Legal Title
Unemployment Fund

Legal Citation/Authority
Chapter 1642, Statutes of 1984
Unemployment Insurance Code sections 1521-1537 and 1590

Fund Classification
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<td>Proprietary/Enterprise Funds</td>
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Purpose
Created to be used as an unemployment reserve for the payment of benefits as a part of a national plan of insurance against the hazards of unemployment. Under the original provisions of the law, the fund was a depository of employer contributions, interest, and penalties on delinquent contributions, fines collected for violation of the Social Security Act, and all income earned through the resources of the fund.

The law prescribes that three accounts are to be maintained within the Unemployment Fund: (a) the Clearing Account; (b) the Unemployment Trust Fund Account; and (c) the Benefit Account. All contributions and other moneys collected by the fund are deposited in the Clearing Account. All deposits, except amounts due other funds, are credited to the Unemployment Trust Fund Account and transferred to the Unemployment Trust Fund of the United States to the credit of the State of California. When needed, money is requisitioned from the state's account in the Unemployment Trust Fund of the United States. Any amounts requisitioned are transferred from the Unemployment Trust Fund Account to the Benefit Account for payment of benefits.

Chapter 1548, Statutes of 1974 provide that amounts in excess of $1,000,000 in the Employment Development Contingent Fund are transferred quarterly to the Unemployment Fund and the Unemployment Compensation Disability Fund. (This citation is historically superceded by the Budget Act, in which unencumbered Contingent Fund balances are transferred to the General Fund).

The money is allocated between the two funds on the basis that the total penalties and interest are estimated to be attributable to employers' contributions to the Unemployment Fund and employee contributions to the Unemployment Compensation Disability Fund.

Money received from the federal government pursuant to section 903 of the Social Security Act may be expended for purposes of administration as specified in section 1528.5 of the Unemployment Insurance Code, but only pursuant to specific appropriation by the Legislature.

Administering Agency/Organization Code
Employment Development Department/Org 7100
### Major Revenue Source
Employer contributions.

Moneys received from federal government pursuant to Section 903 of the Social Security Act.

Investment Income.

Moneys received from the Employment Development Contingent Fund.

### Disposition of Fund (upon abolishment)
Pursuant to Unemployment Insurance Code, section 1530, if and when such Unemployment Trust Fund ceases to exist, or such separate book account is no longer maintained, all money, properties, or securities, therein, belonging to the Unemployment Fund of this State shall be transferred to the treasurer of the Unemployment Fund, who shall hold, invest, transfer, sell, deposit, and release such money, properties, or securities in a manner approved by the director in accordance with the provisions of Chapter 313, Statutes of 1953. Such money shall be invested in bonds or other interest-bearing obligations of the United States of America or the State of California. Such investment shall at all times be so made that all the assets of the fund shall always be readily convertible into cash when needed for the payment of benefits. The Treasurer shall dispose of securities or other properties belonging to the Unemployment Fund only under the direction of the director.

### Appropriation Authority
Section 1521 of the Unemployment Insurance Code provides that "All money in the Unemployment Fund and in the various accounts of that fund, except any money deposited pursuant to Section 1528.5, is continuously appropriated without regard to fiscal years for the purposes authorized in this article.

### State Appropriations Limit
**Always Excluded** – Revenues in this fund are not proceeds of taxes and even after transfer, will never become proceeds of taxes because the major revenue source is derived from a Trust and Agency Fund (Federal).

### Comments/Historical Information
Chapter 313, Statutes of 1953 continued this fund in existence.