

**DEPARTMENT OF FINANCE BILL ANALYSIS**

**AMENDMENT DATE:** April 14, 2011  
**POSITION:** Neutral

**BILL NUMBER:** AB 226  
**AUTHOR:** J. Solorio

**BILL SUMMARY: Unemployment Insurance: Reporting Requirements**

This bill would require the Employment Development Department (EDD) to include, in specified statutorily required reports to the Legislature, the impact to employers and the General Fund of an insolvency of the Unemployment Fund in any year the Unemployment Fund carries a negative balance.

**FISCAL SUMMARY**

The EDD indicates that any costs resulting from this bill would be minor and absorbable within existing resources.

**COMMENTS**

The Department of Finance is neutral on this bill because the cost to include additional information in the existing report as required by the provisions of this measure is minor and absorbable within existing resources. Additionally, inclusion of the required information increases transparency and provides valuable information to the Legislature, employers, and the general public.

Existing law requires the EDD to submit a status report on the Unemployment Fund and the Unemployment Compensation Disability Fund twice a year to the Legislature. Existing law specifies the report include actual and forecasted information on the fund balances, receipts, disbursements, claim data, tax rates, and employment levels.

This bill would require the EDD to include in the report the estimated cost impact on employers from changes in the Federal Unemployment Tax Act tax credit and the estimated interest expense charged to the state associated with outstanding loans from the federal government when the Unemployment Fund exhibits a negative fund balance.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code
		(Dollars in Thousands)							
	LA	PROP							
	CO	98	FC	2011-2012	FC	2012-2013	FC	2013-2014	
	RV								
7100/EDD	SO	No		-----	No/Minor	Fiscal Impact	-----		0870
<u>Fund Code</u>	<u>Title</u>								
0870	Unemployment Administration Fund								

Analyst/Principal (0241) J. Sturges	Date	Program Budget Manager Lisa Ann L. Mangat	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)