

N E W S R E L E A S E

**Contact:** Loree Levy  
Kevin Callori  
(916) 654-9029

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**Unemployment Insurance program marks 75<sup>th</sup> anniversary**  
***California's EDD continues helping record numbers of jobless***

**SACRAMENTO** – During the Great Depression, ground-breaking legislation signed by President Franklin Delano Roosevelt (FDR) ushered in an era of compassion and hope for unemployed Americans. Today, the Unemployment Insurance (UI) program in California is paying about \$100 million a day in benefits that provide a critical lifeline for the jobless.

FDR created the UI program on August 14, 1935 by signing the Social Security Act. In light of the 75<sup>th</sup> anniversary of UI, California's Employment Development Department (EDD) is honoring a program that lends a helping hand to people who have lost their jobs and are in uncertain times.

"Unemployment insurance in the 1930s was no different than it is for the unprecedented number of Californians we help today," said Pam Harris, EDD Chief Deputy Director. "It is a life preserver that keeps families afloat in turbulent times – until they can get a job, stand on their own and build a bridge to new opportunities."

Bridging the unemployment gap is tough in today's trying economy, especially in hard-hit states like California. With a current unemployment rate of 12.3 percent – a rate that has been hovering at levels not experienced since the early 1940s – jobless Californians are turning to EDD in record numbers.

- The most recent data indicates about 1.5 million people are currently claiming UI benefits, more than double pre-recession numbers.
- In July 2010, EDD processed more than 808,000 claims and paid out more than \$1.6 billion in total benefits. That's almost double the 407,000 claims processed just two years earlier in July 2008.
- For the first seven months of 2010, EDD issued \$13.9 billion in total unemployment benefits. That compares to a total of \$10.8 billion in the first seven months of 2009.
- California is on pace to surpass last year's record-setting year of \$20.2 billion paid in total unemployment benefits. Prior to this recession, EDD paid around \$5 billion annually in total benefits.

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Faced with even higher unemployment levels in the 1930s, it is no wonder California was one of the first states to enact its own UI program to stabilize the economy and alleviate personal hardship stemming from involuntary job loss. Providing temporary cash benefits while people look for work, most of the benefit payments are injected back into the economy.

Unemployment benefits are typically spent on basic human needs like shelter, food, and fuel, which provide an instant cash infusion for the local pocketbook. Every dollar paid in unemployment benefits generates \$1.60 into the local economy, with an average of \$305 a week in benefits paid out on claims in California.

The heavy demand for benefits during this recession means EDD has been doing some heavy lifting. The department has added more than 1,000 staff to ensure that benefit checks get to the people who need them, when they need them. EDD has also implemented several initiatives to enhance access to UI services, including expanded service hours for its UI call centers. That has helped the department improve service to its customers, even while total claims and benefits paid increased significantly.

Ramping up in an economic downturn is nothing new for EDD. It is busiest during downturns, especially after Congress passes federal unemployment extensions. During the last extension, passed just last month, EDD has been working through the weekends to quickly process claims for 510,000 Californians who had experienced a disruption in their extension benefits.

EDD is launching several technology projects this year that will further improve the process of filing for UI and collecting benefits for California's unemployed. These include:

- Technology that will allow customers to submit their bi-weekly claim forms online or to certify by telephone instead of the lengthier mail-in process.
- New electronic benefit payments through a debit card or automatic deposit that will get benefits in the hands of customers faster.
- Enhanced version of the online UI application that will be available for all customers, including those who've worked in federal government and military positions.
- Call center upgrades that will improve EDD's call routing capability to all UI centers during peak periods to improve access to telephone services.
- Initial work on overhauling major sections of older processing systems so EDD can respond quickly to rapid changes in the UI program, like record-setting federal extensions of benefits.

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