

**DEPARTMENT OF FINANCE BILL ANALYSIS**

**AMENDMENT DATE:** Original  
**POSITION:** Support

**BILL NUMBER:** AB 2364  
**AUTHOR:** P. Nava

**BILL SUMMARY: Unemployment Insurance: Benefits**

This Administration sponsored bill would make various changes to the Unemployment Insurance Code (UIC) including: redefining "good cause" related to domestic violence, changing "children" to "family", requiring the department to notify claimants of the computation method used to determine the benefit amount, reducing the amount of time a benefits check may be cashed from three years to one year, and would repeal Division 5 related to "Leisure Sharing", a program allowing voluntary time reductions to create new jobs.

**FISCAL SUMMARY**

This bill amends the UIC making the state eligible for an additional \$559 million federal stimulus funds and various technical amendments. However, there may be some increased eligibility resulting from changing the definition of "good cause" to leave employment due to domestic violence to incorporate the entire family rather than only the protection of children. This amendment addresses the needs of beneficiaries facing domestic violence to include family living in the household such as parents and grandparents rather than just children. Under this revised definition of "good cause", the beneficiaries are federally eligible.

The bill also would decrease the time checks issued to beneficiaries may be cashed from three years to one year. This could benefit the UI fund by limiting EDD liabilities.

The repeal of Division 5 of the UI Code would have no fiscal impact as the "leisure sharing" program has been unfunded and inoperative for at least 25 years. The "leisure sharing" program was intended to create new jobs by allowing employers to let employees voluntarily reduce their work time-base and then hiring additional employees to work the balance of the time created by the voluntary time-base reduction.

**COMMENTS**

The Department of Finance supports this Administration sponsored bill, as it would allow the Employment Development Department to be eligible to receive an additional \$559 million federal stimulus funds.

We have no concerns regarding the other changes to the UIC included in this bill.

| Code/Department<br>Agency or Revenue<br>Type | (Fiscal Impact by Fiscal Year) |      |    |    |           |                    |           |    |           | Fund<br>Code |
|--|--------------------------------|------|----|----|-----------|--------------------|-----------|----|-----------|--------------|
|  | SO                             | PROP |    |    | FC        |                    |           | FC |           |              |
|  | LA                             | CO   | 98 | FC | 2009-2010 | FC                 | 2010-2011 | FC | 2011-2012 |              |
| 7100/EDD                                     | SO                             | No   |    |    | -----     | See Fiscal Summary | -----     |    |           | 0890         |
| <u>Fund Code</u>                             | <u>Title</u>                   |      |    |    |           |                    |           |    |           |              |
| 0890   | Trust Fund, Federal            |      |    |    |           |                    |           |    |           |              |

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| Analyst/Principal<br>(0250)J. McGuinn | Date | Assistant Program Budget Manager | Date |
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| Department Deputy Director | Date |
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| Governor's Office: | By: | Date: | Position Approved _____    |
|                    |     |       | Position Disapproved _____ |

**BILL ANALYSIS** Form DF-43 (Rev 03/95 Buff)

