

Executive Department
State of California

**PROCLAMATION OF EMERGENCY UNDER SECTION 2604 OF
THE UNEMPLOYMENT INSURANCE CODE**

WHEREAS, Section 2604 of the Unemployment Insurance Code provides that whenever the Director of Employment believes that a change in contributions rate or disability benefit amounts may become necessary to protect the solvency of the Unemployment Compensation Disability Fund, he shall at once inform the Governor and the Legislature thereof and make recommendations accordingly, and

WHEREAS, the Director of Employment acting under said Section 2604 by identical letters dated December 23, 1964, to Edmund G. Brown, Governor, Senator Hugh M. Burns, President Pro Tempore, and Assemblyman Jesse M. Unruh, Speaker, has informed the Governor and the Legislature that a change in contributions rate or disability benefit amounts is necessary by April 1, 1965, to protect the solvency of the said Disability Fund, and has recommended the enactment of corrective legislation on an urgency basis, and

WHEREAS, Assemblyman George N. Zenovich introduced Assembly Bill No. 241 on an urgency basis to become operative on April 1, 1965, which provides an increase of revenue to the said Disability Fund that would eliminate the present deficit cash position, brings revenue into balance with disbursements, and provides a small cash reserve to avoid future borrowing, but the 1965 Regular Session of the Legislature has not yet enacted Assembly Bill No. 241 or any other corrective legislation to protect the solvency of the said Disability Fund, and

FILED
In the Office of the Secretary of State
of the State of California
MAR 29 1965
FRANK M. JORDAN, Secretary of State
[Signature]
Assistant Secretary of State

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WHEREAS, I find with respect to the Disability Fund
that:

1. Over the past three years the income to the Disability Fund has been substantially less than the amount paid out in benefits and administrative costs, and
2. Under the authority of Section 3007 of the Unemployment Insurance Code the Disability Fund has borrowed and repaid the following sums of money:
 - (a) \$1,000,000 in 1964.
 - (b) \$7,000,000 in 1965, and
3. Under the authority of said Section 3007 in March, 1965, as of the 23d of the month, the Disability Fund has borrowed \$15,000,000. This sum has not been repaid, and
4. Based on estimates of the Department of Employment, in order that the Disability Fund may continue the payment of benefits through April, 1965, the Disability Fund will have to continue to borrow money under said Section 3007 after March 23, and by April 23, 1965, the Disability Fund will have a cash deficit of about \$30,000,000, and
5. Based on estimates of the Department of Employment, the Disability Fund, in 1965, will have to continue to borrow money in every month from May through December, and the Disability Fund will have a month-end cash deficit in every month except May

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and August, and

6. Based on estimates of the Department of Employment, the year 1965 will close with a cash deficit in the Disability Fund of approximately \$22,000,000, and

WHEREAS, because the borrowing authority permitted under Section 3007 terminates on December 31, 1965, action to make the Disability Fund solvent by that date is imperative, and

WHEREAS, if action to reduce disbursements from the Disability Fund and thus to eliminate the cash deficit as of December 31, 1965, is taken immediately, such action can be less drastic than if it is delayed because:

1. Immediate action would limit a reduction of benefit disbursements to approximately 13%, if action were delayed until July 1, approximately a 20% reduction would be required, and approximately a 40% reduction would be required if action were delayed until October 1, and
2. Borrowing under Section 3007 of the Unemployment Insurance Code subjects the Disability Fund to interest payments, thus reducing the amount of money available in the Disability Fund for benefit payments, and

WHEREAS, Section 2604 of the Unemployment Insurance Code provides that if the Director of Employment has informed the Governor and the Legislature that he believes that a change in contributions rate or disability benefit amounts may become necessary to protect the solvency of the Disability Fund

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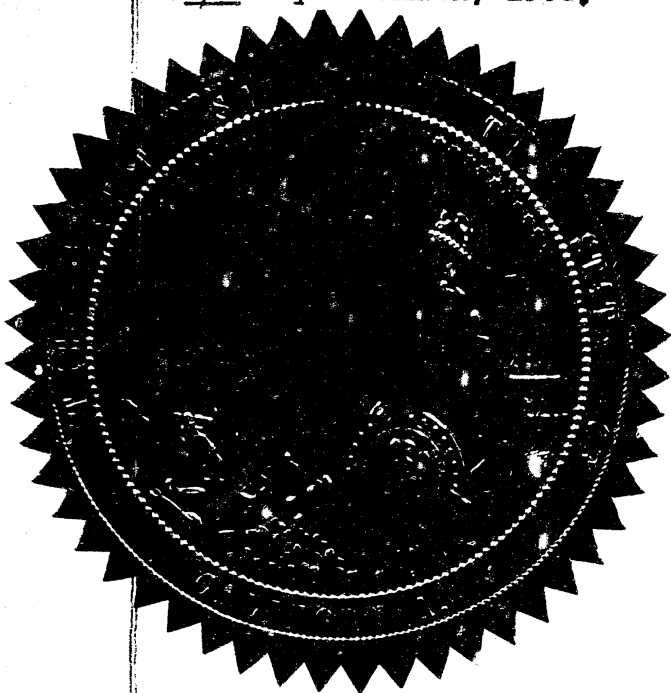
then in such case the Governor may proclaim an emergency and authorize the Director of Employment to announce a modified scale of benefits or increased waiting period, or other changes in regulations regarding the eligibility for payment of benefits which the Director of Employment may deem necessary to assure the solvency of the said Disability Fund, such modified regulations to be in effect until the Governor proclaims the emergency at an end or until further action is taken by the Legislature,

NOW, THEREFORE, I, Edmund G. Brown, Governor of the State of California, by virtue of the power and authority vested in me by Section 2604 of the Unemployment Insurance Code do hereby proclaim an emergency and authorize the Director of Employment to announce a modified scale of benefits or increased waiting period, or other changes in regulations regarding the eligibility for payment of benefits which the Director of Employment may deem necessary to assure the solvency of the Unemployment Compensation Disability Fund, and I direct that this proclamation shall take effect immediately, and that as soon hereafter as possible this proclamation shall be given wide-spread publicity and notice.

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IN WITNESS WHEREOF, I have hereunto set my hand
and caused the Great Seal of the State of California to be
affixed.

Done at the City of Sacramento, California, this
29th day of March, 1965.



Robert S. Brun

GOVERNOR

ATTEST:

Frances Johnston
Secretary of State