

ALTERNATE BASE PERIOD
LEGISLATIVE REPORT

Quarterly Report to the
Joint Legislative Budget Committee
July 2012 – September 2012

Employment Development Department

EXECUTIVE SUMMARY

In response to the economic downturn and record high unemployment in California, the Legislature passed Assembly Bill (AB) X3 29 (Chapter 23, Statutes of 2009), which required the Employment Development Department (EDD) to implement the Alternate Base Period (ABP) project to expand existing Unemployment Insurance (UI) eligibility rules and processes for those claimants who cannot qualify for benefits within the traditional base period. The Legislature passed AB 119 (Chapter 31, Statutes of 2011) as part of the 2011 Budget Act which required the EDD to implement ABP by April 2, 2012.

The EDD submitted a Special Project Report (SPR) to the California Technology Agency (Technology Agency), as a result of changes in the project schedule and costs exceeding 10 percent from the approved 2009 Project Summary Package. The ABP SPR was approved on March 11, 2011, by the Technology Agency and the project was implemented within schedule and budget as documented in the SPR.

The ABP project depended on the completion of the Single Client Database Modernization project, a significantly complex database conversion effort, which was successfully implemented on November 27, 2011.

INTRODUCTION

This legislatively mandated report provides the status on the progress of the ABP project to the Joint Legislative Budget Committee for calendar quarter July 2012 through September 2012. Specifically, Section 70 of Senate Bill 856 (Chapter 719, Statutes of 2010):

“The Employment Development Department, until September 3, 2013, shall report to the Joint Legislative Budget Committee, no less than quarterly, on the progress and effectiveness of implementation of the alternative base period program prescribed in Sections 1275, 1277.1, 1277.5, and 1329.5 of the Unemployment Insurance Code.”

This report fulfills the above statutory requirement and provides the following information:

- Background information, including a brief discussion on:
 - UI program implications of the legislation
 - Federal economic stimulus dollars implications
 - Statistical reporting on ABP claims

- ABP project status information, including:
 - Milestones
 - July 2012 – September 2012 accomplishments and progress
 - October 2012 – December 2012 activities
 - Expenditure data

BACKGROUND INFORMATION

UI Program Implications of the Legislation

AB X3 29 (Chapter 23, Statutes of 2009) required the EDD to expand existing UI eligibility rules and processes to consider wages earned in the most recently completed calendar quarter, at the time the claim is filed, to determine monetary eligibility for UI benefits.

Historically, only wages earned in the first four of the five most recently completed calendar quarters are considered to determine monetary UI eligibility. The ABP method allows unemployed persons who do not have sufficient wages in their regular base period to qualify for a claim, by considering wages earned in the four most recent completed calendar quarters.

Federal Economic Stimulus Dollars Implications

On June 15, 2011, the Department of Labor certified the application submitted by EDD, for Unemployment Compensation Modernization incentive funds, making the full \$839 million available to California.

AB 112 (Chapter 30, Statutes of 2011) was enacted in June 2011 to allow EDD to utilize \$48 million of the incentive funds for processing the claims workload associated with the ABP. The bill states that the funds are available for three years, from July 1, 2012 to June 30, 2015. The remaining \$791 million of incentive funds was used to offset borrowed federal funds used to support the UI benefit costs since the UI Trust Fund is insolvent.

Statistical Reporting of UI Claims

The following table provides information on ABP claims processed between April 17, 2012 and September 30, 2012.

	Invalid Standard Base Period Claims	Total Valid ABP Claims	Benefits Paid associated w/ ABP Claims
Total Valid Claims	160,620	23,274	\$16,715,446

“Total Valid Claims” reflects both Standard Base Period and ABP claims found valid at the claim filing point. A valid claim is when an individual has sufficient wages within the standard or alternate base periods to meet the monetary requirements to qualify for a claim. Employers are not required to report wages until the end of the first month following the end of a quarter for which the wages are earned. However, employers may elect to report wages earlier. As a result, the EDD is able to determine eligibility at the claim filing point for some ABP claims without conducting a wage request investigation from employers and claimants.

“Invalid Standard Base Period Claims” are claims with insufficient wages to meet the monetary requirements for UI benefits using the standard base period. However, using the ABP instead may allow some of these claims to meet the monetary requirements to qualify for UI benefits. As stated, a total of 23,274 claimants were able to meet the statutory monetary requirements to qualify for a claim using the ABP, representing approximately three percent of the total valid claims. Of the total valid ABP claims, 13,318 claims had sufficient wages in the ABP to meet the monetary requirements without additional wage data from employers or claimants. The remaining 9,956 claims met the monetary requirements to qualify for a claim using the ABP, but only after requesting proof of wages from the employers and claimants.

The EDD will continue to provide more information and data about the number of ABP claims in future reports.

ABP PROJECT STATUS INFORMATION

Milestones

Milestones	Projected Start Date	Projected End Date	Status
Initiation:			
• Develop Concept Statement	May 2009	May 2009	Complete
• Acquire Project Approval	Jun 2009	Jun 2009	Complete
• Assemble Project Team	Jul 2009	Jul 2009	Complete
Planning:			
• Coordination with program areas to engage business subject matter experts	Jul 2009	Aug 2009	Complete
• Develop Project Schedule	May 2009	Jun 2010	Complete
• Develop Project Plans	Nov 2009	May 2011	Complete
• Requirements Gathering	Jul 2009	Feb 2011	Complete
• Develop Test Plan	Sep 2009	Mar 2010	Complete
• Test Plan Updates	May 2010	Jun 2010	Complete
• Analysis and Design	Feb 2010	Jul 2011	Complete
• Develop Test Cases	Jun 2010	Jul 2011	Complete
Executing:			
• Programming	Apr 2010	Feb 2012	Complete
• Testing	Jun 2011	Mar 2012	Complete
• Implementation	Mar 2012	Mar 2012	Complete
Closeout:			
• Project Closeout Activities	Apr 2012	Jul 2013	In Progress

July 2012 – September 2012 Accomplishments and Progress

- The system is operating successfully in production.

October 2012 – December 2012 Project Activities

- Gathering data and documentation for the Post Implementation Evaluation Report.

Project Expenditure Data

ABP SFY 2012/13 Expenditures July 1, 2012 - June 30, 2013					
Category	SFY 12/13 Budget ¹	SFY 12/13 Expenditures ²	Total Project Budget ³	Total Project Expenditures ⁴	Total Project Variance
Staffing	\$1,870,024	\$722,791	\$6,207,568	\$4,435,862	\$1,771,706
Hardware	\$0	\$0	\$287,461	\$19,563	\$267,898
Software	\$70,534	\$0	\$1,124,674	\$150,983	\$973,691
Vendors					
Project Management	\$0	\$126,660	\$1,049,600	\$668,852	\$380,748
Independent Project Oversight	\$0	\$6,380	\$35,000	\$95,700	-\$60,700
Independent Verification and Validation	\$0	\$0	\$190,000	\$246,597	-\$56,597
Programming	\$0	\$207,646	\$5,705,826	\$5,382,663	\$323,163
Testing	\$0	\$20,508	\$2,105,825	\$1,539,133	\$566,693
BCIS Configuration	\$0	\$0	\$500,000	\$0	\$500,000
Database Admin	\$0	\$0	\$294,752	\$258,658	\$36,094
Total Vendors	\$0	\$361,194	\$9,881,003	\$8,191,603	\$1,689,400
OTech (Data Center Services)	\$166,641	\$181	\$456,535	\$3,860	\$452,675
Position Sensitive OE&E	\$0	\$153,774	\$997,340	\$469,618	\$527,722
Misc and Travel	\$409,258	-\$73,004	\$471,151	\$355,070	\$116,081
Total	\$2,516,457	\$1,164,936	\$19,425,732	\$13,626,559	\$5,799,173

1. SFY 12/13 Budget amounts are the continuing costs from the SPR.
2. SFY 12/13 Expenditures includes unspent contract budgets from previous years.
3. Total Project Budget reflects the total budget as stated in the SPR for SFYs 08/09 through SFY 12/13 one-time and continuing.
4. Total Project Expenditures included SFYs 08/09 through SFY 12/13 one-time and continuing.