



NEWS RELEASE

Date: April 24, 2012

News Release No: 12-11

FED-ED extension for unemployment benefits will end soon in California

SACRAMENTO – Californians currently collecting unemployment benefits on what's known as the FED-ED extension will soon see an end to those benefits. The state Employment Development Department (EDD) estimates that amounts to about 93,000 people in the state when you include those collecting FED-ED extension benefits now and those who could qualify over the next three weeks. Over 100,000 more who might have qualified for these benefits between now and the end of the year will also be without the additional financial assistance.

California no longer qualifies for one of the extension programs known as the FED-ED extension due to its improving economy as compared to the extraordinarily high unemployment rate of three years ago. The FED-ED extension is typically the last extension of unemployment benefits that have been available during this recession to qualified states. The FED-ED program has provided up to 20 weeks of additional benefits to eligible long-term unemployed workers since March 2009.

EDD will have to cease all FED-ED payments within a three-week period, making the week ending May 12, 2012, the last payable week of FED-ED benefits claimants can receive. That means anyone who has qualified for FED-ED benefits and who has sufficient balance on their FED-ED extension could continue to receive those last three weeks of payments, but after May 12, 2012, no benefits will be paid, even if the claimant has a remaining balance on their FED-ED extension.

Because this is a unique situation, FED-ED claimants may run out of their FED-ED benefits much sooner than they may have expected. The EDD is sending out notices to all unemployed individuals currently collecting FED-ED benefits to alert them to this rather abrupt but legal requirement to end the FED-ED extension. The notices will include information and references to other government resources (i.e., welfare assistance, etc.) to assist these long-term unemployed individuals. We encourage our customers to also seek further information on our EDD website, Facebook, and Twitter pages.

"The particularly harsh recession left many people unemployed for long periods of time. The FED-ED extension assisted them with a final 20 weeks of federal benefits while they continued to search for their next job," said Pam Harris, Director of the state Employment Development Department (EDD). "The FED-ED program is designed to end once a state's economy starts to significantly improve. Still, we know this is hard on our clients. We're doing everything we can to get word out so they can plan accordingly."

Over the last three years, 912,445 people in California have collected FED-ED extension benefits and since they are paid by the federal government, that's pumped an additional \$5 billion into the state's economy during the turbulent recession period.

The FED-ED extension, otherwise known as the Extended Benefit program in other parts of the U.S., is paid to qualified jobless workers after they have already run out of their 26 weeks of regular unemployment benefits and then all of the other federal extension benefits available (Federal Extension Tiers 1, 2, 3 and 4). During this recession, claimants have been potentially eligible for up to 99 weeks of unemployment benefits – up to 20 weeks of FED-ED benefits combined with up to 26 weeks of regular UI benefits and the up to 53 weeks of benefits provided through the four tiers of federal extensions. Such benefits help lessen the financial impact on jobless workers, their families and their communities.

Range of Benefits Without FED-ED

According to the Middle Class Tax Relief and Job Creation Act of 2012, approved by the U.S. Congress and enacted on February 22, 2012, the elimination of the FED-ED extension does alter the number of weeks available in other federal extensions, specifically in the tier 4 extension. From May 13, 2012, until May 20, 2012, there will be up to 89 weeks of total benefits available to unemployed Californians. This includes up to 26 weeks on the initial regular unemployment claim followed by four federal extension tiers of unemployment insurance.

For individuals filing a tier 4 extension with an effective date of May 13, 2012, or May 20, 2012, the potential maximum weeks available on their tier 4 extension could include up to 16 weeks of benefits, 10 more weeks than the tier 4 extensions filed prior to these dates. The federal law does not allow individuals who have filed tier 4 extensions with an effective date prior to May 13, 2012, the increased potential maximum number of weeks. Here's the breakdown of benefits:

- Up to 26 weeks of initial regular unemployment claim
- Up to 20 weeks of the 1st tier of federal extension
- Up to 14 weeks on the 2nd tier of federal extension
- Up to 13 weeks of the 3rd tier of federal extension
- Up to 16 weeks of the 4th tier of federal extension POTENTIAL TOTAL OF 89 WEEKS

The federal legislation requires another change for tier 4 extensions filed with an effective date of May 27, 2012, through August 26, 2012, when total available benefits will drop to a potential maximum of up to 79 weeks. The breakdown would be the same as above except for the potential maximum weeks available for the 4th tier would drop from up to 16 weeks to up to 6 weeks for individuals who file a tier 4 extension with an effective date of May 27, 2012, through August 26, 2012. Here's the breakdown of benefits:

- Up to 26 weeks of initial regular unemployment claim
- Up to 20 weeks of the 1st tier of federal extension
- Up to 14 weeks on the 2nd tier of federal extension
- Up to 13 weeks of the 3rd tier of federal extension
- Up to 6 weeks of the 4th tier of federal extension
- POTENTIAL TOTAL OF 79 WEEKS

The potential total maximum weeks available will change again in the fall due to the recent Congressional action for extensions. The benefits associated with extensions filed between September 2, 2012, and December 23, 2012, are contained in the chart below.

Current Benefits Status

Currently, there are more than 1.1 million people certifying for benefits in California. The majority of these customers are collecting on a federal extension claim while the remainder are somewhere in the midst of a regular unemployment claim.

Between regular and federal extension benefits, the EDD has paid a total of \$17.1 billion in unemployment benefits for calendar year 2011 and \$4.65 billion so far this year (as of April 13, 2012), and is currently paying about \$310 million a week. These benefits provide critical sustenance to unemployed workers and their families, in addition to local businesses, where much of the benefits are spent on basic needs.

While the FED-ED extension is ending in May, all other federal extensions are scheduled to conclude at the end of 2012.

Current UI Extended Benefit Duration & Claim Deadlines

Here is a breakdown of the filing deadlines for federal extension benefits and the total maximum weeks of unemployment benefits available in California:

Federal Unemployment Benefit Extensions Potential Maximum Weeks Of Benefits Provided					
Claim/ Extension Filing Date	Feb. 19 – May 6 2012	May 13 – May 20 2012	May 27 – Aug. 26 2012	Sept. 2 – Dec. 23 2012	Claim/Extension Filing Deadline Date
Regular Claim	Up to 26 weeks	Up to 26 weeks	Up to 26 weeks	Up to 26 weeks	Once someone becomes unemployed
Tier I	Up to 20 weeks	Up to 20 weeks	Up to 20 weeks	Up to 14 weeks	December 23, 2012
Tier 2	Up to 14 weeks	Up to 14 weeks	Up to 14 weeks	Up to 14 weeks	December 23, 2012
Tier 3	Up to 13 weeks	Up to 13 weeks	Up to 13 weeks	Up to 9 weeks	December 23, 2012
Tier 4	Up to 6 weeks	Up to 16 weeks	Up to 6 weeks	Up to 10 weeks	December 23, 2012
Separate FED-ED	Up to 20 weeks	0 weeks	0 weeks	0 weeks	May 6, 2012
TOTAL	Up to 99 weeks	Up to 89 weeks	Up to 79 weeks	Up to 73 weeks	

Current federal law authorizes the payment of federal unemployment extension benefits through the end of 2012. After that, the payment of all federal unemployment extension benefits will end unless Congress and the President take further action to enact legislation that further extends the federal extension program.

Customers Who Have Run Out of Maximum Benefits

Through Monday, April 16, 2012, there have been 664,649 claimants who have fully exhausted all available unemployment benefits, up to 99 weeks of benefits in total.

Unemployed individuals may be eligible for assistance to meet basic needs, as well as other services, such as health care, counseling, employment and training assistance. For more information, access <u>Assistance for Unemployed California Residents</u> on the EDD website in the Unemployment section, where you can also find the Job Dislocation Brochure: <u>English</u> | <u>Spanish</u>.

In an effort to help our customers understand more about the program and how the potential end to the program could affect them, we have developed some new frequently asked questions for FED-ED on the FAQ – Extended Unemployment Benefits page.

For any further developments in the Unemployment Insurance program, as well as all other EDD programs and services, we encourage our customers to watch for updates on our <u>website</u> and on our EDD <u>Twitter</u> and <u>Facebook</u> pages.

###

For news media inquiries only, contact the California Employment Development Department (EDD) Communications Office, at (916) 654-9029. TTY users, please call the California Relay Service at 711.