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Unemployment payouts go plastic in July



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California's plan to convert paper unemployment checks to plastic debit cards — and save the state \$4 million a year — has been delayed until July, seven months later than originally planned, a state Employment Development Department spokeswoman said.

Loree Levy said the conversion to debit cards, [which was supposed to be launched in December](#), is being postponed to give programmers more time to make the hundreds of changes to EDD's 1970s-era computer system.

EDD wants to make sure that the funds get properly transferred into claimants' accounts without any major hitches, Levy said.

Bank of America won the contract to provide the Visa-branded EDD debit cards. Under the program, EDD will deposit unemployment payments directly to the claimant's debit card once the BofA account is activated. The EDD debit card can be used anywhere a regular BofA debit card is accepted.

Claimants also can choose to have the funds deposited directly to their own, non-BofA, bank account.

EDD conducted [a test drive of the program beginning in December](#), when it began converting claims for disability insurance and paid family leave to debit card payments.

Levy said EDD discovered two recurring problems in that initial phase. During the first week, the transfers to debit card accounts usually showed up one or two days later than when an unemployment check typically would arrive.

In addition, claimants who had the funds transferred into an account with a smaller bank sometimes saw their payments delayed as much as four or five days if they failed to be deposited on a Friday before a three-day holiday weekend.

EDD also had a problem with training claimants how to use the cards. Some threw out their debit card after using up the funds in the first payment not realizing it is like an ATM card and must be retained and reused.

And then there was the weather. BofA only produces the embossed debit cards in two locations. California's come from Atlanta. When snow closed down the Atlanta airport in January, the cards were delayed several days.

The roll-out of the disability insurance debit cards, which involved 400,000 claimants, was nothing compared to the unemployment insurance program, which has 1.3 million claimants and almost as many variations on the payouts as there are people receiving benefits.

"With all the unemployment extensions, it adds a lot more complexity to the (computer) programs," Levy said.

She said the debit card has been well received by those getting disability and paid family leave.

"They love the fact they can use it anywhere, manage their money online and manage their account like a debit card," Levy said. "They love the flexibility."

Do you think unemployment should be paid by debit card? Vote on our poll [HERE](#).

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