

Information Concerning Elective Coverage for State Disability Insurance and Paid Family Leave  
Under Sections 702.6, 710.4, 710.5, 710.6, or 710.9  
of the California Unemployment Insurance Code

1. Summary of sections 702.6, 710.4, 710.5, 710.6, and 710.9 of the [California Unemployment Insurance Code \(CUIC\)](http://leginfo.ca.gov/faces/codes.html) ([leginfo.legislature.ca.gov/faces/codes.xhtml](http://leginfo.legislature.ca.gov/faces/codes.xhtml))

Section 702.6 of the CUIC provides that any employer under Division 1 of the CUIC may file with the Employment Development Department (EDD) a written election to cover for State Disability Insurance (SDI) purposes **only** services performed by any of the following:

- All eligible employees who are part of a labor organization, provided the election is a result of a negotiated agreement between the employer and the recognized employee organization.
- All eligible employees in one or more distinct places of business who are not part of a labor organization, when the election is requested by a written petition signed by a majority of the eligible employees to be covered by the election.

An eligible employee means an employee who is a California resident whose services are covered under the unemployment compensation laws of another state which does not have a disability insurance program, and who is an employee, as defined in section 13004 of the CUIC, for whom the employer complies with the Personal Income Tax (PIT) withholding provisions of the CUIC.

Section 710.4 of the CUIC provides that any public school employer, as defined in section 3540.1 of the [Government Code](http://leginfo.ca.gov/faces/codes.html) ([leginfo.legislature.ca.gov/faces/codes.xhtml](http://leginfo.legislature.ca.gov/faces/codes.xhtml)), may elect to become an employer for SDI purposes only, with respect to all its employees who are part of an appropriate unit established pursuant to the public educational employment law.

Section 710.5 of the CUIC provides that any public agency employer, as defined in section 3501 of the Government Code, may elect to become an employer for SDI purposes only, with respect to all of its employees who are part of an appropriate unit established pursuant to the public agency employment law.

Section 710.6 of the CUIC provides that any Indian tribe as defined by section 3306(u) of [Title 26](http://www.law.cornell.edu/uscode/text/26) ([law.cornell.edu/uscode/text/26](http://www.law.cornell.edu/uscode/text/26)) of the United States Code, including tribes not covered by the Tribal-State Gaming Compact, may elect to become an employer for SDI purposes only, with respect to all its employees who are employed in one or more distinct establishments or places of business, or are a part of an employee bargaining unit.

Section 710.9 of the CUIC provides that any community college district, as defined by Part 43 (commencing with Section 70900) of Division 7 of the [Education Code](http://leginfo.ca.gov/faces/codes.html) ([leginfo.legislature.ca.gov/faces/codes.xhtml](http://leginfo.legislature.ca.gov/faces/codes.xhtml)), may elect to become an employer for SDI purposes only, with respect to all its employees who are part of an appropriate unit established pursuant to the public education employment law.

The public school employer, public agency employer, tribal employer, or community college district employer may elect to provide coverage to all management or confidential employees, or to employees not a part of an appropriate unit, but such election shall not be contingent upon coverage of other employees of the employer. **The employing unit need not have a petition signed by its employees.**

2. Election for Coverage Under Section 702.6, 710.4, 710.5, 710.6, or 710.9 of the CUIC

Upon filing an election for coverage under section 702.6, 710.4, 710.5, 710.6, or 710.9 of the CUIC, the filing entity shall, upon approval of the EDD, become an employer subject to the unemployment compensation disability insurance law to the same extent as other employers, and services performed by its employees, including those with civil service or tenure positions, shall constitute legal employment. Beginning at that time, the employing unit, public school, public agency, tribal employer, or community college district employer **shall withhold from the wages of employees covered by the election the contributions needed for unemployment compensation disability benefits.**

3. Extent of Coverage

Persons who are not considered to be employees eligible for the coverage under section 710.4, 710.5, 710.6, or 710.9 of the CUIC are those elected to the offices of the public school, public agency, tribal employer, or community college district employer by popular vote or appointed to fill a vacant elected position until the next election.

4. Election of Coverage

An application for elective coverage is filed by an employing unit, a public school, public agency, tribal employer, or community college district employer on the [Application for Elective Coverage of State Disability Insurance\\* Only \(DE 1378N\) \(PDF\)](http://edd.ca.gov/siteassets/files/pdf_pub_ctr/de1378n.pdf) (edd.ca.gov/siteassets/files/pdf\_pub\_ctr/de1378n.pdf), which is given by the Employment Development Department (EDD). The electing entity agrees to remain a covered employer for **two complete calendar years**. Coverage may be terminated at the end of the two-calendar-year period or thereafter by giving the EDD a written notification by **January 31** of the succeeding year.

5. Contributions Needed Upon Approval of an Election

Employee contributions for SDI are needed at the rate established for each year. On or before October 31 of each year, the EDD will notify all employers of the adjusted rate for the next year.

6. Quarterly Reports Needed

Wages are reported on the *Quarterly Contribution Return and Report of Wages (Continuation)* (DE 9C). Contributions are sent using a *Payroll Tax Deposit* (DE 88) coupon.

7. Benefit Eligibility

**Note:** Eligibility for SDI Benefits under the CUIC does not begin with the commencement date of coverage. Generally, a minimum of seven (7) months must pass beginning from the start date of coverage before a valid claim may be filed based solely on wages reportable under the elective coverage.

Eligibility for SDI benefits is determined by the EDD per the CUIC and authorized regulations. Eligibility is dependent on a number of factors including, but not limited to:

- (a) Filing of a timely claim for benefits.
- (b) Enough wages in the base period.
- (c) Filing a certificate of disability signed by a duly authorized medical or religious practitioner.
- (d) Unable to perform regular or customary work for at least eight consecutive days.
- (e) Serving a seven-day, non-payable waiting period.
- (f) Suffering a wage-loss due to disability.
- (g) In the labor market (employed or looking for work).

For more benefit information and an explanation of base period wages, see [Disability Insurance Provisions \(DE 2515\) \(PDF\)](http://edd.ca.gov/siteassets/files/pdf_pub_ctr/de2515.pdf) (edd.ca.gov/siteassets/files/pdf\_pub\_ctr/de2515.pdf).

The EDD is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities. Requests for services, aids, or alternate formats need to be made by calling 1-888-745-3886 (voice) or TTY 1-800-547-9565.

This information sheet is provided as a public service and is intended to provide nontechnical assistance. Every attempt has been made to provide information that is consistent with the appropriate statutes, rules, and administrative and court decisions. Any information that is inconsistent with the law, regulations, and administrative and court decisions is not binding on either the Employment Development Department or the taxpayer. Any information provided is not intended to be legal, accounting, tax, investment, or other professional advice.