

Assembly Bill No. 1904

Passed the Assembly August 22, 2000

Chief Clerk of the Assembly

Passed the Senate August 18, 2000

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2000, at _____ o'clock ____M.

Private Secretary of the Governor



CHAPTER _____

An act to amend Section 984 of the Unemployment Insurance Code, relating to unemployment insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 1904, Runner. Unemployment disability insurance: contribution rate calculation.

Existing law requires the Director of Employment Development, in accordance with specified formulas and authorizations, to annually calculate by specified dates the worker contribution rates for deposits into the Disability Fund. Existing law allocates that fund for the support of the unemployment disability insurance program.

This bill would require the Director of Employment Development, in each calendar year on the last day in April and on the last day in October, to provide a financial forecast for a specified period with respect to amounts to be deposited in, and allocated from, the Disability Fund. This bill would require this forecast to be a public record and would require the forecast to include all information used by the Director of Employment Development in calculating worker contribution rates as required by law.

This bill would incorporate additional changes in Section 984 of the Unemployment Insurance Code, proposed by SB 1317, to be operative only if SB 1317 and this bill are both chaptered and become effective on January 1, 2001, and this bill is chaptered last.

The people of the State of California do enact as follows:

SECTION 1. Section 984 of the Unemployment Insurance Code is amended to read:

984. (a) (1) Each worker shall pay worker contributions at the rate determined by the director pursuant to this section with respect to wages, as defined by Sections 926, 927, and 985. On or before October 31 of each calendar year, the director shall prepare a



statement, which shall be a public record, declaring the rate of worker contributions for the calendar year and shall notify promptly all employers of employees covered for disability insurance of the rate.

(2) Except as provided in paragraph (3), the rate of worker contributions for calendar year 1987 and for each subsequent calendar year shall be 1.45 times the amount disbursed from the Disability Fund during the 12-month period ending September 30 and immediately preceding the calendar year for which the rate is to be effective, less the amount in the Disability Fund on that September 30, with the resulting figure divided by total wages paid pursuant to Sections 926, 927, and 985 during the same 12-month period, and then rounded to the nearest one-tenth of 1 percent.

(3) The rate of worker contributions shall not exceed 1.3 percent or be less than 0.1 percent. The rate of worker contributions shall not decrease from the rate in the previous year by more than two-tenths of 1 percent.

(b) Worker contributions required under Sections 708 and 708.5 shall be at a rate determined by the director to reimburse the Disability Fund for unemployment compensation disability benefits paid and estimated to be paid to all employers and self-employed individuals covered by those sections. On or before November 30th of each calendar year, the director shall prepare a statement, which shall be a public record, declaring the rate of contributions for the succeeding calendar year for all employers and self-employed individuals covered under Sections 708 and 708.5 and shall notify promptly the employers and self-employed individuals of the rate. The rate shall be determined by dividing the estimated benefits and administrative costs paid in the prior year by the product of the annual remuneration deemed to have been received under Sections 708 and 708.5 and the estimated number of persons who were covered at any time in the prior year. The resulting rate shall be rounded to the next higher one-hundredth percentage point. The rate may also be reduced or increased by a factor estimated to maintain as nearly as practicable a



cumulative zero balance in the funds contributed pursuant to Sections 708 and 708.5. Estimates made pursuant to this subdivision may be made on the basis of statistical sampling, or another method determined by the director.

(c) In each calendar year the director shall, on the last day in April and on the last day in October, provide a financial forecast with regard to those amounts expected to be deposited in, and allocated from, the Disability Fund during the period from the date of that forecast to the date of the next forecast required by this subdivision. Each forecast made under this subdivision shall be a public record and shall include all information used by the director in calculating contribution rates under subdivisions (a) and (b).

(d) The director's action in determining a rate under this section shall not constitute an authorized regulation.

(e) Notwithstanding subdivision (a), the director may, at his or her discretion, increase or decrease, by not to exceed 0.1 percent, the rate of worker contributions determined pursuant to subdivision (a), up to a maximum worker contribution rate of 1.3 percent, if he or she determines the adjustment is necessary to reimburse the Disability Fund for disability benefits paid or estimated to be paid to individuals covered by this section or to prevent the accumulation of funds in excess of those needed to maintain an adequate fund balance.

SEC. 1.5. Section 984 of the Unemployment Insurance Code is amended to read:

984. (a) (1) Each worker shall pay worker contributions at the rate determined by the director pursuant to this section with respect to wages, as defined by Sections 926, 927, and 985. On or before October 31 of each calendar year, the director shall prepare a statement, which shall be a public record, declaring the rate of worker contributions for the calendar year and shall notify promptly all employers of employees covered for disability insurance of the rate.

(2) Except as provided in paragraph (3), the rate of worker contributions for calendar year 1987 and for each



subsequent calendar year shall be 1.45 times the amount disbursed from the Disability Fund during the 12-month period ending September 30 and immediately preceding the calendar year for which the rate is to be effective, less the amount in the Disability Fund on that September 30, with the resulting figure divided by total wages paid pursuant to Sections 926, 927, and 985 during the same 12-month period, and then rounded to the nearest one-tenth of 1 percent.

(3) The rate of worker contributions shall not exceed 1.3 percent or be less than 0.1 percent. The rate of worker contributions shall not decrease from the rate in the previous year by more than two-tenths of 1 percent.

(b) Worker contributions required under Sections 708 and 708.5 shall be at a rate determined by the director to reimburse the Disability Fund for unemployment compensation disability benefits paid and estimated to be paid to all employers and self-employed individuals covered by those sections. On or before November 30th of each calendar year, the director shall prepare a statement, which shall be a public record, declaring the rate of contributions for the succeeding calendar year for all employers and self-employed individuals covered under Sections 708 and 708.5 and shall notify promptly the employers and self-employed individuals of the rate. The rate shall be determined by dividing the estimated benefits and administrative costs paid in the prior year by the product of the annual remuneration deemed to have been received under Sections 708 and 708.5 and the estimated number of persons who were covered at any time in the prior year. The resulting rate shall be rounded to the next higher one-hundredth percentage point. The rate may also be reduced or increased by a factor estimated to maintain as nearly as practicable a cumulative zero balance in the funds contributed pursuant to Sections 708 and 708.5. Estimates made pursuant to this subdivision may be made on the basis of statistical sampling, or another method determined by the director.



(c) In each calendar year the director shall, on the last day in April and on the last day in October, provide a financial forecast with regard to those amounts expected to be deposited in, and allocated from, the Disability Fund during the period from the date of that forecast to the date of the next forecast required by this subdivision. Each forecast made under this subdivision shall be a public record and shall include all information used by the director in calculating contribution rates under subdivisions (a) and (b).

(d) The director's action in determining a rate under this section shall not constitute an authorized regulation.

(e) Notwithstanding subdivision (a), the director may, at his or her discretion, increase or decrease, by not to exceed 0.1 percent, the rate of worker contributions determined pursuant to subdivision (a), up to a maximum worker contribution rate of 1.3 percent, if he or she determines the adjustment is necessary to reimburse the Disability Fund for disability benefits paid or estimated to be paid to individuals covered by this section or to prevent the accumulation of funds in excess of those needed to maintain an adequate fund balance.

(f) It is the intent of the Legislature that the time limits established by this section be construed to be mandatory, rather than directory, in nature.

SEC. 2. Section 1.5 of this bill incorporates amendments to Section 984 of the Unemployment Insurance Code proposed by both this bill and SB 1317. It shall only become operative if (1) both bills are enacted and become effective on January 1, 2001, (2) each bill amends Section 984 of the Unemployment Insurance Code, and (3) this bill is enacted after SB 1317, in which case Section 1 of this bill shall not become operative.



Approved _____, 2000

Governor

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