

California unemployment fund running \$10 bil. deficit

By Dale Kasler, Sacramento Bee

California businesses already pay some of the highest unemployment taxes in the country – and the tab is likely to increase.

The recession and the Legislature's decision years ago to raise benefits have drained the state unemployment insurance fund, which now has a estimated \$10.3 billion deficit.

The nonpartisan Legislative Analyst's Office, in a recent report titled "California's Other Budget Deficit," said the state will probably need to raise unemployment taxes on employers as well as reduce benefits to bring the fund back in balance.

Raising the tax would require a two-thirds vote in both houses of the Legislature and might be politically impossible. Gov.-elect Jerry Brown has promised not to raise taxes without voter approval.

But pressure is growing on Sacramento to fix the system soon – whether it wants to or not. California has borrowed about \$8.5 billion from the federal government to keep benefits flowing, and the repayment obligations are coming due.

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