

N E W S R E L E A S E

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**Employment Development Department Selects
Bank of America
to Initiate Electronic Benefit Payments in California**

SACRAMENTO - California's Employment Development Department (EDD) is one step closer to initiating Electronic Benefit Payments (EBP), a new service that will help recipients of state unemployment, disability, and paid family leave benefits receive their payments faster, easier, and more securely.

EDD has selected Bank of America as its vendor for EBP. Billions of dollars in state benefits will be paid annually to those in need through debit cards and direct bank deposit at no cost to either claimants or EDD, and with a savings to the State.

It is anticipated that EDD can start providing this service efficiently and securely by this fall, with Disability Insurance (DI), Paid Family Leave (PFL), and new Unemployment Insurance (UI) benefit payments going electronic as early as September 2010. Ongoing UI benefit claims will be phased in as the roll-out continues.

"The Bank of America proposal offered the best service for UI and DI claimants," said Pam Harris, EDD Chief Deputy Director. "When compared to other state EBP programs, EDD believes California has landed the most productive deal for our customers and for the State with little to no cost included, and even a revenue sharing arrangement supported by interchange fees."

EDD spent more than a year carefully examining the Electronic Benefit Payment systems of other states and incorporated their success stories into the request for proposals. A total of five proposals from banking entities were received and evaluated. The contract with Bank of America features:

- Virtually no fees for UI and DI customers or for EDD.
- No payment to Bank of America for the electronic payments – Bank of America will earn money through interchange fees paid by businesses that honor the debit cards.

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- Outreach to claimants so they understand how to use the debit card or direct deposit without paying fees to access their benefits, and providing customer service for claimants who use their services.
- Benefit payments paid electronically to EDD claimants via Visa-branded debit cards. Claimants will have the option to transfer funds to their personal bank account.
- Cash access with the EBP debit card at automated teller machines (ATMs), financial institutions, or point-of-sale terminals like retail and grocery stores. The card may be used to purchase goods and services anywhere the brand of card is accepted, including via the Internet, mail order, and telephone order.
- Unlimited cash withdrawals at all in-network ATMs and two free withdrawals per bi-weekly deposit at any ATM outside the network (\$1 per withdrawal thereafter).

The new service will save the State of California money, mostly in State Treasurer's Office check processing costs and reduction in EDD paper costs. Depending on the volume of checks, EDD estimates the initial savings will be approximately \$4 million a year once the system is up and running. Cost savings could increase significantly later in the year when the UI continued claim form also goes paperless. For now, that form is sent through the mail every two weeks along with the printed UI benefit check.

Other benefits of Electronic Benefit Payments include:

- Immediate access to benefit payments by recipients without delay in mail delivery;
- The elimination of checks being lost in the mail;
- The reduction of security risks associated with lost or stolen checks;
- The elimination of check cashing fees for claimants who do not have bank accounts;
- Options for claimants with bank accounts to have direct deposit benefit payments made to their existing account; and
- Business continuity in the event of a disaster.

California annually distributes more disability and unemployment benefit checks than any other state – a total of 41 million in 2009 as unemployment claims spiked. That was nearly 2½ times as many as in most previous years. In the Unemployment Insurance program, a total of \$20.2 billion in UI benefits was paid in 2009. In the Disability Insurance program, a total of \$4.3 billion in DI benefits and \$462 million in Paid Family Leave benefits were paid during the 2009 calendar year.

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