



## **CALIFORNIA LABOR FEDERATION FACT SHEET AB 2058 (Block) and AB 2188 (Bradford)**

### **MAKING IT EASIER FOR LAID-OFF WORKERS TO ACCESS BENEFITS**

#### **Purpose**

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To make it easier for laid off workers to enroll in approved training programs and still receive unemployment benefits. To enact protections for those receiving unemployment benefits by electronic pay card instead of a paper check.

#### **Background**

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California is facing an unemployment crisis. The state has one of the highest unemployment rates in the country at 12.3% with some industries, like construction, with rates above 30%. Close to 2 million Californians were looking for work in November 2009.

To make matters worse, job seekers are spending longer periods of time looking for work. Over 34% of the unemployed have been looking for work for over 6 months and that number has increased by 170.4% since 2008.

With more and more Californians on the unemployment rolls, and a bleak economic outlook, access to unemployment benefits is more important than ever.

One of the benefits for laid off workers is the California Training Benefits (CTB) Program that allows those receiving Unemployment Insurance (UI) compensation to participate in an approved training program. The EDD is responsible for determining whether UI recipients are eligible for the California Training Benefits, which allows them to continue receiving UI compensation.

Currently, until a determination of eligibility for CTB is complete, UI benefits are suspended. As a result Californians are forced to drop out of training in direct contradiction to federal guidelines.

In May 2009 and August 2009, the U.S. Department of Labor issued two guidance letters to states outlining ways to enable unemployed workers to obtain job training while still receiving UI benefits.

The May federal advisory strongly encourages states: "to widen the types of training and the conditions under which education or training are considered "approved training" for purposes of the state's UI law during economic downturns.

The August federal guidance recommends that states streamline the UI training benefit approval procedures, saying: "In many states, the UI agency does not advise individuals if the training is approvable for UI purposes until after the individual has attended a week of training. States are strongly encouraged to establish procedures that approve/disapprove the training before the individual registers for a class."

Changes to the California UI Code to conform to federal guidance would allow the unemployed to register and attend training without an interruption or possible loss of their UI benefits. This minor change to the code would help laid off workers upgrade their skills in preparation for new job opportunities and receive benefits at the same time.

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EDD is also considering changes to the way UI benefits are disbursed, moving from paper checks to direct deposit or electronic pay cards. The elimination of paper checks is a national trend and certain federal benefits have already moved to electronic payment of benefits.

Electronic pay cards can benefit “unbanked” individuals who do not have access to a bank account and resort to payday lenders and check cashers that charge exorbitant fees, eating away money for rent, food and basic necessities.

However, pay cards also come with hidden fees for everything from checking account balances, calling customer service, overdraft and denials and other services. These fees quickly add up, stealing dollars from working people’s paychecks, and now from their unemployment benefits. Hidden fees are especially dangerous when taken from the benefits of the unemployed who are already struggling to get by.

## **What This Bill Will Do**

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- **AB 2058 (Bloch):** This bill would change the Unemployment Insurance Code to allow Californians to attend approved training programs without losing their benefits or having an unnecessarily long waiting period.
- **AB 2188 (Bradford):** This bill would establish protections for payment of UI and DI benefits by direct deposit and electronic pay card that prevent hidden fees, guarantee access to benefits and provide adequate customer service in appropriate languages.

## **Support**

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~ California Labor Federation, AFL-CIO  
(Sponsor)

## **Key Contacts**

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