



MAY 13 2014

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Nancy Skinner, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to Various Budget Bill Items, Support and Local Assistance, Employment Development Department

Unemployment Insurance Program Administration Funding (Issue 201)—It is requested that the Unemployment Insurance (UI) program be increased by \$67,599,000 to provide sufficient resources for the administration of the UI Program. While the Governor's Budget proposed a \$64 million package of efficiencies and supplemental funding, the UI program continued to receive a greater demand for services than anticipated. In February 2014, the Secretary of the Labor and Workforce Development Agency outlined a plan for additional resources in the current year (see Issue 205 below) to take immediate action to improve customer service. While UI service levels have significantly improved as a result of those efforts, additional resources are needed in fiscal year 2014-15 to sustain that level of service and meet the Employment Development Department's (EDD) service level targets. Through a combination of temporary help, redirected positions, additional funding, and additional position authority, this request will give EDD the resources required to provide timely unemployment benefits.

This request includes changes to the following items:

- Increase Item 7100-001-0001 by \$46,599,000.
- Increase Items 7100-001-0870 and 7100-011-0890 by \$21 million.

Unemployment Insurance Interest Payment (Issue 204)—It is requested that Item 7100-002-0001 be decreased by \$13.1 million to reflect a reduction in interest due to the federal government for borrowing that has occurred to provide unemployment benefits without interruption.

Unemployment Insurance Program Administration Funding (Issue 205)—The Secretary of the Labor and Workforce Development Agency outlined a plan to use EDD's existing April Revise process to augment its federal funds appropriation to improve UI service levels in the current year. EDD anticipates additional expenditures of \$35,364,000, requiring a current year increase to Items 7100-001-0870 and 7100-011-0890 of \$14,760,000, per Provision 2 of Item 7100-001-0870, Budget Act of 2013.

Unemployment Insurance Benefit Adjustments (Issue 206)—It is requested that Items 7100-101-0871 and 7100-111-0890 both be increased by \$235,148,000 to reflect a projected increase in UI benefit payments due to historical trends and benefit payment

projections. Additionally, the UI benefit authority in 2013-14 is being decreased by \$660,539,000 due to an overall improvement in the economy and the discontinuation of the federal benefits extension program as of December 22, 2013.

Disability Insurance Benefit Adjustments (Issue 207)—It is requested that Item 7100-101-0588 be increased by \$1,545,000 to reflect a projected increase in Disability Insurance (DI) benefit payments due to higher anticipated average weekly benefit payments. Additionally, the DI benefit authority in 2013-14 is increased by \$78,395,000 based on increased average weekly benefit payments and longer benefit durations.

School Employees Fund Adjustments (Issue 208)—It is requested that Item 7100-101-0908 be decreased by \$20 million to reflect a projected decrease in benefit payments from the School Employees Fund due to improvements in the economy and reduced contributions paid into the program by public schools and community college districts. Additionally, the benefit authority in 2013-14 is decreased by \$31,279,000.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Mark Tollefson, Principal Program Budget Analyst, at (916) 322-2263.

MICHAEL COHEN

Director

By:

/s/ Keely M. Bosler

KEELY M. BOSLER

Chief Deputy Director

Attachment

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee
 Attention: Mr. Mark McKenzie, Staff Director
 Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
 Attention: Mr. Seren Taylor, Staff Director
 Honorable Mike Gatto, Chair, Assembly Appropriations Committee
 Attention: Mr. Geoff Long, Chief Consultant
 Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee
 Attention: Mr. Eric Swanson, Staff Director
 Honorable Loni Hancock, Chair, Senate Budget and Fiscal Review Subcommittee No. 5
 Honorable Tom Daly, Chair, Assembly Budget Subcommittee No. 4
 Mr. Mac Taylor, Legislative Analyst (4)
 Mr. Craig Cornett, Senate President pro Tempore's Office (2)
 Mr. Christopher W. Woods, Assembly Speaker's Office (2)
 Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
 Mr. David Lanier, Secretary, Labor and Workforce Development Agency
 Ms. Marisa Duek, Associate Secretary, Fiscal Policy, Labor and Workforce Development Agency
 Mr. Greg Williams, Deputy Director, Administration Branch, Employment Development Department
 Mr. Tad Allred, Chief, Fiscal Programs Division, Administration Branch, Employment Development Department