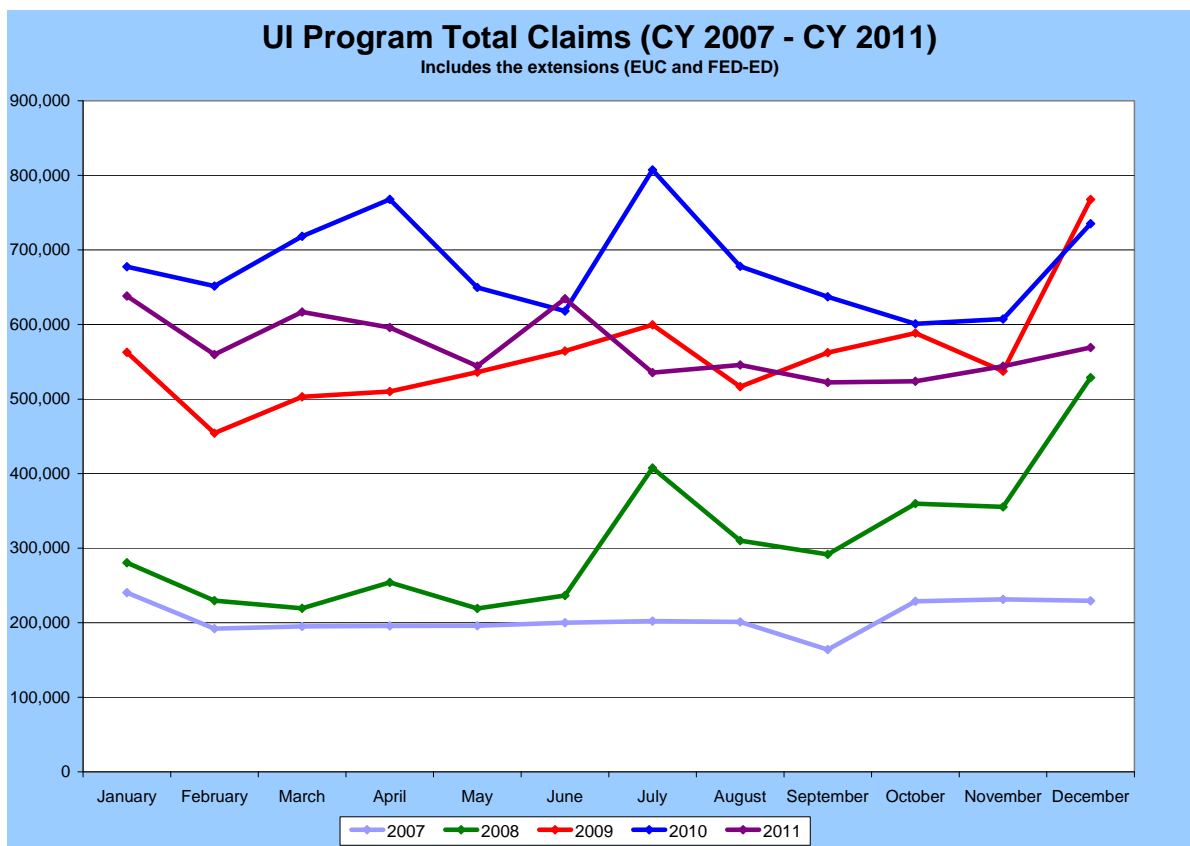
In December 2011, the unemployment rate did come down again but remained high at 11.1 percent. That's a decrease of 0.2 percentage points from the November 2011 rate of 11.3 percent. The declining unemployment rate comes as California gained more than 240,000 jobs over 2011. Still, the number of Californians collecting UI benefits continues at high levels. The most recent data indicates that approximately 1.1 million people are currently claiming UI benefits. (Note: The January 2012 unemployment rate will be announced March 9, 2012.)

- **Rate in December 2011 was 11.1 percent**
- **Rate in December 2010 was 12.5 percent**
- **Rate in December 2009 was 12.2 percent**
- **Rate in December 2008 was 9.1 percent**
- **Rate in December 2007 was 5.8 percent**

## UI Workload Comparison: December 2011 vs. December 2010

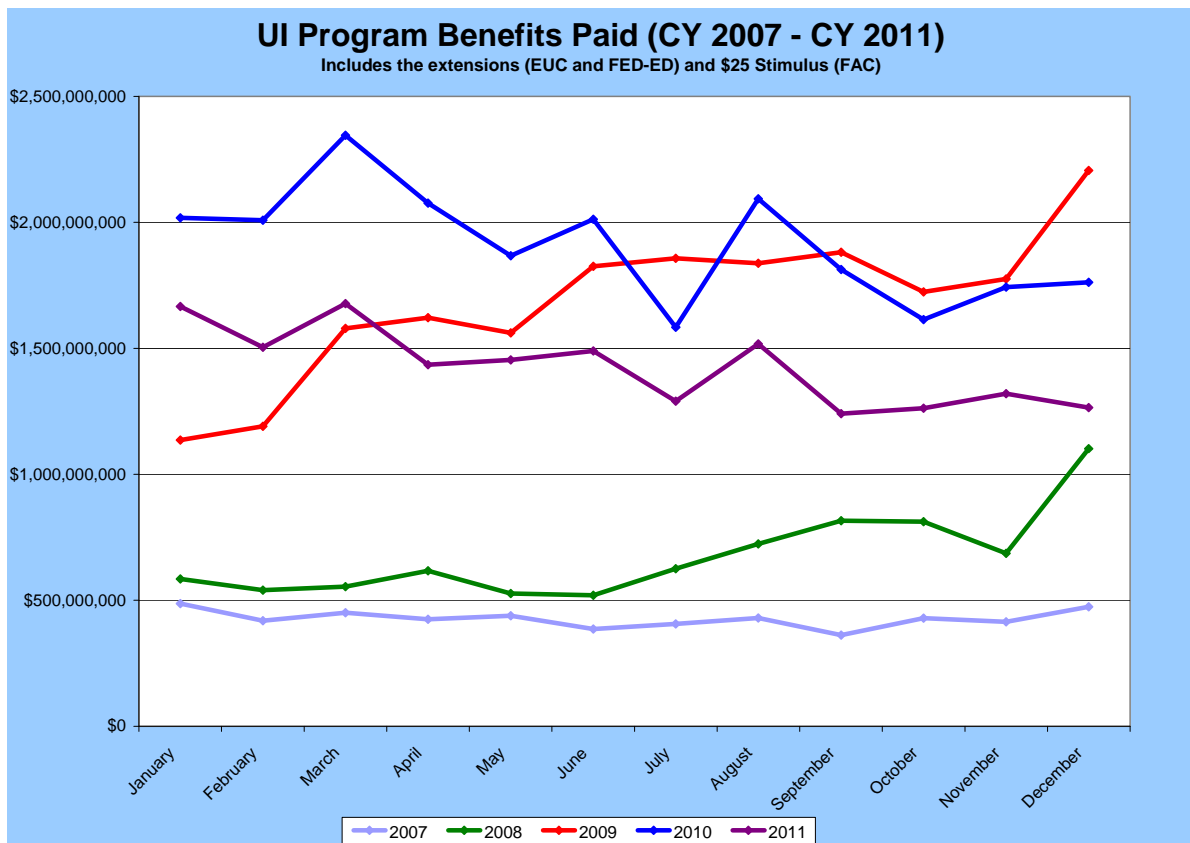
### 23 percent decrease in total claims processed

- December 2011: 569,066 total claims processed, including extensions
- December 2010: 735,086 total claims processed, including extensions
- December 2009: 767,618 total claims processed, including extensions (26 percent decrease between 2009 and 2011)
- December 2008: 528,713 total claims processed, including extensions (8 percent increase between 2008 and 2011)
- December 2007: (pre-recession level) 229,477 total claims processed (148 percent increase between 2007 and 2011)



## 28 percent decrease in total benefits paid

- December 2011: approximately \$1.3 billion, averaging about \$60 million a day.
  - The decrease from a year ago may be partially attributed to the phasing out of \$25 federal stimulus payments that were added to weekly benefit amounts and which are not payable for weeks after December 13, 2010; the growing number of unemployed workers who are running out of all available benefits; and the overall decline of regular and extension claims filed. Although total benefits decreased, the overall workload has not significantly decreased.
- December 2010: approximately \$1.8 billion, averaging about \$77 million a day
- December 2009: approximately \$2.2 billion, averaging about \$100 million a day (41 percent decrease between 2009 and 2011)
- December 2008: approximately \$1.1 billion, averaging about \$50 million a day (18 percent increase between 2008 and 2011)
- December 2007: (pre-recession level) approximately \$474.3 million, averaging about \$24 million a day (174 percent increase between 2007 and 2011)



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)

## Update on Roll-Out of New EDD Debit Cards<sup>SM</sup>

As of November 8, 2011, the EDD completed implementation of the Electronic Benefit Payments Project. About 1.1 million people are currently claiming unemployment benefits. The EDD and banking partner Bank of America have issued close to 1.6 million UI debit cards since July, 2011. That is in addition to the cards issued to 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

The EDD recently released an updated October UI Trust Fund Forecast summarizing and projecting the status of fund solvency. California's fund is currently \$10.2 billion in the red and is forecasted to end 2012 with a deficit of \$10.7 billion if nothing is done to legislatively revise the revenue generation model. The deficit is still growing but not as large or as fast as forecasted in May 2011 mainly due to the fact that demand for unemployment benefits is finally starting to level off a bit, and there was an offset caused by the addition of almost \$839 million in incentive funds from the American Recovery and Reinvestment Act.

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 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 January 25, 2012, California is one of 28 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 \$3.6 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 states' Trust Fund solvency issues. The EDD will be monitoring the situation closely to keep our customers apprised of any developments.

**New TAA related development** - The recently enacted Trade Adjustment Assistance Extension Act of 2011 requires states to assess a penalty of not less than 15 percent on claimants committing fraud in connection with state or federal unemployment compensation programs. States are required to deposit these penalty amounts into the state's unemployment fund.

## **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 December 2011 *California Labor Market Review* (released January 2012), based on the Bureau of Labor Statistics Model and Current Population Survey, 45.7 percent, or almost one million, of those unemployed have been so for 27 weeks or more and approximately 34 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:

**Alternate Base Period Implementation** – The EDD will implement the new alternate base period program in April 2012. The alternate base period provides for review of the most recent wages earned by a UI applicant in determining eligibility for benefits. Currently, only wages earned in the first four of the last five completed quarters are accessible for determining eligibility. It's estimated an additional 26,000 unemployed workers a year could become eligible for benefits with the implementation of an alternate base period.

For your use and to inform the public of this new program, the EDD has developed a fact sheet, which is available via: [http://edd.ca.gov/pdf/pub\\_ctr/de8714z.pdf](http://edd.ca.gov/pdf/pub_ctr/de8714z.pdf)

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

**Online Public Education Campaign** – On July 11, 2011, the EDD launched an online campaign to promote various EDD services and is expected to run for six months through the end of 2011, 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. 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.

**Release California Training Benefits (CTB) Program Educational Video** – Thousands of customers online and in local offices have accessed an educational video developed to assist customers interested in the CTB program. This video focuses on what customers need to know about CTB and is available online through the EDD YouTube channel at <http://www.youtube.com/watch?v=yVaNjxcyfCs>. A link to that video is also available on the front page of the EDD Web site. Additionally, the EDD sent DVDs of the video to One Stop Career Centers for use in lobbies, workshops, etc. The short CTB video joins a few other educational videos launched in the last year and a half on our EDD YouTube channel, including Applying for UI and How to Complete the Continued Claim Form. The videos have been viewed by more than a million visitors. There are plans to produce educational videos on other subjects as well, including basic One Stop Career Center 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 by the claimant and approved by the EDD.

Through December 2011, the EDD has processed close to 14,000 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 launched 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 24 hours a day, 7 days a week.
- **Telephone Continued Claims Filing (EDD Tele-Cert<sup>SM</sup>):** The EDD launched 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 developed 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. 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>

## **Federal UI Extensions**

As mentioned earlier, Congress and President Obama have reauthorized the federal extensions of unemployment benefits for two more months. The agreements adds more time to be able to qualify for a federal extension claim, it does not add any more weeks of benefits to the current maximum total of up to 99 weeks of benefits. But once again, filing deadlines will start quickly approaching in February unless there is further action from Congress. EDD will be monitoring developments closely and keeping customers updated via the EDD website, Facebook page and Twitter posts. A breakdown of the current benefit filing deadlines is available on EDD’s Web site at:  
[http://www.edd.ca.gov/Unemployment/Federal\\_Unemployment\\_Insurance\\_Extensions.htm](http://www.edd.ca.gov/Unemployment/Federal_Unemployment_Insurance_Extensions.htm)

## 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 January 23, 2012, there have been more than **608,000** unemployed workers in California who have run out of all available benefits, up to the 99 week maximum.

## Work Sharing Program

Usage of the Work Sharing program by California employers has increased significantly in the past few years. The program is available as an alternative to layoffs for employers who need to reduce employee wages and hours. 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