

Department of Finance		<b>Fund: 0571</b>
<b>STATE OF CALIFORNIA MANUAL OF STATE FUNDS</b>		<b>PAGE 1</b> Renumbered From:
<b><u>Legal Title</u></b> Uninsured Employers Benefits Trust Fund		
<b><u>Legal Citation/Authority</u></b> Chapter 341, Statutes of 2009 (SB 73) Labor Code sections: 3710 – 3732 (General Provisions) 62.5(b)(1) (Creation of Fund)		
<b><u>Fund Classification</u></b> <b><u>GAAP Basis</u></b> Governmental/Special Revenue Funds	<b><u>Fund Classification</u></b> <b><u>Legal Basis</u></b> Nongovernmental/Public Service Enterprise Funds	
<b><u>Purpose</u></b> This fund was created to collect assessments levied by the director upon all employers as defined in Section 3300-3302, to be allocated for deposit into the Workers' Compensation Administration Revolving Fund (0223), the Uninsured Employers Benefits Trust Fund (0571), the Subsequent Injuries Benefits Trust Fund (0016), Occupational Safety & Health Fund (3121), and Labor Enforcement & Compliance Fund (3152). The total amount of the assessments shall be allocated between self-insured employers and insured employers in proportion to payroll respectively paid in the most recent year for which payroll information is available.  This fund is continuously appropriated for the payment of nonadministrative expenses of the workers' compensation program for workers injured while employed by uninsured employers in accordance with Article 2 (commencing with Section 3710) of Chapter 4 of Part 1 of Division 4, and shall not be used for any other purpose. All money collected shall be retained in the trust fund until paid as benefits to workers injured while employed by uninsured employers.  Notwithstanding the paragraph above, per Labor Code section 62.5 (B)(4) there is an amount available upon appropriation by the Legislature to cover expenses incurred by the director under the insurance coverage program, and per Budget Act 2009, (Chapter 1 Stats of 2009( AB X4 1)) the enforcement responsibilities of the Division of Labor Standards Enforcement.		
<b><u>Administering Agency/Organization Code</u></b> Department of Industrial Relations/Org 7350		
<b><u>Major Revenue Source</u></b> <ul style="list-style-type: none"> <li>• Assessments levied by the director upon all employers as defined in Section 3300-3302.</li> <li>• Penalties collected in excess of payment of administrative expenses incurred by the director for the insurance coverage program established under Section 90.3.</li> </ul>		

**Disposition of Fund (upon abolishment)**

Pursuant to Government Code 16346, absent language that identifies a successor fund, any balance remaining in this fund upon abolishment, shall be transferred to the General Fund.

**Appropriation Authority**

Pursuant to Labor Code section 62.5(b)(1): Notwithstanding Section 13340 of the Government Code, this fund is continuously appropriated for the payment of nonadministrative expenses of the workers' compensation program.

There is also an annual appropriated amount as authorized by the Legislature per Budget Act 2005 (Chapter 38 Stats of 2005 (SB 77)) for enforcement of the Underground Economy Enforcement Program. Budget Act 2009, (Chapter 1 Stats of 2009 (AB X4 1)) and the enforcement responsibilities of the Division of Labor Standards Enforcement.

**State Appropriations Limit**

**Always Excluded**—Revenues in this fund are not proceeds of taxes and even after transfer, will never become proceeds of taxes because the major revenue source is derived from a Public Service Enterprise Fund.

**Comments/Historical Information**

Chapter 1598, Statutes of 1971 added Sections 3715-3727 to the Labor Code establishing the Uninsured Employers' Fund. A loan of \$50,000 was made from the Department of Human Resources Development Contingent Fund to the Uninsured Employers' Fund for initial costs of the program.

The Uninsured Employers' Account was created within the Uninsured Employers' Fund to segregate the activities of the Fund under Labor Code Sections 3715-3727 from the activities of the Asbestos Workers' Account (Fund No. 572), which was created within the fund by Chapter 1041, Statutes of 1980.

Chapter 228, Statutes of 2003 renamed the Uninsured Employers Account to mean the Uninsured Employers Benefits Trust Fund.

Chapter 208, Statutes of 2004, (SB 1113) gave The Director of Finance the ability to authorize a transfer of funds from the Workers' Compensation Administration Revolving Fund (WCARF) (7350-001-0223) to the Uninsured Employer's Benefit Trust Fund to address any cash flow needs of these funds. The WCARF shall be repaid during the same fiscal year upon receipt of funds from the next assessment following the transfer.

Chapter 38, Statutes of 2005 added an appropriation for Underground Economy Enforcement.

Chapter 1, Statutes of 2009 added an appropriation for enforcement responsibilities of the Division of Labor Standards Enforcement. Statutes of 2009 also added sections 62.5(4) to the Labor Code to allow the amount of any penalties in excess of payment of administrative expenses incurred by the director for the insurance coverage program established under section 90.3 shall be deposited in the State Treasury to the credit of the Uninsured Employers Benefits Trust Fund for nonadministrative expenses, shall only be available upon appropriation by the Legislature.