

# **Division of Employment Security (DES)**

**March 14, 2013**



**FISCAL RESEARCH DIVISION**  
A Staff Agency of the North Carolina General Assembly

# Division of Employment Security

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- Supervises North Carolina's Unemployment Insurance (UI) program which provides temporary income protection to eligible workers during periods of involuntary unemployment
- \$2.5 B federal loan balance, September, 2012
- Estimated payoff 2015 as result of UI Legislation, effective July 1, 2013

# Division of Employment Security

**No General Fund Appropriation**

**761 FTEs**

- UI Administration Funding \$54.5 M, post Sequestration:
  - \$52 M base allocation
  - \$2.5 M above base allocation

# Employment Security Reserve Fund

- Collects 20% UI Surcharge
- Recent UI Legislation restricted use of funds:
  - Principal payment on debt
  - Interest payments on debt
  - Employee benefit payments to reduce federal borrowing
  - Admin Costs associate with UI Surcharge Collection
  - Employer Refunds
- Historically, Special Provisions have allocated funds for:
  - Employment Services Local Offices (FY13, \$19.5 M)
  - Common Follow-Up System (FY13, \$500K)
  - Other State Initiatives (FY13, \$1M)

# **DES Funds Closure & Sweep**

## **HB4 2<sup>nd</sup> Edition – Not Final Legislation**

**SECTION 3.(a)** The Office of State Budget and Management, in conjunction with the Office of the State Controller and the Department of Commerce, shall transfer and allocate to the Unemployment Insurance Fund any unencumbered cash balance as of June 30, 2013, of each of the following special funds within the Department and then close each of these special funds:

- (1) Worker Training Trust Fund
- (2) Training and Employment Account

**SECTION 3.(b)** There is appropriated from the Special Employment Security Administration Fund to the Unemployment Insurance Fund the sum of ten million dollars (\$10,000,000) for the 2013-2014 fiscal year to be used to make principal payments on advances made by the federal government under Title XII of the Social Security Act to the Unemployment Insurance Fund to pay unemployment compensation benefits.