DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: April 28, 2010 **BILL NUMBER:** AB 2538
POSITION: Support **AUTHOR:** R. Niello

BILL SUMMARY: Unemployment Insurance: Eligibility for Benefits

This Administration sponsored bill would allow the Employment Development Department (EDD) to serve Notices of Levy (NOL) either electronically or via first class mail, authorize prosecution of criminal acts involving EDD to occur in the county where the offense occurs, remove requirement for Disability Insurance (DI) benefits to be paid by check, and delete references to Labor Code Sections that no longer exist.

FISCAL SUMMARY

The provisions of this bill would result in savings to EDD associate with NOL staff and mailing costs. The savings for NOL provisions are approximately 1.0 personnel year and $100,000 in postage costs. The NOL mailing would be reduced from about $3.24 to $0.44 per NOL.

Allowing EDD criminal offenses to be tried in the county the offense occurred may result in additional prosecutions thus may increase costs to counties prosecuting the crimes.

Removing the requirement for DI benefits to be paid by check would likely result in postage savings by allowing the benefits to be paid electronically or through debit cards. This may also result in savings to individual DI beneficiaries who are currently paying fees to cash DI checks. However, the amount of saving is unknown.

COMMENTS

The Department of Finance supports this measure because it will result in savings associated with mailing NOLs and DI benefits. Additionally, this measure may result in more prosecutions of EDD related criminal offenses, thus potentially increasing collections from employers failing to make payroll tax payments and other contributions.

Code/Department Agency or Revenue Type	SO LA CO RV	(Fiscal Impact by Fiscal Year) (Dollars in Thousands) PROP 98	FC	2009-2010	FC	2010-2011	FC	2011-2012	Fund Code
7100/EDD	SO	No	---------- See Fiscal Summary ----------						0871

Fund Code	Title
0871	Unemployment Fund

Analyst/Principal (0250) Date Assistant Program Budget Manager Date

Department Deputy Director Date

Governor's Office: By: Date: Position Approved_____
Position Disapproved_____