



N E W S R E L E A S E

Contact: Loree Levy
Patti Roberts
(916) 654-9029

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2010 record year for CA unemployment claims and benefits State EDD paid out \$22.9 billion to 1.7 million Californians (\$90 million a day)

SACRAMENTO – In 2010, the state Employment Development Department (EDD) paid out a record-breaking \$22.9 billion in unemployment benefits to an unprecedented 1.7 million jobless Californians. That averages to about \$90 million each business day in unemployment benefits paid last year at the height of this historic economic recession.

With a current unemployment rate of 12.5 percent – a rate that has lingered at levels not experienced since the early 1940s – jobless Californians are turning to EDD in record numbers.

“The numbers are staggering and the need undeniable,” said Pam Harris, Chief Deputy Director of EDD. “Unemployment benefits are a lifeline that keeps these families and their communities afloat in these turbulent times. We have worked tirelessly to reach out to those in need, and to help them along the road to economic recovery.”

Californians who have lost their jobs have historically turned to EDD since the Great Depression. In 1935, President Franklin Delano Roosevelt signed ground-breaking legislation creating the Unemployment Insurance (UI) program in hopes of minimizing extreme hardships on families and businesses in future economic downturns. Employers pay for benefits through contributions on behalf of each employee as a means of supporting unemployed workers in their search for a new job and as an incentive to minimize layoffs.

Billions injected back into the economy

In 2010, EDD issued 41.2 million UI checks. In money terms, that’s \$22.9 billion in benefits paid to the jobless that acted as a stimulus package in jump-starting economies by pumping dollars back into communities. A typical yearly average of unemployment benefits in a strong economy is about \$5 or \$6 billion.

As claimants spend money on basics such as housing, clothing, food, and gas, they provide instant cash infusions into local economies hemorrhaging from these historic economic pressures. The United States Department of Labor (DOL) estimates the economic multiplier is \$2 for every dollar paid out in UI benefits, so that’s about \$46 billion put back into the general economy.

(more)

By the numbers: Claims

The increase in claims in 2010 mirrored the unemployment rate, which hovered around 12.4 percent all year.

- In 2010, EDD processed a total of 7.7 million initial UI claims (including federal extensions). That's a 19 percent increase over the workload of 2009 (6.5 million), more than two times higher than the claims processed in 2008 (3.6 million), and more than three times higher than the claims processed in 2007 (2.5 million), when the recession began.

The highest number of claims came in July 2010, when 800,000 claims were filed.

In state comparisons, California processed the most claims of the 50 states with 3.8 million in regular UI claims in 2010, doubling the second highest state of Pennsylvania (with a total of 1.4 million claims).

- Further, California's workload was more than the number of regular initial claims for the country's next three most populous states of New York, Texas, and Florida combined (3.6 million).
- California processed over 16 percent of the entire nation's claims for regular UI benefits.

Hiring and Initiatives to Enhance Customer Experience

EDD has responded to the high UI claims with hiring and innovation. More than 1,000 people were hired to bolster staff. Today, UI employees total 3,491.

Additionally, EDD invested in new online tools to upgrade its service to its nearly two million customers.

EDD made these improvements and others in 2010:

- Streamlined requests for California Training Benefits. The improvement provides quicker benefit approvals for UI claimants enrolled in authorized training programs.
- Launched paperless programs, Web-Cert and Tele-Cert, which allow claimants to complete their bi-weekly claim forms online or by phone.
- Enhanced its automated call-in line that's available anytime.
- Joined Facebook and Twitter to educate claimants about EDD and its services and to provide another communication channel with the department.

Ramping up in an economic downturn is nothing new for EDD. When the economy is down, business goes up at EDD. As 2011 unfolds, EDD continues to improve its systems to give clients easier and better access in starting and managing their UI claims.

For more information on UI and EDD innovations, visit www.edd.ca.gov.

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