§ 552. Special fund. 1. Source. There is hereby established the special fund. It shall consist of all moneys credited thereto pursuant to the provisions of sections five hundred thirty-nine and five hundred fifty-three of this article, of property and securities acquired by and through the use of moneys belonging to such fund, and of interest earned upon moneys belonging to such fund and deposited or invested. The commissioner of taxation and finance shall be the custodian of such fund and the moneys therein shall be deposited by him in the same manner as other state moneys. Moneys in such fund may be invested by the state comptroller in accordance with the provisions of section ninety-eight of the state finance law, and shall be used for the purposes specified herein. Any balance in such fund shall not lapse at any time but shall remain continuously available for such purposes.

2. Use of fund. The moneys in this fund may be used to

(a) Finance operations deemed necessary by the commissioner in the administration of this article and approved by the director of the budget, including expenditures pursuant to section five hundred thirty-nine of this article;

(1) for which no appropriations or inadequate appropriations from federal funds are made; or

(2) for which a grant is made from appropriated federal funds but not yet received, provided the special fund is reimbursed upon receipt of such federal grant;

(b) Replace moneys in the unemployment administration fund pursuant to the provisions of subdivision two of section five hundred fifty-one of this article;

(c) Make refunds of interest and penalties erroneously collected;

(d) Defray the cost of vocational and related training courses and make payments to persons enrolled in such courses, as provided in article twenty-three-A of this chapter, and such expenditures shall not be subject to the conditions are set forth in paragraph (b) of subdivision three of this section.

(e) Pay interest on contributions, interest and penalties erroneously collected.

3. Notwithstanding any provision of subdivision two of this section

(a) The special fund shall not be used in whole or in part for any purpose or in any manner which (1) would permit its substitution for, or a corresponding reduction in, federal funds that would be available in its absence to finance expenditures for the administration of this article; or (2) would cause the appropriate agency of the United States government to withhold any part of an administrative grant which would otherwise be made; and

(b) No expenditure from such fund shall be made unless the commissioner and the director of the budget find that no other funds are available or can properly be used to finance such expenditure.

4. The commissioner of taxation and finance shall, upon the direction of the industrial commissioner and with the approval of the director of the budget, transfer from the special fund to the unemployment insurance fund such moneys available in the special fund which are in excess of reasonable needs for the purposes set forth in subdivision two of this section. Such moneys shall thereupon be credited to the general account.