Legal Title
Unemployment Compensation Disability Fund

Legal Citation/Authority
Chapter 797, Statutes of 2003 (SB 727)
Unemployment Insurance Code sections 1590, 2601-3306

Purpose
Created to finance a disability insurance system designed to compensate, in part, for wage losses sustained by individuals unemployed because of sickness or injury.

Unemployment Insurance Code section 3051 provides for withdrawals from the Disability Administration Account within the Unemployment Compensation Disability Fund. The account is used as a revolving fund where payment of compensation earned, traveling expenses advances, or other cash payments are necessary.

Chapter 1259, Statutes of 1953 provided for indemnity due to confinement in a hospital in addition to the other benefits under the Unemployment Disability Fund.

Sections 3251-3272 of the code provides for voluntary insurance plans rather than the state plan at the option of the employer or a majority of the employees. Voluntary insurance plans must afford greater benefits than the state plan before they may be approved. The Director of the Employment Development Department adopts regulations to allow benefits to individuals simultaneously covered by one or more voluntary plans and the Unemployment Compensation Disability Fund.

Subject to limits specified in the Unemployment Insurance Code, the Director of the Employment Development Department, with the consent of the Director of Finance, may authorize money in the Unemployment Compensation Disability Fund to be used for acquisition of property and the construction of facilities to be used by the Employment Development Department. Rentals are charged on such properties and deposited in the Unemployment Administration Fund. That portion of the rentals that pertains to the amortization of such investments is transferred to the Unemployment Compensation Disability Fund with interest.

Chapter 61, Statutes of 1978 created the Tax Relief and Refund Account in the General Fund for making all refunds that, under prior law, were made from the Personal Income Tax Fund. Under the prior law, all overpayments for disability insurance were transferred to the unrestricted portion of the General Fund and were offset against the Personal Income Tax. Chapter 61/78 provides for the transfer of the amount of such refunds, which are allowed by the Franchise Tax Board, to the Tax Relief and Refund Account.
Chapter 1548, Statutes of 1974 provide that amounts in excess of $1,000,000 in the Employment Development Contingent Fund are transferred quarterly to the Unemployment Fund and the Unemployment Contingent Disability Fund. (This citation is historically superseded by the Budget Act, in which unencumbered Contingent Fund balances are transferred to the General Fund).

Sections 3300-3306 are the provisions related to the Paid Family Leave program.

**Administering Agency/Organization Code**
Employment Development Department/Org 7100

**Major Revenue Source**
Tax on wages of workers.

Assessments against voluntary insurance plans based on taxable wages paid to employees covered by such plans.

All moneys received for the purpose of disability benefits from the Unemployment Trust Fund, any agency of the federal government or from any other source.

Earnings from investments.

Moneys received from the Employment Development Contingent Fund.

**Disposition of Fund (upon abolishment)**
Pursuant to Government Code 16346, in absence of language that identifies a successor fund, any balance remaining in this fund upon abolishment, shall be transferred to the General Fund.

**Appropriation Authority**
Section 3012 of the Unemployment Insurance Code continuously appropriates all money in the Unemployment Compensation Disability Fund for the purpose of providing disability benefits, refunds, credits, judgments, and interest thereon, and costs of administration. Section 3013 of the Code provides that a sum determined by the Director of Finance and deposited in the fund may be used for the administration of the program. Such sum shall be available for administrative costs only to the extent that money received from the federal government is not available for such purposes.

**State Appropriations Limit**
*Always Excluded*—Non governmental cost funds are always excluded from the State Appropriations Limit because the moneys are derived from non-tax revenues. Expenditures from these funds do not represent a cost of government. These funds consist of receipts from the sale of lands, funds created for accounting purposes, fines and penalties or moneys held in trust.

**Comments/Historical Information**
Chapter 308, Statutes of 1953 created this fund.